

**The Canadian Society for the Prevention
of Cruelty to Animals
(Serving the Province of Quebec)**

**Financial Statements
December 31, 2024**

Independent Auditor's Report	2 - 4
Financial Statements	
Operations	5
Changes in Net Assets	6
Cash Flows	7
Financial Position	8
Notes to Financial Statements	9 - 16

Independent Auditor's Report

**Raymond Chabot
Grant Thornton LLP**
Suite 2000
600 De La Gauchetière Street West
Montréal, Quebec
H3B 4L8

T 514-878-2691

To the Directors of
The Canadian Society for the Prevention
of Cruelty to Animals
(Serving the Province of Quebec)

Opinion

We have audited the financial statements of The Canadian Society for the Prevention of Cruelty to Animals (Serving the Province of Quebec) (hereafter "the Organization"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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 opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Organization 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 Organization'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 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 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 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.

Raymond Chabot Grant Thornton LLP¹

Montréal
May 22, 2025

¹ CPA auditor, public accountancy permit no. A117472

The Canadian Society for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)

Operations

Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
Revenues		
Contributions		
Donations and other contributions (Note 3)	4,423,708	3,558,362
Fundraising campaigns (Note 3)	744,324	875,089
Legacies	2,206,155	3,292,242
Revenue from operations	3,583,962	3,360,617
Unrestricted net investment income	306,074	205,195
	<u>11,264,223</u>	<u>11,291,505</u>
Expenses		
Salaries and employee benefits	8,589,240	6,458,003
Operating expenses	2,075,137	1,834,491
Publications, promotions and special event	258,521	311,315
Fundraising campaign costs and legacy fees	560,786	638,837
Professional fees	123,873	131,870
Bank and credit card charges	155,932	130,567
Interest on long-term debt		4,316
Amortization of tangible capital assets	155,941	129,067
Amortization of transaction costs related to long-term debt		7,460
	<u>11,919,430</u>	<u>9,645,926</u>
Excess (deficiency) of revenues over expenses	<u>(655,207)</u>	<u>1,645,579</u>

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

The Canadian Society for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)

Changes in Net Assets

Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
Balance, beginning of year	10,828,532	9,182,953
Excess (deficiency) of revenues over expenses	(655,207)	1,645,579
Balance, end of year	<u>10,173,325</u>	<u>10,828,532</u>

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

The Canadian Society for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)

Cash Flows

Year ended December 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	(655,207)	1,645,579
Non-cash items		
Net change in fair value of investments	(66,751)	(35,288)
Donations in shares	(341,206)	(31,967)
Amortization of tangible capital assets	155,941	129,067
Amortization of transaction costs related to long-term debt		7,460
Amortization of deferred contribution related to tangible capital assets	(1,392)	(1,394)
	(908,615)	1,713,457
Net change in working capital items and other deferred contributions (Note 4)	676,788	428,364
Cash flows from operating activities	(231,827)	2,141,821
INVESTING ACTIVITIES		
Acquisition of tangible capital assets	(161,082)	(171,031)
Disposal of term deposits		500,000
Cash flows from investing activities	(161,082)	328,969
FINANCING ACTIVITIES		
Repayment of long-term debt and cash flows from financing activities		(165,500)
Net increase (decrease) in cash	(392,909)	2,305,290
Cash, beginning of year	6,840,471	4,535,181
Cash, end of year	6,447,562	6,840,471

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

The Canadian Society for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)
Financial Position
December 31, 2024

