

THE PETERBOROUGH HUMANE SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

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To the Directors of The Peterborough Humane Society

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Qualified Opinion

We have audited the financial statements of The Peterborough Humane Society (the Company), which comprise the statement of financial position as at December 31, 2024, the statements of operations and changes in fund balances 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 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 Company as at December 31, 2024, and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Qualified Opinion

In common with most not-for-profit organizations, The Peterborough Humane Society derives revenue from fundraising, memberships and donations, and bequests, the completeness of which is not susceptible to satisfactory audit evidence. Accordingly, our verification of these revenues was limited to the amounts recorded by the Society and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses and cash flows from operations for the years ended December 31, 2024 and December 31, 2023, assets as at December 31, 2024 and 2023, and fund balances at January 1 and December 31 for both 2024 and 2023 years. Our audit opinion on the financial statements for the year end December 31, 2024 was modified accordingly because of the possible effects of this scope limitation.

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

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Those charged with governance are responsible for overseeing the Company'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 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 Company'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 Company'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 Company 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.



Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 16, 2025

THE PETERBOROUGH HUMANE SOCIETY

STATEMENT OF FINANCIAL POSITION As at December 31, 2024

	Unrestricted 2024 \$	Capital 2024 \$	Animal Care Centre Campaign 2024 \$	Total 2024 \$	Total 2023 \$
ASSETS					
Current assets					
Cash	230,719	-	497,357	728,076	1,271,612
Accounts receivable (note 3)	67,483	52,878	-	120,361	275,942
HST receivable	48,971	-	-	48,971	36,977
Inventory	28,010	-	-	28,010	24,472
Prepaid expenses and deposits	51,776	-	-	51,776	51,650
Total current assets	426,959	52,878	497,357	977,194	1,660,653
Tangible capital assets (note 4)	-	13,113,688	-	13,113,688	13,290,507
Total assets	426,959	13,166,566	497,357	14,090,882	14,951,160
LIABILITIES AND FUND BALANCES					
Current liabilities					
Accounts payable and accrued liabilities (note 5)	273,906	-	-	273,906	240,660
Deferred revenue (note 6)	210,021	-	-	210,021	58,320
Current portion of loans payable (note 8)	-	61,454	-	61,454	-
Total current liabilities	483,927	61,454	-	545,381	298,980
Long term liabilities					
Deferred rental revenue (note 7)	-	1,799,685	-	1,799,685	1,903,069
Loans payable (note 8)	-	3,405,497	-	3,405,497	4,062,946
Total long term liabilities	-	5,205,182	-	5,205,182	5,966,015
Total liabilities	483,927	5,266,636	-	5,750,563	6,264,995
Fund balances					
Unrestricted	(56,968)	-	-	(56,968)	(179,590)
Invested in tangible capital assets	-	7,899,930	-	7,899,930	7,928,865
Externally restricted - capital campaign	-	-	497,357	497,357	936,890
Total fund balances	(56,968)	7,899,930	497,357	8,340,319	8,686,165
Total liabilities and fund balances	426,959	13,166,566	497,357	14,090,882	14,951,160

Approved on behalf of the Board:

_____, Director

The accompanying notes are an integral part of these financial statements

THE PETERBOROUGH HUMANE SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2024

