

THE GUELPH HUMANE SOCIETY INCORPORATED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

THE GUELPH HUMANE SOCIETY INCORPORATED

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YEAR ENDED DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of: The Guelph Humane Society Incorporated

Qualified Opinion

We have audited the accompanying financial statements of The Guelph Humane Society Incorporated, which comprise the statement of financial position as at December 31, 2025 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of The Guelph Humane Society Incorporated as at December 31, 2025 and the results of its operations and its cash flows for the then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives some of the revenues from cash sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, net surplus for the year and cash flows from operations for the years ended December 31, 2025 and 2024, current assets as at December 31, 2025 and 2024, and net assets as at January 1 and December 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified accordingly because of the possible effects of this limitation in 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 Guelph Humane Society Incorporated 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 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 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

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 judgement 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 override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Guelph, Ontario
April 22, 2026

Chartered Professional Accountants
Licensed Public Accountants

THE GUELPH HUMANE SOCIETY INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025	2024
ASSETS		
CURRENT		
Cash	\$ 922,716	\$ 791,363
Accounts receivable	150,464	60,715
Government remittances recoverable	97,373	92,824
Inventory	1,459	1,459
Prepaid expenses	<u>50,754</u>	<u>46,125</u>
	1,222,766	992,486
INVESTMENTS (note 5)	2,069,561	1,689,255
TANGIBLE CAPITAL ASSETS (note 4)	<u>8,506,953</u>	<u>8,734,190</u>
	<u>\$ 11,799,280</u>	<u>\$ 11,415,931</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 192,263	\$ 170,207
Government remittances payable	4,885	3,223
Deferred contributions (note 8)	<u>73,962</u>	<u>67,198</u>
	<u>271,110</u>	<u>240,628</u>
NET ASSETS		
UNRESTRICTED	10,613,420	10,269,840
EXTERNALLY RESTRICTED	63,286	101,380
INTERNALLY RESTRICTED (note 10)	172,573	172,573
ENDOWMENT (note 11)	<u>678,891</u>	<u>631,510</u>
	<u>11,528,170</u>	<u>11,175,303</u>
	<u>\$ 11,799,280</u>	<u>\$ 11,415,931</u>

THE GUELPH HUMANE SOCIETY INCORPORATED
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund (Unrestricted)	Capital (Externally Restricted)	Duke's Fund (Externally Restricted)	Internally Restricted (note 10)	Endowment Funds (note 11)	2025 Total	2024 Total
NET ASSETS, beginning of year	\$ 10,269,840	\$ 0	\$ 101,380	\$ 172,573	\$ 631,510	\$ 11,175,303	\$ 10,518,224
Net surplus (deficit) for the year	680,621	(337,041)	(38,094)	0	47,381	352,867	657,079
Transfers (note 7)	<u>(337,041)</u>	<u>337,041</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS, end of year	<u>\$ 10,613,420</u>	<u>\$ 0</u>	<u>\$ 63,286</u>	<u>\$ 172,573</u>	<u>\$ 678,891</u>	<u>\$ 11,528,170</u>	<u>\$ 11,175,303</u>

THE GUELPH HUMANE SOCIETY INCORPORATED
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund (Unrestricted)	Capital Fund (Externally Restricted)	Duke's Fund (Externally Restricted)	Endowment Funds	2025 Total	2024 Total
REVENUES						
Donations & fundraising (note 9)	\$ 1,581,628	\$ 4,038	\$ 6,968	\$ 0	\$ 1,592,634	\$ 2,443,739
Contract fees	1,020,786	0	0	0	1,020,786	982,818
Bequests	760,509	0	0	0	760,509	210,231
Shelter operations (note 9)	492,418	0	0	0	492,418	529,454
Investment income	123,958	0	0	47,381	171,339	133,070
Community programs	125,474	0	0	0	125,474	106,159
Other	32,992	0	0	0	32,992	29,493
Gain on disposal of tangible capital assets	0	450	0	0	450	18,997
	<u>4,137,765</u>	<u>4,488</u>	<u>6,968</u>	<u>47,381</u>	<u>4,196,602</u>	<u>4,453,961</u>
EXPENDITURES						
Salaries & benefits	2,218,147	0	0	0	2,218,147	2,110,155
Shelter operations	497,016	0	45,062	0	542,078	496,022
Central services	537,212	0	0	0	537,212	561,428
Amortization	0	341,448	0	0	341,448	331,861
Fundraising	213,907	81	0	0	213,988	228,969
Interest on long term debt	0	0	0	0	0	63,270
Community programs (net)	(9,138)	0	0	0	(9,138)	5,177
	<u>3,457,144</u>	<u>341,529</u>	<u>45,062</u>	<u>0</u>	<u>3,843,735</u>	<u>3,796,882</u>
NET SURPLUS (DEFICIT) for the year	<u>\$ 680,621</u>	<u>\$ (337,041)</u>	<u>\$ (38,094)</u>	<u>\$ 47,381</u>	<u>\$ 352,867</u>	<u>\$ 657,079</u>

