

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

CONSOLIDATED FINANCIAL STATEMENTS

AS AT JUNE 30, 2020

Contents	Page
Independent auditors' report	1 – 2
Consolidated statement of financial position	3
Consolidated statement of changes in net assets	4
Consolidated statement of operations	5
Consolidated statement of cash flows	6
Notes to consolidated financial statements	7 - 12
Consolidated schedule of General fund donations, events and gift shop	Schedule 1





INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the 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, 2020, and the consolidated statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the organization as at June 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, Lions Foundation of Canada/Fondation des Lions due 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 due 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 for the years ended June 30, 2019 and June 30, 2020.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.



INDEPENDENT AUDITORS' REPORT, continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


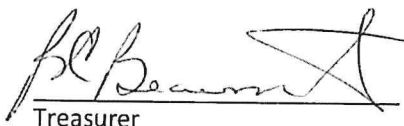
Glenn Graydon Wright LLP

Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
September 17, 2020

LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA
Consolidated statement of financial position
As at June 30, 2020

		Restricted			
	General fund	Dog Guide Endowment fund	Stevenson Fellowship fund	Total 2020	Total 2019
Assets					
Current assets					
Cash and cash equivalents	\$ 571,018	-	34,774	605,792	827,087
Short-term investments	-	-	-	-	1,100,000
Accounts receivable (Note 4)	425,939	-	-	425,939	40,482
Interfund receivables	3,156,529	-	-	3,156,529	2,863,492
Inventory	40,969	-	-	40,969	32,515
Prepaid expenses	40,535	-	-	40,535	35,799
	4,234,990	-	34,774	4,269,764	4,899,375
Property, plant and equipment (Note 5)					
	11,194,611	-	-	11,194,611	4,941,958
Long-term assets					
Investments (Note 6)	901,594	7,308,414	3,969,539	12,179,547	17,434,752
	\$ 16,331,195	7,308,414	4,004,313	27,643,922	27,276,085
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued liabilities	\$ 330,827	37,538	20,347	388,712	467,209
Interfund payables	-	2,500,257	656,272	3,156,529	2,863,492
	330,827	2,537,795	676,619	3,545,241	3,330,701
Net assets					
Invested in property, plant and equipment	11,194,611	-	-	11,194,611	4,941,958
Internally restricted	-	4,090,881	-	4,090,881	4,090,881
Externally restricted	-	679,738	3,327,694	4,007,432	3,937,614
Unrestricted	4,805,757	-	-	4,805,757	10,974,931
	16,000,368	4,770,619	3,327,694	24,098,681	23,945,384
	\$ 16,331,195	7,308,414	4,004,313	27,643,922	27,276,085

Approved by the Board

Chairperson

Treasurer


 GLENN • GRAYDON • WRIGHT LLP
 CHARTERED PROFESSIONAL ACCOUNTANTS

LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

Consolidated statement of net assets

For the year ended June 30, 2020

		General fund	Restricted		Total 2020	Total 2019
			Dog Guide Endowment fund	Stevenson Fellowship fund		
Net assets, beginning of year	\$	15,916,889	4,769,119	3,259,376	23,945,384	22,317,355
Excess of revenue over expenditure for year		(249,308)	217,731	184,874	153,297	1,628,029
Interfund transfers (Note 8)		332,787	(216,231)	(116,556)	-	-
Net assets, end of year	\$	16,000,368	4,770,619	3,327,694	24,098,681	23,945,384



LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

Consolidated statement of operations

For the year ended June 30, 2020

		General fund	Restricted		Total 2020	Total 2019
			Dog Guide Endowment fund	Stevenson Fellowship fund		
Revenue						
Donations (Schedule 1)	\$	3,567,446	1,500	72,420	3,641,366	4,157,560
Life memberships		17,950	-	-	17,950	31,244
Fellowship		6,250	-	-	6,250	13,403
Grants		312,959	-	-	312,959	231,345
Investment (loss) income		(13,555)	291,637	157,311	435,393	1,234,537
Other income (Note 10)		518,701	-	-	518,701	109,582
Fundraisers (Schedule 1)		717,612	-	-	717,612	1,622,230
Gift shop (Schedule 1)		7,101	-	-	7,101	17,549
		5,134,464	293,137	229,731	5,657,332	7,417,450
Expenditure						
Administration		424,709	-	-	424,709	461,345
Amortization		240,302	-	-	240,302	259,202
Fundraising		470,232	-	-	470,232	491,295
General		373,984	75,406	44,857	494,247	495,723
Marketing		248,763	-	-	248,763	268,831
Program costs		-	-	-	-	-
Assessment and follow-up		70,330	-	-	70,330	139,536
General		310,007	-	-	310,007	363,083
Salaries and benefits		2,222,186	-	-	2,222,186	2,354,135
Student		210,365	-	-	210,365	237,758
Veterinary		339,741	-	-	339,741	313,333
Property		473,153	-	-	473,153	405,180
		5,383,772	75,406	44,857	5,504,035	5,789,421
Excess of revenue over expenditure for year	\$	(249,308)	217,731	184,874	153,297	1,628,029



LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

Consolidated statement of cash flows

For the year ended June 30, 2020

	2020	2019
Cash flows from (used in) operating activities		
Excess of revenue over expenditure for year		
General fund	\$ (249,308)	843,073
Dog Guide Endowment fund	217,731	439,787
Stevenson Fellowship fund	184,874	345,169
Adjustment for		
Amortization of property, plant and equipment	240,302	259,202
	393,599	1,887,231
Changes in non-cash working capital		
Decrease (increase) in short-term investments	1,100,000	(1,100,000)
(Increase) decrease in accounts receivable	(385,457)	18,604
Increase in inventory	(8,454)	(2,408)
Increase in prepaid expenses	(4,736)	(9,782)
(Decrease) increase in accounts payable and accrued liabilities	(78,497)	17,050
Cash flows from operating activities	1,016,455	810,695
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	(6,492,955)	(128,943)
Decrease (increase) in long-term investments	5,255,205	(398,811)
Cash flows used in investing activities	(1,237,750)	(527,754)
Net (decrease) increase in cash and cash equivalents during year	(221,295)	282,941
Cash and cash equivalents, beginning of year	827,087	544,146
Cash and cash equivalents, end of year	\$ 605,792	827,087
Cash and cash equivalents are comprised of		
General fund	\$ 571,018	820,383
Stevenson Fellowship fund	34,774	6,704
	\$ 605,792	827,087



LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA**Notes to consolidated financial statements****As at June 30, 2020**

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.

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of bank overdrafts.

e) Inventory

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



LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

Notes to consolidated financial statements

As at June 30, 2020

2. Significant accounting policies - continued

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	Vehicles
5% diminishing balance basis	30% diminishing balance basis
Furniture and fixtures	Computer equipment
20% diminishing balance basis	45% diminishing balance basis
Veterinary clinic equipment	Computer software
20% diminishing balance basis	50% diminishing balance basis

g) Fund accounting

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.

(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.



LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

Notes to consolidated financial statements

As at June 30, 2020

2. Significant accounting policies - continued

h) 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 General fund in the year in which it is earned. This includes both realized and unrealized investment gains and losses.

i) Contributed materials and services

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

j) Gifts-in-kind

Gifts-in-kind are recorded at fair market value when received.

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.



LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA
Notes to consolidated financial statements
As at June 30, 2020
3. Financial instruments - continued
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.

4. Accounts receivable

	2020	2019
Accounts receivable	\$ 38,039	7,470
Government remittances receivable	21,295	33,012
Canada Emergency Wage Subsidy	366,605	-
	<u>\$ 425,939</u>	<u>40,482</u>

5. Property, plant and equipment

	2020			2019
	Cost	Accumulated amortization	Net	Net
Land	\$ 7,657,399	-	7,657,399	1,184,960
Building	8,784,684	5,433,453	3,351,231	3,528,005
Furniture and fixtures	546,057	490,956	55,101	66,170
Veterinary clinic equipment	173,920	124,376	49,544	43,470
Vehicles	393,278	328,489	64,789	101,233
Computer equipment	246,868	233,405	13,463	11,952
Computer software	44,827	41,743	3,084	6,168
	\$ 17,847,033	6,652,422	11,194,611	4,941,958

Amortization recorded during the year amounted to \$240,302 (2019 - \$259,202).

During the year, property, plant and equipment were acquired for cash at an aggregate cost of \$6,492,955. The primary acquisition was vacant land purchased for \$6,472,438.



LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

Notes to consolidated financial statements

As at June 30, 2020

6. 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.

7. Operating lease commitments

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

2021	88,727
2022	88,727
2023	6,837
2024	2,311
	<hr/>
	\$ 186,602

8. Transfers between funds

Transfers represent reallocations within the funds of the Foundation.

The Dog Guide Endowment fund investment income includes \$250,083 from internally restricted capital and \$41,554 from externally restricted capital which is in accordance with the original terms of the funding agreements. The income earned on these funds is restricted and is for the benefit of the General fund. As such, this investment income, both realized and unrealized, is transferred between these funds.

The Stevenson Fellowship fund investment income earned on externally restricted capital is in accordance with the original terms of the funding agreement. The income earned in this fund is restricted and is for the benefit of the General fund. As such, this investment income, both realized and unrealized, is transferred between these funds.

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**Notes to consolidated financial statements****As at June 30, 2020**

10. Impact of COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Foundation in future periods.

Other income includes \$366,605 for the Canada Emergency Wage Subsidy which covers the period from April 12, 2020 to June 30, 2020. This subsidy is one of the programs introduced by the Government of Canada as a result of COVID-19 and it provides assistance to cover 75% of eligible salaries and wages.

11. Comparative figures

Certain figures in the 2019 consolidated financial statements have been reclassified to conform with the basis of presentation used in 2020.



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, 2020

	2020	2019
Donations		
Bequests	\$ 609,923	983,816
Corporations and organizations	286,249	214,529
Gifts-in-kind	292,773	329,866
Individuals	710,002	527,192
In memoriam	63,535	67,857
Lions and Lioness sponsorships	569,386	725,186
Lioness clubs	16,560	15,053
Lions clubs	271,740	296,556
Other sponsorships	747,278	867,871
	\$ 3,567,446	4,027,926
Fundraisers		
Dog Bowl	\$ 10,150	12,818
Hockey draw	54,208	61,812
Local	21,834	87,930
Memorial Forest	21,813	26,080
Nevada, Kitchener	4,477	8,424
Oakville bingo	20,638	18,745
Pet memorial wall	750	900
Project Pride	6,732	36,529
Ride for Dog Guides	28,255	40,432
Walk for Dog Guides	548,755	1,328,560
	\$ 717,612	1,622,230
Gift shop		
Sales	\$ 25,537	53,866
Cost of sales	(18,436)	(36,317)
Net earnings	\$ 7,101	17,549

