THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY

NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2024

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THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY
INDEX
DECEMBER 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
The Nova Scotia Society for the Prevention of Cruelty

Qualified Opinion

We have audited the non-consolidated financial statements of **The Nova Scotia Society for the Prevention of Cruelty** ("the Society"), which comprise the non-consolidated statement of financial position as at December 31, 2024, the non-consolidated statements of operations, changes in net assets and cash flows for the year then ended, and notes to the non-consolidated 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 non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Society as at December 31, 2024, and results of its non-consolidated operations and its non-consolidated 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 non-profit organizations, the Society derives revenues from various sources including donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenues, excess (deficiency) of revenues over expenses, assets and net assets as at December 31, 2024 and December 31, 2023.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the non-consolidated 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 opinion.

Responsibilities of Management and Those Charged with Governance for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the non-consolidated 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 non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the 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 the Society or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 non-consolidated 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 non-consolidated 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 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 the 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 auditors' report to the related disclosures in the non-consolidated 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 auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

Baker Tilly Nova Scotia Inc

Dartmouth, Nova Scotia
April 10, 2025

Chartered Professional Accountants

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY
NON-CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	$	$
REVENUES		
Amortization of deferred capital contributions	**96,972**	-
Bequests	**986,167**	876,250
College of Animal Welfare	**302,701**	254,675
Donations and fundraising	**5,469,245**	4,585,142
Government enforcement grant	**1,064,000**	526,864
Service (Note 15)	**1,846,012**	1,810,225
Shelter operations	**1,697,452**	1,408,903
	11,462,549	9,462,059
EXPENSES		
Administration (Note 11)	**2,195,618**	1,854,535
Amortization of tangible capital assets	**372,860**	212,850
College of Animal Welfare	**413,604**	418,124
Fund development and outreach	**2,383,550**	2,108,467
Investigations	**1,229,430**	936,381
Programs and services	**90,318**	228,228
Shelter operations (Note 15)	**4,826,184**	4,361,548
	11,511,564	10,120,133
EARNINGS FROM OPERATIONS	**(49,015)**	(658,074)
OTHER INCOME (LOSS)		
Investment income	**29,978**	28,002
Gain on marketable securities	**580,468**	411,877
Loss on disposition of capital assets	**-**	(5,961)
	610,446	433,918
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	**561,431**	(224,156)

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Endowment	Restricted	Invested in Capital Assets	Unrestricted	**Total 2024**
	$	$	$	$	**$**
Balance - beginning of year	-	20,000	2,130,276	2,142,226	**4,292,502**
Excess of revenues over expenses	-	-	96,972	464,459	**561,431**
Amortization of tangible capital assets	-	-	(372,860)	372,860	**-**
Acquisition of capital assets	-	-	4,264,559	(4,264,559)	**-**
Contributed land	-	-	481,746	-	**481,746**
Utilization of deferred capital contribution	-	-	(3,502,064)	3,502,064	**-**
Endowment	20,100	-	-	-	**20,100**
Payments on long-term debt	-	-	33,344	(33,344)	**-**
Net change in obligations on capital leases	-	-	(60,548)	60,548	**-**
Balance - end of year	20,100	20,000	3,071,425	2,244,254	**5,355,779**

	Endowment	Restricted	Invested in Capital Assets	Unrestricted	Total 2023
	$	$	$	$	$
Balance - beginning of year	-	-	-	-	-
As previously stated	-	20,000	1,951,336	2,724,428	4,695,764
Restatement (Note 2)	-	-	-	(265,206)	(265,206)
As restated	-	20,000	1,951,336	2,459,222	4,430,558
Deficiency of revenues over expenses	-	-	(5,961)	(218,195)	(224,156)
Amortization of tangible capital assets	-	-	(212,850)	212,850	-
Acquisition of capital assets	-	-	1,603,602	(1,603,602)	-
Utilization of deferred capital contribution	-	-	(1,345,331)	1,345,331	-
Contributed land	-	-	86,100	-	86,100
Payments on long-term debt	-	-	36,004	(36,004)	-
Payments on obligations on capital leases	-	-	17,376	(17,376)	-
Balance - end of year	-	20,000	2,130,276	2,142,226	4,292,502

