



CHARTERED ACCOUNTANT

**Lions Foundation
of Canada/
Fondation des Lions
du Canada
Consolidated
Financial Statements**
June 30, 2009

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CHARTERED ACCOUNTANT

Auditor's Report

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

I have audited the consolidated statement of financial position of Lions Foundation of Canada/Fondation des Lions du Canada as at June 30, 2009 and the consolidated statements of operations, net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives revenue from donations, fundraising and other income, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Foundation and I was not able to determine whether any adjustment might be necessary to revenues, excess of revenues over expenditures, assets and net assets.

In my opinion, except for the effect of adjustments, if any, I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the revenues referred to in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as at June 30, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "Charles Havill".

Oakville, Canada
August 24, 2009

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	
	2009	Dog Guide Endowment 2009	Stevenson Fellowship 2009	2009	2008
Revenues					
Donations (Page 9)	\$3,273,046	\$ 7,098	\$ 131,420	\$ 3,411,564	\$4,398,828
Purina Walk for Dog Guides	812,467			812,467	632,615
Life memberships	59,720			59,720	43,195
Fellowship	14,300			14,300	17,095
Grants	37,830			37,830	40,796
Investment income	(75,824)	(268,214)	(189,002)	(533,040)	(95,000)
Other income	76,811			76,811	119,129
Events (Page 9)	193,365			193,365	426,071
Gift shop (Page 9)	10,880			10,880	8,776
	<u>4,402,595</u>	<u>(261,116)</u>	<u>(57,582)</u>	<u>4,083,897</u>	<u>5,591,505</u>
Expenditures					
Administration	338,453			338,453	344,231
Depreciation	242,511			242,511	254,125
General	296,088		9,547	305,635	279,495
Fundraising	415,653			415,653	694,041
Marketing	239,433			239,433	274,068
Property	313,689			313,689	417,967
Program costs:					
Assessment and follow-up	56,492			56,492	44,719
General	53,865			53,865	55,603
Salaries and benefits	1,190,907			1,190,907	1,050,355
Student	169,607			169,607	160,786
Veterinary	115,656			115,656	149,809
	<u>3,432,354</u>		<u>9,547</u>	<u>3,441,901</u>	<u>3,725,199</u>
Excess of revenues over expenditures (expenditures over revenues)	<u>\$ 970,241</u>	<u>\$ (261,116)</u>	<u>\$ (67,129)</u>	<u>\$ 641,996</u>	<u>\$1,866,306</u>
<hr/>					
Net assets, beginning of year	\$5,301,309	\$2,552,889	\$1,863,015	\$ 9,717,213	\$7,850,907
Excess of revenues over expenditures (expenditures over revenues)	<u>970,241</u>	<u>(261,116)</u>	<u>(67,129)</u>	<u>641,996</u>	<u>1,866,306</u>
Net assets, end of year	<u>\$6,271,550</u>	<u>\$2,291,773</u>	<u>\$1,795,886</u>	<u>\$10,359,209</u>	<u>\$9,717,213</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	
		Dog Guide Endowment	Stevenson Fellowship		
2009	2009	2009	2009	2009	2008
Assets					
Current					
Cash	\$ 745,439		\$ 6,831	\$ 752,270	\$ 241,109
Short term investment (Note 4)	500,000			500,000	
Receivables	9,498		110	9,608	15,214
Interfund receivables			34,011	34,011	9,780
Prepays	69,494			69,494	63,228
Inventory	19,094			19,094	27,875
	<u>1,343,525</u>		<u>40,952</u>	<u>1,384,477</u>	<u>357,206</u>
Long term investments (Note 5)	824,869	\$2,303,102	1,754,934	4,882,905	5,337,044
Capital assets (Note 6)	<u>4,398,009</u>			<u>4,398,009</u>	<u>4,311,955</u>
	<u>\$6,566,403</u>	<u>\$2,303,102</u>	<u>\$1,795,886</u>	<u>\$10,665,391</u>	<u>\$10,006,205</u>
Liabilities					
Current					
Payables and accruals	\$ 267,883			\$ 267,883	\$ 264,633
Interfund payables	22,682	\$ 11,329		34,011	9,780
Current portion of long term debt (Note 7)	4,288			4,288	10,291
	<u>294,853</u>	<u>11,329</u>		<u>306,182</u>	<u>284,704</u>
Long term debt					4,288
					<u>288,992</u>
Net Assets					
Invested in capital assets	4,398,009			4,398,009	4,311,955
Internally restricted		2,291,773	\$1,795,886	4,087,659	4,415,904
Unrestricted	1,873,541			1,873,541	989,354
	<u>6,271,550</u>	<u>2,291,773</u>	<u>1,795,886</u>	<u>10,359,209</u>	<u>9,717,213</u>
	<u>\$6,566,403</u>	<u>\$2,303,102</u>	<u>\$1,795,886</u>	<u>\$10,665,391</u>	<u>\$10,006,205</u>

