THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Financial Statements
for the Year Ended March 31, 2025
and Independent Auditor's Report

Durward Jones Barkwell & Company LLP, Chartered Professional Accountants

THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

FINANCIAL STATEMENTS
MARCH 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Hamilton/Burlington Society for the Prevention of Cruelty to Animals:

Qualified Opinion

We have audited the accompanying financial statements of The Hamilton/Burlington Society for the Prevention of Cruelty to Animals (the "Organization"), which comprise the statement of financial position as at March 31, 2025 and the statement of operations, statement of changes in net assets, and statement of 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 section of our report, the financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2025, 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 many not-for-profit organizations, the Organization derives revenue from voluntary contributions, 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows from operations for the year ended March 31, 2025 and 2024, current assets as at March 31, 2025 and 2024, and net assets as at April 1 and March 31 for both the 2025 and 2024 years. The audit opinion on the financial statements for the year ended March 31, 2024 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the 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 in our audit 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 these 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.

Durward Jones Barkwell + Company LLP

Durward Jones Barkwell & Company LLP
Licensed Public Accountants
Hamilton, Ontario
June 23, 2025

THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2025

	Operating Fund	Restricted Fund	Total 2025	Total 2024
REVENUE				
Appeals	$ 238,828	$ -	**$ 238,828**	$ 175,303
Bequests	911,039	-	**911,039**	652,696
Donations	969,354	-	**969,354**	852,619
Events and sponsorships	45,153	-	**45,153**	136,171
Gifts in kind	3,429,705	-	**3,429,705**	1,140,670
Grants and subsidies	368,239	-	**368,239**	384,707
Investment and other	60,808	254,075	**314,883**	361,044
Lotteries	200,370	-	**200,370**	270,242
Membership and merchandise sales	365,352	-	**365,352**	218,512
Program fees	2,652,134	-	**2,652,134**	1,988,066
	9,240,982	254,075	**9,495,057**	6,180,030
EXPENSES				
Animal care supplies - redistributed	3,370,806	-	**3,370,806**	1,004,153
Animal care supplies - used in operations	353,293	-	**353,293**	432,630
Building repairs and maintenance	121,045	-	**121,045**	102,380
Communications and information technology	401,619	-	**401,619**	273,824
Equipment repairs and maintenance	57,146	-	**57,146**	39,879
Insurance	29,946	-	**29,946**	31,545
Interest, bank charges, and investment fees	76,048	76,970	**153,018**	112,714
Interest on obligation under capital lease	17,311	-	**17,311**	20,570
Interest on loan payable	1,047	-	**1,047**	374
Marketing and promotion	417,281	-	**417,281**	291,108
Memberships and dues	15,274	-	**15,274**	9,093
Office	57,419	-	**57,419**	63,556
Professional fees	210,551	-	**210,551**	160,468
Program supplies	311,757	-	**311,757**	208,334
Salaries, wages and benefits	3,333,622	-	**3,333,622**	2,476,632
Shelter services	128,598	-	**128,598**	126,426
Staff and volunteer development	218,186	-	**218,186**	135,540
Utilities	136,618	-	**136,618**	129,091
Vehicles and travel	47,975	-	**47,975**	36,090
	9,305,542	76,970	**9,382,512**	5,654,407
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER REVENUE (EXPENSES)	(64,560)	177,105	**112,545**	525,623
OTHER REVENUE (EXPENSES)				
Amortization of capital assets	(377,653)	-	**(377,653)**	(334,013)
Amortization of deferred capital contributions	60,026	-	**60,026**	39,807
Gain on disposal of investments	-	469,051	**469,051**	168,472
Unrealized gain on investments	-	487,275	**487,275**	758,863
	(317,627)	956,326	**638,699**	633,129
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	$ (382,187)	$ 1,133,431	**$ 751,244**	$ 1,158,752

