

Financial Statements of

**ONTARIO SOCIETY FOR THE  
PREVENTION OF CRUELTY  
TO ANIMALS AND HUMANE  
SOCIETY**

And Independent Auditor's Report thereon

Year ended December 31, 2025



## **KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Ontario Society for the Prevention of Cruelty to Animals and Humane Society

### ***Opinion***

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

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of 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 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.



### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the 2025 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the 2025 Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

### ***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.



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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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

June 3, 2026

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

## Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (note 1(c))	\$ 40,797,088	\$ 38,993,824
Accounts receivable (note 3)	780,081	532,016
Short-term investments (note 2)	3,449,776	3,377,678
Inventory	132,429	125,907
Prepaid expenses (note 9(b))	2,048,082	1,907,820
	<u>47,207,456</u>	<u>44,937,245</u>
Capital assets (note 4)	17,726,555	16,311,735
	<u>\$ 64,934,011</u>	<u>\$ 61,248,980</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 1,239,320	\$ 1,259,677
Deferred revenue	109,732	61,702
Current portion of mortgage payable (note 6)	426,438	38,896
	<u>1,775,490</u>	<u>1,360,275</u>
Long-term portion of mortgage payable (note 6)	–	428,463
Deferred capital contributions (note 7)	621,510	613,425
	<u>2,397,000</u>	<u>2,402,163</u>
Fund balances (note 8):		
Invested in capital assets	16,678,608	15,230,951
Externally restricted gifts	1,125,063	604,778
Endowments	1,269,698	1,275,887
Internally restricted	12,506,778	13,619,859
Unrestricted	30,956,864	28,115,342
	<u>62,537,011</u>	<u>58,846,817</u>
Commitments (note 9)		
Guarantees (note 12)		
Contingencies (note 13)		
	<u>\$ 64,934,011</u>	<u>\$ 61,248,980</u>

See accompanying notes to financial statements.

On behalf of the Board:

R. Donnelly Director

Wintan Broad Director

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

## Statement of Operations

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
<b>Revenue:</b>		
Legacies revenue	\$ 12,141,110	\$ 13,804,774
Donations and fundraising	9,713,377	8,629,080
Shelter and veterinary	5,408,929	4,181,903
Municipal contract fees	993,525	1,127,896
Investments (note 2)	1,194,564	1,658,657
Other	30,462	101,060
Amortization of deferred capital contributions (note 8)	55,765	55,765
Grants	–	47,457
	<u>29,537,732</u>	<u>29,606,592</u>
<b>Expenses:</b>		
Animal care and protection	17,361,780	16,063,585
General	4,061,481	4,165,350
Fundraising	3,559,981	3,327,351
Amortization	568,690	505,578
Interest and bank charges	295,606	290,337
	<u>25,847,538</u>	<u>24,352,201</u>
<b>Excess of revenue over expenses</b>	<b>\$ 3,690,194</b>	<b>\$ 5,254,391</b>

See accompanying notes to financial statements.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

## Statement of Changes in Fund Balances

Year ended December 31, 2025, with comparative information for 2024

	Invested in capital assets	Externally restricted gifts (note 8)	Endowments	Internally restricted		Unrestricted	Total	
				Care Fund	Capital reserve		2025	2024
Fund balances, beginning of year	\$ 15,230,951	\$ 604,778	\$ 1,275,887	\$ 1,119,859	\$ 12,500,000	\$ 28,115,342	\$ 58,846,817	\$ 53,592,426
Excess (deficiency) of revenue over expenses	(588,852)	620,285	52,930	–	–	3,605,831	3,690,194	5,254,391
Interfund transfers	2,036,509	(100,000)	(59,119)	36,681	(1,149,762)	(764,309)	–	–
<b>Fund balances, end of year</b>	<b>\$ 16,678,608</b>	<b>\$ 1,125,063</b>	<b>\$ 1,269,698</b>	<b>\$ 1,156,540</b>	<b>\$ 11,350,238</b>	<b>\$ 30,956,864</b>	<b>\$ 62,537,011</b>	<b>\$ 58,846,817</b>

See accompanying notes to financial statements.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

## Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 3,690,194	\$ 5,254,391
Items not involving cash:		
Amortization	568,690	505,578
Amortization of deferred capital contributions	(55,765)	(55,765)
Realized gain on sale of investments	(108)	(3,749)
Gain on disposal of capital assets	(14,710)	(87,537)
Change in non-cash operating working capital:		
Accounts receivable	(248,065)	51,937
Inventory	(6,522)	(42,681)
Prepaid expenses	(140,262)	476,696
Accounts payable and accrued liabilities	(20,356)	(768,876)
Deferred revenue	48,030	1,218
	<u>3,821,126</u>	<u>5,331,212</u>
Financing activities:		
Increase in deferred contributions related to capital assets	63,850	–
Repayment of mortgage payable	(40,921)	(39,276)
	<u>22,929</u>	<u>(39,276)</u>
Investing activities:		
Net change in investments	(71,990)	311,255
Additions to capital assets	(1,991,200)	(1,141,822)
Proceeds from sale of capital assets	22,399	114,202
	<u>(2,040,791)</u>	<u>(716,365)</u>
Increase in cash and cash equivalents	1,803,264	4,575,571
Cash and cash equivalents, beginning of year	38,993,824	34,418,253
Cash and cash equivalents, end of year	<u>\$ 40,797,088</u>	<u>\$ 38,993,824</u>
Represented by:		
Cash	\$ 9,607,533	\$ 7,224,954
Cash equivalents	31,189,555	31,768,870
	<u>\$ 40,797,088</u>	<u>\$ 38,993,824</u>

See accompanying notes to financial statements.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements

Year ended December 31, 2025

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Ontario Society for the Prevention of Cruelty to Animals and Humane Society (the "Society") was founded as a registered charity in 1873 and was incorporated as a non-profit corporation in 1919 and was continued under the Ontario Not-For-Profit Corporations Act ("ONCA") in 2024.

The purpose of the Society is to provide care, comfort and compassion to animals in need in communities across Ontario. It values all animals and advocates to treat them with respect and kindness. The Society strives to keep pets and families together and do so through a variety of community support services, such as sheltering and adoptions, including emergency sheltering, feral cat management programs, animal transfers, food distribution, humane education, animal advocacy, and spay/neuter services.

Ontario SPCA and Humane Society is registered as a charitable organization under the Income Tax Act (Canada) (the "Act"). As such, the Society 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.

## 1. Significant accounting policies:

These financial statements include the accounts of the provincial office of the Society and its regional Animal Centres. The financial statements do not include the accounts of affiliated societies (note 10).

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

### (a) Fund accounting:

The Society follows the restricted fund method of accounting for contributions where the donor has explicitly restricted the use of the donated funds.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

The Society recognizes revenue from fundraising efforts, donations, legacies and from shelter and veterinary operations when funds are received. Deferred revenue represents fees received in advance of services rendered.

Donations and legacies received in the form of marketable securities are recorded at their fair market value at the time of receipt.

Endowment contributions are recognized as revenue of the endowment fund in the year in which they are received. Investment earnings on endowed contributions are not restricted for use but are held in the endowment fund until they have been released for use.

Grants or contributions received for specific purposes or events to occur in the future, for which there is no restricted fund established, are recognized when the grant specifications have been met or the event has occurred.

Revenue from various municipal contracts is recorded as amounts are earned through the provision of service.

Investment revenue includes interest income, net realized gain or loss on sale of investments and the net change in unrealized gain or loss on investments for the year.

### (c) Cash and cash equivalents:

The Society considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

### (d) Financial instruments:

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Society determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Society expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Fair values of investments are determined as follows:

Guaranteed income certificates ("GIC") maturing within a year are stated at amortized cost, which together with accrued interest income approximate fair value given the short-term nature of these investments.

The fair values of other financial assets and liabilities, being cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term nature of these financial instruments.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

### (e) Capital assets:

Purchased capitalized assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts. Capital assets are amortized as follows:

Asset	Basis	Rate
Buildings	Declining balance	2%
Furniture and fixtures	Declining balance	20%
Automotive equipment	Declining balance	30%
Computers	Straight line	33%
Leasehold improvements	Straight line	Term of lease

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Capital purchases under \$1,000 are considered operational costs that are expensed when incurred.

