

**LIONS FOUNDATION OF CANADA/  
FONDATION DES LIONS DU CANADA**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AS AT JUNE 30, 2021**

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## 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, 2021, 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, 2021, 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, 2020 and June 30, 2021. Our audit opinion on the consolidated financial statements for the year ended June 30, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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  
October 12, 2021

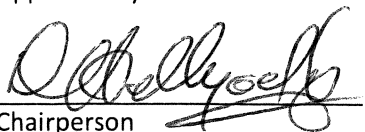
# LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

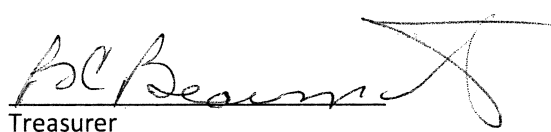
## Consolidated statement of financial position

As at June 30, 2021

		Restricted			
	General fund	Dog Guide Endowment fund	Stevenson Fellowship fund	Total 2021	Total 2020
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 549,872	-	14,318	564,190	605,792
Accounts receivable (Note 4)	43,751	-	-	43,751	425,939
Interfund receivables	4,074,370	(2,767,209)	(1,307,161)	-	-
Inventory	34,525	-	-	34,525	40,969
Prepaid expenses	77,703	-	-	77,703	40,535
	4,780,221	(2,767,209)	(1,292,843)	720,169	1,113,235
<b>Property, plant and equipment (Note 5)</b>					
	11,191,587	-	-	11,191,587	11,194,611
<b>Long-term assets</b>					
Investments (Note 6)	2,606,460	8,414,486	4,700,362	15,721,308	12,179,547
	\$ 18,578,268	5,647,277	3,407,519	27,633,064	24,487,393
<b>Liabilities and net assets</b>					
<b>Current liabilities</b>					
Accounts payable and accrued liabilities	\$ 421,226	40,950	20,365	482,541	388,712
<b>Net assets</b>					
Invested in property, plant and equipment	11,191,587	-	-	11,191,587	11,194,611
Internally restricted	-	4,090,881	-	4,090,881	4,090,881
Externally restricted	-	1,515,446	3,387,154	4,902,600	4,007,432
Unrestricted	6,965,455	-	-	6,965,455	4,805,757
	18,157,042	5,606,327	3,387,154	27,150,523	24,098,681
	\$ 18,578,268	5,647,277	3,407,519	27,633,064	24,487,393

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, 2021

		Restricted				
		General fund	Dog Guide Endowment fund	Stevenson Fellowship fund	Total 2021	Total 2020
Net assets, beginning of year	\$	16,000,368	4,770,619	3,327,694	24,098,681	23,945,384
Excess of revenue over expenditure for year		228,913	2,102,663	720,266	3,051,842	153,297
Interfund transfers (Note 8)		1,927,761	(1,266,955)	(660,806)	-	-
Net assets, end of year	\$	18,157,042	5,606,327	3,387,154	27,150,523	24,098,681



# LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

## Consolidated statement of operations

For the year ended June 30, 2020

		General fund	Restricted Dog Guide Endowment fund	Stevenson Fellowship fund	Total 2021	Total 2020
<b>Revenue</b>						
Donations (Schedule 1)	\$	3,902,326	835,708	61,513	4,799,547	3,642,116
Life memberships		12,600	-	-	12,600	17,950
Fellowship		6,500	-	-	6,500	6,250
Grants		437,525	-	-	437,525	312,959
Investment income		153,009	1,344,603	701,017	2,198,629	435,189
Other income (Note 10)		112,438	-	-	112,438	518,905
Fundraisers (Schedule 1)		1,003,583	-	-	1,003,583	716,862
Gift shop (Schedule 1)		1,211	-	-	1,211	7,101
		5,629,192	2,180,311	762,530	8,572,033	5,657,332
<b>Expenditure</b>						
Administration		491,410	-	-	491,410	424,709
Amortization		225,180	-	-	225,180	240,302
Fundraising		428,024	-	-	428,024	470,232
General		407,028	77,648	42,264	526,940	494,247
Marketing		212,558	-	-	212,558	248,763
Program costs						
Assessment and follow-up		3,577	-	-	3,577	70,330
General		287,743	-	-	287,743	310,007
Salaries and benefits		2,268,754	-	-	2,268,754	2,222,186
Student		135,405	-	-	135,405	210,365
Veterinary		326,078	-	-	326,078	339,741
Property		614,522	-	-	614,522	473,153
		5,400,279	77,648	42,264	5,520,191	5,504,035
<b>Excess of revenue over expenditure for year</b>	\$	228,913	2,102,663	720,266	3,051,842	153,297



**LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA**
**Consolidated statement of cash flows**
**For the year ended June 30, 2021**

