

Financial Statements of
Calgary Humane Society for Prevention of Cruelty to Animals
And Independent Auditor's Report thereon
Year ended December 31, 2024



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Calgary Humane Society for Prevention of Cruelty to Animals (the Entity), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of revenues and expense and 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, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards principles for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from donations and 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 Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at December 31, 2024 and December 31, 2023



- the donations and fundraising revenues and excess (deficiency) of revenues over expenses reported in the statements of revenues and expenses and changes in fund balances for the years ended December 31, 2024 and December 31, 2023
- the fund balances, at the beginning and end of the year, reported in the statements of revenues and expenses and changes in fund balances for the years ended December 31, 2024 and December 31, 2023
- the excess (deficiency) of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2024 and December 31, 2023.

Our opinion on the financial statements for the year ended December 31, 2023 was qualified 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 auditor’s report.

We are independent of the Entity 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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’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 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 Entity'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 Entity'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 Entity 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

Calgary, Canada

March 26, 2025

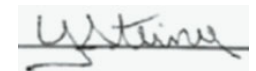
Calgary Humane Society for Prevention of Cruelty to Animals
Statement of Financial Position
As at December 31, 2024, with comparative information for 2023

	General Operating Fund		Restricted Funds		Capital Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Assets								
Current assets								
Cash	\$ 2,042,245	\$ 2,111,537	\$ 57,191	\$ 55,486	\$ -	\$ -	\$ 2,099,436	\$ 2,167,023
Short term investments (note 3)	-	700,000	-	-	-	-	-	700,000
Accounts receivable (note 4)	103,932	63,440	-	-	-	-	103,932	63,440
Inventory (note 5)	75,102	75,789	-	-	-	-	75,102	75,789
Prepaid expenses	118,432	124,729	-	-	-	-	118,432	124,729
Due from (to) other funds	(2,189,672)	(2,348,024)	625,441	758,202	1,564,231	1,589,822	-	-
	150,039	727,471	682,632	813,688	1,564,231	1,589,822	2,396,902	3,130,981
Marketable securities (note 6)	12,971,297	11,410,815	-	-	-	-	12,971,297	11,410,815
Capital assets (note 7)	-	-	-	-	13,552,647	14,176,621	13,552,647	14,176,621
	<u>\$ 13,121,336</u>	<u>\$ 12,138,286</u>	<u>\$ 682,632</u>	<u>\$ 813,688</u>	<u>\$ 15,116,878</u>	<u>\$ 15,766,443</u>	<u>\$ 28,920,846</u>	<u>\$ 28,718,417</u>
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities (note 4)	\$ 736,518	\$ 503,795	\$ -	\$ -	\$ -	\$ -	\$ 736,518	\$ 503,795
Deferred revenue (note 8)	40,987	31,970	-	-	-	-	40,987	31,970
	777,505	535,765	-	-	-	-	777,505	535,765
Fund balances								
Unrestricted (note 9)	1,473,278	600,685	-	-	-	-	1,473,278	600,685
Restricted for endowment purposes (note 10)	-	-	45,000	45,000	-	-	45,000	45,000
Externally restricted (note 11a)	-	3,568	27,632	68,688	-	-	27,632	72,256
Internally restricted (note 11b)	10,870,553	10,998,268	610,000	700,000	1,564,231	1,589,822	13,044,784	13,288,090
Invested in capital assets	-	-	-	-	13,552,647	14,176,621	13,552,647	14,176,621
	<u>12,343,831</u>	<u>11,602,521</u>	<u>682,632</u>	<u>813,688</u>	<u>15,116,878</u>	<u>15,766,443</u>	<u>28,143,341</u>	<u>28,182,652</u>
	<u>\$ 13,121,336</u>	<u>\$ 12,138,286</u>	<u>\$ 682,632</u>	<u>\$ 813,688</u>	<u>\$ 15,116,878</u>	<u>\$ 15,766,443</u>	<u>\$ 28,920,846</u>	<u>\$ 28,718,417</u>

Approved by the Board:



Director



Director

The accompanying notes form an integral part of the financial statements.

