

**FARLEY FOUNDATION**  
**Financial Statements**  
**Year Ended August 31, 2022**

**FARLEY FOUNDATION**  
**Index to Financial Statements**  
**Year Ended August 31, 2022**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
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 - 11

---

## INDEPENDENT AUDITOR'S REPORT

---

To the Members of Farley Foundation

### *Qualified Opinion*

We have audited the financial statements of Farley Foundation (the organization), which comprise the statement of financial position as at August 31, 2022, 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.

In our opinion, except for the possible 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 organization as at August 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Qualified Opinion*

In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses for the years ended August 31, 2022 and August 31, 2021, current assets as at August 31, 2022 and August 31, 2021, and net assets as at September 1, 2021 and 2020 and August 31, 2022 and 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with 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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

*(continues)*

*Auditor's 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 auditor's 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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the organization 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.

Guelph, Ontario  
December 5, 2022



WCO Professional Corporation  
Chartered Professional Accountants  
Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

**FARLEY FOUNDATION**  
**Statement of Financial Position**  
**August 31, 2022**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 719,923	\$ 1,033,750
HST recoverable	59,590	50,264
Inventory	380	380
Prepaid expenses	53,661	19,981
Due from Ontario Veterinary Medical Association <i>(Note 3)</i>	-	13,442
	833,554	1,117,817
PORTFOLIO INVESTMENTS <i>(Note 8)</i>	1,428,413	904,701
	<b>\$ 2,261,967</b>	<b>\$ 2,022,518</b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable	\$ 9,494	\$ 19,275
Deferred revenue <i>(Note 5)</i>	15,530	13,063
Due to Ontario Veterinary Medical Association <i>(Note 3)</i>	23,082	-
	48,106	32,338
<b>NET ASSETS</b>	<b>2,213,861</b>	<b>1,990,180</b>
	<b>\$ 2,261,967</b>	<b>\$ 2,022,518</b>

**FARLEY FOUNDATION**  
**Statement of Changes in Net Assets**  
**Year Ended August 31, 2022**

	<b>2022</b>	2021
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 1,990,180</b>	\$ 1,373,083
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>223,681</b>	617,097
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,213,861</b>	\$ 1,990,180

**FARLEY FOUNDATION**  
**Statement of Operations**  
**Year Ended August 31, 2022**

	2022	2021
<b>REVENUE</b>		
Donations	\$ 460,422	\$ 470,146
Estate gifts <i>(Note 6)</i>	217,796	582,020
Fundraising	199,216	68,653
Petline insurance	95,628	69,763
Investment income	45,015	28,310
Miscellaneous	249	140
SafePet grant income	-	55,001
	<u>1,018,326</u>	<u>1,274,033</u>
<b>EXPENSES</b>		
Contributions towards veterinary costs	593,124	535,006
Office	57,368	32,341
Promotion and fundraising	45,633	29,164
SafePet program	12,387	55,000
Professional fees	7,484	12,272
Postage	5,855	6,422
Interest and bank charges	1,340	1,605
Insurance	1,089	990
Website	88	372
Travel	78	-
Bad debts	-	2,330
	<u>724,446</u>	<u>675,502</u>
<b>EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>293,880</b>	<b>598,531</b>
<b>CHANGE IN UNREALIZED (LOSS) GAIN ON INVESTMENTS</b>	<b>(70,199)</b>	<b>18,566</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 223,681</b>	<b>\$ 617,097</b>