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

THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2025

	Operating Fund	Restricted Fund	Total 2025	Total 2024
NET ASSETS, BEGINNING OF YEAR	$ 2,122,302	$ 11,245,964	**$ 13,368,266**	$ 12,209,514
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	(382,187)	1,133,431	**751,244**	1,158,752
INTERFUND TRANSFER (Note 11)	(662,793)	662,793	**-**	-
NET ASSETS, END OF YEAR	$ 1,077,322	$ 13,042,188	**$ 14,119,510**	$ 13,368,266

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

THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2025

	Operating Fund	Restricted Fund	Total 2025	Total 2024
ASSETS				
Current assets				
Cash	$ 1,039,388	$ -	**$ 1,039,388**	$ 937,104
Accounts receivable	303,017	-	**303,017**	200,682
Prepaid expenses	84,713	-	**84,713**	52,903
Inventory	9,540	-	**9,540**	4,373
Restricted investment (Note 2)	-	50,000	**50,000**	32,500
	1,436,658	50,000	**1,486,658**	1,227,562
Long-term investments	-	12,992,188	**12,992,188**	11,213,464
Capital and other assets (Note 3)	2,779,576	-	**2,779,576**	2,451,500
	$ 4,216,234	$ 13,042,188	**$ 17,258,422**	$ 14,892,526
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$ 449,500	$ -	**$ 449,500**	$ 170,364
Deferred contributions (Note 4)	1,984,108	-	**1,984,108**	724,214
Current portion of loan payable	2,832	-	**2,832**	2,564
Current portion of obligation under capital lease	37,372	-	**37,372**	33,833
	2,473,812	-	**2,473,812**	930,975
Loan payable (Note 5)	5,394	-	**5,394**	8,226
Obligation under capital lease (Note 6)	109,496	-	**109,496**	145,788
Deferred capital contributions (Note 7)	550,210	-	**550,210**	439,271
Commitments (Note 8)				
	3,138,912	-	**3,138,912**	1,524,260
NET ASSETS				
Internally restricted	-	13,042,188	**13,042,188**	11,245,964
Unrestricted	1,077,322	-	**1,077,322**	2,122,302
	1,077,322	13,042,188	**14,119,510**	13,368,266
	$ 4,216,234	$ 13,042,188	**$ 17,258,422**	$ 14,892,526

Approved by the Board:

R W .... Director ....John Gerrard........ Director

THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2025

	2025	2024
OPERATING ACTIVITIES		
Excess of revenue over expenses	**$ 751,244**	$ 1,158,752
Items not affecting cash		
Amortization of capital assets	**377,653**	334,013
Amortization of deferred capital contributions	**(60,026)**	(39,807)
Gain on disposal of investments	**(469,051)**	(168,472)
Unrealized gain on investments	**(487,275)**	(758,863)
	112,545	525,623
Changes in non-cash operating assets and liabilities		
Accounts receivable	**(102,335)**	(81,412)
Prepaid expenses	**(31,810)**	(10,159)
Inventory	**(5,167)**	(4,373)
Accounts payable and accrued liabilities	**279,136**	(43,389)
Deferred contributions	**1,259,894**	588,157
	1,512,263	974,447
INVESTING ACTIVITIES		
Purchase of restricted investment	**(17,500)**	-
Proceeds on maturity of guaranteed investment certificate	**-**	400,000
Net purchase of long-term investments	**(822,398)**	(1,562,355)
Purchase of capital assets	**(705,729)**	(357,005)
Deferred capital contributions received	**170,965**	-
	(1,374,662)	(1,519,360)
FINANCING ACTIVITIES		
Repayments of loan payable	**(2,564)**	(802)
Repayments of obligation under capital lease	**(32,753)**	(25,708)
	(35,317)	(26,510)
INCREASE (DECREASE) IN CASH	**102,284**	(571,423)
CASH, BEGINNING OF YEAR	**937,104**	1,508,527
CASH, END OF YEAR	**$ 1,039,388**	$ 937,104

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

THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Basis of accounting
These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Nature of the Organization
The Hamilton/Burlington Society for the Prevention of Cruelty to Animals was established in 1887 with the objective of providing an effective means for the prevention of cruelty to animals. The Organization is incorporated without share capital under the Ontario Not-for-Profit Corporations Act and is a registered charity under the Income Tax Act.