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THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

	2024	Restated 2023
	$	$
ASSETS		
CURRENT		
Cash	**1,993,439**	1,365,006
Accounts receivable (Note 5)	**646,789**	324,819
Inventory	**1,000**	1,000
Prepaids	**107,345**	124,573
	2,748,573	1,815,398
MARKETABLE SECURITIES (Note 6)	**3,081,260**	5,907,954
DUE FROM RELATED PARTIES (Note 7)	**404,789**	1,233,217
CAPITAL ASSETS (Note 8)	**8,720,630**	4,347,185
	14,955,252	13,303,754
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**955,309**	721,704
Current portion of deferred revenue	**542,530**	580,015
Current portion of obligations on capital leases	**41,120**	17,880
Current portion of long-term debt	**770,409**	33,344
Current portion of deferred capital contributions	**188,649**	33,822
	2,498,017	1,386,765
DEFERRED REVENUE (Note 9)	**8,000**	174,667
OBLIGATIONS ON CAPITAL LEASES (Note 10)	**87,253**	49,945
LONG-TERM DEBT (Note 11)	**-**	770,409
DEFERRED CAPITAL CONTRIBUTIONS (Note 12)	**7,006,203**	6,629,466
	9,599,473	9,011,252
NET ASSETS		
ENDOWMENT	**20,100**	-
RESTRICTED	**20,000**	20,000
INVESTED IN CAPITAL ASSETS	**3,071,425**	2,130,276
UNRESTRICTED	**2,244,254**	2,142,226
	5,355,779	4,292,502
	14,955,252	13,303,754

COMMITMENTS (Note 13)

Approved by the Board

C. [signature] ______________________ **Director**

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NON-CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024	2023
	$	$
CASH PROVIDED BY (USED FOR)		
OPERATING		
Excess (deficiency) of revenues over expenses	**561,431**	(224,156)
Items not affecting cash		
Amortization of deferred capital contributions	**(96,972)**	-
Amortization of tangible capital assets	**372,860**	212,850
Gain on marketable securities	**(580,468)**	(411,877)
Loss on disposition of capital assets	**-**	5,961
Donations of shares	**(663,360)**	(118,540)
	(406,509)	(535,762)
Changes in non-cash working capital items		
Accounts receivable	**(321,970)**	69,698
Prepaids	**17,228**	42,294
Accounts payable and accrued liabilities	**233,605**	416,936
Deferred revenue	**(204,152)**	(3,333,572)
	(681,798)	(3,340,406)
FINANCING		
Endowment contribution	**20,100**	-
Receipt of deferred capital contributions	**628,536**	3,841,199
Proceeds on obligations on capital leases	**83,561**	-
Payments on obligations on capital leases	**(23,013)**	(17,376)
Payments on long-term debt	**(33,344)**	(36,004)
	675,840	3,787,819
INVESTING		
Proceeds on disposition of marketable securities	**4,100,500**	1,200,500
Acquisition of marketable securities	**(29,978)**	(28,002)
Cash receipts from related parties	**2,445,294**	1,495,788
Cash advances to related parties	**(1,616,866)**	(1,486,516)
Acquisition of capital assets	**(4,264,559)**	(1,603,602)
	634,391	(421,832)
CHANGE IN CASH	**628,433**	25,581
CASH - beginning of year	**1,365,006**	1,339,425
CASH - end of year	**1,993,439**	1,365,006

1. OPERATIONS

The Nova Scotia Society for the Prevention of Cruelty ("the Society") was incorporated in 1877 by an Act of the Nova Scotia Legislature and, in accordance with its constitution and by-laws, was established to provide effective means for the prevention of cruelty throughout the Province of Nova Scotia.