Calgary Humane Society for Prevention of Cruelty to Animals
Statement of Revenues and Expenses and Changes in Fund Balances
As at December 31, 2024, with comparative information for 2023

	General Operating Fund		Restricted Funds		Capital Fund		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
Revenues								
Donations and fundraising	\$ 5,584,488	\$ 4,533,676	\$ 125,076	\$ 50,313	\$ 75,000	\$ 1,598,352	\$ 5,784,564	\$ 6,182,341
Bequests	2,291,398	5,315,093	-	-	-	20,000	2,291,398	5,335,093
Programs and services	1,267,833	1,391,495	-	-	-	-	1,267,833	1,391,495
Investment income	1,179,796	659,862	-	-	-	-	1,179,796	659,862
Change in unrealized gain on marketable securities	292,320	560,946	-	-	-	-	292,320	560,946
Gain (loss) on disposal of capital assets	-	-	-	-	8,900	-	8,900	-
	10,615,835	12,461,072	125,076	50,313	83,900	1,618,352	10,824,811	14,129,737
Expenses								
Wages and benefits (note 11b, 12)	6,307,011	5,589,104	967	4,801	-	72,255	6,307,978	5,666,160
Operating (note 5)	1,459,910	1,610,773	387,536	164,661	-	17,962	1,847,446	1,793,396
General and administrative	807,046	840,269	3,577	36	-	103,588	810,623	943,893
Fundraising (note 12)	544,214	430,639	1,017	23	1,691	550	546,922	431,212
Amortization	-	-	-	-	1,351,153	1,321,063	1,351,153	1,321,063
	9,118,181	8,470,785	393,097	169,521	1,352,844	1,515,418	10,864,122	10,155,724
Excess (deficiency) of revenues over expenses	1,497,654	3,990,287	(268,021)	(119,208)	(1,268,944)	102,934	(39,311)	3,974,013
Fund balances, beginning of year	11,602,521	8,227,718	813,688	317,412	15,766,443	15,663,509	28,182,652	24,208,639
Interfund transfers (note 9, 11a & 11b)	(756,344)	(615,484)	136,965	615,484	619,379	-	-	-
Fund balances, end of year	\$ 12,343,831	\$ 11,602,521	\$ 682,632	\$ 813,688	\$ 15,116,878	\$ 15,766,443	\$ 28,143,341	\$ 28,182,652

The accompanying notes form an integral part of the financial statements.

Calgary Humane Society for Prevention of Cruelty to Animals
Statement of Cash Flows
As at December 31, 2024, with comparative information for 2023

	2024	2023
Cash flows from operating activities		
(Deficiency) Excess of revenues over expenses	\$ (39,311)	\$ 3,974,013
Items not involving cash:		
(Gain) loss on sale of marketable securities	(13,944)	56,778
Change in unrealized gain on marketable securities	(292,320)	(560,946)
Gain on disposal of capital assets	(8,900)	-
Amortization	<u>1,351,153</u>	<u>1,321,063</u>
	996,678	4,790,908
Changes in non-cash working capital		
Accounts receivable	(40,492)	17,540
Inventory	687	(6,473)
Prepaid expenses	6,297	(37,644)
Accounts payable and accrued liabilities	232,723	(732,627)
Deferred revenue	<u>9,017</u>	<u>(3,216)</u>
	<u>1,204,910</u>	<u>4,028,488</u>
Cash flows used in investing activities		
Purchase of capital assets	(727,179)	(299,175)
Proceeds on sale of capital assets	8,900	-
Purchase of short term investments	-	(700,000)
Proceeds from redemption of short term investments	700,000	-
Purchase of marketable securities	(2,022,776)	(119,099)
Proceeds on sale of marketable securities	<u>768,558</u>	<u>549,551</u>
	<u>(1,272,497)</u>	<u>(568,723)</u>
Cash flows from financing activities		
Repayment of short term demand loan	<u>-</u>	<u>(2,593,578)</u>
	<u>-</u>	<u>(2,593,578)</u>
(Decrease) Increase in cash	(67,587)	866,187
Cash, beginning of year	<u>2,167,023</u>	<u>1,300,836</u>
Cash, end of year	<u>\$ 2,099,436</u>	<u>\$ 2,167,023</u>

The accompanying notes form an integral part of the financial statements.

