

LIONS FOUNDATION OF CANADA DOG GUIDES
FINANCIAL STATEMENTS
AS AT JUNE 30, 2024

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 – 14

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, 2024, 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, 2024, 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, 2023 and June 30, 2024. Our audit opinion on the financial statements for the year ended June 30, 2023 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.

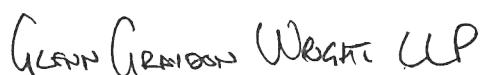
INDEPENDENT AUDITORS' REPORT, continued

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 3, 2024

LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of financial position

As at June 30, 2024

	General fund	Restricted			Total 2024	Total 2023
		Endowment fund	Stevenson Fellowship fund	Capital fund		
Assets						
Current assets						
Cash and cash equivalents	\$ 5,890,585	-	20,936	-	5,911,521	2,872,662
Accounts receivable (Note 5)	19,234,199	-	-	-	19,234,199	71,959
Interfund receivables	5,976,430	(406,876)	(682,252)	(4,887,302)	-	-
Inventory	38,420	-	-	-	38,420	43,045
Prepaid expenses	647,843	-	-	-	647,843	111,165
	31,787,477	(406,876)	(661,316)	(4,887,302)	25,831,983	3,098,831
Capital assets (Note 6)	8,296,926	-	-	10,223,406	18,520,332	12,628,459
Long-term assets						
Investments (Note 7)	4,563,628	2,988,975	1,615,803	-	9,168,406	15,175,710
	\$ 44,648,031	2,582,099	954,487	5,336,104	53,520,721	30,903,000
Liabilities and net assets						
Current liabilities						
Accounts payable and accrued liabilities (Note 8)	\$ 1,114,507	-	-	2,301,941	3,416,448	632,634
Current portion of deferred income (Note 9)	9,092,440	-	-	-	9,092,440	-
	10,206,947	-	-	2,301,941	12,508,888	632,634
Long-term liabilities						
Deferred income (Note 9)	9,850,143	-	-	-	9,850,143	-
	20,057,090	-	-	2,301,941	22,359,031	632,634
Net assets						
Building construction						
reserve (Notes 4(a), 10)	10,564,497	-	-	-	10,564,497	12,089,619
Operating reserve (Notes 4(b), 11)	6,862,987	-	-	-	6,862,987	6,626,422
Capital asset reserve (Notes 4(c), 12)	1,720,782	-	-	-	1,720,782	1,676,788
Opportunity reserve (Notes 4(d), 13)	350,000	-	-	-	350,000	350,000
Externally restricted	-	2,582,099	954,487	3,034,163	6,570,749	7,164,019
Unrestricted	5,092,675	-	-	-	5,092,675	2,363,518
	24,590,941	2,582,099	954,487	3,034,163	31,161,690	30,270,366
	\$ 44,648,031	2,582,099	954,487	5,336,104	53,520,721	30,903,000

Contingent liability (Note 14)

Approved by the Board




Chairperson

Treasurer

LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of net assets

For the year ended June 30, 2024

		Restricted			Total 2024	Total 2023	
		General fund	Endowment fund	Stevenson Fellowship fund			Capital fund
Net assets, beginning of year	\$	23,106,347	2,174,876	3,454,487	1,534,656	30,270,366	28,148,791
Excess of revenue over expenditure (expenditure over revenue) for year		(1,483,158)	593,275	377,314	1,403,893	891,324	2,121,575
Interfund transfers (Note 15)		2,967,752	(186,052)	(2,877,314)	95,614	-	-
Net assets, end of year	\$	24,590,941	2,582,099	954,487	3,034,163	31,161,690	30,270,366

LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of operations

For the year ended June 30, 2024

		Restricted				
	General fund	Endowment fund	Stevenson Fellowship fund	Capital fund	Total 2024	Total 2023
Revenue						
Corporate and foundation	\$ 2,139,901	-	-	-	2,139,901	1,870,727
Events	1,441,497	-	-	-	1,441,497	1,459,588
Individual giving	1,686,934	-	-	-	1,686,934	1,552,676
Planned giving	1,814,184	357,590	-	-	2,171,774	3,118,743
Other income	381,254	-	103,283	1,823,530	2,308,067	1,882,647
Investment income	779,277	263,372	317,659	-	1,360,308	1,657,675
	8,243,047	620,962	420,942	1,823,530	11,108,481	11,542,056
Expenditure						
Fundraising	1,583,667	-	-	419,637	2,003,304	1,766,062
Operating and administration	1,521,139	27,687	43,628	-	1,592,454	1,258,503
	3,104,806	27,687	43,628	419,637	3,595,758	3,024,565
Mission						
Canine development	3,250,027	-	-	-	3,250,027	3,029,386
Client services	2,974,439	-	-	-	2,974,439	2,927,599
Communication and marketing	396,933	-	-	-	396,933	438,931
	6,621,399	-	-	-	6,621,399	6,395,916
	9,726,205	27,687	43,628	419,637	10,217,157	9,420,481
Excess of revenue over expenditure (expenditure over revenue) for year	\$ (1,483,158)	593,275	377,314	1,403,893	891,324	2,121,575

LIONS FOUNDATION OF CANADA DOG GUIDES

Statement of cash flows

For the year ended June 30, 2024

	2024	2023
Cash flows from (used in) operating activities		
Excess of revenue over expenditure (expenditure over revenue) for year		
General fund	\$ (1,483,158)	(61,137)
Endowment fund	593,275	603,685
Stevenson Fellowship fund	377,314	554,322
Capital fund	1,403,893	1,024,705
Adjustments for		
Amortization of capital assets	522,869	700,628
Gain on disposal of capital assets	(18,942,583)	-
	(17,528,390)	2,822,203
Changes in non-cash working capital		
(Increase) decrease in accounts receivable	(19,162,240)	38,851
Decrease (increase) in inventory	4,625	(7,917)
Increase in prepaid expenses	(536,678)	(9,453)
Increase (decrease) in accounts payable and accrued liabilities	2,783,814	(238,224)
Cash flows (used in) from operating activities	(34,438,869)	2,605,460
Cash flows from (used in) investing activities		
Acquisition of capital assets	(9,472,159)	(862,835)
Proceeds on disposal of capital assets	22,000,000	-
Decrease in long-term investments	6,007,304	404,899
Cash flows from (used in) investing activities	18,535,145	(457,936)
Cash flows from (used in) financing activities		
Deferred gain on capital assets	18,942,583	-
Cash flows from financing activities	18,942,583	-
Net increase in cash and cash equivalents during year	3,038,859	2,147,524
Cash and cash equivalents, beginning of year	2,872,662	725,138
Cash and cash equivalents, end of year	\$ 5,911,521	2,872,662
Cash and cash equivalents are comprised of:		
General fund	\$ 5,890,585	2,843,255
Stevenson Fellowship fund	20,936	29,407
	\$ 5,911,521	2,872,662

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2024

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, 2024

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, 2024

2. Significant accounting policies – continued

f) Fund accounting – 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, 2024

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, 2024

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

	2024	2023
Accounts receivable	\$ 173,132	29,259
Government remittances receivable	420,168	42,700
Mortgage receivable	18,640,899	-
	<u>\$ 19,234,199</u>	<u>71,959</u>

Mortgage receivable is non-interest bearing with a principal amount due to the Foundation of \$19,000,000 by October 24, 2024. The mortgage has been discounted to fair market value using the Bank of Canada prime rate at June 30, 2024.

