

**THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF
CRUELTY**

NON-CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2025

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY
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DECEMBER 31, 2025

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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, 2025, 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, 2025, 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 many 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 revenue was limited to the amount recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and cash flows for the years ended December 31, 2025 and 2024, total assets as at December 31, 2025 and 2024, and net assets as at January 1 and December 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended December 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 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.

Dartmouth, Nova Scotia
April 24, 2026

Baker Tilly Nova Scotia Inc

Chartered Professional Accountants

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 4
NON-CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	\$	\$
REVENUES		
Amortization of deferred capital contributions	229,845	96,972
Bequests	1,710,472	986,167
College of Animal Welfare	339,000	302,701
Donations and fundraising	5,273,476	5,469,245
Government enforcement grant	1,220,994	1,064,000
Service (Note 15)	1,564,954	1,476,020
Shelter operations	<u>2,118,674</u>	<u>2,067,444</u>
	<u>12,457,415</u>	<u>11,462,549</u>
EXPENSES		
Administration (Note 8)	2,128,557	2,110,298
Amortization of tangible capital assets	579,672	372,860
College of Animal Welfare	524,712	413,604
Fund development and outreach	2,245,145	2,383,550
Investigations	1,220,137	1,229,430
Programs and services	609,616	175,638
Shelter operations (Note 15)	<u>5,030,850</u>	<u>4,826,184</u>
	<u>12,338,689</u>	<u>11,511,564</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER INCOME	<u>118,726</u>	<u>(49,015)</u>
OTHER INCOME		
Investment income	25,118	29,978
Gain on marketable securities	<u>308,739</u>	<u>580,468</u>
	<u>333,857</u>	<u>610,446</u>
EXCESS OF REVENUES OVER EXPENSES	<u><u>452,583</u></u>	<u><u>561,431</u></u>

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY
NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

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	Endowment	Restricted	Invested in Capital Assets	Unrestricted	Total 2025
	\$	\$	\$	\$	\$
Balance - beginning of year	20,100	20,000	3,071,425	2,244,254	5,355,779
Excess of revenues over expenses	-	-	229,845	222,738	452,583
Amortization of tangible capital assets	-	-	(579,672)	579,672	-
Acquisition of capital assets	-	-	2,489,551	(2,489,551)	-
Contributed land	-	-	45,000	-	45,000
Utilization of deferred capital contributions	-	-	(1,989,055)	1,989,055	-
Endowment	5,200	-	-	-	5,200
Payments on long-term debt	-	-	33,555	(33,555)	-
Payments on obligations under capital leases	-	-	40,817	(40,817)	-
Balance - end of year	<u>25,300</u>	<u>20,000</u>	<u>3,341,466</u>	<u>2,471,796</u>	<u>5,858,562</u>

	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 revenue 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 under capital leases	-	-	(60,548)	60,548	-
Balance - end of year	<u>20,100</u>	<u>20,000</u>	<u>3,071,425</u>	<u>2,244,254</u>	<u>5,355,779</u>

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 6
NON-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	2025	2024
	\$	\$
ASSETS		
CURRENT		
Cash	2,647,261	1,993,439
Accounts receivable (Note 4)	806,086	646,789
Inventory	1,000	1,000
Prepays	<u>132,844</u>	<u>107,345</u>
	3,587,191	2,748,573
MARKETABLE SECURITIES (Note 5)	1,463,929	3,081,260
DUE FROM RELATED PARTIES (Note 7)	-	404,789
CAPITAL ASSETS (Note 6)	<u>10,675,509</u>	<u>8,720,630</u>
	<u>15,726,629</u>	<u>14,955,252</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	1,150,441	955,309
Current portion of deferred revenue	323,006	542,530
Due to related parties (Note 7)	84,661	-
Current portion of long-term debt (Note 8)	736,854	770,409
Current portion of obligations under capital leases	41,120	41,120
Current portion of deferred capital contributions	<u>260,432</u>	<u>188,649</u>
	2,596,514	2,498,017
DEFERRED REVENUE (Note 9)	8,000	8,000
OBLIGATIONS UNDER CAPITAL LEASES (Note 10)	46,436	87,253
DEFERRED CAPITAL CONTRIBUTIONS (Note 11)	<u>7,217,117</u>	<u>7,006,203</u>
	<u>9,868,067</u>	<u>9,599,473</u>
NET ASSETS		
ENDOWMENT	25,300	20,100
RESTRICTED	20,000	20,000
INVESTED IN CAPITAL ASSETS	3,341,466	3,071,425
UNRESTRICTED	<u>2,471,796</u>	<u>2,244,254</u>
	<u>5,858,562</u>	<u>5,355,779</u>
	<u>15,726,629</u>	<u>14,955,252</u>