2. RESTATEMENT

During the year, it was determined that the Society had recognized revenue for donations which should have been deferred, impacting opening net assets and deferred revenue for the year ended December 31, 2023. The errors were corrected retroactively through the restatement of the December 31, 2023 non-consolidated statement of financial position, non-consolidated statement of changes in net assets and cash flows for the year then ended. The Society changed the presentation of deferred capital contribution by presenting them as a separate line item. The change to the statement of financial position included reduction of both the current portion of deferred revenue by $1,433,823, and the long-term portion of the deferred revenue by $4,964,259. In addition, the Society reclassified $1,351,292 from Investment in capital assets to Unrestricted net assets. The correction and the presentation change resulted in an adjustment to the following financial statement items:

	2023		
	As previously reported $	Adjustment $	As restated $
Non-consolidated statement of changes in net assets			
(i) Unrestricted - beginning of year	2,724,428	(265,206)	2,459,222
Non-consolidated statement of financial position			
(iv) Current portion of deferred revenue	2,013,838	(1,433,823)	580,015
(v) Current portion of deferred capital contributions	-	33,822	33,822
(vi) Deferred revenue	5,138,926	(4,964,259)	174,667
(vii) Deferred capital contributions	-	6,629,466	6,629,466
(viii) Investment in capital assets	3,481,568	(1,351,292)	2,130,276
(ix) Unrestricted net assets	1,056,140	1,086,086	2,142,226
Non-consolidated statement of cash flows			
(x) Deferred revenue	507,627	(3,841,199)	(3,333,572)

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The non-consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash

Cash consists of cash on hand and bank balances held with a financial institution.

Investments in controlled profit-oriented enterprises

The non-consolidated financial statements have not been consolidated as the Board of Directors of the Society has access to all pertinent information concerning the resources and operations of the controlled profit-oriented enterprises, SPCA HRM Animal Hospital Limited ("HRM Hospital") and SPCA Cape Breton Hospital Limited ("CB Hospital"). The Society accounts for its investments in its controlled profit-oriented enterprises using the equity method, whereby the amount of the investments are adjusted annually for the Society's pro-rata share of the net earnings of its investments and reduced by the amount of any dividends received. If the pro-rata share of net earnings from investments accounted for under the equity method would reduce the cost of the investment below zero, there must be evidence provided to indicate that the profit-controlled entity will imminently return to profitability.

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and methods over the estimated useful lives as follows:

Buildings	4%	Diminishing balance
Computer equipment	30%	Diminishing balance
Equipment	20%	Diminishing balance
Fences	10%	Diminishing balance
Leaseholds	Term of lease	Straight-line
Office equipment	20%	Diminishing balance
Paving and walkways	8%	Diminishing balance
Vehicles	30%	Diminishing balance

One half year's amortization is taken in the year of acquisition.

Capital assets are not amortized until available for use.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment annually. When conditions indicate long-lived asset no longer contributes to the Society's ability to provide services or that the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount, its net carrying amount is written down to its fair value or replacement cost.

Revenue recognition

The Society follows the deferral method of accounting for contributions.

Revenue from donations and fundraising, bequests and government enforcement grants are recognized when amounts are received or receivable, when the amount is fixed or determinable and collection is reasonably assured.

Revenues from shelter operations, service revenue and College of Animal Welfare are recognized when services have been performed, when the amount is fixed or determinable and collection is reasonably assured.

Amortization of capital contributions is recognized in income over the life of the underlying capital asset.

Investment income, which includes dividend and interest income, is recognized when earned.

Government assistance

Government fundraising and grants for general operations are recorded as revenue when received. Government grants for the purchase of capital assets are applied against the cost of the related asset in the year acquired.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the non-consolidated Statement of Operations. Accordingly, certain costs have been allocated among the programs and supporting services benefited (Note 16).