	<u>2024</u>	<u>2023</u>
	\$	\$
ASSETS		
Current		
Cash	6,447,562	6,840,471
Trade and other receivables (Note 5)	624,313	657,672
Inventories	27,737	26,639
Prepaid expenses	161,487	146,695
	<u>7,261,099</u>	<u>7,671,477</u>
Long-term		
Tangible capital assets (Note 6)	3,234,684	3,229,543
Investments (Note 7)	1,265,870	857,913
Restricted investments (Note 8)	993,712	922,644
	<u>12,755,365</u>	<u>12,681,577</u>
LIABILITIES		
Current		
Trade payables and other operating liabilities (Note 10)	1,418,910	909,456
Long-term		
Deferred contributions related to restricted investments (Note 8)	993,712	922,644
Deferred contribution related to tangible capital assets (Note 11)	19,553	20,945
Other deferred contributions (Note 12)	149,865	
	<u>2,582,040</u>	<u>1,853,045</u>
NET ASSETS		
Unrestricted	<u>10,173,325</u>	<u>10,828,532</u>
	<u>12,755,365</u>	<u>12,681,577</u>

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

On behalf of the Board,

Director

Director

The Canadian Organization for the Prevention of Cruelty to Animals (Serving the Province of Quebec)

Notes to Financial Statements

December 31, 2024

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization was incorporated on April 5, 1869 under the *Act 32 Victoria*, Chapter 81, which was amended on June 6, 1962 by the *Act 10-11 Elizabeth II*, Chapter 97, and is a registered charity under the *Income Tax Act*. The Organization is engaged in the prevention of cruelty to animals.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Controlled entity

The Organization has chosen not to consolidate the controlled entity. The summary financial information of this entity is presented in Note 13 to the financial statements.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses 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.

Moreover, the Organization has chosen not to recognize contributed supplies and services.

Volunteers contribute an important number of hours to assist the Organization in carrying out its services.

Companies that produce and sell pet food and various other pet products supplied the Organization with free pet food and supplies. During the year, the Organization received a contribution of supplies with a fair value of \$37,755 (\$153,940 in 2023).

**The Canadian Organization for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)**

Notes to Financial Statements

December 31, 2024

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from operations

Revenue from operations is recognized when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed or determinable and collection is reasonably assured.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenue is recognized using the accrual method of accounting.

Net investment income includes interest income, dividend income and changes in fair value.

Interest income is recognized on a time apportionment basis. Dividend income is recorded when dividends are acquired by the Organization. Changes in fair value are recognized when they occur.

With respect to investments measured at fair value, the Organization has elected to include investment income in the net change in fair value.

Net investment income that is not subject to externally imposed restrictions is recognized in the statement of operations under Unrestricted net investment income.

Net investment income subject to externally imposed restrictions is recognized as deferred contributions.

During the year, the Organization received donations of shares with a fair value of \$341,206 (\$31,967 in 2023).

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities from transactions not concluded with related parties and those from transactions with parties whose sole relationship with the entity is in the capacity of management (and members of the immediate family) are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs. The Organization's financial assets and liabilities from related party transactions are measured at cost.

Transactions costs relating to financial assets and liabilities that will be measured subsequently at fair value and those relating to financial assets and liabilities from related party transactions are recognized in operations in the year they are incurred.

The Canadian Organization for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)
Notes to Financial Statements
December 31, 2024

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent measurement

At each reporting date, the Organization measures its financial assets and liabilities from transactions not concluded with related parties at amortized cost (including any impairment in the case of financial assets), except for investments and restricted investments which are measured at fair value. With respect to the financial assets and liabilities from related party transactions, the Organization measures them using the cost method (including any impairment in the case of financial assets).

Transaction costs relating to financial assets and liabilities that are measured at amortized cost and any difference resulting from their initial measurement at fair value are amortized on a straight-line basis over the term of the related financial instrument. Amortization of transaction costs related to long-term debt is recognized in the statement of operations under a separate item.

With respect to financial assets measured at amortized cost or using the cost method, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost or using the cost method is recognized in operations in the year the reversal occurs.

Inventory valuation

Inventories are valued at the lower of cost and net realizable value.

Cost is determined using the first in, first out method.

Tangible capital assets

Tangible capital assets acquired are recorded at cost. When the Organization receives contributions of tangible capital assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets, or at a nominal value if fair value cannot be reasonably determined.

