

FARLEY FOUNDATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

INDEX

	Page
Independent Auditor's Report	2
Financial Statements	
Statement of Financial Position	3
Statement of Operations and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6



WEILER & COMPANY
CHARTERED ACCOUNTANTS

Dennis J. Weiler Professional Corporation
Martha M. Zettle, CPA, CA, LPA, TEP
CPA (Illinois)

Lori A. Halliday, CPA, CA, LPA
Dan J. Waterston, CPA, CA-IT, LPA, CISA

Michael J. Kerr, CPA, CA, LPA
Lisa A. Bursey, CPA, CA, LPA, TEP

INDEPENDENT AUDITOR'S REPORT

To: The Members of Farley Foundation

We have audited the accompanying financial statements of Farley Foundation, which comprise the statement of financial position as at August 31, 2015, the statement of operations and changes in net assets and the statement of cashflows 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 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many non-profit organizations, the Organization derives revenue from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures for the year and cash flows from operations for the years ended August 31, 2015 and August 31, 2014, current assets as at August 31, 2015 and 2014, and net assets as at September 1, 2014 and 2013 and August 31, 2015 and 2014.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Farley Foundation at August 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Guelph, Ontario
January 11, 2016

Weiler & Company
Chartered Accountants
Licensed Public Accountants

**FARLEY FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT AUGUST 31, 2015**

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 100,813	\$ 53,054
Short-term investments (note 3)	406,857	362,936
Due from Ontario Veterinary Medical Association (note 4)	9,556	30,892
Accounts receivable	8,971	24,000
HST recoverable	20,109	24,976
Inventory	1,550	1,160
Prepaid expenses	<u>36,609</u>	<u>36,996</u>
	584,465	534,014
 OTHER ASSET		
Portfolio investments (note 5)	<u>193,550</u>	<u>194,069</u>
	<u>\$ 778,015</u>	<u>\$ 728,083</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 39,335	\$ 17,491
Deferred revenue (note 6)	<u>18,008</u>	<u>35,851</u>
Total Liabilities	57,343	53,342
 NET ASSETS		
UNRESTRICTED	<u>720,672</u>	<u>674,741</u>
	<u>\$ 778,015</u>	<u>\$ 728,083</u>

APPROVED BY THE ORGANIZATION:

_____ Member
_____ Member

FARLEY FOUNDATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2015

	2015	2014
REVENUE		
Fundraising	\$ 353,771	\$ 353,985
Donations	234,135	195,377
Special events	36,266	34,694
Investment income	9,751	9,343
Miscellaneous	7,799	9,334
	<u>641,722</u>	<u>602,733</u>
EXPENDITURES		
Contributions towards veterinary costs	406,062	418,954
Promotion and fundraising	80,516	92,047
Donor development fee	41,734	56,807
Office	33,981	47,876
Postage	14,943	4,599
Professional fees	10,417	6,444
Board and committee expense	1,436	692
Insurance	909	887
Bank charges and interest	845	453
Telephone	746	293
Website	710	1,839
Travel	405	1,928
Bad debts	184	20
	<u>592,888</u>	<u>632,839</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES from operations	48,834	(30,106)
CHANGE IN UNREALIZED (LOSS) GAIN ON INVESTMENTS	<u>(2,903)</u>	<u>2,991</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES for the year	45,931	(27,115)
NET ASSETS beginning of the year	<u>674,741</u>	<u>701,856</u>
NET ASSETS end of the year	<u>\$ 720,672</u>	<u>\$ 674,741</u>

see accompanying notes

**FARLEY FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2015**

	2015	2014
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures for the year	\$ 45,931	\$ (27,115)
Unrealized losses (gains) on investments	<u>2,903</u>	<u>(2,991)</u>
	48,834	(30,106)
Changes in non-cash working capital items		
Decrease in accounts receivable	15,029	1,020
(Increase) decrease in inventory	(390)	1,420
Decrease (increase) in prepaid expenses	387	(15,793)
Increase in accounts payable and accrued liabilities	21,844	11,999
Decrease (increase) in HST recoverable	4,867	(4,330)
Decrease in deferred revenue	(17,843)	(32,628)
Decrease in due from Ontario Veterinary Medical Association	<u>21,336</u>	<u>14,415</u>
	<u>94,064</u>	<u>(54,003)</u>
INVESTING ACTIVITIES		
Increase in short-term investment	(43,921)	(4,384)
Purchase of portfolio investments	<u>(2,384)</u>	<u>(6,583)</u>
	<u>(46,305)</u>	<u>(10,967)</u>
NET INCREASE (DECREASE) IN CASH	47,759	(64,970)
CASH, BEGINNING OF YEAR	<u>53,054</u>	<u>118,024</u>
CASH, END OF YEAR	<u>\$ 100,813</u>	<u>\$ 53,054</u>

see accompanying notes

FARLEY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

NATURE OF BUSINESS

The Farley Foundation is a charitable organization that provides financial assistance to help cover the veterinary costs of sick and injured pets that belong to low income seniors and people with disabilities in Ontario. The organization is exempt from corporate income taxes.

1. SUMMARY OF ACCOUNTING POLICIES

These 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.

(a) REVENUE RECOGNITION

Revenue from fundraising and special events is recognized when the event is held. Unrestricted donations are recognized when received. Restricted donations are recognized when expended. Investment income is recognized when earned. Miscellaneous revenue is recognized when received.