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2024 with comparative information for 2023

1. Nature of operations

Calgary Humane Society for Prevention of Cruelty to Animals (the "Society") is a not-for-profit organization that was incorporated under the Alberta Societies Act in 1922. The Society is a registered charity as defined under paragraph 149(1)(f) of the Income Tax Act, and therefore, is not subject to income tax. The mandate of the Society is to improve the welfare of animals through programs and services in sheltering, education, protection and advocacy.

2. Significant accounting policies

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

a) Fund accounting

The Society follows the restricted fund method of accounting. Activities of the Society are segregated in the following funds:

- i) The General Operating Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources, restricted operating grants and other internally restricted amounts.
- ii) The Restricted Fund accounts for the assets, liabilities, revenues and expenses of the Society's endowment funds, and its internally and externally restricted funds.
- iii) The Capital Fund accounts for the assets, liabilities, revenues and expenses related to the Society's capital assets. This fund reports both internally and externally restricted funds.

b) Cash

Cash includes cash on hand and balances with banks. Cash that is subject to restrictions, thereby preventing its use for current purposes, is included in restricted cash.

c) Pledges receivable

Pledges receivable are not recorded in the Society's financial statements as there is no assurance that they will ultimately be collected. Pledges are recorded in the financial statements when they are received.

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2024 with comparative information for 2023

2. Significant accounting policies (continued)

d) *Inventory*

Goods for resale are recorded as inventory and are recorded at the lower of cost and net realizable value. Cost is determined using the average cost method, and net realizable value is determined using the current estimated selling price less the selling cost. The estimated selling price takes into account management's best estimate of the most probable set of economic conditions.

e) *Due from (to) other funds*

Due from (to) other funds represents amounts owed between certain funds. These interfund balances are non-interest bearing and have no fixed terms of repayment.

f) *Financial instruments*

The Society recognizes its financial instruments when the Society becomes party to the 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 (i.e. marketable securities) are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of revenues and expenses and changes in fund balances.

With respect to financial assets measured at cost or amortized cost, the Society recognizes in the statement of revenues and expenses and changes in fund balances an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of the impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of revenues and expenses and changes in fund balances in the period the reversal occurs.

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2024 with comparative information for 2023

2. Significant accounting policies (continued)

g) Capital assets

Capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of contribution. Amortization is reported in the Capital Fund and is recorded using the straight-line method at the following annual rates, intended to recognize the cost of the assets over their expected useful lives. In the year of acquisition, amortization is taken at one-half the standard rates:

Buildings and landscaping	- 5% - 10%
Equipment and furniture	- 20%
Automotive equipment	- 15%

Amortization is taken at standard rates as mentioned above and is prorated for the period for which the asset is used during the year of disposal.

Impairment

Capital assets are tested for impairment whenever events or changes in circumstances indicate that asset can no longer be used as originally expected and its carrying amount may not be fully recoverable. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its fair value or replacement cost. Impairment losses are not reversed if the asset's fair value increases subsequently.

h) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable, or if no restricted fund exists, they are recognized in the General Operating Fund using the deferral method of accounting.

Unrestricted contributions are recognized as revenue of the General Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Programs and services and fee for service revenue are recognized when the related service is provided.

Investment income includes dividends and interest income, and realized investment gains and losses, which is recognized as revenue of the General Operating Fund when earned.

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2024 with comparative information for 2023

2. Significant accounting policies (continued)

i) Donated services and materials

Donated services and materials are recorded in the financial statements at fair market value when fair market value can be reasonably estimated and when these items would have otherwise been purchased. The Society's programs benefit from substantial services in the form of volunteer time, which is not recorded in the Society's financial instruments because of the difficulty in determining fair value.

j) Foreign exchange

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses in the statement of revenues and expenses and changes in fund balances for the current period.

k) Income taxes

The Society is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

l) Use of estimates

The preparation of financial statements in conformity with ASNFPO 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 reporting period. The most significant of these estimates are related to the recoverable amount of the Society's accounts receivable, the amortization period for and potential impairment of capital assets, accrued liabilities and potential contingencies. Actual results could differ significantly from the estimates. Management reviews these estimates on a periodic basis and, if required, makes adjustments prospectively.