Amortization

Tangible capital assets are amortized on a diminishing balance basis over their estimated useful lives at the following annual rates:

	<u>Rates</u>
Building	5%
Furniture and equipment	20%
Automobile	30%

**The Canadian Organization for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)**

Notes to Financial Statements

December 31, 2024

2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Write-down

When conditions indicate that a tangible capital asset is impaired, the net carrying amount of the tangible capital asset is written down to the tangible capital asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

3 - CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>
	\$	\$
Donations and other contributions		
Individuals	3,787,551	3,033,946
Businesses	214,488	309,195
Other not-for-profit organizations	421,669	215,221
	<u>4,423,708</u>	<u>3,558,362</u>
Fundraising campaigns		
Individuals	695,931	872,719
Businesses	3,635	2,370
Other not-for-profit organizations	44,758	
	<u>744,324</u>	<u>875,089</u>

4 - INFORMATION INCLUDED IN CASH FLOWS

The net change in working capital items and other deferred contributions is detailed as follows:

	<u>2024</u>	<u>2023</u>
	\$	\$
Trade and other receivables	33,359	432,069
Inventories	(1,098)	6,051
Prepaid expenses	(14,792)	(359)
Trade payables and other operating liabilities	509,454	(9,397)
Other deferred contributions	149,865	
	<u>676,788</u>	<u>428,364</u>

5 - TRADE AND OTHER RECEIVABLES

	<u>2024</u>	<u>2023</u>
	\$	\$
Trade accounts receivable		
Montréal SPCA Foundation	6,755	
Other	558,458	621,583
Sales taxes receivable	59,100	36,089
	<u>624,313</u>	<u>657,672</u>

**The Canadian Organization for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)**

Notes to Financial Statements

December 31, 2024

6 - TANGIBLE CAPITAL ASSETS

	2024		2023
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
Land	1,510,000		1,510,000
Building (a)	2,228,106	853,152	1,407,105
Furniture and equipment	1,477,617	1,180,096	248,374
Automobile	90,697	38,488	64,064
	5,306,420	2,071,736	3,234,684
			3,229,543

- (a) During a previous year, renovations were conducted to improve the Organization's reception area and store. The fair value of the renovations was \$42,351; however, the Organization only disbursed \$14,500. The difference of \$27,851 between the fair value of the renovations and the amount disbursed was paid by a company selling various animal products. The unamortized portion was presented as a deferred contribution related to tangible capital assets (Note 11).

7 - INVESTMENTS

	2024	2023
	\$	\$
Cash	40,274	28,133
Term deposits	527,470	500,072
Mutual funds – shares	340,205	
Listed shares		
Canadian companies	279,749	261,752
American companies	78,172	67,956
	1,265,870	857,913

8 - RESTRICTED INVESTMENTS AND DEFERRED CONTRIBUTIONS RELATED TO RESTRICTED INVESTMENTS

	2024	2023
	\$	\$
Balance, beginning of year	922,644	875,269
Net change in fair value of restricted investments	71,068	47,375
Balance, end of year	993,712	922,644
Cash	7,540	56,680
Mutual funds		
Money market funds	9,032	
Bonds	328,402	323,250
Canadian shares	212,708	193,399
American shares	158,412	146,599
International shares	227,618	202,716
	943,712	922,644

**The Canadian Organization for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)**

Notes to Financial Statements

December 31, 2024

**8 - RESTRICTED INVESTMENTS AND DEFERRED CONTRIBUTIONS RELATED TO
RESTRICTED INVESTMENTS (Continued)**

In 1991, the Organization received a legacy that cannot be used before 99 years. Throughout this period, the legacy will be invested by a broker in funds of reputable managers. The Organization accounts for these restricted investments at fair value and the consideration as a deferred contribution.

The investment income, net of changes in fair value, management fees and income taxes that are generated by these restricted investments, is paid quarterly to the Organization and recognized in the legacy contributions. During the year, legacy contributions from this legacy totalled \$20,900 (\$20,400 in 2023).

