

LIONS FOUNDATION OF CANADA DOG GUIDES

FINANCIAL STATEMENTS

AS AT JUNE 30, 2022

Contents	Page
Independent auditors' report	1 – 2
Statement of financial position	3
Statement of changes in net assets	4
Statement of operations	5
Statement of cash flows	6
Notes to financial statements	7 - 13
Schedule of general fund donations, events and gift shop	Schedule 1

INDEPENDENT AUDITORS' REPORT

To the Members
Lions Foundation of Canada Dog Guides

Qualified Opinion

We have audited the financial statements of Lions Foundation of Canada Dog Guides which comprise the statement of financial position as at June 30, 2022, and the statements of changes in net assets, operations, and cash flows for the year then ended, and notes to the 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 financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2022, 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 Dog Guides 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 Dog Guides. 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, 2021 and June 30, 2022. Our audit opinion on the financial statements for the year ended June 30, 2021 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 Foundation in accordance with the ethical requirements that are relevant to our audit of the 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 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

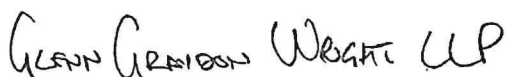
INDEPENDENT AUDITORS' REPORT, continued

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Foundation'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 Foundation'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 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 Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.



Chartered Professional Accountants
Licensed Public Accountants
Oakville, Ontario
October 14, 2022

LIONS FOUNDATION OF CANADA DOG GUIDES

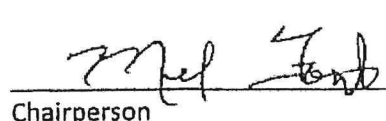
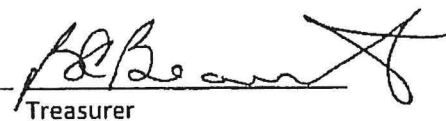
Statement of financial position

As at June 30, 2022

As of June 30, 2022

		Restricted				
	General fund	Dog Guide Endowment fund	Stevenson Fellowship fund	Capital fund	Total 2022	Total 2021
Assets						
Current assets						
Cash and cash equivalents	\$ 669,984	-	55,154	-	725,138	564,190
Accounts receivable (Note 5)	110,810	-	-	-	110,810	43,751
Interfund receivables	8,134,702	(6,617,266)	(1,162,208)	(355,228)	-	-
Inventory	35,128	-	-	-	35,128	34,525
Prepaid expenses	101,712	-	-	-	101,712	77,703
	9,052,336	(6,617,266)	(1,107,054)	(355,228)	972,788	720,169
Capital assets (Note 6)	11,515,942	-	-	950,310	12,466,252	11,191,587
Long-term assets						
Investments (Note 7)	2,535,857	8,483,211	4,561,541	-	15,580,609	15,655,243
	\$ 23,104,135	1,865,945	3,454,487	595,082	29,019,649	27,566,999
Liabilities and net assets						
Current liabilities						
Accounts payable and accrued liabilities	\$ 663,967	-	-	206,891	870,858	416,476
Net assets						
Building construction reserve (Notes 4(a), 8)	12,089,619	-	-	-	12,089,619	-
Operating reserve (Notes 4(b), 9)	6,626,422	-	-	-	6,626,422	-
Capital asset reserve (Notes 4(c), 10)	1,615,457	-	-	-	1,615,457	-
Opportunity reserve (Notes 4(d), 11)	350,000	-	-	-	350,000	-
Externally restricted	-	1,865,945	3,454,487	388,191	5,708,623	4,902,600
Unrestricted	1,758,670	-	-	-	1,758,670	22,247,923
	22,440,168	1,865,945	3,454,487	388,191	28,148,791	27,150,523
	\$ 23,104,135	1,865,945	3,454,487	595,082	29,019,649	27,566,999

Approved by the Board

Chairperson

Treasurer

LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of net assets

For the year ended June 30, 2022

		Restricted				
		General fund	Dog Guide Endowment fund	Stevenson Fellowship fund	Capital fund	Total
Net assets, beginning of year	\$	18,157,042	5,606,327	3,387,154	-	27,150,523
Excess of revenue over expenditure (expenditure over revenue) for year		524,229	136,973	(51,125)	388,191	998,268
Interfund transfers (Note 13)		3,758,897	(3,877,355)	118,458	-	-
Net assets, end of year	\$	22,440,168	1,865,945	3,454,487	388,191	28,148,791

LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of operations

For the year ended June 30, 2022

	General fund	Restricted		Capital fund	Total 2022	Total 2021
		Dog Guide Endowment fund	Stevenson Fellowship fund			
Revenue						
Donations (Schedule 1)	\$ 5,808,815	350,500	71,924	502,528	6,733,767	4,799,547
Life memberships	15,150	-	-	-	15,150	12,600
Fellowship	8,900	-	-	-	8,900	6,500
Grants	337,968	-	-	-	337,968	437,525
Investment (loss) income	(62,699)	(135,898)	(75,943)	-	(274,540)	2,198,629
Other income	118,404	-	-	-	118,404	112,438
Fundraisers (Schedule 1)	1,211,372	-	-	-	1,211,372	1,003,583
Gift shop (Schedule 1)	9,466	-	-	-	9,466	1,211
	7,447,376	214,602	(4,019)	502,528	8,160,487	8,572,033
Expenditure						
Administration	669,776	-	-	-	669,776	491,410
Amortization	202,140	-	-	-	202,140	225,180
Fundraising	682,711	-	-	114,337	797,048	464,891
General	432,135	77,629	47,106	-	556,870	526,940
Marketing	511,862	-	-	-	511,862	175,691
Program costs						
Assessment and follow-up	32,358	-	-	-	32,358	3,577
General	295,016	-	-	-	295,016	287,743
Salaries and benefits						
(Note 14)	3,000,605	-	-	-	3,000,605	2,374,548
Student	115,540	-	-	-	115,540	29,611
Veterinary	286,627	-	-	-	286,627	326,078
Property	694,377	-	-	-	694,377	614,522
	6,923,147	77,629	47,106	114,337	7,162,219	5,520,191
Excess of revenue over expenditure (expenditure over revenue) for year	\$ 524,229	136,973	(51,125)	388,191	998,268	3,051,842

LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of cash flows

For the year ended June 30, 2022

	2022	2021
Cash flows from operating activities		
Excess of revenue over expenditure (expenditure over revenue) for year		
General fund	\$ 524,229	228,913
Dog Guide Endowment fund	136,973	2,102,663
Stevenson Fellowship fund	(51,125)	720,266
Capital fund	388,191	-
Adjustment for		
Amortization of capital assets	202,140	225,180
	1,200,408	3,277,022
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(67,059)	382,188
(Increase) decrease in inventory	(603)	6,444
Increase in prepaid expenses	(24,009)	(37,168)
Increase in accounts payable and accrued liabilities	454,382	93,829
Cash flows from operating activities	1,563,119	3,722,315
Cash flows from (used in) investing activities		
Acquisition of capital assets	(1,476,805)	(222,156)
Decrease (increase) in long-term investments	74,634	(3,541,761)
Cash flows used in investing activities	(1,402,171)	(3,763,917)
Net increase (decrease) in cash and cash equivalents during year	160,948	(41,602)
Cash and cash equivalents, beginning of year	564,190	605,792
Cash and cash equivalents, end of year	\$ 725,138	564,190
Cash and cash equivalents are comprised of:		
General fund	\$ 669,984	549,872
Stevenson Fellowship fund	55,154	14,318
	\$ 725,138	564,190

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2022

1. Purpose of the organization

Lions Foundation of Canada Dog Guides ("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.

On August 1, 2021, Lions Foundation of Canada and Dog Guides Canada amalgamated to continue under the name Lions Foundation of Canada Dog Guides.

2. Significant accounting policies

These 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) Management estimates

The preparation of the 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 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 financial statements of changes in such estimates in future periods could be significant.

b) Basis of accounting

The Foundation follows the restricted fund method of accounting for contributions.

c) Cash and cash equivalents

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

d) Inventory

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

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2022

2. Significant accounting policies - continued

e) Capital assets

Purchased capital assets are recorded at acquisition cost. Contributed capital assets 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

Assets under construction will be amortized once they are available for use.

f) 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) 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.

(iii) 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.

(iv) Capital fund

Capital fund reports restricted resources donated for future expenditures related to the construction of the new facility in Oakville.

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2022

2. Significant accounting policies - continued

g) Allocation of expenses

The Foundation allocates salaries and benefits by identifying the appropriate category the expense pertains to and applies that basis consistently throughout the year.

h) Revenue recognition

Donations, life memberships, fellowship, grants, other income and gift shop are recognized in the respective fund in the year it is received.

Fundraisers are recognized when the corresponding event takes place.

Investment income (loss) 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 Foundation 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 financial statements. The value of volunteer time is not reflected in these 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.

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2022

3. Financial instruments - continued

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.

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. Reserve funds

a) Building construction reserve

The building construction reserve is intended to provide an internal source of funds which are being set aside for the new facility in Oakville. Included in this fund is the current net book value of capital assets already purchased.

b) Operating reserve

The operating reserve is intended to provide an internal source of funds for situations including a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. This reserve is not intended to replace a permanent loss of funds or eliminate an ongoing budget gap.

c) Capital asset reserve

The capital asset reserve is intended to provide an internal source of funds for capital assets and repairs necessary for the effective operation of the Foundation.