**FARLEY FOUNDATION**  
**Statement of Cash Flows**  
**Year Ended August 31, 2022**

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 223,681	\$ 617,097
Item not affecting cash:		
Change in unrealized gain on investments	<u>70,199</u>	<u>(18,566)</u>
	<u>293,880</u>	<u>598,531</u>
Changes in non-cash working capital:		
HST recoverable	(9,326)	(28,073)
Accounts payable	(9,781)	16,739
Deferred revenue	2,467	(13,740)
Prepaid expenses	(33,680)	4,618
Due from Ontario Veterinary Medical Association	<u>36,524</u>	<u>3,914</u>
	<u>(13,796)</u>	<u>(16,542)</u>
Cash flow from operating activities	<u>280,084</u>	<u>581,989</u>
<b>INVESTING ACTIVITY</b>		
Purchase of marketable securities	<u>(593,911)</u>	<u>(324,051)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(313,827)</b>	<b>257,938</b>
<b>CASH - BEGINNING OF YEAR</b>	<u><b>1,033,750</b></u>	<u><b>775,812</b></u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 719,923</b></u>	<u><b>\$ 1,033,750</b></u>



**FARLEY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended August 31, 2022**

---

**1. PURPOSE OF THE ORGANIZATION**

Farley Foundation (the "organization") is a not-for-profit organization of Ontario. As a registered charity the organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The organization operates to provide 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.

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and are in accordance with Canadian generally accepted accounting principles.

Revenue recognition

Farley Foundation follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Petline Insurance Revenue and miscellaneous revenue are recognized when received.

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.

Inventory

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

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date.

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

Transaction costs on the acquisition, sale, or issue of financial instruments subsequently measured at fair value are expensed when incurred. When a financial instrument is measured at amortized cost, transaction costs are included in the initial measurement of the instrument.

*(continues)*

---

**FARLEY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended August 31, 2022**

---

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

Cash and cash equivalents

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

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.

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. The assets and liabilities which require management to make significant estimates and assumptions in determining carrying values include accounts receivable, accounts payable and accrued liabilities.

---

**3. DUE TO 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 at a cost of \$45,000 (2021 - \$83,430). This fee included the administration costs for the SafePet program in the prior year.

---

**4. ACCOUNTS RECEIVABLE**

Accounts receivable at August 31, 2022 is net of an allowance for impairment in the amount of \$1,360 (2021 - \$1,360).

---

**5. DEFERRED REVENUE**

Deferred revenue consists of funds received prior to the year end for fundraising events being held in the fall of 2022.

---

**6. ESTATE GIFT**

The Organization is the beneficiary of several Estates and during the fiscal year received distributions of \$217,796. No further distributions are anticipated from these estates.

---

**7. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**FARLEY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended August 31, 2022**

**8. MARKETABLE SECURITIES**

The carrying value and fair value of portfolio investments at August 31, 2022 are as follows:

	2022	2021	2022	2022	2021	2021
	Units	Units	Cost	Market value	Cost	Market value
<b>Fixed Income</b>						
Home Bank GIC, 4.05% due May 17, 2024	75,000	-	\$ 75,000	\$ 75,882	-	-
Home Trust Company GIC, 4.05% due May 17, 2024	75,000	-	75,000	75,882	-	-
Equitable Trust NCI GIC, 1.87% due Feb 14, 2023	65,000	-	65,000	65,660	-	-
Coast Capital Savings GIC, 2.5% due Feb 5, 2023	60,000	-	60,000	60,855	-	-
Haventree Bank Ann GIC, 2.15% due May 4, 2023	56,000	56,000	56,000	56,393	56,000	56,393
Equitable Bank NCI GIC, 0.85% due Feb 13, 2023	50,000	50,000	50,000	50,234	50,000	50,234
Equitable Bank NCI GIC, 2.47% due Feb 14, 2024	50,000	-	50,000	50,670	-	-
Peoples Trust GIC, 2.38% due Feb 7, 2024	50,000	-	50,000	50,668	-	-
B2B Bank GIC, 1.7% due Feb 6, 2023	50,000	-	50,000	50,484	-	-
Laurentian Bank GIC, 1.7% due Feb 6, 2023	50,000	-	50,000	50,484	-	-
Equitable Bank NCI GIC, 2.24% due Dec 5, 2022	25,000	25,000	25,000	25,414	25,000	25,414
MCAN Mortgage Corp Ann GIC, 2.30% due Sep 12, 2022	12,900	12,900	12,900	13,188	12,900	13,188
Home Bank GIC, 0.82% due May 16, 2022	-	75,000	-	-	75,000	75,184
Home Bank Trust Company GIC, 0.82% due May 16, 2022	-	75,000	-	-	75,000	75,184
Equitable Trust Ann GIC, 2.09% due Feb 14, 2022	-	62,000	-	-	62,000	62,710
Equitable Bank Ann GIC, 2.09% due Feb 14, 2022	-	50,000	-	-	50,000	50,573
			<u>618,900</u>	<u>625,814</u>	405,900	408,880
<b>Preferred Shares</b>						
Power Financial 5.8% Perp NC	2,500	-	64,155	58,700	-	-
Power Financial Corp 5.75%	2,000	1,000	51,384	46,380	25,785	26,000
Power Financial Corp 5.9%	2,000	1,500	51,052	47,800	38,325	38,925

