

LIONS FOUNDATION OF CANADA DOG GUIDES
FINANCIAL STATEMENTS
AS AT JUNE 30, 2023

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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, 2023, 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, 2023, 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 corporate and foundation, events, individual giving, planned giving 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, 2022 and June 30, 2023. Our audit opinion on the financial statements for the year ended June 30, 2022 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.

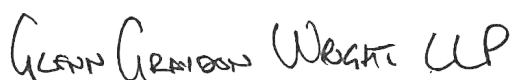
INDEPENDENT AUDITORS' REPORT, continued

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
November 3, 2023

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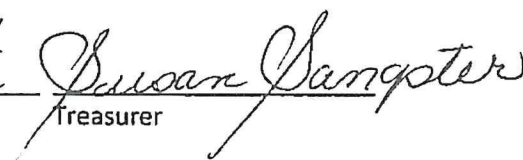
LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of financial position

As at June 30, 2023

	General fund	Restricted			Total 2023	Total 2022
		Endowment fund	Stevenson Fellowship fund	Capital fund		
Assets						
Current assets						
Cash and cash equivalents	\$ 2,843,255	-	29,407	-	2,872,662	725,138
Accounts receivable (Note 5)	71,959	-	-	-	71,959	110,810
Interfund receivables	184,728	(220,823)	(409,023)	445,118	-	-
Inventory	43,045	-	-	-	43,045	35,128
Prepaid expenses	111,165	-	-	-	111,165	101,712
	3,254,152	(220,823)	(379,616)	445,118	3,098,831	972,788
Capital assets (Note 6)	11,468,382	-	-	1,160,077	12,628,459	12,466,252
Long-term assets						
Investments (Note 7)	8,945,908	2,395,699	3,834,103	-	15,175,710	15,580,609
	\$ 23,668,442	2,174,876	3,454,487	1,605,195	30,903,000	29,019,649
Liabilities and net assets						
Current liabilities						
Accounts payable and accrued liabilities	\$ 562,095	-	-	70,539	632,634	870,858
Net assets						
Building construction reserve (Notes 4(a), 8)	12,089,619	-	-	-	12,089,619	12,089,619
Operating reserve (Notes 4(b), 9)	6,626,422	-	-	-	6,626,422	6,626,422
Capital asset reserve (Notes 4(c), 10)	1,676,788	-	-	-	1,676,788	1,615,457
Opportunity reserve (Notes 4(d), 11)	350,000	-	-	-	350,000	350,000
Externally restricted	-	2,174,876	3,454,487	1,534,656	7,164,019	5,708,623
Unrestricted	2,363,518	-	-	-	2,363,518	1,758,670
	23,106,347	2,174,876	3,454,487	1,534,656	30,270,366	28,148,791
	\$ 23,668,442	2,174,876	3,454,487	1,605,195	30,903,000	29,019,649

Approved by the Board

Chairperson Treasurer

LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of net assets

For the year ended June 30, 2023

		General fund	Restricted		Total 2023	Total 2022	
			Endowment fund	Stevenson Fellowship fund			Capital fund
Net assets, beginning of year	\$	22,440,168	1,865,945	3,454,487	388,191	28,148,791	27,150,523
Excess of revenue over expenditure (expenditure over revenue) for year		(61,137)	603,685	554,322	1,024,705	2,121,575	998,268
Interfund transfers (Note 12)		727,316	(294,754)	(554,322)	121,760	-	-
Net assets, end of year	\$	23,106,347	2,174,876	3,454,487	1,534,656	30,270,366	28,148,791

LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of operations

For the year ended June 30, 2023

	General fund	Restricted			Total 2023	Total 2022
		Endowment fund	Stevenson Fellowship fund	Capital fund		
Revenue						
Corporate and foundation	\$ 1,870,727	-	-	-	1,870,727	1,478,549
Events	1,459,588	-	-	-	1,459,588	1,213,022
Individual giving	1,552,676	-	-	-	1,552,676	1,900,271
Planned giving	2,918,743	200,000	-	-	3,118,743	2,576,196
Other income	355,202	-	125,150	1,402,295	1,882,647	1,266,989
Investment income (loss)	752,032	431,904	473,739	-	1,657,675	(274,540)
	8,908,968	631,904	598,889	1,402,295	11,542,056	8,160,487
Expenditure						
Fundraising	1,388,472	-	-	377,590	1,766,062	1,082,742
Operating and administration	1,185,717	28,219	44,567	-	1,258,503	834,809
	2,574,189	28,219	44,567	377,590	3,024,565	1,917,551
Mission						
Canine development	3,029,386	-	-	-	3,029,386	2,534,392
Client services	2,927,599	-	-	-	2,927,599	2,407,847
Communication and marketing	438,931	-	-	-	438,931	302,429
	6,395,916	-	-	-	6,395,916	5,244,668
	8,970,105	28,219	44,567	377,590	9,420,481	7,162,219
Excess of revenue over expenditure (expenditure over revenue) for year	\$ (61,137)	603,685	554,322	1,024,705	2,121,575	998,268

LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of cash flows

For the year ended June 30, 2023

	2023	2022
Cash flows from (used in) operating activities		
Excess of revenue over expenditure (expenditure over revenue) for year		
General fund	\$ (61,137)	524,229
Endowment fund	603,685	136,973
Stevenson Fellowship fund	554,322	(51,125)
Capital fund	1,024,705	388,191
Adjustment for		
Amortization of capital assets	700,628	202,140
	2,822,203	1,200,408
Changes in non-cash working capital		
Decrease (increase) in accounts receivable	38,851	(67,059)
Increase in inventory	(7,917)	(603)
Increase in prepaid expenses	(9,453)	(24,009)
(Decrease) increase in accounts payable and accrued liabilities	(238,224)	454,382
Cash flows from operating activities	2,605,460	1,563,119
Cash flows from (used in) investing activities		
Acquisition of capital assets	(862,835)	(1,476,805)
Decrease in long-term investments	404,899	74,634
Cash flows used in investing activities	(457,936)	(1,402,171)
Net increase in cash and cash equivalents during year	2,147,524	160,948
Cash and cash equivalents, beginning of year	725,138	564,190
Cash and cash equivalents, end of year	\$ 2,872,662	725,138
Cash and cash equivalents are comprised of:		
General fund	\$ 2,843,255	669,984
Stevenson Fellowship fund	29,407	55,154
	\$ 2,872,662	725,138

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2023

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.

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, 2023

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

The 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 Endowment fund is for the benefit of the General fund, with the exception of certain named funds who have stipulated investment income earned is to be incorporated into the original fund. It is the Foundation's policy to transfer from the General fund back to the 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, unless otherwise allocated by the Board of Directors. 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 DOG GUIDES

Notes to financial statements

As at June 30, 2023

2. Significant accounting policies – continued

(iv) Capital fund

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

g) Allocation of expenses

The Foundation allocates salaries and benefits, and operating and IT expenses by identifying the appropriate category the expense pertains to and applies the same percentage on that basis consistently throughout the year.

h) Revenue recognition

Corporate and foundation, individual giving, planned giving and other income are recognized in the respective fund in the year it is received.

Events 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) 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.

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.

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2023

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, 2023

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

	2023	2022
Accounts receivable	\$ 29,259	-
Government remittances receivable	42,700	110,810
	<u>\$ 71,959</u>	<u>110,810</u>

6. Capital assets

	2023		2022	
	Cost	Accumulated amortization	Net	Net
Land	\$ 7,657,399	-	7,657,399	7,657,399
Building	9,008,265	5,921,376	3,086,889	3,123,255
Furniture and fixtures	562,027	519,330	42,697	40,921
Veterinary clinic equipment	203,559	148,761	54,798	45,476
Vehicles	284,107	264,153	19,954	29,334
Computer equipment	304,050	272,826	31,224	26,988
Computer software	1,109,869	534,448	575,421	592,569
	<u>19,129,276</u>	<u>7,660,894</u>	<u>11,468,382</u>	<u>11,515,942</u>
Assets under construction	1,160,077	-	1,160,077	950,310
	<u>\$ 20,289,353</u>	<u>7,660,894</u>	<u>12,628,459</u>	<u>12,466,252</u>

Amortization recorded during the year amounted to \$700,628 (2022 - \$202,140).

During the year, capital assets were acquired for cash at an aggregate cost of \$862,835 (2022 - \$1,476,805).

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2023

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:

	2023	2022
Balance, beginning of year	\$ 12,089,619	-
Allocation of prior year unrestricted fund	-	12,089,619
Balance, end of year	<u>\$ 12,089,619</u>	<u>12,089,619</u>

9. Operating reserve fund

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

	2023	2022
Balance, beginning of year	\$ 6,626,422	-
Allocation of prior year unrestricted fund	-	6,626,422
Balance, end of year	<u>\$ 6,626,422</u>	<u>6,626,422</u>

10. Capital asset reserve fund

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

	2023	2022
Balance, beginning of year	\$ 1,615,457	-
Allocation of prior year unrestricted fund	-	1,615,457
Allocation of current year unrestricted fund	61,331	-
Balance, end of year	<u>\$ 1,676,788</u>	<u>1,615,457</u>

11. Opportunity reserve fund

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

	2023	2022
Balance, beginning of year	\$ 350,000	-
Allocation of prior year unrestricted fund	-	350,000
Balance, end of year	<u>\$ 350,000</u>	<u>350,000</u>

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2023

12. Transfers between funds

Transfers represent reallocations within the funds of the Foundation.

The Endowment fund investment income earned on externally restricted capital 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, with the exception of certain named funds who have stipulated investment income earned is to be incorporated into the original fund. As such, this investment income, both realized and unrealized, is transferred and held in the respective net asset 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, unless otherwise stipulated by the Board of Directors. As such, this investment income, both realized and unrealized, is transferred and held in the respective net asset fund.

13. Allocation of expenses

Salaries and benefits total \$5,013,391 (2022 - \$4,110,665) reported in the statement of operations under various expense categories including an allocation of \$624,449 (2022 - \$316,205) to fundraising, \$600,730 (2022 - \$395,256) to operating and administration, \$1,651,968 (2022 - \$1,739,128) to canine development, \$1,973,020 (2022 - \$1,581,025) to client services and \$163,224 (2022 - \$79,051) to communication and marketing.

Operating and IT total \$1,781,619 (2022 - \$1,073,789) reported in the statement of operations under various expense categories including an allocation of \$137,072 (2022 - \$82,599) to fundraising, \$171,340 (2022 - \$103,249) to operating and administration, \$753,577 (2022 - \$454,295) to canine development, \$685,362 (2022 - \$412,996) to client services and \$34,268 (2022 - \$20,650) to communication and marketing.

14. 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.

15. Comparative figures

Certain figures in the 2022 financial statements have been reclassified to conform with the presentation used in 2023.