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributed goods and services

Contributed materials and services, except related to volunteer time, are recognized in the non-consolidated financial statements when their fair value can be reasonably determined and they are used in the normal course of the Society's operations and would otherwise have been purchased.

Contributed tangible capital assets that will not be amortized are recognized as a direct increases in net assets.

The Society benefits from donated services in the form of volunteer time for various programs and objectives of the Society, donated supplies to the animal shelter and donated clothing and items for the thrift stores. Due to the difficulty of determining the fair value of these contributed services and supplies, they are not recognized in these non-consolidated financial statements.

The Society accounts for in-kind donations at their fair market value as they are received, when the amounts are readily determinable.

Income taxes

The Society is a registered charity under section 149.1 (1) of the Income Tax Act, and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

Use of estimates

The preparation of non-consolidated financial statements in accordance 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 and disclosure of contingencies at the date of the non-consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items such as allowance for doubtful accounts, useful lives of capital assets, certain accrued liabilities, donations in-kind and allocation of expenses. Actual results could differ from these estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Measurement of financial instruments

The Society initially measures its financial assets and financial liabilities at fair value, except for transactions with related parties which are recorded at the exchange amount established and agreed upon by the related parties.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for related party transactions, which are measured at their carrying value, and marketable securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the non-consolidated statement of operations.

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

Financial assets measured at fair value include marketable securities.

Financial assets measured at their carrying value include amounts due from related parties.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, obligations on capital leases and long-term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write down is recognized in the non-consolidated statement of operations. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is 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 any reversal is recognized in the non-consolidated statement of operations.

4. OPERATING LINE OF CREDIT

A demand operating loan has been authorized by Scotiabank to a maximum of $100,000 (2023 - $100,000) and bears interest at Scotiabank's prime rateplus 0.75% per annum. At December 31, 2024, the balance on the operating loan was $NIL (2023 - $NIL).

5. ACCOUNTS RECEIVABLE

	2024 $	2023 $
Trade receivables	**477,970**	217,482
HST recoverable	**168,819**	107,337
	646,789	324,819

6. MARKETABLE SECURITIES

	2024 $	2023 $
Cash held with investment brokers	**420,983**	2,403,833
Scotia Wealth exchange traded funds	**848,061**	1,118,291
Scotia Wealth equities	**713,435**	922,127
Scotia Wealth fixed income	**1,058,294**	1,425,979
Scotia Wealth mutual funds	**40,487**	37,724
	3,081,260	5,907,954

7. RELATED PARTY BALANCES

	2024 $	2023 $
Due from HRM Hospital	**394,448**	1,075,656
Due from CB Hospital	**10,341**	157,561
	404,789	1,233,217

The amounts due from related parties, which are wholly-owned subsidiaries, are non-interest bearing and have no set terms of repayment.

Subsequent to year-end, the two hospitals were amalgamated. This amalgamation did not impact hospital operations.

8. CAPITAL ASSETS

	Cost $	Accumulated Amortization $	**Net 2024 $**	Net 2023 $
Land	993,051	-	**993,051**	511,305
Buildings	8,247,650	1,557,672	**6,689,978**	3,234,133
Computer equipment	150,044	117,307	**32,737**	23,933
Equipment	1,498,353	728,686	**769,667**	414,063
Fences	46,530	32,079	**14,451**	16,057
Leaseholds	82,781	27,590	**55,191**	26,964
Office equipment	120,372	110,153	**10,219**	12,774
Paving and walkways	16,441	12,399	**4,042**	4,394
Vehicles	264,413	113,119	**151,294**	103,562
	11,419,635	2,699,005	**8,720,630**	4,347,185

The Society recognized contributed land in the amount of $481,746 (2023 - $86,100).