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2024 with comparative information for 2023

3. Short term investments

	2024	2023
Redeemable short-term investment certificate – maturity date December 20, 2024 with an annual interest rate of 4.75%	\$ -	\$ 400,000
Redeemable short-term investment certificate – maturity date December 20, 2024 with an annual interest rate of 4.75%	-	300,000
	\$ -	\$ 700,000

4. Government remittances and subsidies

At December 31, 2024 the Society had government remittances recoverable of \$17,732 (2023 - \$18,040) and government remittances payable of \$nil (2023 - \$nil).

5. Inventory

The cost of inventory recognized as an operating expense for the year ended December 31, 2024 amounted to \$167,180 (2023 - \$181,400).

6. Marketable securities

Marketable securities are recorded at fair market value. Market values are obtained from fund managers. Marketable securities comprise investments in Canadian and foreign equities and mutual funds. At December 31, 2024 the cost of the investments was \$13,672,428 (2023 - \$12,404,266).

7. Capital assets

			2024
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,550,000	\$ -	\$ 1,550,000
Buildings and landscaping	21,546,236	10,545,754	11,000,482
Equipment and furniture	1,886,054	1,123,625	762,429
Automotive equipment	501,458	261,722	239,736
	\$ 25,483,748	\$ 11,931,101	\$ 13,552,647

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2024 with comparative information for 2023

7. Capital assets (continued)

			2023
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,550,000	\$ -	\$ 1,550,000
Buildings and landscaping	21,413,420	9,471,411	11,942,009
Equipment and furniture	1,758,164	1,159,797	598,367
Automotive equipment	427,208	340,963	86,245
	\$ 25,148,792	\$ 10,972,171	\$ 14,176,621

8. Deferred revenue

	2024	2023
Behaviour classes and seminars	\$ 18,330	\$ 6,473
Humane Education programs	9,096	12,593
Gift cards	8,861	8,904
Facility rental	3,500	4,000
Fundraising events	1,200	-
	\$ 40,987	\$ 31,970

9. Unrestricted fund balances

	2024	2023
Balance, beginning of year	\$ 600,685	\$ 233,946
Excess (deficiency) of revenues over expenses	1,497,654	3,990,287
Transfer to Lundberg Fund	-	(3,000,000)
Transfer from Restricted Fund	10,343	5,553
Transfer to Emergency Fund	(72,285)	(301,145)
Transfer to Capital Fund	(600,685)	-
Transfer from Cremation Asset Sale Fund	200,000	275,000
Transfer to internally restricted fund	(166,002)	(621,037)
Transfer from externally restricted fund	3,568	18,081
Balance, end of year	\$ 1,473,278	\$ 600,685

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2024 with comparative information for 2023

10. Restricted for endowment purposes

The amount restricted for endowment purposes is a bequest from Gordon Wright, which has externally imposed restrictions that the resources be maintained in perpetuity by the Society.

11. Restricted funds

a) Externally restricted funds

Expenses from the restricted funds are restricted by the terms of the respective donations and are required to be used as follows:

Joan & Phoebe Snyder Fund - Restricted for the Humane Education department to subsidize fees for field trips and presentations for schools.

The Barry D. Stewart Endowment Fund – Restricted for the Animal Health department for education and resources in shelter medicine.

Rosco's Keep Them Home Fund – Restricted in use to subsidize veterinary fees for owned animals to keep them in their home and avoid surrender.

Camp Subsidies Fund - Restricted in use to subsidize fees for children to attend Humane Education summer and winter day camps and clubs.

Alberta Liquor and Gaming Fund - Restricted in use as per gaming licenses.

	2024	2023
Joan & Phoebe Snyder Fund	\$ 13,956	\$ 23,776
The Barry D. Stewart Endowment Fund	12,708	24,480
Camp Subsidies Fund	968	968
Rosco's Keep Them Home Fund	-	19,464
Alberta Liquor & Gaming Fund	-	3,568
	\$ 27,632	\$ 72,256

During the year, \$10,343 (2023 - \$5,553) was transferred from externally restricted funds of the Restricted Fund to unrestricted funds of the General Operating Fund upon completion of the restricted purpose. Additionally, \$3,568 (2023 - \$18,081) was transferred from externally restricted funds to unrestricted within the General Operating Fund for use under the Alberta Liquor & Gaming Fund.