	2021	2020
<b>Cash flows from (used in) operating activities</b>		
Excess of revenue over expenditure for year		
General fund	\$ 228,913	(249,308)
Dog Guide Endowment fund	2,102,663	217,731
Stevenson Fellowship fund	720,266	184,874
Adjustment for		
Amortization of property, plant and equipment	225,180	240,302
	3,277,022	393,599
Changes in non-cash working capital		
Decrease in short-term investments	-	1,100,000
Decrease (increase) in accounts receivable	382,188	(385,457)
Decrease (increase) in inventory	6,444	(8,454)
Increase in prepaid expenses	(37,168)	(4,736)
Increase (decrease) in accounts payable and accrued liabilities	93,829	(78,497)
<b>Cash flows from operating activities</b>	<b>3,722,315</b>	<b>1,016,455</b>
<b>Cash flows from (used in) investing activities</b>		
Acquisition of property, plant and equipment	(222,156)	(6,492,955)
(Increase) decrease in long-term investments	(3,541,761)	5,255,205
<b>Cash flows used in investing activities</b>	<b>(3,763,917)</b>	<b>(1,237,750)</b>
<b>Net decrease in cash and cash equivalents during year</b>	<b>(41,602)</b>	<b>(221,295)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>605,792</b>	<b>827,087</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 564,190</b>	<b>605,792</b>
<b>Cash and cash equivalents are comprised of:</b>		
General fund	\$ 549,872	571,018
Stevenson Fellowship fund	14,318	34,774
	\$ 564,190	605,792



**LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA****Notes to consolidated financial statements****As at June 30, 2021**

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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.

**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, 2021

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### 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 Dog Guide Endowment 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, 2021

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#### 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 respective fund in the year in which it is earned. This includes both realized and unrealized investment gains and losses.

##### i) Government assistance

Government assistance for salaries and wages received as a result of the Canada Emergency Wage Subsidy is recorded to be consistent with government guidelines when the organization has qualified. This assistance is recorded as other income for financial statement purposes.

##### j) 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.

##### k) 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 Foundation 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, 2021**
**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**

	2021	2020
Accounts receivable	\$ 6,265	38,039
Government remittances receivable	37,486	21,295
Canada Emergency Wage Subsidy	-	366,605
	<u>\$ 43,751</u>	<u>425,939</u>

**5. Property, plant and equipment**

	2021		2020
	Cost	Accumulated amortization	Net
Land	\$ 7,657,399	-	7,657,399
Building	8,981,406	5,600,841	3,380,565
Furniture and fixtures	546,056	501,976	44,080
Veterinary clinic equipment	182,261	125,416	56,845
Vehicles	334,907	293,001	41,906
Computer equipment	252,912	243,463	9,449
Computer software	44,827	43,484	1,343
	<u>\$ 17,999,768</u>	<u>6,808,181</u>	<u>11,191,587</u>
			<u>11,194,611</u>

Amortization recorded during the year amounted to \$225,180 (2020 - \$240,302).

During the year, property, plant and equipment were acquired for cash at an aggregate cost of \$222,156 (2020 - \$6,492,955).



# LIONS FOUNDATION OF CANADA/FONDATION DES LIONS DU CANADA

## Notes to consolidated financial statements

As at June 30, 2021

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### 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:

2022	\$	88,734
2023		6,837
2024		<u>2,311</u>
	\$	<u>97,882</u>

### 8. Transfers between funds

Transfers represent reallocations within the funds of the Foundation.

The Dog Guide Endowment fund investment income includes \$981,143 from internally restricted capital and \$363,460 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, 2021**

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**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 \$13,296 for the Canada Emergency Wage Subsidy which covers the period from July 1, 2020 to June 30, 2021. 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. Subsequent event**

Subsequent to the year end, on August 1, 2021, Lions Foundation of Canada and Dog Guides Canada amalgamated to continue under the name Lions Foundation of Canada Dog Guides.

**12. Comparative figures**

Certain figures in the 2020 consolidated financial statements have been reclassified to conform with the presentation used in 2021.



**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, 2021

	2021	2020
<b>Donations</b>		
Bequests	\$ 1,212,508	609,923
Corporations and organizations	153,738	286,249
Gifts-in-kind	264,864	292,773
Individuals	1,020,710	710,002
In memoriam	74,897	64,285
Lions and Lioness sponsorships	437,592	569,386
Lioness clubs	20,259	16,560
Lions clubs	261,497	271,740
Other sponsorships	456,261	747,278
	<b>\$ 3,902,326</b>	<b>3,568,196</b>
<b>Fundraisers</b>		
Dog Bowl	\$ -	10,150
Hockey draw	106,318	54,208
Local	14,088	21,834
Memorial Forest	20,600	21,813
Nevada, Kitchener	-	4,477
Oakville bingo	7,161	20,638
Project Pride	5,731	6,732
Ride for Dog Guides	31,218	28,255
Walk for Dog Guides	818,467	548,755
	<b>\$ 1,003,583</b>	<b>716,862</b>
<b>Gift shop</b>		
Sales	\$ 9,092	25,537
Cost of sales	(7,881)	(18,436)
<b>Net earnings</b>	<b>\$ 1,211</b>	<b>7,101</b>