9. DEFERRED REVENUE

Deferred revenue consists of:

	2024 $	2023 $
Current		
Provincial programs and grants	**306,000**	439,833
Tuition fees	**236,530**	140,182
	542,530	580,015
Long-term		
Bursaries	**8,000**	8,000
Provincial programs and grants	**-**	166,667
	8,000	174,667
	550,530	754,682

Changes in deferred revenue are as follows:

	2024 $	2023 $
Balance - beginning of year	**754,682**	6,910,344
Amount recognized as revenue	**(1,791,201)**	(958,676)
Amounts received related to future periods	**1,587,049**	1,466,302
Designated as deferred capital contributions	**-**	(6,663,288)
	550,530	754,682

10. OBLIGATIONS UNDER CAPITAL LEASES

	2024 $	2023 $
CWB National Leasing, secured by equipment with a carrying value of $32,652, repayable in equal monthly instalments of $1,090 until June 2027, including interest at 5.87% per annum.	**29,846**	40,723
CWB National Leasing, secured by equipment with a carrying value of $20,815, repayable in equal monthly instalments of $709 until July 2027, including interest at 6.55% per annum.	**20,165**	27,102
CWB National Leasing, secured by equipment with a carrying value of $14,437, repayable in equal monthly instalments of $770 until November 2026, including interest at 6.04% per annum.	**16,685**	-
CWB National Leasing, secured by equipment with a carrying value of $7,035, repayable in equal monthly instalments of $375 until November 2026, including interest at 5.99% per annum.	**8,129**	-
CWB National Leasing, secured by equipment with a carrying value of $10,498, repayable in equal monthly instalments of $267 until August 2029, including interest at 13.33% per annum.	**10,961**	-
CWB National Leasing, secured by equipment with a carrying value of $40,490, repayable in equal monthly instalments of $938 until September 2029, including interest at 9.17% per annum.	**42,587**	-
	128,373	67,825
Less current portion	**41,120**	17,880
	87,253	49,945

10. OBLIGATIONS UNDER CAPITAL LEASES (Continued)

Assuming like terms, future minimum lease payments due over the next five years on obligations under capital lease are approximately:

	$
2025	49,784
2026	48,639
2027	25,961
2028	14,460
2029	8,882
	147,726
Less amount representing interest	19,353
Balance	128,373

11. LONG-TERM DEBT

	2024 **$**	2023 $
Credit Union Atlantic, first mortgage, secured by land and building located in Dartmouth, NS with a carrying value of $1,358,910, repayable in equal monthly instalments of $7,093 until September 2025, including interest at 6.60% per annum.	**770,409**	803,753
Less current portion	**770,409**	33,344
	-	770,409

Assuming like terms, principal due within the next year on long-term debt is as follows:

	$
2025	770,409

Included in administration expenses is $51,693 (2023 - $42,478) of interest on long-term debt.

12. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consist of the unamortized and unspent contributions received for acquisition of capital assets. Changes in deferred capital contributions are as follows:

	2024	2023
	$	$
Balance - beginning of year	**6,663,288**	6,046,882
Capital contributions received during the year	**628,536**	616,406
Amortized during the year	**(96,972)**	-
	7,194,852	6,663,288
Less current portion	**188,649**	33,822
Balance - end of year	**7,006,203**	6,629,466

During the year, the Society spent $3,502,064 (2023 - $1,345,331) of the capital contribution on capital asset additions. The unspent portion of the capital contributions of $2,444,429 (2023 - $5,317,957) is included in the unrestricted cash and investments.

13. COMMITMENTS

The Society leases various properties, equipment and an automobile under operating lease arrangements. Future minimum lease payments for the next five years are as follows:

	$
2025	206,238
2026	139,885
2027	131,112
2028	124,923
2029	93,919
Subsequent	145,350

14. INVESTMENTS IN CONTROLLED PROFIT-ORIENTED ENTERPRISES

	2024	2023
	$	$
HRM Hospital	**-**	-
CB Hospital	**-**	-
	-	-

14. INVESTMENTS IN CONTROLLED PROFIT-ORIENTED ENTERPRISES (Continued)

HRM HOSPITAL

This investment represents a 100% interest in the common shares of HRM Hospital as follows:

