

Prince Edward Island Humane Society

Financial Statements
March 31, 2025



Member of The AC Group of Independent Accounting Firms

November 25, 2025

Independent Auditor's Report

To the Board of Directors of Prince Edward Island Humane Society

Qualified Opinion

We have audited the financial statements of Prince Edward Island Humane Society, which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets (liabilities) 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 section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Prince Edward Island Humane Society 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 of Qualified Opinion

In common with many not-for-profit organizations, Prince Edward Island Humane Society derives revenue from donations and special events, 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 Prince Edward Island Humane Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, special events revenue, excess revenue (expenses) and cash flows from operations for the years 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. Our review report conclusion for the year ended March 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 Prince Edward Island Humane Society 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 Prince Edward Island Humane Society'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 Prince Edward Island Humane Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Prince Edward Island Humane Society's financial reporting process.



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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 Prince Edward Island Humane Society'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 Prince Edward Island Humane Society'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 Prince Edward Island Humane Society 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.

ArsenaultBestCameronEllis

Chartered Professional Accountants

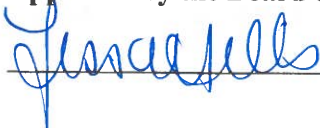
Prince Edward Island Humane Society

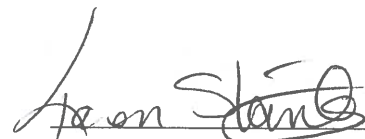
Statement of Financial Position

As at March 31, 2025

	2025	2024
	\$	\$
Assets (note 6)		
Current assets		
Cash	111,317	750,101
Restricted cash	84,122	167,379
Accounts receivable (note 3)	309,272	635,326
Inventory	21,497	15,028
Prepaid expenses	5,440	17,954
	<u>531,648</u>	<u>1,585,788</u>
Capital assets (note 4)	<u>7,953,383</u>	<u>4,006,469</u>
	<u>8,485,031</u>	<u>5,592,257</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	421,809	375,387
Government remittances payable	22,370	21,725
Deferred revenue (note 5)	-	26,250
Current portion of long-term debt	8,675	-
	<u>452,854</u>	<u>423,362</u>
Long-term debt, less current portion (note 6)	1,878,645	-
Deferred contributions (note 7)	-	722,793
Deferred capital contributions (note 8)	4,591,220	3,720,868
	<u>6,922,719</u>	<u>4,867,023</u>
Net Assets		
Unrestricted assets (liabilities)	87,469	349,377
Invested in capital assets	1,474,843	-
Restricted assets - capital campaign	-	375,857
	<u>1,562,312</u>	<u>725,234</u>
	<u>8,485,031</u>	<u>5,592,257</u>

Approved by the Board of Directors

 Director

 Director

(3)

Prince Edward Island Humane Society

Statement of Changes in Net Assets (Liabilities)

For the year ended March 31, 2025

				2025	2024
	Unrestricted	Invested in	Restricted	Total	Total
	\$	capital assets	capital	\$	\$
		\$	campaign		
			\$		
Balance - Beginning of year	349,377	-	375,857	725,234	762,237
Excess revenue (expenses) for the year	849,529	(12,451)	-	837,078	(37,003)
Investment in capital assets	(1,111,437)	1,111,437	-	-	-
Transfer between funds (note 2)	-	375,857	(375,857)	-	-
Balance - End of year	87,469	1,474,843	-	1,562,312	725,234

Prince Edward Island Humane Society

Statement of Operations

For the year ended March 31, 2025

	Budget (unaudited) 2025 \$	2025 \$	2024 \$
Revenue			
Donations and memoriams	385,700	371,988	283,464
Contract - Province of Prince Edward Island	301,667	299,042	278,934
Contract - Municipal	175,424	170,951	169,704
Other grants	650,000	29,150	156,854
Shelter receipts	220,000	168,770	191,500
Special events	175,000	32,159	25,428
Licenses and ID tags	5,500	8,757	7,207
Miscellaneous and memberships	23,700	30,744	44,254
Donations in kind	3,000	10,030	4,582
	1,939,991	1,121,591	1,161,927
Expenses			
Advertising	25,500	31,337	23,124
Animal care supplies	34,500	51,244	40,274
Electricity	12,000	14,224	17,272
Fundraising	6,100	19,688	16,227
Heat	9,000	9,196	8,187
Insurance	6,000	13,394	6,191
Interest and bank charges	16,000	12,441	13,155
Interest on long-term debt	-	18,432	-
Office	80,000	40,890	30,991
Professional fees	14,661	37,102	12,346
Property taxes	20,000	29,883	22,152
Shelter and kennels - maintenance	34,900	30,842	40,989
Staff training and travel	41,450	22,333	15,137
Telephone	10,940	11,428	10,726
Vehicle	38,500	24,497	26,840
Veterinary supplies and services	166,500	147,306	140,367
Wages and wage levies	923,135	984,225	927,539
Amortization	-	18,236	20,802
	1,439,186	1,516,698	1,372,319
Excess revenue (expenses) from operations	500,805	(395,107)	(210,392)
Other income			
Government assistance	12,815	12,590	10,411
Bequests	1,400,000	1,191,000	102,826
Interest	45,000	22,810	52,434
Amortization of deferred capital contributions	-	5,785	7,718
	1,457,815	1,232,185	173,389
Excess revenue (expenses) for the year	1,958,620	837,078	(37,003)