Commitments (Note 9)

On behalf of the Board:



 Treasurer



 Executive Director

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,

2009

2008

Cash derived from (applied to):

Operating

Excess of revenues over expenditures
(expenditures over revenues)

General Fund	\$ 970,241	\$1,771,804
Dog Guide Endowment Fund	(261,116)	4,526
Stevenson Fellowship Fund	(67,129)	89,976
Depreciation	242,511	254,125
Change in non-cash operating working capital (Note 8)	<u>11,371</u>	<u>59,761</u>
	<u>895,878</u>	<u>2,180,192</u>

Financing

Long term debt	<u>(10,291)</u>	<u>(10,291)</u>
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Investing

Purchase of capital assets	(328,565)	(83,033)
Long term investments	<u>454,139</u>	<u>(1,979,550)</u>
	<u>125,574</u>	<u>(2,062,583)</u>

Net increase in cash	1,011,161	107,318
Cash, beginning of year	<u>241,109</u>	<u>133,791</u>
Cash, end of year	<u>\$1,252,270</u>	<u>\$ 241,109</u>

Cash consists of the following:

General Fund	\$1,245,439	\$ 240,689
Stevenson Fellowship Fund	<u>6,831</u>	<u>420</u>
	<u>\$1,252,270</u>	<u>\$ 241,109</u>

Cash includes the short term investment.

See accompanying notes to the consolidated financial statements.

Lions Foundation of Canada/Fondation des Lions du Canada

Notes to the Consolidated Financial Statements

June 30, 2009

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.

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.

3. Significant accounting policies

Fund accounting

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

The General Fund accounts for the organization'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.

Lions Foundation of Canada/Fondation des Lions du Canada

Notes to the Consolidated Financial Statements

June 30, 2009

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

Investments

Investments are classified as held for trading financial assets. They are measured at fair value based on market prices. Investment income includes dividends, interest, realized gains (losses) and changes in unrealized gains (losses).

Revenue recognition

All donations are recognized as revenue in the respective funds in the year received.

Measurement uncertainty

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles 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 receivables, prepaids, inventory and payables and accruals. 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.

4. Short term investment

The short term investment consists of a guaranteed investment certificate maturing on February 23, 2010 earning interest at 1.26%. This investment is classified as a held for trading financial asset and is measured at fair value.

5. Long term investments

The long term investments are classified as held for trading financial assets and are measured at fair value.