	2024	2023
	$	$
Shares, at cost	**5**	5
Equity in cumulative earnings since acquisition	**(5)**	(5)
	-	-

Selected financial information of the controlled profit-oriented enterprise as at December 31, 2024, is as follows:

	2024	2023
	$	$
Total assets	**272,098**	332,884
Total liabilities	**813,412**	1,139,630
Shareholders' equity	**(541,314)**	(806,746)
	272,098	332,884
Total revenues	**3,081,690**	2,426,467
Total expenses	**2,816,258**	2,272,809
Net earnings	**265,432**	153,658
Cash flows provided by (used in) operating activities	**(17,578)**	171,800
Cash flows used in investing activities	**(34,348)**	(21,934)

14. INVESTMENTS IN CONTROLLED PROFIT-ORIENTED ENTERPRISES (Continued)

CB HOSPITAL

This investment represents a 100% interest in the common shares of CB Hospital as follows:

	2024 **$**	2023 $
Shares, at cost	**5**	5
Equity in cumulative earnings since acquisition	**(5)**	(5)
	-	-

Selected financial information of the controlled profit-oriented enterprise as at December 31, 2024, is as follows:

	2024 **$**	2023 $
Total assets	**92,864**	250,297
Total liabilities	**110,927**	323,910
Shareholders' equity	**(18,063)**	(73,613)
	92,864	250,297
Total revenues	**501,878**	800,740
Total expenses	**446,328**	767,327
Net earnings	**55,550**	33,413
Cash flows provided by operating activities	**11,826**	78,870
Cash flows provided by financing activities	**(122,699)**	29,118
Cash flows used in investing activities	**(8,069)**	(24,126)

15. RELATED PARTY TRANSACTIONS

During the year, the Society entered into transactions (recorded at exchange values) with related parties, which are wholly-owned subsidiaries, as follows:

a) The Society purchased veterinary services from the HRM Hospital and the CB Hospital in the amount of $915,203 (2023 - $879,801);

b) The Society received management fees from the HRM Hospital and the CB Hospital in the amount of $54,000 (2023 - $54,000) which is included in service revenue;

c) The Society received equipment rent revenue from the HRM Hospital in the amount of $136,048 (2023 - $120,000) which is included in service revenue.

16. ALLOCATION OF EXPENSES

The Society's accounting policy is to charge expenses to the appropriate functional department or to a supporting activity. Expenses that serve multiple functional departments or are not readily identifiable within one function such as fleet expenses and office expenses.

Fleet expenses including vehicle leases, repairs, insurance and amortization are allocated as follows.

Administration	21%	$	39,997
Fund development and outreach	11%	$	20,636
Investigations	32%	$	60,193
Shelter operations	36%	$	69,893

Office expenses including utilities, supplies, postage and insurance are allocated as follows:

Administration	40%	$	63,801
Fund development and outreach	20%	$	31,903
Investigations	20%	$	31,903

17. FINANCIAL INSTRUMENTS

Risks and concentrations

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations at December 31, 2024.

It is management's opinion that the Society is not exposed to significant currency risk from its financial instruments. The risks arising on financial instruments are limited to the following:

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. Financial instruments that potentially subject the Society to concentrations of credit risk consist of cash, accounts receivable, marketable securities and amounts due from related parties. The Society deposits its cash in and purchases marketable securities from reputable financial institutions and therefore believes the risk of loss to be remote. The Society is exposed to credit risk from accounts receivable. A provision for impairment of accounts receivable is established when there is objective evidence that the Society will not be able to collect all amounts due.

Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, obligations on capital lease and long-term debt. Sufficient financing facilities and marketable securities are in place should cash requirements exceed cash generated from operations.

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. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The Society is mainly exposed to interest and other price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its financial obligations at variable interest rates.

17. FINANCIAL INSTRUMENTS (Continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

18. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the non-consolidated financial statement presentation adopted for the current year.