See notes to the financial statements

THE GUELPH HUMANE SOCIETY INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Surplus for the year	\$ 352,867	\$ 657,079
Items not requiring an outlay of cash		
Amortization	341,448	331,861
Gain on disposal of tangible capital assets	(450)	(18,997)
Unrealized gain on investments	<u>(74,713)</u>	<u>(100,739)</u>
	619,152	869,204
Changes in non-cash working capital		
Accounts receivable	(89,749)	(16,011)
Prepaid expenses	(4,629)	(293)
Accounts payable and accrued liabilities	22,056	(47,050)
Government remittances recoverable	(4,549)	(3,872)
Government remittances payable	1,662	(13,344)
Deferred contributions	<u>6,764</u>	<u>45,376</u>
	<u>550,707</u>	<u>834,010</u>
CASH USED IN FINANCING ACTIVITIES		
Repayment of long term debt	<u>0</u>	<u>(1,008,029)</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to tangible capital assets	(114,211)	(9,381)
Purchase of investments	(305,593)	(418,659)
Proceeds on disposal of tangible capital assets	<u>450</u>	<u>18,997</u>
	<u>(419,354)</u>	<u>(409,043)</u>
NET INCREASE (DECREASE) IN CASH	131,353	(583,062)
NET CASH, BEGINNING OF YEAR	<u>791,363</u>	<u>1,374,425</u>
NET CASH, END OF YEAR	<u>\$ 922,716</u>	<u>\$ 791,363</u>

THE GUELPH HUMANE SOCIETY INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. NATURE OF OPERATIONS

The Guelph Humane Society Incorporated (the "organization") is a not-for-profit organization incorporated under the laws of Ontario without share capital and is a registered charity under the Income Tax Act. The organization is exempt from income tax. Its purpose is to promote the welfare of all animals, and prevent cruelty and suffering. The organization provides care and shelter for homeless, stray, and abused animals. Its services include animal sheltering, surrender and adoption, pet identification, lost pet returns, veterinary care, community programs and humane education.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) TANGIBLE CAPITAL ASSETS

Tangible capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Buildings	- 30 years straight line basis
Cat cages	- 20 years straight line basis
Computer equipment	- 3 years straight line basis
Furniture and equipment	- 10 years straight line basis
Vehicles	- 5 years straight line basis

Amortization is recorded at 50% of the above rates in the year of addition.

(b) IMPAIRMENT OF LONG LIVED ASSETS

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(c) USE OF ESTIMATES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include the useful lives of tangible capital assets. Actual results could differ from those estimates.

(d) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, unless otherwise noted below.

Investments in equity instruments that are quoted in an active market are measured at fair value. Changes in fair value are recognized in net surplus.

THE GUELPH HUMANE SOCIETY INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) FINANCIAL INSTRUMENTS (continued)

Impairment

At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. If there are indicators of impairment, and the organization determines there has been a significant adverse change in the expected amount or timing of future cash flows, an impairment is recognized. If circumstances change, a previously recognized impairment may be reversed.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(e) CONTRIBUTED MATERIALS AND SERVICES

Contributed materials, used in the normal course of operations, are recognized in the financial statements when the fair value can be reasonably estimated and the materials would otherwise have been purchased.

(f) FUND ACCOUNTING

General fund

The unrestricted general fund reports resources available for the organization's various operating activities and resources related to contracted municipal animal services performed for the City of Guelph, Township of Centre Wellington and the Township of Guelph-Eramosa.

Judy Lacina memorial reserve

This endowment is funded through contributions donated in memory of Judy Lacina and require the donated amounts to be permanently maintained. The interest income only is permitted to be used for special medical expenses for animals of the shelter that are not otherwise reimbursed.

W.C. Wood Foundation endowment

This endowment is funded through contributions from the W.C. Wood Foundation and require the donated amounts to be permanently maintained. The interest income is permitted to be used for operating expenditures.

Ethel Miller memorial reserve

This endowment is funded through contributions from Ethel Miller and require the donated amounts to be permanently maintained. The interest income is permitted to be used as the organization determines necessary.

Sue Porter memorial reserve

This endowment is funded through contributions donated in memory of Sue Porter and require the donated amounts to be permanently maintained. The interest income only is permitted to be used to support humane education and spay/neuter programs.

THE GUELPH HUMANE SOCIETY INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) FUND ACCOUNTING (continued)

Elsie Jones memorial reserve

This endowment is funded through contributions donated in memory of Elsie Jones and require the donated amounts to be permanently maintained. The interest income only is permitted to be used to support spay/neuter programs.

Wade Townsend memorial reserve

This endowment is funded through contributions donated in memory of Wade Townsend and require the donated amounts to be permanently maintained. The interest income only is permitted to be used to support spay/neuter programs.

General reserve

The internally restricted general reserve is to stabilize the organization's finances by providing a cushion against unexpected events, losses of income and large unbudgeted expenses.

