

Financial Statements of

**CANADIAN FEDERATION OF
HUMANE SOCIETIES**

And Independent Auditor's Report thereon

Year ended December 31, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Federation of Humane Societies

Opinion

We have audited the financial statements of Canadian Federation of Humane Societies (the Federation), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as at December 31, 2024, its results of operations, its changes in fund balances and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 auditor's report.

We are independent of the Federation in accordance with the 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 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 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.



In preparing the financial statements, management is responsible for assessing the Federation'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 Federation or to cease operations, or has no realistic alternative but to do so.

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

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



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- 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. A horizontal line is drawn underneath the signature, extending from the left side of the 'K' towards the right.

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

May 23, 2025

CANADIAN FEDERATION OF HUMANE SOCIETIES

Statement of Financial Position

December 31, 2024, with comparative information for 2023

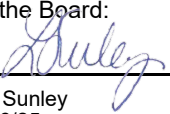
	Operating Fund	Growth Investment Fund	Frederic A McGrand Trust Fund	Internally Restricted Reserve Fund	2024 Total	2023 Total
Assets						
Current assets:						
Cash	\$ 479,578	\$ 2,270	\$ 1,483	\$ 3,879	\$ 487,210	\$ 649,209
Accounts receivable	223,528	-	-	-	223,528	89,735
Prepaid expenses	122,682	-	-	-	122,682	46,497
	825,788	2,270	1,483	3,879	833,420	785,441
Investments (note 2)	50,130	353,712	217,075	697,701	1,318,618	1,556,029
Tangible capital assets (note 3)	1,938	-	-	-	1,938	4,307
	\$ 877,856	\$ 355,982	\$ 218,558	\$ 701,580	\$ 2,153,976	\$ 2,345,777

Liabilities and Fund Balances

Current liabilities:						
Accounts payable and accrued liabilities (note 4)	\$ 80,311	\$ -	\$ -	\$ -	\$ 80,311	\$ 59,222
Deferred revenue	746,186	-	-	-	746,186	797,601
	826,497	-	-	-	826,497	856,823
Fund balances (note 5):						
Unrestricted	51,359	355,982	-	-	407,341	622,260
Internally restricted	-	-	-	701,580	701,580	658,337
Externally restricted	-	-	218,558	-	218,558	208,357
	51,359	355,982	218,558	701,580	1,327,479	1,488,954
	\$ 877,856	\$ 355,982	\$ 218,558	\$ 701,580	\$ 2,153,976	\$ 2,345,777

See accompanying notes to financial statements.

On behalf of the Board:


 _____ Director
 Liza Sunley
 07/16/25


 _____ Director
 Carrie Fritz
 07/16/25

CANADIAN FEDERATION OF HUMANE SOCIETIES

Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	Operating Fund	Growth Investment Fund	Frederic A McGrand Trust Fund	Internally Restricted Reserve Fund	2024 Total	2023 Total
Revenue:						
Government grants	\$ 637,522	\$ -	\$ -	\$ -	\$ 637,522	\$ 485,369
Other foundations	375,601	-	-	-	375,601	457,454
Event revenue	393,277	-	-	-	393,277	415,452
Donations	455,505	-	-	-	455,505	383,363
Bequests	193,125	-	-	-	193,125	212,521
Memberships	94,199	-	-	-	94,199	88,955
Investment income	10,555	18,898	9,314	40,010	78,777	61,874
Corporate sponsors	16,255	-	-	-	16,255	22,792
Unrealized gain on investments	-	3,530	887	3,233	7,650	14,491
Other revenue	3,956	-	-	-	3,956	3,483
	2,179,995	22,428	10,201	43,243	2,255,867	2,145,754
Expenses (Schedule):						
Programs	1,623,864	-	-	-	1,623,864	1,522,720
Administrative	285,607	-	-	-	285,607	277,290
Fund development	231,272	-	-	-	231,272	232,110
Communications	214,205	-	-	-	214,205	312,510
Member services	49,979	-	-	-	49,979	49,319
Other expenses	10,046	-	-	-	10,046	14,627
	2,414,973	-	-	-	2,414,973	2,408,576
Excess (deficiency) of revenue over expenses before the undernoted	(234,978)	22,428	10,201	43,243	(159,106)	(262,822)
Other income (expense):						
Amortization of tangible capital assets	(2,369)	-	-	-	(2,369)	(2,184)
Excess (deficiency) of revenue over expenses	\$ (237,347)	\$ 22,428	\$ 10,201	\$ 43,243	\$ (161,475)	\$ (265,006)