Fund accounting
The Organization uses fund accounting whereby financial statement elements are reported by fund.

(i) Operating Fund - represents the resources that are available for the day-to-day operations and general activities of the Organization. Transactions and events relating to routine operational expenses, revenues, and unrestricted contributions are recorded within the Operating Fund.

(ii) Restricted Fund - includes resources that have been subject to management-imposed restrictions. The Organization ensures that resources in the Restricted Fund are utilized in accordance with the stipulations set forth by the donors and management for specific purposes or programs to ensure long-term financial stability. Certain investment income earned on internally restricted funds is recorded as revenue of the Restricted Fund.

Revenue recognition
The Organization follows the deferral method of accounting for revenue generated through contributions, sponsorships, grants, fundraising events, and memberships. Unrestricted revenues are recognized when received or when the amount can be reasonably estimated and collection is reasonably assured. Donor-imposed or management-imposed funds received for specific services, programs or designated projects that have not yet been spent or fully spent, are deferred and recognized in future periods. Lottery and program fee revenue received for future services are deferred until the service is provided. Merchandise sales are recognized at the time of sale. Investment income is recognized as revenue as earned.

Government assistance
Government assistance related to current expenses or revenues are included in the statement of operations for the year. When government assistance relates to expenses of future accounting periods, the appropriate amounts shall be deferred and amortized to the statement of operations as related expenses occur.

Contributed good and services
Volunteers contribute a significant number of hours per year. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements. Contributed good are recognized in the financial statements at fair value at the date of contribution, but only when a fair value can be reasonably estimated and when the goods are used in the normal course of operations, and would otherwise have been purchased.

Inventory
Inventory is valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION - continued

Capital and other assets

Capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The Organization provides for amortization on a straight-line basis at rates designated to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Buildings and building renovations	straight-line until the year 2036
Parking lot	8%
Office equipment	10%
Shelter equipment	10%
Animal hospital equipment	10%
Outdoor facilities	10%
Computer equipment	30%
Website	30%
Vehicles	40%

One-half the normal rate of amortization is provided for the year of acquisition.

Assets under capital lease

Capital assets taken on lease with terms which transfer substantially all of the benefits and risks of ownership to the Organization are accounted for as capital leases, as though an asset had been purchased and a liability incurred. All other items held on lease are accounted for as operating leases.

Impairment of long-lived assets

Long-lived assets are tested for recoverability if events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of the long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. Impairment losses are measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

Income taxes

No provision is required as the Organization is exempt from income taxes under Section 149(1)(l) of the Canadian Income Tax Act.

Financial instruments

(a) ***Measurement of financial instruments***

(i) ***Initial measurement***

The Organization initially measures its financial assets and liabilities originated or exchanged in arm's length transactions at fair value. Financial assets and liabilities originated or exchanged in related party transactions, except for those that involve parties whose sole relationship with the organization is in the capacity of management, are initially measured at cost.

The cost of a financial instrument in a related party transaction depends on whether the instrument has repayment terms. If it does, the cost is determined using its undiscounted cash flows, excluding interest and dividend payments, less any impairment losses previously recognized by the transferor. Otherwise, the cost is determined using the consideration transferred or received by the organization in the transaction.

1. SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION - continued

Financial instruments - continued

(ii) ***Subsequent measurement***
The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the period incurred.

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

Financial assets measured at fair value include restricted investment and long-term investments, which consists of various investment portfolios.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, loan payable and obligation under capital lease.

