



CHARTERED ACCOUNTANT

**Lions Foundation  
of Canada/  
Fondation des Lions  
du Canada  
Consolidated  
Financial Statements**  
June 30, 2013

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CHARTERED ACCOUNTANT

## Independent Auditor's Report

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

### Report on the Financial Statements

I have audited the accompanying 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, 2013, and the consolidated statements of operations and changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 of material misstatement, whether due to fraud or error.

### Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatements of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.



CHARTERED ACCOUNTANT

#### Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives revenue from donations, fundraising, and other income, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, my verification of these revenues was limited to amounts recorded in the records of the Foundation. Therefore, I was not able to determine whether, as at and for the years ended June 30, 2013 and June 30, 2012, any adjustments might be necessary to revenues, excess of revenues over expenditures, cash flows from operations, current assets and net assets. This caused me to qualify my audit opinion on the consolidated financial statements as at and for the year ended June 30, 2012.

#### Qualified Opinion

In my opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of Lions Foundation of Canada/Fondation des Lions du Canada as at June 30, 2013 and of its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Comparative Information

Without modifying my opinion, I draw attention to Note 4 to the consolidated financial statements which describes that Lions Foundation of Canada/Fondation des Lions du Canada adopted Canadian accounting standards for not-for-profit organizations on July 1, 2012 with a transition date of July 1, 2011. These standards were applied retrospectively by management on the comparative information in these financial statements, including the statements of financial position as at June 30, 2012 and July 1, 2011, and the statements of operations and changes in net assets and cash flows for the year ended June 30, 2012 and related disclosures. I was not engaged to report on the restated comparative information, and as such, it is unaudited.

A handwritten signature in black ink that reads "Charles Havill".

Oakville, Canada  
October 18, 2013

Chartered Professional Accountant  
Chartered Accountant  
Licensed Public Accountant

## Lions Foundation of Canada/Fondation des Lions du Canada Consolidated Statements of Operations and Net Assets

Year ended June 30,	General	Restricted		Total	
	2013	Dog Guide Endowment 2013	Stevenson Fellowship 2013	2013	2012
<b>Revenues</b>					
Donations (Page 12)	\$2,924,343	\$ 13,450	\$ 110,340	\$ 3,048,133	\$ 3,057,599
Purina Walk for Dog Guides	1,096,537			1,096,537	1,063,483
Life memberships	34,850			34,850	34,545
Fellowship	13,600			13,600	14,950
Grants	136,041			136,041	102,226
Investment income (Note 9)	613,949	49,532	36,910	700,391	255,851
Other income	57,303			57,303	68,070
Events (Page 12)	223,483			223,483	238,319
Gift shop (Page 12)	10,181			10,181	13,120
	<u>5,110,287</u>	<u>62,982</u>	<u>147,250</u>	<u>5,320,519</u>	<u>4,848,163</u>
<b>Expenditures</b>					
Administration	394,069			394,069	365,854
Depreciation	271,765			271,765	278,006
General	229,985	49,532	41,351	320,868	317,433
Fundraising	493,581			493,581	502,065
Marketing	287,869			287,869	313,204
Property	465,963			465,963	394,162
Program costs:					
Assessment and follow-up	97,607			97,607	99,854
General	67,048			67,048	51,684
Salaries and benefits	1,484,410			1,484,410	1,462,718
Student	236,303			236,303	221,395
Veterinary	142,125			142,125	128,919
	<u>4,170,725</u>	<u>49,532</u>	<u>41,351</u>	<u>4,261,608</u>	<u>4,135,294</u>
Excess of revenues over expenditures	<u>\$ 939,562</u>	<u>\$ 13,450</u>	<u>\$ 105,899</u>	<u>\$ 1,058,911</u>	<u>\$ 712,869</u>
<hr/>					
Net assets, beginning of year	\$7,227,401	\$3,214,419	\$ 2,436,402	\$12,878,222	\$12,165,353
Excess of revenues over expenditures	<u>939,562</u>	<u>13,450</u>	<u>105,899</u>	<u>1,058,911</u>	<u>712,869</u>
Net assets, end of year	<u>\$8,166,963</u>	<u>\$3,227,869</u>	<u>\$ 2,542,301</u>	<u>\$13,937,133</u>	<u>\$12,878,222</u>

See accompanying notes to the consolidated financial statements.