In 2090, these investments will have no restriction and the deferred contribution will be recognized in the legacy contributions of that year.

9 - BANK LOAN

The Organization has a line of credit, for a maximum authorized amount of \$250,000, bearing interest at the financial institution's prime rate plus 1.75% (7.2%; 8.95% as at December 31, 2023) and subject to renewal in June 2025. However, the maximum authorized borrowing amount is limited to 75% of eligible Canadian accounts receivable less the amount of preferential creditors to this line of credit, including payroll deductions and sales taxes payable. As at December 31, 2024, no amount is used (none as at December 31, 2023).

10 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

	2024	2023
	\$	\$
Trade payables and accrued liabilities	395,032	206,738
Salaries and vacations payable	944,510	555,968
Benefits payable	62,503	124,948
Other	16,865	21,802
	<u>1,418,910</u>	<u>909,456</u>

Government remittances total \$137,453 as at December 31, 2024 (\$92,023 as at December 31, 2023).

11 - DEFERRED CONTRIBUTION RELATED TO TANGIBLE CAPITAL ASSETS

	2024	2023
	\$	\$
Building (Note 6 (a))	27,851	27,851
Accumulated amortization	(8,298)	(6,906)
	<u>19,553</u>	<u>20,945</u>

**The Canadian Organization for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)**

Notes to Financial Statements

December 31, 2024

12 - OTHER DEFERRED CONTRIBUTIONS

	<u>2024</u>	<u>2023</u>
	\$	\$
Grant from other not-for-profit organizations		
Amount received relating to the following year and balance, end of year	<u>149,865</u>	<u>—</u>

Other deferred contributions represent unused resources which, as a result of external restrictions, are intended to cover operating expenses for the coming year.

13 - RELATED PARTY TRANSACTIONS

The Organization exercises control over Montréal SPCA Foundation which is incorporated under Part III of the *Companies Act (Quebec)* and is a registered charity under the *Income Tax Act*.

Its objective is to solicit and receive donations.

The members of the Board of Directors of Montréal SPCA Foundation are also members of the Board of Directors of the Organization.

	<u>2024</u>	<u>2023</u>
	\$	\$
Financial position		
Total assets	<u>921,713</u>	<u>724,766</u>
Total liabilities	<u>6,755</u>	<u>—</u>
Total unrestricted net assets	<u>914,958</u>	<u>724,766</u>
Operations		
Total revenues	<u>198,340</u>	<u>141,803</u>
Total expenses	<u>8,148</u>	<u>8,837</u>
Excess of revenues over expenses	<u>190,192</u>	<u>132,966</u>
Cash flows from operating activities	<u>187,144</u>	<u>138,848</u>

14 - FINANCIAL RISKS

Credit risk

The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position, other than investments. The Organization has determined that the financial assets with more credit risk exposure are trade and other receivables (excluding sales taxes receivable) since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

The Canadian Organization for the Prevention of Cruelty to Animals
(Serving the Province of Quebec)
Notes to Financial Statements
December 31, 2024

14 - FINANCIAL RISKS (Continued)

Market risk

The Organization's financial instruments expose it to market risk, in particular, to interest rate risk and other price risk, resulting from its investing activities.

Interest rate risk

The Organization is exposed to interest rate risk with respect to financial assets and liabilities bearing fixed interest rates.

The term deposits and investments bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Other price risk

The Organization is exposed to other price risk due to investments since changes in market prices could result in changes in fair value of these instruments.

Liquidity risk

The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.

15 - COMMITMENTS

The Organization has entered into long-term lease agreements expiring in 2028 which call for lease payments of \$294,070 for the rental of vehicles, equipment, telecommunication services, cleaning services and maintenance. Minimum lease payments for the next years are as follows:

	<u>\$</u>
2025	217,787
2026	42,006
2027	31,352
2028	2,925