	Unrestricted 2024 \$	Capital 2024 \$	Animal Care Centre Campaign 2024 \$	Total 2024 \$	Total 2023 \$
Revenue					
Municipal fees	529,060	-	-	529,060	475,519
Shelter services	383,438	-	-	383,438	394,832
Donations	385,228	80,000	645,212	1,110,440	939,187
Fundraising	228,975	-	-	228,975	101,218
Investment income	14,583	-	36,311	50,894	27,624
Spay and neuter revenue	1,231,593	-	-	1,231,593	929,046
Grant revenue (note 9)	14,196	26,740	-	40,936	891,464
Miscellaneous income	28,568	-	-	28,568	6,679
OSPCA rental income (note 7)	103,384	-	-	103,384	96,931
Realized loss on sale of investments	(207)	-	-	(207)	(155)
	2,918,818	106,740	681,523	3,707,081	3,862,345
Expense					
Salaries and benefits	1,391,967	-	185,820	1,577,787	1,352,457
Spay and neuter payroll	513,114	-	-	513,114	376,899
Amortization	-	479,456	-	479,456	328,801
Animal care	416,162	-	-	416,162	343,977
Spay and neuter expenses	295,304	-	-	295,304	204,797
Interest on long term debt	-	259,105	-	259,105	337,324
Occupancy	138,284	-	-	138,284	133,062
Office	124,050	-	-	124,050	88,745
Fundraising	91,967	-	-	91,967	23,380
Professional fees	51,979	-	-	51,979	34,607
Interest and bank charges	33,226	-	-	33,226	40,440
Insurance	33,085	-	-	33,085	34,721
Vehicle	18,252	-	-	18,252	12,713
Training	11,341	-	-	11,341	10,466
Advertising and promotion	9,815	-	-	9,815	17,240
	3,128,546	738,561	185,820	4,052,927	3,339,629
Excess (deficiency) of revenue over expense for the year	(209,728)	(631,821)	495,703	(345,846)	522,716
Gain on sale of capital assets	-	-	-	-	984,350
Excess (deficiency) of revenue over expense for the year	(209,728)	(631,821)	495,703	(345,846)	1,507,066
Fund balances					
- beginning of year	(179,590)	7,928,865	936,890	8,686,165	7,179,099
Fund transfers (note 10)	332,350	602,886	(935,236)	-	-
Fund Balances- end of year	(56,968)	7,899,930	497,357	8,340,319	8,686,165

The accompanying notes are an integral part of these financial statements

THE PETERBOROUGH HUMANE SOCIETY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2024

	2024	2023
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess of revenue over expense for the year	(345,846)	1,507,066
Items not affecting cash		
Amortization of tangible capital assets	479,456	328,801
Gain on disposal of tangible capital assets	-	(984,350)
Realized loss on disposal of investments	207	155
Deferred OSPCA rental revenue	(103,384)	(96,931)
	30,433	754,741
Changes in non-cash working capital items		
Decrease in accounts receivable	155,581	48,724
(Increase)/decrease in HST receivable	(11,994)	250,760
Increase in inventory	(3,538)	(24,472)
Increase in prepaid expenses	(126)	(49,371)
(Increase)/decrease in accounts payable	33,246	(817,025)
Increase in deferred revenue	151,701	13,992
	324,870	(577,392)
Net increase in cash from operating activities	355,303	177,349
Investing activities		
Purchase of investments	(10,000)	(2,213)
Proceeds on sale of investments	9,793	2,407
Purchase of tangible capital assets	(302,637)	(1,458,117)
Proceeds on sale of tangible capital assets	-	1,651,186
Net increase/(decrease) in cash from investing activities	(302,844)	193,263
Financing activities		
Proceeds from term loan	3,500,000	1,119,024
Repayment of bridge loan	-	(1,312,500)
Repayment of CEBA loan	-	(40,000)
Repayment of construction loan	(4,062,946)	-
Repayment of term loan	(33,049)	-
Net decrease in cash from financing activities	(595,995)	(233,476)
Increase/(decrease) in cash	(543,536)	137,136
Cash - beginning of year	1,271,612	1,134,476
Cash - end of year	728,076	1,271,612

The accompanying notes are an integral part of these financial statements

THE PETERBOROUGH HUMANE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2024

1. NATURE OF OPERATIONS

The Peterborough Humane Society ("the Society") is a not-for-profit organization that was incorporated on January 24, 1941, without share capital, to facilitate and provide for the prevention of cruelty to animals and their protection and relief there from and to provide shelter for homeless, unwanted or stray pets.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant aspects of the accounting policies are as follows:

(a) *Revenue recognition*

The Peterborough Humane Society uses the restricted fund method of accounting. Restricted contributions are recognized as revenue of the appropriate fund when received or receivable. Unrestricted contributions, including memberships and donations, 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.