**Lions Foundation of Canada/Fondation des Lions du Canada  
Consolidated Statement of Financial Position**


June 30,	General	Restricted		Total		July 1, 2011
	2013	Dog Guide Endowment 2013	Stevenson Fellowship 2013	2013	2012	
<b>Assets</b>						
<b>Current</b>						
Cash and short term investments (Note 5)	\$ 623,826		\$ 29,795	\$ 653,621	\$ 1,911,095	\$ 1,379,380
Receivables	124,117			124,117	30,157	23,438
Interfund receivables	135,558			135,558	39,380	195,897
Prepays	23,556			23,556	99,018	72,909
Inventory	37,715			37,715	44,056	30,584
	<u>944,772</u>		<u>29,795</u>	<u>974,567</u>	<u>2,123,706</u>	<u>1,702,208</u>
Long term investments (Note 6)	2,227,562	\$3,356,798	2,566,427	8,150,787	6,468,734	6,083,065
Capital assets (Note 7)	<u>5,448,965</u>			<u>5,448,965</u>	<u>4,806,861</u>	<u>4,965,420</u>
	<u>\$8,621,299</u>	<u>\$3,356,798</u>	<u>\$2,596,222</u>	<u>\$14,574,319</u>	<u>\$13,399,301</u>	<u>\$12,750,693</u>
<b>Liabilities</b>						
<b>Current</b>						
Payables and accruals	\$ 449,297	\$ 27,877	\$ 19,415	\$ 496,589	\$ 444,888	\$ 354,561
Interfund payables		101,052	34,506	135,558	39,380	195,897
Current portion of long term debt (Note 8)	5,039			5,039	11,879	7,089
	<u>454,336</u>	<u>128,929</u>	<u>53,921</u>	<u>637,186</u>	<u>496,147</u>	<u>557,547</u>
Long term debt (Note 8)					24,932	27,793
	<u>454,336</u>	<u>128,929</u>	<u>53,921</u>	<u>637,186</u>	<u>521,079</u>	<u>585,340</u>
<b>Net Assets</b>						
Invested in capital assets	5,443,926			5,443,926	4,770,050	4,930,538
Internally restricted		3,227,869	2,542,301	5,770,170	5,650,821	5,446,437
Unrestricted	2,723,037			2,723,037	2,457,351	1,788,378
	<u>8,166,963</u>	<u>3,227,869</u>	<u>2,542,301</u>	<u>13,937,133</u>	<u>12,878,222</u>	<u>12,165,353</u>
	<u>\$8,621,299</u>	<u>\$3,356,798</u>	<u>\$2,596,222</u>	<u>\$14,574,319</u>	<u>\$13,399,301</u>	<u>\$12,750,693</u>

Commitment (Note 11)

Contingency (Note 12)

On behalf of the Board:

  
Chairperson

  
Treasurer

See accompanying notes to the consolidated financial statements.

**Lions Foundation of Canada/Fondation des Lions du  
Canada**

**Consolidated Statement of Cash Flows**

Year ended June 30,

2013

2012

Cash derived from (applied to):

**Operating**

Excess of revenues over expenditures		
General Fund	\$ 939,562	\$ 508,485
Dog Guide Endowment Fund	13,450	42,067
Stevenson Fellowship Fund	105,899	162,317
Depreciation	271,765	278,006
Loss on disposal of capital assets	2,596	530
Change in non-cash operating working capital (Note 10)	<u>39,544</u>	<u>44,027</u>
	<u>1,372,816</u>	<u>1,035,432</u>

**Financing**

Long term debt	<u>(31,772)</u>	<u>1,929</u>
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**Investing**

Purchase of capital assets	(920,465)	(123,177)
Proceeds on disposal of capital assets	4,000	3,200
Long term investments	<u>(1,682,053)</u>	<u>(385,669)</u>
	<u>(2,598,518)</u>	<u>(505,646)</u>

Net (decrease) increase in cash (1,257,474) 531,715

Cash and short term investments, beginning of year 1,911,095 1,379,380

Cash and short term investments, end of year \$ 653,621 \$1,911,095

Cash and short term investments consist of the following:

General Fund	\$ 623,826	\$1,890,266
Stevenson Fellowship Fund	<u>29,795</u>	<u>20,829</u>
	<u>\$ 653,621</u>	<u>\$1,911,095</u>

See accompanying notes to the consolidated financial statements.

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# Lions Foundation of Canada/Fondation des Lions du Canada

## Notes to the Consolidated Financial Statements

June 30, 2013

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### 1. Form of organization

Lions Foundation of Canada/Fondation des Lions du Canada was incorporated without share capital under the laws of Canada 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. It is a registered charity under the Income Tax Act.