See accompanying notes to financial statements.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Statement of Changes in Fund Balances

Year ended December 31, 2024, with comparative information for 2023

	Unrestricted			Externally restricted	Internally restricted	2024 Total	2023 Total
	Operating Fund	Investment in tangible capital assets	Growth Investment Fund	Frederic A McGrand Trust Fund	Internally Restricted Reserve Fund		
Fund balances, beginning of year	\$ 284,399	\$ 4,307	\$ 333,554	\$ 208,357	\$ 658,337	\$ 1,488,954	\$ 1,753,960
Excess (deficiency) of revenue over expenses	(237,347)	-	22,428	10,201	43,243	(161,475)	(265,006)
Amortization of tangible capital assets	2,369	(2,369)	-	-	-	-	-
Fund balances, end of year	\$ 49,421	\$ 1,938	\$ 355,982	\$ 218,558	\$ 701,580	\$ 1,327,479	\$ 1,488,954

See accompanying notes to financial statements.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (161,475)	\$ (265,006)
Items not involving cash:		
Amortization of tangible capital assets	2,369	2,184
Unrealized gain on investments	(7,650)	(14,491)
Changes in non-cash operating working capital:		
(Increase) decrease in accounts receivable	(133,793)	10,314
Increase in prepaid expenses	(76,185)	(3,758)
Increase (decrease) in accounts payable and accrued liabilities	21,089	(4,426)
Increase (decrease) in deferred revenue	(51,415)	150,968
	(407,060)	(124,215)
Investing activities:		
Net change in investments	245,061	(343,404)
Purchase of tangible capital assets	-	(3,138)
	245,061	(346,542)
Financing activities:		
Repayment of loan payable	-	(30,000)
Decrease in cash	(161,999)	(500,757)
Cash, beginning of year	649,209	1,149,966
Cash, end of year	\$ 487,210	\$ 649,209

See accompanying notes to financial statements.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Notes to Financial Statements

Year ended December 31, 2024

Canadian Federation of Humane Societies (operating as Humane Canada) (the "Federation") is the national body comprising animal welfare organizations and individuals whose purpose is to promote humane treatment for animals. The Federation was incorporated without share capital under the Canada Business Corporations Act on August 7, 1957. Effective January 31, 2014, the Federation continued their articles of incorporation from the Canada Corporations Act to the Canada Not-for-profit Corporations Act. On January 1, 2019, the Federation officially changed its trade name to Humane Canada. The Federation is a registered charity under paragraph 149(1)(f) of the Income Tax Act (Canada), and, accordingly, is exempt from income taxes provided certain requirements of the Income Tax Act are met.

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting and include the following significant accounting policies:

(a) Basis of presentation:

The Federation uses the restricted fund method of accounting for contributions for not for profit organizations.

(b) Fund accounting:

The unrestricted fund includes the operating fund which reflects the operating activities of the Federation and includes the Federation's investment in tangible capital assets and growth investment fund.

The externally restricted fund includes the Frederic A. McGrand trust fund which represents assets turned over to the Federation in 1987 with the desire that income generated by the assets of the fund be prioritized for animal welfare societies in Atlantic Canada.

The internally restricted reserve fund represents assets turned over to the Federation from the dissolution of the Canadian Federation of Humane Societies Foundation.

(c) Revenue recognition:

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Because of the uncertainty of the collectability of pledges, the Federation recognizes pledges as donation revenue in the year received.

Restricted contributions are deferred and recognized in the year in which the specified purpose occurs.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(c) Revenue recognition (continued):

Revenue from donations are recorded when received.

Revenue from bequests is recognized as revenue when received.

Revenue from membership fees are recorded in the membership year to which they relate.

Revenue from conferences and sponsorships are recognized when earned.

Investment income, including unrealized gains/losses on investments, are recognized as revenue when earned.

(d) Expenses:

In the statement of operations, the Federation presents its expenses by function, with the exception of amortization of tangible capital assets, which is presented separately. Expenses are recognized in the year incurred and are recorded in the function to which they are directly related. The Federation does not allocate expenses between functions subsequent to initial recognition.

