

**EDMONTON HUMANE SOCIETY FOR THE
PREVENTION OF CRUELTY TO ANIMALS**

Financial Statements

Year Ended December 31, 2023

EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
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Year Ended December 31, 2023

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April 22, 2024
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of Edmonton Humane Society for the Prevention of Cruelty to Animals

Qualified Opinion

We have audited the financial statements of Edmonton Humane Society for the Prevention of Cruelty to Animals (the Society), which comprise the statement of financial position as at December 31, 2023, and the statements of revenues and expenses, changes in net assets and cash flow 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 Society as at December 31, 2023, and the results of its operations and cash flow 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 not-for-profit organizations, the Society derives revenue from fundraising activities 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, deficiency of revenues over expenses, and cash flows from operations for the year ended December 31, 2023, current assets and net assets as at December 31, 2023. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this limitation of scope.

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 Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Members of Edmonton Humane Society for the Prevention of Cruelty to Animals *(continued)*

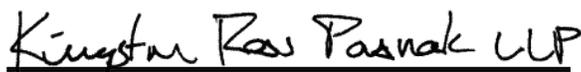
Auditor's Responsibilities for the Audit of the Financial Statements

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 qualified audit 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 Society'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 Society'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 Society 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Kingston Ross Pasnak LLP

Chartered Professional Accountants

EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
Statement of Revenues and Expenses
Year Ended December 31, 2023

	2023	2022
REVENUE		
Fundraising and sponsorships <i>(Note 12)</i>	\$ 3,725,517	\$ 3,658,522
Shelter operations <i>(Note 5)</i>	2,425,891	2,031,133
Bequests	2,480,883	1,588,548
Amortization of deferred capital contributions <i>(Note 10)</i>	260,049	245,951
Investment income	289,355	111,015
Donated shares	78,851	32,792
	9,260,546	7,667,961
EXPENSES		
Shelter operations	4,972,487	4,218,837
Program and service delivery	1,722,732	1,558,263
Fundraising and sponsorship	1,430,429	1,382,180
Amortization of property and equipment	611,686	637,472
	8,737,334	7,796,752
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	523,212	(128,791)
OTHER INCOME (EXPENSES)		
Unrealized gain (loss) on marketable securities	249,337	(564,220)
Gain on disposal of property and equipment	155,263	-
Government assistance and grants <i>(Note 15)</i>	18,198	23,416
Gain on sale of marketable securities	4,656	12,247
	427,454	(528,557)
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 950,666	\$ (657,348)

EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
Statement of Changes in Net Assets
Year Ended December 31, 2023

	Unrestricted	Invested in Property and Equipment	Internally Restricted (Note 11)	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 5,966,330	\$ 7,995,173	\$ 2,688,330	\$ 16,649,833	\$ 17,307,181
Excess (deficiency) of revenue over expenses	1,147,040	(196,374)	-	950,666	(657,348)
Invested in property and equipment	660,752	(660,752)	-	-	-
Transfer (Note 11)	58,521	-	(58,521)	-	-
NET ASSETS - END OF YEAR	\$ 7,832,643	\$ 7,138,047	\$ 2,629,809	\$ 17,600,499	\$ 16,649,833

EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
Statement of Financial Position
December 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 6,905,050	\$ 7,157,005
Short-term investments (Note 4)	1,525,101	1,360,566
Accounts receivable	200,637	93,621
Inventory (Note 5)	67,234	62,541
Prepaid expenses	239,672	231,349
	8,937,694	8,905,082
LONG TERM INVESTMENTS (Note 6)	4,110,209	2,873,201
PROPERTY AND EQUIPMENT (Note 7)	12,264,659	13,186,072
	\$ 25,312,562	\$ 24,964,355
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	\$ 536,247	\$ 427,560
Source deductions payable	41,603	40,184
Deferred contributions (Note 9)	2,007,601	2,655,879
Current portion of deferred capital contributions (Note 10)	257,884	240,858
	2,843,335	3,364,481
DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	4,868,728	4,950,041
	7,712,063	8,314,522
NET ASSETS		
Invested in property and equipment	7,138,047	7,995,173
Internally restricted (Note 11)	2,629,809	2,688,330
Unrestricted	7,832,643	5,966,330
	17,600,499	16,649,833
	\$ 25,312,562	\$ 24,964,355

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS**Statement of Cash Flow****Year Ended December 31, 2023**

	2023	2022
OPERATING ACTIVITIES		
Cash receipts	\$ 8,090,957	\$ 6,973,133
Cash paid to suppliers and employees	(8,028,726)	(7,081,975)
Interest and dividends received	289,252	111,015
Cash flow from operating activities	351,483	2,173
INVESTING ACTIVITIES		
Purchase of property and equipment	(281,573)	(329,525)
Proceeds on disposal of property and equipment	746,563	-
Purchase of investments	(1,676,264)	(604,103)
Proceeds on disposal or redemption of investments	607,836	890,397
Cash flow used by investing activities	(603,438)	(43,231)
DECREASE IN CASH	(251,955)	(41,058)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	7,157,005	7,198,063
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 13)	\$ 6,905,050	\$ 7,157,005

EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements

Year Ended December 31, 2023

1. DESCRIPTION OF BUSINESS

Edmonton Humane Society for the Prevention of Cruelty to Animals (the "Society") is a humane society that provides temporary shelter and humane care to homeless and unwanted companion animals from Edmonton and surrounding communities, adopts animals to homes and operates related programs. The Society is incorporated under the Societies Act of Alberta as a not-for-profit organization and is a registered charity under the Income Tax Act (Canada), and thereby is exempt from taxation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). Significant accounting policies observed in the preparation of the financial statements are summarized below.

Revenue recognition

Edmonton Humane Society for the Prevention of Cruelty to Animals follows the deferral method of accounting for contributions.

Fundraising and Sponsorships

Restricted contributions other than those restricted for the purchase of property and equipment 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.

Shelter Operations

Revenue from shelter operations is recognized at the time the goods and services have been provided and collection is reasonably assured.

Bequests

Unrestricted bequests are recognized as contributions at the time the funds are received or receivable and collection is reasonably assured.

Contributions Externally Restricted for the Purchase of Property and Equipment

Contributions that are externally restricted for the purchase of property and equipment are deferred until the amounts are invested in property and equipment. Subsequently, contributions invested in property and equipment, excluding land, are amortized to revenue on the same basis as the related assets.

Investment Income

Unrestricted and internally restricted investment income is recognized as revenue when earned.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, less cheques issued and outstanding, plus cash in the investment portfolio and petty cash.

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EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements

Year Ended December 31, 2023

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

Investments

Investments are recorded at fair value. The Society's investments consist of Guaranteed Investment Certificates, common shares and mutual funds. Transactions costs are recognized immediately in the Statement of Revenues and Expenses.

Inventory

Inventory is comprised of pet and medical supplies and is measured at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. Inventory includes all costs to purchase and bring the inventories to their present location and condition. Cost is determined principally on a first-in, first-out basis.

Contributed materials and services

Because of the difficulty and expense of determining the value of contributed materials and services, the Society chooses not to record contributed amounts in the financial statements, unless the item is classified as property and equipment or investment shares, in which case the assets are recorded at fair value and the property and equipment and investment recognition policy will apply.

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EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
Notes to Financial Statements
Year Ended December 31, 2023

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

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Contributed property and equipment is recorded at fair market value at the date of contribution; where an appraisal is required at a later date to establish fair market value, the asset is recorded at fair market value as of the date of appraisal. Where the fair market value of contributed property and equipment could not be reasonably determined or the cost to determine fair market value would be significant in relation to the fair market value of the asset, the asset is included at a nominal value of \$1 per item.

Property and equipment is amortized over its estimated useful life, using the declining balance method at the following annual rates:

Buildings	4%
Equipment	20%
Computers	30%
Vehicles	20%
Furniture and fixtures	20%

Property and equipment acquired during the year but not available for use are not amortized until they are available for use. Property and equipment acquired during the year and available for use is subject to the half-year rule.

Change in estimate

During the year, the Society revised its amortization rates for vehicles upon re-evaluation of the assets' useful life. This is a prospective change in estimate. The effect of this change in the current year is an increase to the net book value of vehicles of \$7,665.

Translation of foreign currency transactions

Foreign currency transactions have been translated to the Canadian dollar equivalent at the average exchange rate for the fiscal year, with the exception of monetary assets and liabilities, which have been translated at the year-end current exchange rate. Any resulting gain or loss has been taken into income.

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EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
Notes to Financial Statements
Year Ended December 31, 2023

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

Measurement uncertainty

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 significant estimates pertain to expenses incurred in connection with certain restricted contributions and the determination of the fair value of donated property and equipment and investments and the useful life of property and equipment.

Financial instruments

All arm's length financial instruments are initially measured at fair value, and, unless otherwise noted, the Society subsequently measures its financial instruments at amortized cost.

3. CASH AND CASH EQUIVALENTS

	2023	2022
Operating cash in bank accounts	\$ 1,998,362	\$ 2,473,720
Restricted cash	119,595	116,849
Cash in investment accounts	4,785,093	4,564,436
Petty cash	2,000	2,000
	\$ 6,905,050	\$ 7,157,005

Cash held in the casino, raffle and lottery accounts is restricted, as per restrictions set forth by the Alberta Gaming, Liquor and Cannabis Commission. These restrictions do not prevent the Society from using these funds for current purposes.

4. SHORT-TERM INVESTMENTS

	2023	2022
Guaranteed Investment Certificates	\$ 587,672	\$ 577,537
Marketable securities	937,429	783,029
	\$ 1,525,101	\$ 1,360,566

The Guaranteed Investment Certificates (GIC's) are cashable on demand and bear interest at annual rates ranging from 5.07% to 5.66%.

EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
Notes to Financial Statements
Year Ended December 31, 2023

5. INVENTORY

During the year, the Society expensed or utilized a total of \$230,567 (2022 - \$213,452) of inventory, which has been included in shelter operations on the Statement of Revenues and Expenses.

6. LONG-TERM INVESTMENTS

The long-term investments consist of fixed income funds with no fixed redemption or rate of return. As the Society intends to hold these funds for longer than one year, they are classified as long term.

7. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Building	\$ 19,177,949	\$ 8,618,402	\$ 10,559,547	\$ 11,554,681
Land	1,014,285	-	1,014,285	1,014,285
Equipment	1,426,186	985,192	440,994	332,590
Computers	691,305	549,500	141,805	163,138
Vehicles	338,107	276,591	61,516	76,647
Furniture and fixtures	367,975	321,463	46,512	44,731
	\$ 23,015,807	\$ 10,751,148	\$ 12,264,659	\$ 13,186,072

8. CREDIT FACILITY

The Society has access to corporate credit cards with a cumulative credit limit of \$70,000 bearing interest at 19.99% per annum. As at year-end, the outstanding balance was \$32,633 and is included in accounts payable and accrued liabilities.

EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements

Year Ended December 31, 2023

9. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent externally restricted grants and donations required to be used only on specific programs. The programs are as follows: Injured Animals, Prevent Another Litter Subsidy, Canine Enrichment Centre, Mobile Veterinary Vehicle, Capital Contributions, Care for Cats.

	2023	2022
Beginning balance	\$ 2,655,879	\$ 3,255,082
Add amount received in the current year	638,613	254,091
Less amounts recognized as revenue in the year	(1,286,891)	(853,294)
	\$ 2,007,601	\$ 2,655,879

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions include the unamortized portions of property and equipment purchased with restricted contributions and contributed property and equipment. The amortization of capital contributions is recorded as revenue in the Statement of Revenues or Expenses in accordance with amortization rates of the related assets.

	2023	2022
Balance, beginning of year	\$ 5,190,899	\$ 5,215,912
Contributions and contributed assets	195,767	220,938
Less amounts amortized to revenue	(260,049)	(245,951)
	5,126,617	5,190,899
Deferred capital contributions - current portion	(257,884)	(240,858)
	\$ 4,868,733	\$ 4,950,041

11. INTERNALLY RESTRICTED NET ASSETS

Internally restricted funds represent amounts restricted for program development, capital expenditures and other projects. These internally restricted and reinvested amounts are not available for other purposes without the approval of the Board of Directors.

During the year, the Board of Directors approved a transfer of \$58,521 (2022- \$25,846) from internally restricted net assets to unrestricted net assets.

EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
Notes to Financial Statements
Year Ended December 31, 2023

12. CHARITABLE FUNDRAISING ACT (ALBERTA)

The following supplementary information is disclosed in compliance with the Charitable Fund-raising Act (Alberta) and related regulations:

	2023	2022
Fundraising and sponsorships	\$ 3,725,517	\$ 3,658,522
Total amount paid as remuneration to employees of the organization whose principal duties involved fundraising	287,880	335,816

13. CASH FLOW SUPPLEMENTARY INFORMATION

The following transactions have been excluded from the Statement of Cash Flow as they did not require the use of cash or cash equivalents.

	2023	2022
Unrealized gain (loss) on investments	\$ 249,337	\$ (564,220)
Shares donated to the Society	78,851	32,792
Donated vehicle	-	16,349

14. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2023. Unless otherwise noted, the Society's risk exposure has not changed from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from contributors, and the maximum exposure to this risk is the carrying value of accounts receivable on the balance sheet. As at December 31, 2023, 92% (2022 - 88%) of receivables are due from two entities, which represents a concentration of credit risk.

Currency risk

Currency risk is the risk to the Society's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Society is exposed to foreign currency exchange risk on cash and investments held in US dollars as part of the investment portfolio. Total cash held in US Dollars at December 31, 2023 is \$7,693 (2022 - \$3,725). Total investments held in US Dollars at year-end is \$178,965.70 (2022 - \$124,159). The Society does not use derivative instruments to reduce its exposure to foreign currency risk.

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EDMONTON HUMANE SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS
Notes to Financial Statements
Year Ended December 31, 2023

14. FINANCIAL INSTRUMENTS *(continued)*

Other price risk

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 Society is exposed to other price risk through its investment in quoted shares.

15. GOVERNMENT ASSISTANCE AND GRANTS

During the year, the Society benefited from the Government of Alberta Summer Temporary Employment Program (STEP), which provides funding to employers to hire high school or post-secondary students for summer jobs from May to August. Remuneration in the amount of \$18,198 (2022 - \$23,416) has been presented as Government assistance and grants on the Statement of Revenues and Expenses.

16. COMPARATIVE FIGURES

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