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### 2. 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.

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### 3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

#### Fund accounting

The financial statements are prepared on a restricted fund accounting basis.

The General Fund accounts for the Foundation's program delivery and administrative activities. This Fund reports unrestricted resources.

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.

The Dog Guide Endowment Fund has been established to provide for future service to Canadians with visual, hearing and medical or physical disabilities in the areas of safety, mobility and independence. Investment income earned on the resources of the Fund is for the benefit of the General Fund.

#### Inventory

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

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# Lions Foundation of Canada/Fondation des Lions du Canada

## Notes to the Consolidated Financial Statements

June 30, 2013

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### 3. Significant accounting policies (continued)

#### Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at their fair value at the date of contribution. Rates and bases of depreciation applied to write off the cost of capital assets over their estimated useful lives are as follows:

Building	5% declining balance
Furniture and equipment	20% declining balance
Computer equipment	45% declining balance
Veterinary clinic equipment	20% declining balance
Vehicles	30% declining balance
Computer servers	30% declining balance
Computer software	3 years straight line

#### Financial instruments

The Foundation's financial instruments are initially measured at fair value. Investments that are quoted in an active market are subsequently measured at fair value with adjustment for transaction costs that would be incurred on disposal, and changes in fair value are recognized in income for the period. All other financial instruments are subsequently measured at amortized cost adjusted for transaction costs, which are amortized over the expected life of the instrument.

#### Revenue recognition

Donation, life membership, fellowship and grant revenue is 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.

#### Use of 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, revenues and expenditures and disclosure of contingent assets and liabilities. Significant areas requiring the use of judgement include the amounts in prepaids, inventory and payables and accruals. 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.

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# Lions Foundation of Canada/Fondation des Lions du Canada

## Notes to the Consolidated Financial Statements

June 30, 2013

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### **4. Adoption of Accounting Standards for Not-For-Profit Organizations**

Effective July 1, 2012, the Foundation adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting and has adopted Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO). This framework is in accordance with Canadian generally accepted accounting principles. These are the first consolidated financial statements prepared in accordance with this new framework which has been applied retrospectively. The accounting policies set out in the significant accounting policies note have been applied in preparing the consolidated financial statements for the year ended June 30, 2013, the comparative information presented in these consolidated financial statements for the year ended June 30, 2012 and in the preparation of an opening consolidated statement of financial position at July 1, 2011, which is the Foundation's date of transition.

The Foundation issued consolidated financial statements for the year ended June 30, 2012 using generally accepted accounting principles prescribed by CICA Handbook – Accounting XFI. The effect of the adoption of ASNPO has had no impact on the previously reported assets, liabilities and net assets of the Foundation, and accordingly, no adjustments have been recorded in the comparative consolidated statements of financial position, consolidated statement of operations and changes in net assets, and consolidated statement of cash flows. Certain of the Foundation's presentation and disclosure included in these financial statements reflect the new presentation and disclosure requirements of ASNPO.

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### **5. Cash and short term investments**

As at June 30, 2013 this balance is entirely comprised of cash balances held at major Canadian financial institutions. The comparative balances contain a mix of cash balances and short term investments including mutual funds and guaranteed investment certificates.

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### **6. Long term investments**

The long term investments are measured at fair value and represent investment funds held with the Oakville Community Foundation.

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**Lions Foundation of Canada/Fondation des Lions du  
Canada**

**Notes to the Consolidated Financial Statements**

June 30, 2013

**7. Capital assets**

	Cost		Accumulated Depreciation		Net Book Value	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,109,490	\$ 659,490			\$1,109,490	\$ 659,490
Building	8,150,179	7,737,995	\$4,048,907	\$3,846,323	4,101,272	3,891,672
Furniture and equipment	437,087	409,314	341,354	323,207	95,733	86,107
Computer equipment and software	188,508	238,606	172,054	219,264	16,454	19,342
Veterinary clinic equipment	102,226	102,226	67,541	58,870	34,685	43,356
Vehicles	318,971	478,643	227,640	371,749	91,331	106,894
	<u>\$10,306,461</u>	<u>\$9,626,274</u>	<u>\$4,857,496</u>	<u>\$4,819,413</u>	<u>\$5,448,965</u>	<u>\$4,806,861</u>