(e) Financial instruments:

The Federation recognizes financial instruments when they become party to contractual provisions of the financial instrument. Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Federation has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight line method.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Notes to Financial Statements (continued)

Year ended December 31, 2024

1. Significant accounting policies (continued):

(e) Financial instruments (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Federation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Federation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Tangible capital assets:

Tangible capital assets are stated at cost. Betterments which extend the estimated life of an asset are capitalized. The carrying value of tangible capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the tangible capital assets is not recoverable and exceeds their fair value. When a tangible capital asset no longer contributes to the Federation's ability to provide services, its carrying amount is written down to its residual value. Amortization of tangible capital assets is provided on the declining balance basis using the following annual rates and is recognized using the half-year rule in the year of acquisition:

Asset	Rate
Furniture and equipment	20%
Computer hardware	55%

(g) Use of estimates:

The preparation of the financial statements 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 expenses during the year. Estimates of the Federation are related to the recoverable amounts of accounts receivable, the amortization period for and potential impairment of tangible capital assets, accrued liabilities and potential contingencies. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period in which they become known.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Investments:

	2024 Fair value	2024 Cost	2023 Fair value	2023 Cost
Fixed income securities	\$ 757,742	\$ 735,678	\$ 694,145	\$ 680,250
Mutual funds	51,380	51,380	363,062	363,062
Common shares	316,592	308,542	369,084	357,435
Common share equity trust funds	170,018	167,897	104,097	102,239
Foreign securities	22,886	20,552	25,641	26,124
	<u>\$ 1,318,618</u>	<u>\$ 1,284,049</u>	<u>\$ 1,556,029</u>	<u>\$ 1,529,110</u>

Fixed income securities consist of guaranteed investment certificates with interest rate ranges of 3.09% to 5.25% (2023 - 3.09% to 5.49%) and maturity dates of between March 2025 and March 2034 (2023 - March 2025 and June 2030).

3. Tangible capital assets:

	2024 Cost	2024 Accumulated amortization	2024 Net book value	2023 Net book value
Computer hardware	\$ 18,657	\$ 16,719	\$ 1,938	\$ 4,307

At December 31, 2023, cost and accumulated amortization of tangible capital assets were \$18,657 and \$14,350, respectively.

4. Accounts payable and accrued liabilities:

As at year end, the Federation had \$Nil (2023 - \$Nil) payable for government remittances.

5. Fund balances:

Management's objective when managing its fund balances is to safeguard the Federation's ability to continue as a going concern so that it can continue to provide services in accordance with its mission.

The Federation is not subject to externally imposed capital requirements and its overall strategy with respect to net assets remains unchanged from the year ended December 31, 2023.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Financial risks:

The Federation is subject to the following risks from its financial instruments.

(a) Liquidity risk:

Liquidity risk is the risk that the Federation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Federation manages its liquidity risk by monitoring its operating requirements. The Federation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Federation is exposed to credit risk with respect to the accounts receivable. The Federation assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there were no amounts allowed for in accounts receivable.

(c) 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.

(i) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Federation believes that it is not exposed to significant foreign currency as this risk is limited to its investments in foreign securities as disclosed in note 2.

(ii) Interest rate and other price risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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 Federation is exposed to interest rate and other price risk with respect to its investments as disclosed in note 2. These risks have increased in 2024 due to fluctuations in interest rates and market prices.

There have been no significant changes from the prior year in the Federation's risk exposures from its financial instruments of the policies, procedures and methods used to manage the risks

CANADIAN FEDERATION OF HUMANE SOCIETIES

Notes to Financial Statements (continued)

Year ended December 31, 2024

6. Financial risks (continued):

aside from the changes in interest rate and market price risk. Management believes that its financial risks are appropriately mitigated and do not pose significant risk to the Federation's operations.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Schedule of Operating Fund Expenses

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Programs:		
National programs	\$ 661,090	\$ 580,464
Personnel	962,774	942,256
	\$ 1,623,864	\$ 1,522,720
Administrative:		
Office and general	\$ 31,924	\$ 47,672
Other administration	26,927	23,237
Personnel	207,092	189,065
Professional fees	19,664	17,316
	\$ 285,607	\$ 277,290
Fund development:		
Personnel	\$ 168,235	\$ 169,548
Direct mail	21,072	19,569
Overhead	41,965	42,993
	\$ 231,272	\$ 232,110
Communications:		
Personnel	\$ 131,900	\$ 145,293
Website	56,240	133,377
Public engagement	26,065	33,840
	\$ 214,205	\$ 312,510
Member services:		
Member services	\$ 6,518	\$ 3,065
Personnel	43,461	46,254
	\$ 49,979	\$ 49,319
Other expenses:		
Board meetings	\$ 10,046	\$ 14,627
Total	\$ 2,414,973	\$ 2,408,576