

**FARLEY FOUNDATION**  
**Financial Statements**  
**Year Ended August 31, 2023**

**FARLEY FOUNDATION**  
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**Year Ended August 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2023, 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, 2023, 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, 2023 and August 31, 2022, current assets as at August 31, 2023 and August 31, 2022, and net assets as at September 1, 2022 and 2021 and August 31, 2023 and 2022.

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.

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*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  
November 23, 2023



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, 2023**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 521,715	\$ 719,923
Accounts receivable <i>(Note 4)</i>	3,450	-
HST recoverable	107,275	59,590
Inventory	380	380
Prepaid expenses	34,632	53,661
Due from Ontario Veterinary Medical Association <i>(Note 3)</i>	16,704	-
	<b>684,156</b>	833,554
PORTFOLIO INVESTMENTS <i>(Note 5)</i>	<b>1,403,782</b>	1,428,413
	<b>\$ 2,087,938</b>	<b>\$ 2,261,967</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 7,998	\$ 9,494
Deferred revenue <i>(Note 6)</i>	14,538	15,530
Due to Ontario Veterinary Medical Association <i>(Note 3)</i>	-	23,082
	<b>22,536</b>	48,106
<b>NET ASSETS</b>	<b>2,065,402</b>	2,213,861
	<b>\$ 2,087,938</b>	<b>\$ 2,261,967</b>

**FARLEY FOUNDATION**  
**Statement of Changes in Net Assets**  
**Year Ended August 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 2,213,861</b>	<b>\$ 1,990,180</b>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	<b>(148,459)</b>	<b>223,681</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 2,065,402</b>	<b>\$ 2,213,861</b>

**FARLEY FOUNDATION**  
**Statement of Operations**  
**Year Ended August 31, 2023**

	2023	2022
<b>REVENUE</b>		
Donations	\$ 422,313	\$ 460,422
Fundraising	225,658	199,216
Estate gifts <i>(Note 7)</i>	153,811	217,796
Petline insurance	109,677	95,628
Investment income	74,410	45,015
Miscellaneous	104	249
	<u>985,973</u>	<u>1,018,326</u>
<b>EXPENSES</b>		
Contributions towards veterinary costs	818,167	593,124
Promotion and fundraising	84,659	45,633
Office	61,644	57,368
Administration fees	40,985	-
Strategic Planning	26,489	-
Professional fees	12,047	7,484
Postage	8,566	5,855
Board and committee expense	1,608	-
Interest and bank charges	1,474	1,340
Insurance	1,188	1,089
Travel	430	78
SafePet program	-	12,387
Website	-	88
	<u>1,057,257</u>	<u>724,446</u>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS</b>	<b>(71,284)</b>	<b>293,880</b>
<b>CHANGE IN UNREALIZED LOSS ON INVESTMENTS</b>	<b>(77,175)</b>	<b>(70,199)</b>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ (148,459)</b>	<b>\$ 223,681</b>

**FARLEY FOUNDATION**  
**Statement of Cash Flows**  
**Year Ended August 31, 2023**

	2023	2022
<b>OPERATING ACTIVITIES</b>		
(Deficiency) excess of revenue over expenses	\$ (148,459)	\$ 223,681
Item not affecting cash:		
Change in unrealized loss on investments	77,175	70,199
	<u>(71,284)</u>	<u>293,880</u>
Changes in non-cash working capital:		
Accounts receivable	(3,450)	-
HST recoverable	(47,685)	(9,326)
Accounts payable	(1,497)	(9,781)
Deferred revenue	(992)	2,467
Prepaid expenses	19,029	(33,680)
Due from Ontario Veterinary Medical Association	(39,786)	36,524
	<u>(74,381)</u>	<u>(13,796)</u>
Cash flow (used by) from operating activities	<u>(145,665)</u>	<u>280,084</u>
<b>INVESTING ACTIVITY</b>		
Purchase of marketable securities	<u>(52,543)</u>	<u>(593,911)</u>
<b>DECREASE IN CASH FLOW</b>	<b>(198,208)</b>	<b>(313,827)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>719,923</b>	<b>1,033,750</b>
<b>CASH - END OF YEAR</b>	<b>\$ 521,715</b>	<b>\$ 719,923</b>



**FARLEY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended August 31, 2023**

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**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.

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**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.

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**FARLEY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended August 31, 2023**

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

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 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.

Financial assets measured at amortized cost include cash, accounts receivable and due from related party. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

The Organization initially and subsequently measures related party transactions that are considered financial instruments at cost. Related party transactions do not have repayment terms and are considered to be in the normal course of operations; therefore, cost is the exchange amount of the consideration transferred or received.

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.

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.

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**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 (2022 - 45,000).

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**4. ACCOUNTS RECEIVABLE**

Accounts receivable at August 31, 2023 is net of an allowance for impairment in the amount of \$1,360 (2022 - \$1,360).

