Financial Statements of

CANADIAN FEDERATION OF HUMANE SOCIETIES

And Independent Auditor's Report thereon

Year ended December 31, 2025

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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, 2025
- 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, 2025, its results of operations 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.

- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Canada

April 29, 2026

CANADIAN FEDERATION OF HUMANE SOCIETIES

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	Operating Fund	Growth Investment Fund	Frederic A McGrand Trust Fund	Internally Restricted Reserve Fund	2025 Total	2024 Total
Assets						
Current assets:						
Cash	$ 186,813	$ 425	$ 408	$ 182	$ 187,828	$ 487,210
Accounts receivable	273,024	-	-	-	273,024	223,528
Prepaid expenses	91,475	-	-	-	91,475	122,682
	551,312	425	408	182	552,327	833,420
Investments (note 2)	-	58,147	232,860	754,502	1,045,509	1,318,618
Tangible capital assets (note 3)	-	-	-	-	-	1,938
	$ 551,312	$ 58,572	$ 233,268	$ 754,684	$ 1,597,836	$ 2,153,976
Liabilities and Fund Balances						
Current liabilities:						
Accounts payable and accrued liabilities (note 4)	$ 45,491	$ -	$ -	$ -	$ 45,491	$ 80,311
Deferred revenue	540,779	-	-	-	540,779	746,186
	586,270	-	-	-	586,270	826,497
Fund balances (note 6):						
Unrestricted	(34,958)	58,572	-	-	23,614	407,341
Internally restricted	-	-	-	754,684	754,684	701,580
Externally restricted	-	-	233,268	-	233,268	218,558
	(34,958)	58,572	233,268	754,684	1,011,566	1,327,479
	$ 551,312	$ 58,572	$ 233,268	$ 754,684	$ 1,597,836	$ 2,153,976

See accompanying notes to financial statements.

On behalf of the Board:

____________________ Director

____________________ Director

CANADIAN FEDERATION OF HUMANE SOCIETIES

Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	Operating Fund	Growth Investment Fund	Frederic A McGrand Trust Fund	Internally Restricted Reserve Fund	2025 Total	2024 Total
Revenue:						
Government & corporate grants	$ 392,394	$ -	$ -	$ -	$ 392,394	$ 635,669
Other foundations	393,361	-	-	-	393,361	375,601
Event revenue	589,718	-	-	-	589,718	393,277
Donations	441,954	-	-	-	441,954	455,505
Bequests	250,276	-	-	-	250,276	193,125
Memberships	129,081	-	-	-	129,081	94,199
Investment income	614	21,916	8,663	44,379	75,572	78,777
Corporate sponsors	61,311	-	-	-	61,311	16,255
In-kind contribution revenue (note 5)	382,966	-	-	-	382,966	1,853
Unrealized gain on investments	-	(1,652)	3,893	9,832	12,073	7,650
Other revenue	42,260	-	-	-	42,260	3,956
	2,683,935	20,264	12,556	54,211	2,770,966	2,255,867
Expenses (Schedule):						
Programs	1,851,628	-	-	-	1,851,628	1,623,864
Administrative	340,449	-	-	-	340,449	285,607
Fund development	304,238	-	-	-	304,238	231,272
Communications (note 5)	528,904	-	-	-	528,904	214,205
Member services	47,386	-	-	-	47,386	49,979
Other expenses	12,336	-	-	-	12,336	10,046
	3,084,941	-	-	-	3,084,941	2,414,973
Excess (deficiency) of revenue over expenses before the undernoted	(401,006)	20,264	12,556	54,211	(313,975)	(159,106)
Other income (expense):						
Amortization of tangible capital assets	(1,938)	-	-	-	(1,938)	(2,369)
Excess (deficiency) of revenue over expenses	$ (402,944)	$ 20,264	$ 12,556	$ 54,211	$ (315,913)	$ (161,475)

See accompanying notes to financial statements.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Statement of Changes in Fund Balances

Year ended December 31, 2025, with comparative information for 2024

	Unrestricted			Externally restricted	Internally restricted		
	Operating Fund	Investment in tangible capital assets	Growth Investment Fund	Frederic A McGrand Trust Fund	Internally Restricted Reserve Fund	2025 Total	2024 Total
Fund balances, beginning of year	$ 49,421	$ 1,938	$ 355,982	$ 218,558	$ 701,580	$ 1,327,479	$ 1,488,954
Excess (deficiency) of revenue over expenses	(402,944)	-	20,264	12,556	54,211	(315,913)	(161,475)
Amortization of tangible capital assets	1,938	(1,938)	-	-	-	-	-
Interfund transfers	316,627	-	(317,674)	2,154	(1,107)	-	-
Fund balances, end of year	$ (34,958)	$ -	$ 58,572	$ 233,268	$ 754,684	$ 1,011,566	$ 1,327,479