6. Capital assets

	2024		2023	
	Cost	Accumulated amortization	Net	Net
Land	\$ 6,997,909	-	6,997,909	7,657,399
Building	818,224	260,356	557,868	3,086,889
Furniture and fixtures	569,794	529,164	40,630	42,697
Veterinary clinic equipment	211,019	160,238	50,781	54,798
Vehicles	547,216	276,068	271,148	19,954
Computer equipment	333,987	294,065	39,922	31,224
Computer software	1,160,827	822,159	338,668	575,421
	<u>10,638,976</u>	<u>2,342,050</u>	<u>8,296,926</u>	<u>11,468,382</u>
Assets under construction	10,223,406	-	10,223,406	1,160,077
	<u>\$ 20,862,382</u>	<u>2,342,050</u>	<u>18,520,332</u>	<u>12,628,459</u>

Amortization recorded during the year amounted to \$522,869.

During the year, capital assets were acquired for cash at an aggregate cost of \$9,472,159. Capital assets were disposed of for cash proceeds of \$22,000,000.

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2024

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. Accounts payable and accrued liabilities

	2024	2023
Accounts payable	\$ 2,704,235	632,634
Holdback payables	712,213	-
	<u>\$ 3,416,448</u>	<u>632,634</u>

9. Deferred income

During the year, the Foundation entered into a sale-leaseback agreement whereby the Foundation sold the property at 152 Wilson Street, Oakville for a gain of \$18,942,583, and as a part of this transaction, the associated gain has been deferred at June 30, 2024 and will be amortized over the term of the lease. The term of the lease is based on the progress of the construction of the new facility in Oakville up to a maximum of 25 months beginning June 28, 2024.

As part of this agreement, a non-interest bearing mortgage was extended to the purchaser/lessor in exchange for the Foundation being able to remain in the current facility rent-free until the new facility is ready. The deferred rent represents the fair market value determined on this part of the transaction equal to the imputed interest on the mortgage receivable, and will be amortized over the term of the lease.

The current portion of deferred income is comprised of the following:

	2024
Current portion of deferred capital gain	\$ 8,920,072
Current portion of deferred rent	<u>172,368</u>
	<u>\$ 9,092,440</u>

The long-term portion of deferred income is comprised of the following:

	2024
Deferred capital gain	\$ 9,663,411
Deferred rent	<u>186,732</u>
	<u>\$ 9,850,143</u>

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2024

10. Building construction reserve fund

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

	2024	2023
Balance, beginning of year	\$ 12,089,619	12,089,619
Allocation of current year unrestricted fund	(1,525,122)	-
Balance, end of year	<u>\$ 10,564,497</u>	<u>12,089,619</u>

11. Operating reserve fund

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

	2024	2023
Balance, beginning of year	\$ 6,626,422	6,626,422
Allocation of current year unrestricted fund	236,565	-
Balance, end of year	<u>\$ 6,862,987</u>	<u>6,626,422</u>

12. Capital asset reserve fund

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

	2024	2023
Balance, beginning of year	\$ 1,676,788	1,615,457
Allocation of current year unrestricted fund	43,994	61,331
Balance, end of year	<u>\$ 1,720,782</u>	<u>1,676,788</u>

13. Opportunity reserve fund

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

	2024	2023
Balance, beginning and end of year	<u>\$ 350,000</u>	<u>350,000</u>

14. Contingent liability

The Foundation has a performance guarantee totaling \$189,550 with the Town of Oakville pursuant to the land development project.

LIONS FOUNDATION OF CANADA DOG GUIDES

Notes to financial statements

As at June 30, 2024

15. 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.

16. Allocation of expenses

Salaries and benefits total \$5,683,300 reported in the statement of operations under various expense categories including an allocation of \$741,947 to fundraising, \$670,345 to operating and administration, \$1,878,517 to canine development, \$2,152,274 to client services and \$240,217 to communication and marketing.

Operating and IT total \$1,593,987 reported in the statement of operations under various expense categories including an allocation of \$143,195 to fundraising, \$142,826 to operating and administration, \$731,359 to canine development, \$532,019 to client services and \$44,588 to communication and marketing.

17. Operating lease commitments

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

2025	\$ 9,124
2026	9,124
2027	9,124
2028	7,196
2029	5,819
Thereafter	1,455
	<u>\$ 41,842</u>

18. 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.