### (f) Donations-in-kind:

Donated materials, services and capital assets are recorded at fair value in the year received when a fair value can be reasonably estimated and when the materials, services and capital assets would be paid for if not donated. A substantial number of volunteers have made significant contributions of their time to the Society. Since these services are not normally purchased by the Society and because of the difficulty of determining their fair value, donated services for volunteer activities are not recognized in the financial statements.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements 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 revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, accounts payable and accrued liabilities, and disclosure of contingencies. Actual results could differ from those estimates.

## 2. Investments:

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	2025	2024
Short-term:		
GICs, measured at amortized cost	\$ 3,449,776	\$ 3,377,678

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The GICs produce a weighted yield to maturity of 3.23% (2024 - 4.22%) and mature in 2026.

Included in investment revenue are realized gain on sale of investments of \$108 (2024 - \$3,749).

## 3. Accounts receivable:

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	2025	2024
Accounts receivable	\$ 402,801	\$ 217,687
Harmonized sales tax	220,827	172,678
Other	156,453	141,651
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	\$ 780,081	\$ 532,016

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# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 4. Capital assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Land and improvements	\$ 2,467,571	\$ –	\$ 2,467,571	\$ 2,467,571
Buildings	20,616,605	6,297,131	14,319,474	12,921,474
Furniture and fixtures	2,719,078	2,305,892	413,186	282,685
Automotive equipment	1,180,291	963,593	216,698	318,218
Computers	2,411,216	2,268,147	143,069	201,425
Leasehold improvements	834,887	668,330	166,557	120,362
	<b>\$ 30,229,648</b>	<b>\$ 12,503,093</b>	<b>\$ 17,726,555</b>	<b>\$ 16,311,735</b>

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$16,167 (2024 - \$5,303), which include amounts payable for payroll-related taxes.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 6. Mortgage payable:

On January 2, 2024, the Society and Meridian Credit Union entered a credit agreement to refinance a non-revolving mortgage as a result of merger with Humane Society of Durham Region to a maximum amount of \$506,635. The loan is continuing with blended weekly payments of \$1,140, expiring May 1, 2026. This loan is also secured by the land and building located at 1505 Wentworth St. Whitby, Ontario. The Society has refinanced the mortgage subsequent to year end.

	2025	2024
Mortgage payable bearing interest at 4.12% per annum, repayable in weekly blended payments of \$1,140, maturing May 1, 2026	\$ 467,359	\$ 506,635
Less repayments	40,921	39,276
	<u>426,438</u>	<u>467,359</u>
Less current portion	426,438	38,896
Long-term portion	<u>\$ —</u>	<u>\$ 428,463</u>

Interest paid on the loan in 2025 was \$18,337 (2024 - \$20,004).

As a covenant on the non-revolving loan, the Society is required to maintain a maximum debt service ratio greater than or equal to 1.00, measured annually. As at December 31, 2025, the Society is in compliance with this covenant.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 7. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of donations received for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations on the same basis as the amortization expenses related to capital assets.

	2025	2024
Balance, beginning of year	\$ 613,425	\$ 669,190
Additions	63,850	–
Less amounts amortized to revenue	(55,765)	(55,765)
Balance, end of year	\$ 621,510	\$ 613,425

## 8. Fund balances:

Externally restricted funds represent donations on contributions subject to restrictions stipulated by the donor. Externally restricted amounts received during the year were \$1,070,481 (2024 - \$455,298) and amounts spent during the year in accordance with the restrictions were \$450,196 (2024 - \$268,315).

The endowment fund requires that the Society maintain the originally contributed capital of \$1,255,294. Accumulated investment income of \$14,404 is available for general purposes but remains part of the endowment fund balance until such use has been approved by the Board of Directors.

These endowment funds are included as part of the short-term investment balance.