Prince Edward Island Humane Society

Statement of Cash Flows

For the year ended March 31, 2025

	2025	2024
	\$	\$
Cash provided by (used in)		
Operating activities		
Excess revenue (expenses) for the year	837,078	(37,003)
Items not affecting cash		
Amortization	18,236	20,802
Amortization of deferred capital contributions	(5,785)	(7,718)
	<u>849,529</u>	<u>(23,919)</u>
Net change in non-cash working capital items		
Decrease (increase) in accounts receivable	326,054	(607,118)
Increase in inventory	(6,469)	(527)
Decrease (increase) in prepaid expenses	12,514	(16,384)
Increase in accounts payable and accrued liabilities	46,422	274,781
Increase (decrease) in government remittances payable	645	(4,231)
Increase (decrease) in deferred revenue	(26,250)	26,250
	<u>1,202,445</u>	<u>(351,148)</u>
Financing activities		
Increase in long-term debt	1,887,320	-
Decrease in deferred contributions	(722,793)	(1,284,844)
Increase in deferred capital contributions	876,137	2,406,445
	<u>2,040,664</u>	<u>1,121,601</u>
Investing activity		
Purchase of capital assets	(3,965,150)	(2,408,603)
Decrease in net cash	(722,041)	(1,638,150)
Net cash - Beginning of year	917,480	2,555,630
Net cash - End of year	195,439	917,480
Net cash consists of		
Cash	111,317	750,101
Restricted cash	84,122	167,379
	<u>195,439</u>	<u>917,480</u>

Prince Edward Island Humane Society

Notes to Financial Statements

March 31, 2025

1 Nature of operations

Prince Edward Island Humane Society was incorporated under Part II of the *Prince Edward Island Companies Act* on July 22, 1974 as a not-for-profit entity and is a registered charity for federal income tax purposes. Incorporating in this manner exempts the Organization from income tax provided ongoing compliance requirements are met. The objective and purpose of the Organization is to promote quality of life for companion animals through responsible ownership, successful adoptions, education and enforcement of companion animal welfare legislation in Prince Edward Island.

2 Summary of significant accounting policies

Basis of accounting

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

Cash

Cash is comprised of cash on hand and cash in bank.

Restricted cash

Restricted cash consists of cash in bank accounts that has been designated for specific purposes.

Accounts receivable

Accounts receivable arise from trade receivables, government contributions receivable and Harmonized Sales Tax receivable. Any allowance for bad debts has been calculated through discussions with management, assessment of the other circumstances influencing the collectibility of amounts, and using historical loss experience. Amounts deemed uncollectable are written off and deducted from the carrying value of the receivable. Amounts subsequently recovered from accounts previously written off are credited to the allowance account in the period of recovery.

Capital assets

Capital assets are accounted for at cost and amortized on the basis of their useful life using the following rates and methods:

Building	4%
Paving	8%
Fencing	10%
Equipment	20%
Vehicles	30%
Computer equipment	45%
Computer software	100%
Website	100%

Prince Edward Island Humane Society

Notes to Financial Statements

March 31, 2025

In the year of acquisition, amortization is recorded at one-half of the normal annual rate; no amortization is recorded in the year of disposal. No amortization is recorded on buildings while still under construction.

Capital 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 amount of the asset is in excess of the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Government assistance

Government grants received for general operations are recorded when there is reasonable assurance that the Organization has complied with, and will continue to comply with, all the necessary conditions to obtain the grants. During the year, the Organization received \$12,590 (2024 - \$7,345) from the Province of Prince Edward Island for wage subsidies included in other income.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

Restricted contributions for the purchase of capital assets is deferred and amortized on the same basis as the related capital assets are amortized.

Invested in capital assets

The Organization reports invested in capital assets at the amount representing the net book value of capital assets less any related deferred capital contributions and long-term debt.

Capital campaign restricted assets

Capital campaign restricted assets represents donations and bequests recognized as revenue in the year they have been received for specific parts of the future building renovations. These funds cannot be used for any other purpose.

During the year, the Board approved the transfer of these funds to the investments in capital assets fund to help with the building under construction.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount 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 current period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable, inventory, and the estimated useful life of capital assets. Actual results could differ from those estimates.