Investment income is recognized as revenue when earned. Investment income consists of interest income and realized capital gains.

Revenue from municipal fees, spay and neuter and shelter services is recognized when the services are provided or the goods are sold.

Grant revenues are recognized as revenue in the period in which the related expenses are incurred.

(b) *Fund accounting*

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Society, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified. These funds are maintained as follows:

- (i) Unrestricted fund - includes results of day-to-day operating transactions and all unrestricted contributions;
- (ii) Capital fund - includes the Society's assets, liabilities, revenues, and expenses related to tangible capital assets;
- (iii) Animal care centre campaign fund - includes the Society's assets, liabilities, revenues, and expenses related to the capital campaign for the animal care centre.

(c) *Inventory*

Inventory is recorded at the lesser of cost and net realizable value, on a first in, first out basis.

THE PETERBOROUGH HUMANE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) *Tangible capital assets*

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, if any, of capital assets is amortized on a straight-line basis, over the expected useful life of the asset, as follows:

Building	30 years
Computer equipment and software	3 years
Equipment	10 years
Vehicles	5 years
Land improvements	30 years

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(e) *Income taxes*

As a registered charitable organization under the Federal and Provincial Income Tax Acts, the organization is exempt from income taxes and is prohibited from distributing any of its earnings to or for the personal benefit of the members.

(f) *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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, useful lives of tangible capital assets and amortization, accounts payable and accrued liabilities and revenue recognition. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

(g) *Deferred revenue*

Deferred revenue represents externally restricted operating funding received for specific purposes and revenue that has been received for services to be provided in the future.

(h) *Donated services*

Volunteers contribute a significant amount of time each year to assist the Society in carrying out its programs and services. However, these donated services are not recorded because their fair market value is not readily determinable.

THE PETERBOROUGH HUMANE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(i) *Financial Instruments*

(i) Measurement

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Society subsequently measures its financial assets, other than mutual fund investments, and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and loans payable.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

3. ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	2024	2023
	\$	\$
Accounts receivable	67,483	91,904
Federal Economic Development Agency - Canada Community Revitalization Grant	-	43,810
Ontario Ministry of Infrastructure - Strategic Priorities Infrastructure Fund grant	52,878	140,228
	120,361	275,942

THE PETERBOROUGH HUMANE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

4. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2024	2023
			\$	\$
Land	429,286	-	429,286	429,286
Buildings	11,587,298	624,676	10,962,622	11,324,224
Computer hardware and software	85,413	77,060	8,353	17,897
Equipment	611,068	175,185	435,883	409,134
Vehicles	126,246	55,085	71,160	20,020
Land improvements	1,237,775	31,391	1,206,384	1,089,946
	14,077,086	963,397	13,113,688	13,290,507

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of the following:

	2024	2023
	\$	\$
Accounts payable and accrued liabilities	209,594	184,187
Government remittances	64,312	29,399
Construction holdbacks payable	-	27,074
	273,906	240,660

6. DEFERRED REVENUE

Deferred revenue represents revenues collected but not earned as at December 31, 2024 and consists of dog license revenue, cat tag revenue, spay and neuter revenue and funding from Pet Smart Charities.

THE PETERBOROUGH HUMANE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

7. DEFERRED RENTAL REVENUE

The Society has entered into an agreement with the OSPCA to lease a portion of the new premises at 1999 Technology Drive, commencing on the first day of occupancy. The OSPCA has contributed \$2 Million in funds towards the construction of the building. The advance payments will be earned in lieu of rent payments, on an annual basis over a term of 20 years commencing on the date of first occupancy, at an agreed-upon rate based on OSPCA's relative use of the building. The lease agreement may be terminated for any reason, by either party with 120 days written notice. In the event of termination by the OSPCA, any right to the unearned advance payments is forfeited. In the event of termination by the Society, the unearned portion of the advance payments must be repaid to the OSPCA in full.