*(continues)*

**FARLEY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended August 31, 2022**

**8. MARKETABLE SECURITIES (continued)**

	2022	2021	2022	2022	2021	2021
	Units	Units	Cost	Market value	Cost	Market value
Power Corp 5.6% 1st NC	2,000	-	50,870	45,300	-	-
Dividend 15 Split Corp 5.75% PFD	5,000	4,000	50,665	48,350	40,665	40,600
North American Financial	5,000	2,000	50,540	48,450	20,480	20,240
National Bank of CAN NC	2,000	-	50,410	48,620	-	-
Power Corp 5.8% PF-C	2,000	700	50,252	47,120	17,050	18,340
EL Financial Corp 5.5%	1,800	1,400	45,508	41,580	35,408	36,050
Premium Income Corp PFD	2,600	3,000	39,204	36,920	45,245	45,690
Great West Life 5.65% PFD	1,500	1,000	38,790	34,200	25,890	26,100
Dividend 15 Split Corp Preferred	3,000	-	30,240	29,100	-	-
Smartcentres Real Estate	1,000	600	30,080	27,593	17,958	18,306
Great West Life NC FPS	1,000	-	25,850	23,700	-	-
Power Corp 5.6%	1,000	1,000	25,427	22,840	25,427	26,130
Power Financial	1,000	1,000	25,100	22,200	25,100	25,910
Financial 15 Split CRP PF	2,500	1,100	25,006	24,950	10,950	11,682
Dividend Growth Split Corp PFD	2,500	-	24,975	24,250	-	-
Transalta Split	1,000	-	23,720	24,330	-	-
TDB Split	2,000	2,000	20,140	19,800	20,140	20,700
Sun Life Financial	900	900	16,855	17,082	16,855	22,635
Power Corp 5.35% Ser-B	600	600	14,652	13,056	14,652	15,570
Power Finl 5.25% NC PFD-E	600	600	13,887	13,020	13,887	15,444
Northwest Healthcare Properties	1,000	-	13,315	12,540	-	-
Brookfield Office Prop Inc	600	-	12,756	14,118	-	-
Killam Apartment	500	-	10,950	8,430	-	-
Great West Life	100	100	2,500	2,170	2,500	2,682
Brookfield Renewable PTNRS	-	1,200	-	-	30,120	30,416
Power Corp 5.6% PR-A	-	1,000	-	-	25,270	26,090
Enbridge Inc.	-	700	-	-	17,659	17,976
BONC NVCC 4.85%	-	400	-	-	7,762	10,335
			<b>858,283</b>	<b>802,599</b>	477,128	495,821
			<b>\$ 1,477,183</b>	<b>\$ 1,428,413</b>	\$ 883,028	\$ 904,701

The cost of portfolio investments as at August 31, 2022 includes accrued interest of \$6,914 (2021 - \$2,979).

**FARLEY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended August 31, 2022**

---

**9. 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). It is management's opinion that the Organization's risk exposure has not changed since the previous year.

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.

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.

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 financial instruments 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 factor affecting all similar financial instruments traded in a market.

It is management's opinion that the organization is exposed to interest and market risk in its portfolio investments.

---