(b) ***Transaction costs***
Transaction costs attributable to financial instruments subsequently measured at fair value and to those originated or exchanged in a related party transaction 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.

(c) ***Impairment***
For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there are, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. Accounts specifically affected by estimates in these financial statements include allowance for doubtful accounts receivable, impairment of long-lived assets, determination of useful lives of capital assets, revenue recognition, accrued liabilities and contingent liabilities.

External events such as domestic and international pandemics, geopolitical unrest, natural disasters, climate change or inflationary pressures may cause economic uncertainty for many organizations. Management assesses available information about the future, considers the possible outcomes, and develops a planned response to mitigate the effect of significant events or changes in conditions impacting the Organization. Although it is not guaranteed that these efforts will be successful, management is of the opinion that the actions that the Organization has taken are sufficient to mitigate these uncertainties.

THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

2. RESTRICTED INVESTMENT

Restricted investment is comprised of a Guaranteed Investment Certificate earning interest at a rate of 3.50% (2024 - 3.00%), with a maturity date of July 10, 2025. The investment is restricted in that it is held as collateral on a letter of credit for the same amount in favour of the Alcohol and Gaming Commission of Ontario.

3. CAPITAL AND OTHER ASSETS

	2025		2024	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 255,491**	**$ -**	$ 255,491	$ -
Building under development	**297,147**	**-**	40,697	-
Buildings	**3,616,983**	**1,940,663**	3,415,131	1,792,703
Parking lot	**57,167**	**6,860**	57,167	2,287
Office equipment	**102,060**	**64,593**	102,060	57,135
Shelter equipment	**238,204**	**156,194**	221,099	141,763
Animal hospital equipment	**269,717**	**162,417**	229,393	142,270
Outdoor facilities	**150,400**	**44,781**	103,811	32,070
Computer equipment	**164,393**	**115,692**	117,247	91,562
Website	**113,531**	**73,112**	97,806	45,203
Vehicles	**375,065**	**296,270**	294,527	177,936
	$ 5,640,158	**2,860,582**	$ 4,934,429	2,482,929
Net book value		**$ 2,779,576**		$ 2,451,500

No amortization is taken on the building under development until it is ready for use.

Included in capital assets are vehicles under capital lease with a net book value of $50,568 (2024 - $84,281) and amortization expense of $33,713 (2024 - $56,187).

4. DEFERRED CONTRIBUTIONS

Deferred contributions consists of restricted contributions and unspent funding as follows:

	2025	2024
Opening balance	**$ 724,214**	$ 136,057
Received	**2,520,928**	1,383,886
Recognized	**(1,261,034)**	(795,729)
Ending balance	**$ 1,984,108**	$ 724,214

THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

5. LOAN PAYABLE

	2025	2024
Royal Bank of Canada - demand loan bearing interest at 9.99% per annum, repayable in monthly blended payments of $294, matures November 2027, and secured by a vehicle with a net book value of $9,432 (2024 - $15,720)	**$ 8,226**	$ 10,790
Less: current portion	**(2,832)**	(2,564)
	$ 5,394	$ 8,226

The scheduled principal repayments required over the next three years are due as follows:

2026	$ 2,832
2027	3,129
2028	2,265
	$ 8,226

6. OBLIGATION UNDER CAPITAL LEASE

The following is a schedule of minimum lease payments under the capital lease expiring March 2028, together with the balance of the obligation:

Years ending	2026	$ 50,148
	2027	50,148
	2028	71,481
Total minimum lease payments		171,777
Less amount representing interest at 9.99%		(24,909)
		146,868
Less: current portion		(37,372)
		$ 109,496

THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

7. DEFERRED CAPITAL CONTRIBUTIONS

	2025		2024	
	Capital Contributions	**Accumulated Amortization**	Capital Contributions	Accumulated Amortization
Capital donations				
Building renovations	**$ 106,081**	**$ 16,081**	$ 15,654	$ 10,129
Vehicles	**80,538**	**16,108**	-	-
Government assistance				
Shelter	**1,147,346**	**844,058**	1,147,346	815,374
Animal Hospital	**175,160**	**104,422**	175,160	97,685
Fence	**25,450**	**25,450**	25,450	23,541
Mechanical	**26,342**	**4,588**	26,342	3,952
	1,560,917	**1,010,707**	1,389,952	950,681
Net book value		**$ 550,210**		$ 439,271

Capital donations and government assistance received for capital assets have been accounted for on a deferred basis and amortization is provided for using the same method and rates as the respective capital assets in Note 1. Funds for the construction of the shelter building in 1996 and the Companion Animal Hospital building in 2009 has been included in buildings. Additional assistance received in 2015 for the supply and installation of a fence for the leash free park is included in outdoor facilities and in fiscal 2022 to replace mechanical equipment is included in shelter equipment.

8. COMMITMENTS

The Organization leases approximately 1,750 square feet of storage space in Hamilton, Ontario with a monthly cost of $3,790, which expires February 2026. In addition to the monthly lease costs, the Organization is responsible for its pro-rata share of certain common area expenses at an estimated monthly cost of $1,528.

The Organization leases equipment under lease agreements which expire between August 2025 and May 2026 and require the following annual payments:

2026	$ 11,869
2027	2,805
	$ 14,674

THE HAMILTON/BURLINGTON SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

NOTES TO THE FINANCIAL STATEMENTS
MARCH 31, 2025

9. SUBSEQUENT EVENTS

The City of Hamilton, which currently occupies a portion of the building owned by the Organization, has entered into a lease agreement, commencing June 1, 2025, to pay the Organization a base rent of $1 per annum plus its pro-rata share of certain common area expenses. The lease matures at the earlier of the date the City of Hamilton vacates the property or June 1, 2035.

Both the Organization and the City of Hamilton desire to expand their operations which necessitates the departure of one of the parties from the property and as a result, subsequent to year end, the Organization and the City of Hamilton entered into a memorandum of agreement for the Organization to have unencumbered occupancy and use of the property.

In recognition of the transition of the City of Hamilton from the property, the Organization has agreed to pay the City of Hamilton an amount of $900,000 which will be paid in equal annual payments of $90,000, commencing on June 1, 2025.

10. SOURCES OF CONTRIBUTIONS

During the year, contributions were received from the following sources:

	2025	2024
Individuals and estates	**$ 2,070,257**	$ 1,640,454
Corporations	**304,258**	102,566
Foundations and other charities	**3,507,879**	1,407,702
Government of Canada - summer jobs program	**34,771**	55,273
	$ 5,917,165	$ 3,205,995
Contributions include the following balances:		
Appeals	**$ 238,828**	$ 175,303
Bequests	**911,039**	652,696
Donations	**969,354**	852,619
Gifts in kind	**3,429,705**	1,140,670
Grants and subsidies	**368,239**	384,707
	$ 5,917,165	$ 3,205,995

11. INTERFUND TRANSFER

During the year, there was a transfer of $662,793 (2024 - $1,555,726) in excess unrestricted funds from the operating fund to the restricted fund. The transfer is in line with the purpose of the restricted fund outlined in the fund accounting policy in Note 1 to ensure the future viability of the Organization.

12. FINANCIAL RISK MANAGEMENT

The Organization has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include interest rate risk, market (other price) risk, currency risk, credit risk, and liquidity risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

(a) Market risk:
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization's investments in securities quoted in an active market exposes the Organization to price risks as these investments are subject to price changes in an open market. The Organization does not use derivative financial instruments to alter the effects of this risk.

(b) Credit risk:
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its accounts receivable. The Organization is not exposed to significant credit risk as it monitors credit to its clients in the normal course of operations.

It is management's opinion that the Organization is not exposed to significant interest rate, currency, or liquidity risks arising from its financial instruments.

13. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's financial statement presentation.