Lions Foundation of Canada/Fondation des Lions du Canada

Notes to the Consolidated Financial Statements

June 30, 2009

6. Capital assets

	Cost		Accumulated Depreciation		Net Book Value	
	2009	2008	2009	2008	2009	2008
Land	\$ 659,490	\$ 659,490			\$ 659,490	\$ 659,490
Building	6,751,674	6,455,108	\$3,233,964	\$3,058,927	3,517,710	3,396,181
Furniture and equipment	358,205	358,205	255,626	229,982	102,579	128,223
Computer equipment and software	217,712	217,712	191,851	183,058	25,861	34,654
Veterinary clinic equipment	41,228	41,228	27,819	24,467	13,409	16,761
Vehicles	<u>382,290</u>	<u>395,318</u>	<u>303,330</u>	<u>318,672</u>	<u>78,960</u>	<u>76,646</u>
	<u>\$8,410,599</u>	<u>\$8,127,061</u>	<u>\$4,012,590</u>	<u>\$3,815,106</u>	<u>\$4,398,009</u>	<u>\$4,311,955</u>

7. Long term debt

The long term debt consists of financing for the purchase of a vehicle. The long term debt is secured by the vehicle.

Loan payable, bearing interest at 0.5%, repayable in monthly blended payments of \$864 until November 2009	\$ 4,288
Less: current portion	<u>(4,288)</u>
	<u>\$ Nil</u>

8. Changes in non-cash operating working capital

	<u>2009</u>	<u>2008</u>
Receivables	\$ 5,606	\$ 6,987
Prepays	(6,266)	23,654
Inventory	8,781	7,730
Payables and accruals	<u>3,250</u>	<u>21,390</u>
	<u>\$ 11,371</u>	<u>\$ 59,761</u>

Lions Foundation of Canada/Fondation des Lions du Canada

Notes to the Consolidated Financial Statements

June 30, 2009

9. Commitments

The Foundation has entered into agreements for services until February 2012. Service fees payable over the next three years are as follows:

2010	28,102
2011	5,020
2012	<u>3,347</u>
	<u>\$ 36,469</u>

The Foundation has entered into a construction contract to expand the kennel facilities located at the Oakville premises, of which \$468,480 is remaining to be paid. The Foundation has also entered into a construction contract in the amount of \$181,920 to build an animal hospital at the Oakville premises, of which the Foundation has yet to be billed.

10. Capital disclosures

The Foundation manages its capital to maintain its ability to continue as a going concern and to fulfil its commitment to operate dog schools. The capital structure of the Foundation consists of net assets including those that have been internally restricted.

The Foundation is not subject to any externally imposed capital requirements and the overall strategy with respect to capital management remains unchanged from the previous year.

11. Financial instruments

Interest rate risk

The interest rate risk is the risk to the Foundation's earnings that arises from fluctuations in interest rates and the degree of volatility of these rates. The Foundation does not use derivative instruments to reduce its exposure to interest rate risk.

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

Year ended June 30,	2009	2008
Donations		
Lions clubs	\$ 267,028	\$ 262,517
Lioness clubs	14,766	36,400
Individuals	232,148	211,336
Corporations and organizations	179,995	236,663
Lions and Lioness sponsorships	381,901	371,599
Other sponsorships	330,536	314,873
Bequests	1,795,654	2,737,718
In memoriams	42,648	29,486
Gifts in kind	<u>28,370</u>	<u>65,964</u>
	<u>\$3,273,046</u>	<u>\$4,266,556</u>
Events		
Light bulbs	\$ 9,129	\$ 91,235
Nevada, Brampton		1,367
Nevada, Kitchener	7,275	9,117
Nevada, Mississauga	2,297	7,541
Nevada, Oakville	7,385	10,483
Nite Golf	8,706	3,866
Magic show, Kitchener	5,000	10,000
Magic show, London	1,076	72,019
Magic show, Windsor	585	50,094
Local	68,672	67,614
Project Pride	59,536	43,539
Memorial Forest	23,104	24,459
Hockey draw		32,887
Pet memorial wall	<u>600</u>	<u>1,850</u>
	<u>\$ 193,365</u>	<u>\$ 426,071</u>
Gift Shop		
Sales	\$ 41,316	\$ 40,135
Cost of sales	<u>30,436</u>	<u>31,359</u>
Net earnings	<u>\$ 10,880</u>	<u>\$ 8,776</u>

See accompanying notes to the consolidated financial statements.