Prince Edward Island Humane Society

Notes to Financial Statements

March 31, 2025

Financial instruments

(a) Measurement of financial instruments

Prince Edward Island Humane Society's financial instruments consist of cash, restricted cash, accounts receivable, accounts payable and accrued liabilities, government remittances payable and long-term debt.

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

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

(b) Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, 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 excess revenue (expenses). A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be 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 excess revenue (expenses).

(c) Risks

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

- i) **Credit risk:** The Organization is exposed to credit risk in connection with the collection of its accounts receivable. The company mitigates this risk by performing continuous evaluation of its accounts receivables.
- ii) **Liquidity risk:** The Organization's exposure to liquidity risk is dependent on the sale of inventory, collection of accounts receivable or raising of funds to meet commitments and sustain operations. The Organization controls liquidity risk by management of working capital, cash flows and availability of borrowing facilities.

Prince Edward Island Humane Society

Notes to Financial Statements

March 31, 2025

3 Accounts receivable

	2025	2024
	\$	\$
Trade receivable	18,656	42,228
HST receivable	225,745	57,698
Government contributions receivable	64,871	535,400
	<u>309,272</u>	<u>635,326</u>

4 Capital assets

			2025	2024
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Land	97,249	-	97,249	97,249
Building	496,101	301,350	194,751	202,866
Paving	22,840	18,005	4,835	5,256
Fencing	14,269	12,778	1,491	1,656
Equipment	121,814	113,262	8,552	4,274
Vehicles	77,128	62,287	14,841	21,201
Computer equipment	23,057	20,331	2,726	2,978
Computer software	13,804	13,804	-	-
Website	5,863	5,863	-	-
Building under construction	7,628,938	-	7,628,938	3,670,989
	<u>8,501,063</u>	<u>547,680</u>	<u>7,953,383</u>	<u>4,006,469</u>

5 Deferred revenue

	2025	2024
	\$	\$
Balance - beginning of year	26,250	-
Contribution received	-	35,000
Amounts recognized as revenue	(26,250)	(8,750)
	<u>-</u>	<u>26,250</u>

Prince Edward Island Humane Society

Notes to Financial Statements

March 31, 2025

6 Long-term debt

	2025	2024
	\$	\$
6.40% Finance P.E.I. loan, due January 2030, repayable in monthly installments of \$14,392 including principal and interest, starting February 2026. Interest only payments until February 2026.	1,887,320	-
Less: Current portion	8,675	-
	1,878,645	-

A collateral mortgage providing first charge on the land and buildings located on Sherwood Rd, Charlottetown, PE and a general security agreement against all assets and undertakings with adequate insurance coverage assigned to the lender, along with a promissory note for the full amount of the loan have been pledged as security on the Finance P.E.I. loan.

The estimated aggregate amount of principal payments required in each of the next 5 years to meet retirement provisions is as follows:

	\$
Year ending March 31, 2026	8,675
2027	54,035
2028	57,596
2029	61,392
2030	1,705,622

7 Deferred contributions

	2025	2024
	\$	\$
Capital building fund	-	664,924
Restricted bequests	-	57,869
	-	722,793

The Organization had received a number of grants, donations and bequests that have been designated for the construction of a new building. These contributions have been allocated as a deferred capital contribution of the building and will be amortized at the same rate as the capital assets.

The Organization had received a bequest that is restricted to be used towards improvements to the surgery room. This contribution has been allocated as a deferred capital contribution and amortized at the same rate as the capital assets.

Prince Edward Island Humane Society

Notes to Financial Statements

March 31, 2025

8 Deferred capital contributions

			2025	2024
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Building	48,783	14,894	33,889	35,301
Vehicles	50,000	39,795	10,205	14,578
Building under construction	4,547,126	-	4,547,126	3,670,989
	<u>4,645,909</u>	<u>54,689</u>	<u>4,591,220</u>	<u>3,720,868</u>

During the year, nil (2024 - \$735,400) government contributions were received and recognized as deferred capital contributions.

9 Commitments

- In 2024, the Organization entered into a contract for the construction of a building for \$5,073,266 plus HST. There were change orders to the contract during the 2024 and 2025 fiscal years which resulted in a new contract price of \$7,440,489 plus HST. The value of work performed and products delivered at March 31, 2025 totaled \$6,589,642, leaving \$850,847 yet to be disbursed by the Organization.
- The Organization has entered into a lease agreement for the lease of a photocopier. The minimum lease payments due over the next four years are as follows:

	\$
Year ending March 31, 2026	4,739
2027	4,739
2028	4,739
2029	1,185

10 Comparative figures

Certain comparative figures presented for the 2024 fiscal year have been restated to conform with the financial statement presentation adopted in the current year.