(b) SHORT-TERM INVESTMENTS AND PORTFOLIO INVESTMENTS

Investments, consisting principally of marketable securities, are valued at fair value. Fair value is determined by the closing sale price on the recognized stock exchange on which the investments are listed or principally traded.

(c) INVENTORY

Inventory is valued at the lower of cost (determined on the first-in, first-out basis) and net realizable value.

(d) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value.

The Organization subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

FARLEY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

1. SUMMARY OF ACCOUNTING POLICIES *(continued)*

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

For financial instruments subsequently measured at fair value, the Organization recognizes transaction costs directly attributable to their origination, issuance or assumption in net income in the period incurred. When a financial instrument is measured at amortized cost, transaction costs are included in the initial measurement of the instrument.

(e) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and highly liquid short-term deposits with an original maturity date from date of purchase of less than three months.

(f) CONTRIBUTED SERVICES AND GOODS

Volunteers contribute a significant amount of time per year to assist the Organization in carrying out its activities. Because the difficulty of determining their fair value, contributed services and goods are not recognized in the financial statements.

(g) USE OF ESTIMATES

The preparation of 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 revenue and expense during the year. Actual results could differ from those estimates. Estimates are reviewed on a regular basis and, as adjustments become necessary, they are reported in income in the periods in which they become known. The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, capital assets, accounts payable and accrued liabilities.

FARLEY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

2. CHANGE IN ACCOUNTING POLICY

The Organization changed its accounting policy for capital assets during the year. The previous policy was to expense capital assets in the year acquired. Going forward, the Organization will record capital assets in the Statement of Financial Position. An appropriate depreciation policy will be determined by management when the Organization makes its first acquisition of capital assets.

3. SHORT-TERM INVESTMENTS

The carrying value and fair value of short-term investments at August 31, 2015 are as follows:

	2015		2014	
	COST	FAIR VALUE	COST	FAIR VALUE
Bank of Montreal GIC, Prime less 1.95%, Maturity date February 26, 2016	\$ 405,000	\$ 405,000	\$ 0	\$ 0
Bank of Montreal GIC, Prime less 1.80%, Maturity date February 26, 2015	0	0	360,742	360,742
Accrued interest	1,857	1,857	2,194	2,194
	<u>\$ 406,857</u>	<u>\$ 406,857</u>	<u>\$ 362,936</u>	<u>\$ 362,936</u>

4. DUE FROM ONTARIO VETERINARY MEDICAL ASSOCIATION

The Ontario Veterinary Medical Association and the entity are related through a common Board of Directors. The loan is non-interest bearing and there are no specific terms of repayment.

The Ontario Veterinary Medical Association provides office space and administrative staff to the Foundation for an annual fee of \$71,734 (2014 - \$86,840). In addition, the Association donated net proceeds totalling \$34,421 (2014 - \$31,919) from social events to the Foundation during the year.

FARLEY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

5. PORTFOLIO INVESTMENTS

The carrying value and fair value of portfolio investments at August 31, 2015 are as follows:

	2015		2014	
	COST	FAIR VALUE	COST	FAIR VALUE
Fixed Income				
Montreal Trust Company GIC, 1.98%, due Nov 28, 2016	\$ 41,618	\$ 41,618	\$ 0	\$ 0
MCAN Mortgage Corp GIC, 2.05%, due Apr 21, 2016	42,815	42,815	42,815	42,815
Scotia Bank GIC, 2.00%, due Jun 27, 2016	26,093	26,093	26,093	26,093
Equitable Trust NCI GIC, 2.05%, due Mar 27, 2015	0	0	27,137	27,137
Montreal Trust Company GIC, 2.05%, due Nov 5, 2014	0	0	39,655	39,655
	<u>110,526</u>	<u>110,526</u>	<u>135,700</u>	<u>135,700</u>
Preferred Shares				
700 Power Corp	17,050	17,682	17,050	17,787
800 Premium Income	12,396	12,056	0	0
800 Royal Bank	15,377	20,064	15,377	20,296
900 Sun Life Financial	16,855	18,630	16,855	20,286
600 Westcoast Energy	15,162	14,592	0	0
	<u>76,840</u>	<u>83,024</u>	<u>49,282</u>	<u>58,369</u>
	<u>\$ 187,366</u>	<u>\$ 193,550</u>	<u>\$ 184,982</u>	<u>\$ 194,069</u>

The cost of portfolio investments includes accrued interest of \$1,026 as at August 31, 2015.

6. DEFERRED REVENUE

Deferred revenue consists of funds received prior to the year end for fundraising events being held in the fall of 2015.

FARLEY FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2015

7. FINANCIAL RISK MANAGEMENT

The Organization may be exposed to a variety of financial risks including credit risk, liquidity risk, and market risk (including interest rate risk, currency risk, and other price risk). The organization's risk exposure has not changed since the previous year.

a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation that is entered into with the Organization. It is management's opinion that the Organization is not exposed to significant credit risk.

b) Liquidity risk

Liquidity risk is the risk that the Organization will not be able to meet a demand for cash or fund its obligations as they come due. It is management's opinion that the Organization is not exposed to significant liquidity risk.

c) Market risk

Interest rate risk arises from the possibility that changes in interest rates will affect the fair value of financial instruments.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign currencies.

Other price risk is the risk that the value of financial instruments will fluctuate as a result 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 a market.

It is management's opinion that the Organization is exposed to some market risk in its portfolio investments.