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2024 with comparative information for 2023

11. Restricted funds (continued)

b) Internally restricted funds

These amounts are internally restricted by the Board to be held for the following purposes:

	2024	2023
Estate of Dr. Bernard Lundberg	\$ 8,500,000	\$ 8,500,000
Emergency Fund	2,370,553	2,298,268
Cremation Asset Sale Fund	-	200,000
Protections Fund	100,000	100,000
Phoenix Fund	100,000	100,000
Continued Companionship Fund	410,000	500,000
Capital Fund	1,564,231	1,589,822
	\$ 13,044,784	\$ 13,288,090

An architectural assessment was performed on the facility and the Society approved a \$14,320,000 facility enhancement project, a portion of which was funded through Capital Fund reserves and the Estate of Dr. Bernard Lundberg, with the remainder funded through the “For Them” capital campaign. The project commenced in 2019 and construction started in 2020 and was substantially completed in 2022. In 2024, the Society capitalized \$nil (2023 - \$72,255) in wages and benefits to the Capital Campaign. This project improved the overall sheltering and wellbeing of animals in the Society’s care.

In March 2008, the Board of Directors approved a motion to internally restrict all funds received and expected to be received from the Estate of Dr. Bernard Lundberg for the purpose of achieving the strategic goals of the Society. Upon completion of the facility enhancement project, the restriction of this fund had been met, and \$6,909,466 was transferred to unrestricted funds. In 2022, the Board of Directors approved a motion to internally restrict the remaining \$5,500,000 of the Estate of Dr. Bernard Lundberg and in 2023, the Board of Directors approved a motion to transfer an additional \$3,000,000 to the fund for future strategic priorities of the Society as outlined in the 2024-2027 Strategic Plan.

In 2024, the Board of Directors transferred \$72,285 (2023 - \$301,145) from the General Operating Fund to the internally restricted Emergency Fund. The Emergency Fund is intended to finance the Society for three months of operations.

During 2019, the Board of Directors transferred \$1,600,000 from the sale of the Cremation Assets from the Capital Fund to the General Operating Fund to be restricted in use to sustain the Society’s operating budget from lost revenue over a five-year period. In 2024, \$200,000 (2023 - \$275,000) was used to sustain operating costs from this fund.

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2024 with comparative information for 2023

11. Restricted funds (continued)

b) Internally restricted funds (continued)

In 2024, the Board of Directors transferred \$42,562 (2023 - \$36,950) from unrestricted funds to the Phoenix Fund, to be used for clinic fees for animals requiring extensive medical work. In 2024, the Board of Directors transferred \$40,809 (2023 - \$79,768) from unrestricted funds to the Protections Fund, to be used for medical costs and supplies for the intake of animals brought into the shelter from seizure and neglect cases.

In 2024, the Board of Directors transferred \$126,284 (2023 - \$500,000) from unrestricted funds to the Continued Companionship Fund. The fund is for the purpose of developing programs aimed at supporting pet families by providing the tools and resources needed to properly care for their animal's physical and mental well-being, so they can stay with the family who loves them and prevents them from ever having to enter a shelter.

12. Fundraising expenses

As required under the Charitable Fund-raising Act of Alberta, the Society reports that \$422,081 was paid as remuneration to employees primarily responsible for fundraising for the year ended December 31, 2024 (2023 - \$356,345).

13. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant liquidity risk, interest rate risk, currency risk, market risk, or credit risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

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

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with certain financial assets and liabilities, known as cash flow risk, and on the fair value of certain financial assets and liabilities, known as price risk.

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2024 with comparative information for 2023

13. Financial instruments (continued)

Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to its cash and investments, which are deposited with Canadian commercial banks and investment managers, and with its accounts receivable balances. The Society had \$nil (2023 - \$nil) balance in allowance for doubtful accounts at December 31, 2024.

Foreign currency risk

Foreign 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. In seeking to manage the risks for foreign exchange rate fluctuations, the Society closely follows exchange rates and management monitors investment performance monthly.

The Society enters into investment transactions denominated in foreign currencies for which the related revenues, expenses, cash and marketable securities balances are subject to exchange rate fluctuations.

Market risk

The Society's equity investments are subject to market risk, which includes price risk arising from market volatility and the risk of loss of capital associated with those investments.

There has been no other change to the risk exposures from 2023.