Capital and equipment reserve

The internally restricted capital and equipment reserve is to be used to invest in equipment, software and capital upgrades, as needed, to support the overall operations of the organization.

Capital fund

The externally restricted capital fund is funded from special projects and donations designated for capital uses.

Duke's reserve

The externally restricted duke's reserve is funded from special projects and donations, and is to be used for special medical expenses for animals of the shelter that are not otherwise reimbursed.

(g) REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions in which externally restricted contributions are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Externally restricted contributions of the unrestricted general fund are recognized as revenue when the related expenditure occurs. Unrestricted contributions are recognized in the unrestricted general fund when received or receivable and collection is reasonably assured.

Restricted and unrestricted investment income is recognized when revenue is earned.

Contract based fee for service revenue is recognized in the period to which the contract relates.

The organization makes periodic applications for financial assistance under government incentive programs. Government assistance received during the year for current expenses is included in the determination of net surplus for the year.

All other revenues are recognized according to when the service is performed, collection of the relevant receivable is probable, persuasive evidence of an arrangement exists and the price is fixed or determinable.

THE GUELPH HUMANE SOCIETY INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from its financial instruments.

The extent of the organization's exposure to these risks did not change in 2025 compared to the previous period, except for a lessening of liquidity risk.

The organization does not have a significant exposure to any individual customer or counterparty.

Transacting in financial instruments exposes the organization to certain financial risks and uncertainties. These risks include:

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the organization by failing to discharge an obligation. The organization's credit risk is mainly related to accounts receivable.

Market risk

Market risk is the risk that the fair value or future cash flows of the organization's financial instruments will fluctuate because of changes in market prices. Some of the organization's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

Interest rate 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. The organization is exposed to interest rate risk as a result of the interest rate on its fixed income investments.

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 organization is exposed to other price risk on investments.

4. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2025	Net 2024
Buildings	\$ 8,368,508	\$ 1,253,646	\$ 7,114,862	\$ 7,393,812
Cat cages	250,700	56,407	194,293	206,828
Computer equipment	83,722	72,077	11,645	7,936
Furniture and equipment	189,048	93,939	95,109	109,504
Land	963,882	0	963,882	963,882
Vehicles	242,984	115,822	127,162	52,228
	<u>\$ 10,098,844</u>	<u>\$ 1,591,891</u>	<u>\$ 8,506,953</u>	<u>\$ 8,734,190</u>

During the year, the organization purchased various computer equipment, furniture and equipment and vehicles for \$114,211.

THE GUELPH HUMANE SOCIETY INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

5. INVESTMENTS

Investments consist of equities, mutual funds, guaranteed investment certificates, and other fixed income investments. The book value of investments is \$1,994,848 at year end (2024 - \$1,609,332).

6. LINE OF CREDIT

The organization has an authorized line of credit of \$500,000 from BMO. Interest is calculated monthly at prime plus 1.25%. The organization did not utilize the line of credit in 2025 or 2024.

7. INTERFUND TRANSFERS

A transfer of \$337,041 (2024 - \$635,819) to the capital fund from the general fund was authorized to pay amortization and other capital expenditures (2024 - from the capital fund to the general fund to pay off the mortgage net of amortization and other capital expenditures).

8. DEFERRED CONTRIBUTIONS

Deferred contributions, which consist of the unexpended portion of grants received or grants that relate to future periods, are as follows:

	2025	2024
Balance, beginning of the year	\$ 67,198	\$ 21,822
Plus amount received during the year	406,052	287,036
Less amount recognized as revenue in the year	<u>(399,288)</u>	<u>(241,660)</u>
Balance, end of year	<u>\$ 73,962</u>	<u>\$ 67,198</u>

9. GRANTS

Grant revenue consists of the following:

	2025	2024
City of Guelph	\$ 159,181	\$ 156,060
La Foundation Emmanuelle Gattuso	112,500	37,500
PetSmart	60,000	3,333
Other	<u>38,093</u>	<u>14,150</u>
	<u>\$ 369,774</u>	<u>\$ 211,043</u>

10. INTERNALLY RESTRICTED FUNDS

Internally restricted funds consist of the following reserves:

	2025	2024
Capital and equipment reserve	<u>\$ 172,573</u>	<u>\$ 172,573</u>

THE GUELPH HUMANE SOCIETY INCORPORATED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

11. ENDOWMENT FUNDS

Endowment funds consist of the following reserves:

	2025	2024
Sue Porter Memorial Reserve	\$ 304,544	\$ 283,290
W.C. Wood Foundation	215,005	200,000
Ethel Miller Memorial Reserve	94,418	87,828
Elsie Jones Memorial Reserve	32,251	30,000
Wade Townsend Memorial Reserve	26,905	25,027
Judy Lacina Memorial Reserve	<u>5,768</u>	<u>5,365</u>
	<u>\$ 678,891</u>	<u>\$ 631,510</u>

The principal portion on the endowment funds in 2025 is \$631,510 (2024 - \$631,510). The investment income earned on the endowment funds that was unspent in the year is \$47,381 (2024 - \$0).