	Cost		Accumulated Depreciation		Net Book Value	
	2012	July 1, 2011	2012	July 1, 2011	2012	July 1, 2011
Land	\$ 659,490	\$ 659,490			\$ 659,490	\$ 659,490
Building	7,737,995	7,692,393	\$3,846,323	\$3,643,046	3,891,672	4,049,347
Furniture and equipment	409,314	394,393	323,207	304,287	86,107	90,106
Computer equipment and software	238,606	234,177	219,264	211,081	19,342	23,096
Veterinary clinic equipment	102,226	102,226	58,870	48,030	43,356	54,196
Vehicles	478,643	470,730	371,749	381,545	106,894	89,185
	<u>\$ 9,626,274</u>	<u>\$9,553,409</u>	<u>\$4,819,413</u>	<u>\$4,587,989</u>	<u>\$4,806,861</u>	<u>\$4,965,420</u>

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# Lions Foundation of Canada/Fondation des Lions du Canada

## Notes to the Consolidated Financial Statements

June 30, 2013

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### 8. Long term debt

The long term debt consists of financing for the purchase of office equipment. The long term debt is secured by the specific assets.

	<u>2013</u>	<u>2012</u>
Loan payable, bearing interest at 3.9%, repayable in monthly blended payments of \$694 until January 2016		\$ 27,793
Loan payable, bearing interest at 5.8%, repayable in annual blended payments of \$5,039 until 2014	\$ 5,039	9,018
	<u>5,039</u>	<u>36,811</u>
Less: current portion	<u>(5,039)</u>	<u>(11,879)</u>
	<u>\$ Nil</u>	<u>\$ 24,932</u>

Principal repayments over the next year are as follows:

2014	<u>5,039</u>
	<u>\$ 5,039</u>

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### 9. Investment income

General Fund investment income includes \$222,227 earned in the Stevenson Fellowship Fund and \$298,970 earned in the Dog Guide Endowment Fund in accordance with the original terms of the respective funds. These amounts represent the investment income earned, both realized and unrealized, net of the administration fees paid in each of the respective funds.

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### 10. Changes in non-cash operating working capital

	<u>2013</u>	<u>2012</u>
Receivables	\$ (93,960)	\$ (6,719)
Prepays	75,462	(26,109)
Inventory	6,341	(13,472)
Payables and accruals	<u>51,701</u>	<u>90,327</u>
	<u>\$ 39,544</u>	<u>\$ 44,027</u>

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# Lions Foundation of Canada/Fondation des Lions du Canada

## Notes to the Consolidated Financial Statements

June 30, 2013

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### 11. Commitment

The Foundation has entered into an agreement for property maintenance services until November 2013 at a monthly amount of \$720.

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### 12. Contingency

The Foundation has been named as one of the defendants in a statement of claim. The claim is for damages totalling \$1,000,000. The Foundation has filed a statement of defence against the claim. No provision for this contingent liability has been made in the financial statements as the Foundation is confident the claim is without merit.

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### 13. Financial instruments

#### 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 market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to other price risk.

#### 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.

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**Lions Foundation of Canada/Fondation des Lions du  
Canada**  
**Consolidated General Fund Schedule of Donations, Events  
and Gift Shop**

Year ended June 30,	2013	2012
<b>Donations</b>		
Lions clubs	\$ 261,165	\$ 211,135
Lioness clubs	10,268	8,834
Individuals	353,412	336,671
Corporations and organizations	404,785	319,075
Lions and Lioness sponsorships	565,038	639,704
Other sponsorships	343,584	310,552
Bequests	895,476	1,010,323
In memoriams	56,609	46,243
Gifts in kind	<u>34,006</u>	<u>38,571</u>
	<u>\$2,924,343</u>	<u>\$2,921,108</u>
<b>Events</b>		
Nevada, Kitchener	\$ 21,640	\$ 28,250
Nite Golf	7,424	2,827
Local	61,454	90,837
Project Pride	39,188	41,735
Memorial Forest	21,200	22,975
Hockey draw	57,893	51,395
Ride for Dog Guides	13,784	
Pet memorial wall	<u>900</u>	<u>300</u>
	<u>\$ 223,483</u>	<u>\$ 238,319</u>
<b>Gift Shop</b>		
Sales	\$ 40,097	\$ 37,285
Cost of sales	<u>(29,916)</u>	<u>(24,165)</u>
Net earnings	<u>\$ 10,181</u>	<u>\$ 13,120</u>

See accompanying notes to the consolidated financial statements.