In 2023, the Board of Directors designated two internally restricted funds - Restricted Capital Fund and Care Fund. The Restricted Capital Fund meets the need for the Ontario SPCA and Humane Society to set aside funds for long-term building and renovation projects. The purpose of the Care Fund is to support our communities across Ontario and particularly underserved communities and regions. Amounts received during the year were \$192,652 and amounts spent during the year in accordance with criteria were \$155,971.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 9. Commitments:

- (a) The Society has lease commitments for buildings and equipment which expire at various dates. Future minimum lease commitments are as follows:

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2026	\$ 121,834
2027	121,834
2028	119,789
2029	113,192
2030	94,750
Thereafter	348,467
	<hr/>
	\$ 919,866

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- (b) The Society entered a lease agreement to lease a portion of Peterborough Humane Society's premises to construct a provincial dog rehabilitation centre for a period of 20 years starting June 2023. Under the terms of the agreement, the Society paid a lump-sum amount of \$2,000,000 towards the monthly rent and operating costs of the leased premises. As of December 31, 2025, the Society has \$1,698,608 (2024 - \$1,798,526) remaining in prepaid expenses on the statement of financial position for this purpose.

## 10. Related organizations:

Affiliated societies are local animal welfare organizations and humane societies in various communities across Ontario and are affiliated with the Society as approved by the Board of Directors. Each affiliate operates autonomously and is independently incorporated.

During the year, nil (2024 - nil) grants/disbursements of designated gifts to the Society's affiliates were due and recorded in these financial statements.

## 11. Donations-in-kind:

The Society's revenue and expenses include animal food and supplies, fundraising supplies and materials, and miscellaneous furniture and supplies and other items, which are donated and have a fair market value of \$54,078 (2024 - \$22,852).

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 12. Guarantees:

In the normal course of business, the Society enters into agreements that meet the definition of guarantees.

- (a) Ontario SPCA and Humane Society has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements, the Society agrees to indemnify the counterparties for various items, including, but not limited to, all liabilities, loss, suits and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) Ontario SPCA and Humane Society indemnifies all directors for various items, including, but not limited to, all costs to settle suits or actions due to services provided to the Society, subject to certain restrictions. The Society has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated. The discontinuation of the Society's work in provincial legislation has greatly reduced the Society from future exposure. The Society is currently providing by-law enforcement services for certain municipalities under contract.

The nature of these indemnification agreements prevents the Society from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Society has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been accrued with respect to these agreements.

## 13. Contingencies:

Ontario SPCA and Humane Society has been named as the defendant in certain legal actions, in which damages have been sought. The outcome of these actions are not determinable as at December 31, 2025 and, accordingly, no provision has been made in these financial statements for any liability which may result. In the event of a loss, all claims would be covered by the Society insurance coverage.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## **13. Contingencies (continued):**

The Ontario SPCA and Humane Society is involved in various legal actions, most of which resulted from its role in provincial animal welfare legislation enforcement and are within the normal course of operations. Discontinuing the Society's work in provincial legislation enforcement has reduced future legal exposure of this nature. In the opinion of management, any resulting liabilities are not expected to have a material adverse effect on the financial position or net operations.

## **14. Financial risks and concentration of credit risk:**

Financial risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to credit, liquidity and other price and interest rate risks. The Society mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances. There has been no change in risk exposure from the prior year.

### **(a) Credit risk:**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Accounts receivables are subject to credit risk. The Society assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Cash and cash equivalents are held in creditworthy financial institutions.

### **(b) 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 its liquidity risk by monitoring its operating requirements. The Society prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS AND HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## **14. Financial risks and concentration of credit risk (continued):**

### (c) Other price and interest rate risk:

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated. Investments in high interest savings and GIC's have interest risk as they rely on the stability of Bank of Canada prime interest rates.

## **15. Subsequent event:**

In May 2025, the Society entered into an alliance agreement with the Thunder Bay District Humane Society ("TBDHS") confirming their mutual intention of integration after year end. The Society and TBDHS will merge effective January 1, 2026. The net assets of the Society will be taken on by the newly merged entity. The merger will ensure long-term stability of the programs run by TBDHS. The purpose of the merger corporation shall be the following: (a) to promote the welfare of animals for the benefit of the public by providing community support services across Ontario, including, but not limited to, spaying or neutering domestic pets and/or feral or stray animals; operating an animal adoption program; and rescuing stray, abandoned, abused, or surrendered animals; and (b) to advance education by providing courses on animal welfare to the public with an emphasis on youth education. The merger will be accounted for in accordance with Section 4449 Combinations by not-for-profit organizations.