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**FARLEY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended August 31, 2023**

**5. MARKETABLE SECURITIES**

The carrying value and fair value of portfolio investments at August 31, 2023 are as follows:

	2023	2022	2023	2023	2022	2022
	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	75,000	75,880	75,000	75,882
Home Trust Company GIC, 4.05% due May 17, 2024	75,000	75,000	75,000	75,880	75,000	75,882
Coast Capital Savings GIC, 2.5% due Feb 5, 2024	60,000	60,000	60,000	60,855	60,000	60,855
Equitable Bank GIC, 2.47% due Feb 14, 2024	50,000	50,000	50,000	50,670	50,000	50,670
Peoples Trust GIC, 2.38% due Feb 7, 2024	50,000	50,000	50,000	50,668	50,000	50,668
B2B Bank GIC, 4.35% due May 4, 2027	60,000	-	60,000	60,849	-	-
Coast Capital Savings GIC, 4.45% due Feb 16, 2026	40,000	-	40,000	40,961	-	-
CIBC Non-redeemable GIC, 4.25% due Feb 7, 2028	50,000	-	50,000	51,194	-	-
Equitable Trust GIC, 5.15% due Dec 8, 2025	25,000	-	25,000	25,945	-	-
Equitable Trust GIC, 4.31% due Feb 16, 2027	35,000	-	35,000	35,814	-	-
Home Trust Company GIC, 4.7% due Sep 12, 2024	18,000	-	18,000	18,818	-	-
National Bank GIC, 4.3% due Feb 7, 2028	50,000	-	50,000	51,208	-	-
Vancity GIC, 4.35% due Feb 15, 2027	40,000	-	40,000	40,939	-	-
B2B Bank GIC, 1.7% due Feb 6, 2023	-	50,000	-	-	50,000	50,484
Equitable Bank GIC, 2.24% due Dec 5, 2022	-	25,000	-	-	25,000	25,414
Equitable Bank GIC, .85% due Feb 13, 2023	-	50,000	-	-	50,000	50,234
Equitable Trust GIC, 1.87% due Feb 14, 2023	-	65,000	-	-	65,000	65,660
Haventree Bank Ann GIC, 2.15% due May 4, 2023	-	56,000	-	-	56,000	56,393
Laurentian Bank GIC, 1.7% due Feb 6, 2023	-	50,000	-	-	50,000	50,484
MCAN Mortgage Corp GIC, 2.30% due Sep 12, 2022	-	12,900	-	-	12,900	13,188
			<b>628,000</b>	<b>639,681</b>	618,900	625,814

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**FARLEY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended August 31, 2023**

**5. MARKETABLE SECURITIES (continued)**

	2023 Units	2022 Units	2023 Cost	2023 Market value	2022 Cost	2022 Market value
<b>Preferred Shares</b>						
Brookfield Office Prop Inc	600	600	12,756	8,184	12,756	14,118
Dividend 15 Split Corp Preferred	3,000	3,000	30,240	28,320	30,240	29,100
Dividend 15 Split Corp 5.75% PFD	5,000	5,000	50,665	48,150	50,665	48,350
Dividend Growth Split Corp PFD	2,500	2,500	24,881	24,450	24,975	24,250
EL Financial Corp 5.5%	1,800	1,800	45,508	36,180	45,508	41,580
Financial 15 Split CRP PF	4,500	2,500	44,006	42,885	25,006	24,950
Great West Life	100	100	2,500	1,875	2,500	2,170
Great West Life NC FPS	1,000	1,000	25,850	21,100	25,850	23,700
Great West Life 5.65% PFD	1,500	1,500	38,790	30,300	38,790	34,200
National Bank of CAN NC	2,000	2,000	50,410	42,980	50,410	48,620
North American Financial	5,000	5,000	50,540	48,350	50,540	48,450
Power Corp 5.35% Ser-B	600	600	14,652	11,460	14,652	13,056
Power Corp 5.6%	1,000	1,000	25,427	19,860	25,427	22,840
Power Corp 5.8% PF-C	2,000	2,000	50,252	43,500	50,252	47,120
Power Corp 5.6% 1st NC	2,000	2,000	50,870	40,780	50,870	45,300
Power Financial 5.8% Perp NC	2,500	2,500	64,155	51,725	64,155	58,700
Power Financial	1,000	1,000	25,100	19,420	25,100	22,200
Power Financial Corp 5.75%	2,000	2,000	51,384	40,800	51,384	46,380
Power Financial Corp 5.9%	2,000	2,000	51,052	42,600	51,052	47,800
Power Finl 5.25% NC PFD-E	600	600	13,887	11,160	13,887	13,020
Premium Income Corp PFD	2,600	2,600	39,204	35,230	39,204	36,920
Sun Life Financial	900	900	16,855	14,733	16,855	17,082
TDB Split	2,000	2,000	20,140	19,300	20,140	19,800
Transalta Split	1,000	1,000	23,720	20,250	23,720	24,330
Bank of Nova Scotia	500	-	10,325	10,180	-	-
Killam Apartment	500	500	10,741	9,055	10,950	8,430
Northwest Healthcare Properties	2,500	1,000	27,520	17,075	13,315	12,540
Smartcentres Real Estate	1,000	1,000	29,770	24,199	30,080	27,593
			<b>901,200</b>	<b>764,101</b>	<b>858,283</b>	<b>802,599</b>
			<b>\$ 1,529,200</b>	<b>\$ 1,403,782</b>	<b>\$ 1,477,183</b>	<b>\$ 1,428,413</b>

The cost of portfolio investments as at August 31, 2023 includes accrued interest of \$11,680 (2022 - \$6,914).

**FARLEY FOUNDATION**  
**Notes to Financial Statements**  
**Year Ended August 31, 2023**

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**6. DEFERRED REVENUE**

Deferred revenue consists of funds received prior to the year end for fundraising events being held in the fall of 2023.

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**7. ESTATE GIFTS**

The Organization is the beneficiary of several Estates and during the fiscal year received distributions of \$153,811. No further distributions are anticipated from these estates.

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**8. 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.

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