The first date of occupancy was February 2023, and rental revenue for occupancy from this point has been recorded in these statements as rental income in the unrestricted fund.

The continuity of deferred rental revenue is as follows:

	2024 \$	2023 \$
Balance - beginning of year	1,903,069	2,000,000
Less: Rental income recognized	103,384	96,931
Balance - end of year	1,799,685	1,903,069

8. LOANS PAYABLE

	2024 \$	2023 \$
Construction loan - (approved to a maximum of \$4,500,000), repayable 18 months after the date of disbursement, with the option for two 3 month extensions at the discretion of the lender, repayable in monthly interest-only payments at the lender's prime lending rate, refinanced during the year	-	4,062,946
Term loan payable, bearing interest at 6.14% per annum, repayable in monthly blended interest and principal payments of \$23,176, due June 2027, eligible for prepayments of up to 10% of the original principal amount at each anniversary date without penalty.	3,466,951	-
	3,466,951	4,062,946
Less principal payments due within one year	(61,454)	-
Due beyond one year	3,405,497	4,062,946

THE PETERBOROUGH HUMANE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

8. LOANS PAYABLE, continued

Security

The organization has pledged the following as security for their commitment letter as at December 31, 2024:

- A general security agreement over all assets of the organization
- A mortgage over land and buildings at 1999 Technology Drive, for \$6 Million.
- An assignment of leases and rents and an assignment of insurance proceeds

Estimated principal repayments are as follows:

	\$
2025	61,454
2026	65,437
2027	3,307,455

9. GRANT REVENUE

Grant revenue consists of the following:

	2024 \$	2023 \$
Federal Economic Development Agency - Canada Community Revitalization Grant	-	47,298
Ontario Ministry of Infrastructure - Strategic Priorities Infrastructure Grant	26,740	838,425
Other operating grants	14,196	5,741
	40,936	891,464

The Government of Ontario created the Strategic Priorities Infrastructure Fund to support, in part, large-scale new builds and expansions of community, culture and recreation infrastructure. The Society was approved to receive maximum funds of \$1,560,503 and has until March 31, 2027 to ensure that the approved project is substantially completed.

As at December 31, 2024, the Society has incurred eligible expenditures of \$865,165 related to the grant to date, and a corresponding amount of revenue has been recognized.

Grant funds are subject to final approval by the funding agency. In the event the funder determines that the grants were not spent in accordance with the terms of the related funding agreements, the funding agency is entitled to recover the funds from the Society.

THE PETERBOROUGH HUMANE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

10. INTERFUND TRANSFERS

During the year, the Society made the following interfund transfers between funds related to the new building construction:

	Unrestricted 2024 \$	Capital 2024 \$	Animal Care Centre Campaign 2024 \$	Total 2024 \$
Transfer capital campaign funding to capital fund	-	935,236	(935,236)	-
Transfers from capital fund to operating fund	332,350	(332,350)	-	-
Balance, end of year	332,350	602,886	(935,236)	-

11. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. The Society's loan payable is exposed to interest rate risk as the fair value of the obligation will change as market interest rates change. The Society's approved credit facilities are exposed to interest rate risk as they bear interest at variable rates.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Society has limited exposure to credit risk as the majority of receivables are due from municipal and federal levels of government.

(c) Liquidity risk

Liquidity risk is the risk that the Company cannot repay its obligations when they become due to its creditors. The Society is exposed to liquidity risk on its accounts payable, and loan payable balances. The Society reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and by maintaining an adequate amount of cash to repay accounts payable and loan payable balances as they become due.

It is management's opinion that the Society is not exposed to significant currency or other price risks.

12. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year excess (deficiency) of revenue over expense.

THE PETERBOROUGH HUMANE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2024

13. CREDIT FACILITY AGREEMENT

The Society has a line of credit approved by its main lender, to a maximum of \$100,000 , and bearing interest at the lender's prime lending rate per annum on outstanding balances, subject to the same security as the term loan, as detailed in note 8. At December 31, 2024, there were no amounts outstanding on this facility.