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2022

4. Reserve funds - continued

d) Opportunity reserve

The opportunity reserve is intended to provide an internal source of funds to meet special targets of opportunity or need that further the mission of the Foundation which may or may not have expectation of incremental or long-term increased income. This reserve is also intended as a source of internal funds for the Foundation capacity building including staff development, research and development, or investment in infrastructure that will build long-term capacity.

5. Accounts receivable

	2022	2021
Accounts receivable	\$ -	6,265
Government remittances receivable	110,810	37,486
	<u>\$ 110,810</u>	<u>43,751</u>

6. Capital assets

	2022		2021
	Cost	Accumulated amortization	Net
Land	\$ 7,657,399	-	7,657,399
Building	8,883,640	5,760,385	3,123,255
Furniture and fixtures	551,713	510,792	40,921
Veterinary clinic equipment	182,261	136,785	45,476
Vehicles	303,272	273,938	29,334
Computer equipment	279,618	252,630	26,988
Computer software	636,724	44,155	592,569
	<u>18,494,627</u>	<u>6,978,685</u>	<u>11,515,942</u>
Assets under construction	950,310	-	950,310
	<u>\$ 19,444,937</u>	<u>6,978,685</u>	<u>12,466,252</u>

Amortization recorded during the year amounted to \$202,140 (2021 - \$225,180).

During the year, capital assets were acquired for cash at an aggregate cost of \$1,476,805 (2021 - \$222,156).

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2022

7. Long-term investments

The investment in the Oakville Community Foundation represents an endowment and entitles the Foundation to share in investment income from pooled funds, along with other agencies. In the event that the Foundation ceases to exist, the Lions Foundation of Canada Dog Guides or its successor will act as a replacement successor to the Foundation for purposes of this investment.

8. Building construction reserve fund

The building construction reserve fund activities for the year are as follows:

	2022
Balance, beginning of year	\$ -
Allocation of prior year unrestricted fund	<u>12,089,619</u>
Balance, end of year	<u>\$ 12,089,619</u>

9. Operating reserve fund

The operating reserve fund activities for the year are as follows:

	2022
Balance, beginning of year	\$ -
Allocation of prior year unrestricted fund	<u>6,626,422</u>
Balance, end of year	<u>\$ 6,626,422</u>

10. Capital asset reserve fund

The capital asset reserve fund activities for the year are as follows:

	2022
Balance, beginning of year	\$ -
Allocation of prior year unrestricted fund	<u>1,615,457</u>
Balance, end of year	<u>\$ 1,615,457</u>

11. Opportunity reserve fund

The opportunity reserve fund activities for the year are as follows:

	2022
Balance, beginning of year	\$ -
Allocation of prior year unrestricted fund	<u>350,000</u>
Balance, end of year	<u>\$ 350,000</u>

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2022

12. Operating lease commitments

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

2023	\$	6,837
2024		<u>2,311</u>
	\$	<u>9,148</u>

13. Transfers between funds

Transfers represent reallocations within the funds of the Foundation.

The Dog Guide Endowment fund investment income (loss) includes (\$106,005) (2021 - \$981,143) from internally restricted capital and (\$29,893) (2021 - \$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 and held in the net assets of the general fund.

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.

14. Allocation of expenses

Salaries and benefits total \$3,000,605 (2021 - \$2,374,548) reported in the statement of operations, after an allocation of \$632,351 (2021 - \$478,804) to administration, \$344,118 (2021 - \$290,634) to fundraising and \$133,593 (2021 - \$91,010) to marketing.

15. 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.

16. 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.

17. Comparative figures

Certain figures in the 2021 financial statements have been reclassified to conform with the presentation used in 2022.

LIONS FOUNDATION OF CANADA DOG GUIDES

Schedule of general fund donations, events and gift shop

For the year ended June 30, 2022

	2022	2021
Donations		
Bequests	\$ 2,576,196	1,212,508
Corporations and organizations	240,936	153,738
Gifts-in-kind	238,036	264,864
Individuals	1,185,802	1,020,710
In memoriam	79,280	74,897
Lioness clubs	5,207	20,259
Lions and Lioness sponsorships	367,569	437,592
Lions clubs	256,360	261,497
Other sponsorships	859,429	456,261
	\$ 5,808,815	3,902,326
Fundraisers		
Hockey draw	27,460	106,318
Local	82,126	14,088
Memorial Forest	21,250	20,600
Oakville bingo	15,967	7,161
Project Pride	11,048	5,731
Ride for Dog Guides	35,895	31,218
Walk for Dog Guides	1,017,626	818,467
	\$ 1,211,372	1,003,583
Gift shop		
Sales	\$ 27,933	9,092
Cost of sales	(18,467)	(7,881)
Net earnings	\$ 9,466	1,211