See accompanying notes to financial statements.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operations:		
Deficiency of revenue over expenses	$ (315,913)	$ (161,475)
Items not involving cash:		
Amortization of tangible capital assets	1,938	2,369
Unrealized gain on investments	(12,073)	(7,650)
Changes in non-cash operating working capital:		
Increase in accounts receivable	(49,496)	(133,793)
Decrease (increase) in prepaid expenses	31,207	(76,185)
(Decrease) increase in accounts payable and accrued liabilities	(34,820)	21,089
Decrease in deferred revenue	(205,407)	(51,415)
	(584,564)	(407,060)
Investing activities:		
Net change in investments	285,182	245,061
Decrease in cash	(299,382)	(161,999)
Cash, beginning of year	487,210	649,209
Cash, end of year	$ 187,828	$ 487,210

See accompanying notes to financial statements.

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.

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.

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.

2. Investments:

	2025 Fair value	2025 Cost	2024 Fair value	2024 Cost
Fixed income securities	$ 489,421	$ 473,975	$ 757,742	$ 735,678
Mutual funds	-	-	51,380	51,380
Common shares	355,566	327,377	316,592	308,542
Common share equity trust funds	177,975	177,518	170,018	167,897
Foreign securities	22,547	19,997	22,886	20,552
	$ 1,045,509	$ 998,867	$ 1,318,618	$ 1,284,049

Fixed income securities consist of fixed rate corporate bonds, medium-term extendible fixed rate notes, and guaranteed investment certificates with interest rate ranges of 4.21% to 5.49% (2024 - 3.09% to 5.25%) and maturity dates of between June 2027 and May 2035 (2024 - March 2025 and March 2034).

3. Tangible capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Computer hardware	$ 18,657	$ 18,657	$ -	$ 1,938

At December 31, 2024, cost and accumulated amortization of tangible capital assets were $18,657 and $16,719, respectively.

4. Accounts payable and accrued liabilities:

As at year end, the Federation had $Nil (2024 - $Nil) payable for government remittances.

5. In-kind contribution:

During the year, the Federation received donated marketing services, which included media placement for the Man’s Best Friend campaign valued at $382,966. These services were provided by the donating corporation at no cost to the Federation and were focused on increasing awareness of Humane Canada and the Toronto Humane Society. The fair market value of these services was determined based on the agency’s standard rates for similar services. These contributions have been recorded as both revenue and expenses in the financial statements.

6. 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, 2024.

7. 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. The Federation's ability to fulfill its obligations is also dependent on securing funding on an ongoing basis. The Federation manages this risk through oversight by the Board of Directors and the use of internally restricted reserves, which are available to support operations, should funding levels fluctuate.

(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.

7. Financial risks (continued):

(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 2025 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 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.

8. Comparative information:

Certain comparative information have been reclassified from those previously presented to conform to the presentation of the 2025 financial statements.

CANADIAN FEDERATION OF HUMANE SOCIETIES

Schedule of Operating Fund Expenses

Year ended December 31, 2025, with comparative information for 2024

		2025		2024
Programs:				
National programs	$	930,105	$	661,090
Personnel		921,523		962,774
	$	1,851,628	$	1,623,864
Administrative:				
Office and general	$	22,646	$	31,924
Other administration		30,684		26,927
Personnel		264,639		207,092
Professional fees		22,480		19,664
	$	340,449	$	285,607
Fund development:				
Personnel	$	233,076	$	168,235
Direct mail		25,500		21,072
Overhead		45,662		41,965
	$	304,238	$	231,272
Communications:				
Personnel	$	117,606	$	131,900
Website		199		56,240
Public engagement		28,133		26,065
In-kind contribution expense (note 5)		382,966		-
	$	528,904	$	214,205
Member services:				
Member services	$	449	$	6,518
Personnel		46,937		43,461
	$	47,386	$	49,979
Other expenses:				
Board meetings	$	12,336	$	10,046
Total	$	3,084,941	$	2,414,973