COMMITMENTS (Note 12)

Approved by the Board

Marc Beaubien

Director

Director

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 7
NON-CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
	\$	\$
CASH PROVIDED BY (USED FOR):		
OPERATING		
Excess of revenues over expenses	452,583	561,431
Items not affecting cash		
Amortization of deferred capital contributions	(229,845)	(96,972)
Amortization of tangible capital assets	579,672	372,860
Gain on marketable securities	(308,739)	(580,468)
Donations of shares	<u>(163,059)</u>	<u>(663,360)</u>
	330,612	(406,509)
Changes in non-cash working capital items		
Accounts receivable	(159,297)	(321,970)
Prepays	(25,499)	17,228
Accounts payable and accrued liabilities	195,132	233,605
Deferred revenue	<u>(219,524)</u>	<u>(204,152)</u>
	<u>121,424</u>	<u>(681,798)</u>
FINANCING		
Endowment contribution	5,200	20,100
Receipt of deferred capital contributions	512,542	628,536
Proceeds on obligations on capital leases	-	83,561
Payments on obligations on capital leases	(40,817)	(23,013)
Payments on long-term debt	<u>(33,555)</u>	<u>(33,344)</u>
	<u>443,370</u>	<u>675,840</u>
INVESTING		
Proceeds on disposition on marketable securities	2,113,747	4,100,500
Acquisition of marketable securities	(24,618)	(29,978)
Cash receipts from related parties	1,877,333	2,445,294
Cash advances to related parties	(1,387,883)	(1,616,866)
Acquisition of capital assets	<u>(2,489,551)</u>	<u>(4,264,559)</u>
	<u>89,028</u>	<u>634,391</u>
CHANGE IN CASH	653,822	628,433
CASH - beginning of year	<u>1,993,439</u>	<u>1,365,006</u>
CASH - end of year	<u><u>2,647,261</u></u>	<u><u>1,993,439</u></u>

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 8
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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. 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 enterprise

The 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 enterprise, Tartan Tails Veterinary Hospital Limited ("Tartan Tails Hospital"). The Society accounts for its investment in its controlled profit-oriented enterprise using the equity method, whereby the amount of the investment is adjusted annually for the Society's pro-rata share of the net earnings of its investment and reduced by the amount of any dividends received. If the pro-rata share of net earnings from the investment 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.

Controlled non-profit entity

The Society is under common control with SPCA College of Animal Welfare Ltd. through common governance and the ability of the common board to determine the strategic operating, investing and financing policies of both organizations.

The 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 non-profit entity, SPCA College of Animal Welfare Ltd.

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 9
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are measured at amortized 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.

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 deferred capital contributions is recognized in excess of revenue over expenses on the same basis as the contributed 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 deferred on the statement of financial position, and amortized into income on the same basis as the underlying capital assets.

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 10
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

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. During the year, the Society received donations in-kind of \$192,000 (2024 - \$13,000) recorded in the non-consolidated statement of operations.

Contributed tangible capital assets that will not be amortized are recognized as a direct increases in net assets. During the year, the Society received contributed land of \$45,000 (2024 - \$481,746) recorded in the non-consolidated statement of changes 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.

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 11
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Financial liabilities measured at their carrying value include amounts due to related parties.

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.

3. OPERATING LINE OF CREDIT

A demand operating loan has been authorized by Scotiabank to a maximum of \$100,000 (2024 - \$100,000) and bears interest at Scotiabank's prime rate plus 0.75% per annum. At December 31, 2025, the balance on the operating loan was \$NIL (2024 - \$NIL).

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 12
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

4. ACCOUNTS RECEIVABLE	2025	2024
	\$	\$
Trade receivables	311,308	477,970
HST recoverable	<u>494,778</u>	<u>168,819</u>
	<u>806,086</u>	<u>646,789</u>

5. MARKETABLE SECURITIES	2025	2024
	\$	\$
Cash held with investment brokers	249,130	420,983
Scotia Wealth exchange traded funds	343,370	848,061
Scotia Wealth equities	286,065	713,435
Scotia Wealth fixed income	539,733	1,058,294
Scotia Wealth mutual funds	<u>45,631</u>	<u>40,487</u>
	<u>1,463,929</u>	<u>3,081,260</u>

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2025	Net 2024
	\$	\$	\$	\$
Land	1,038,051	-	1,038,051	993,051
Buildings	10,365,113	1,867,860	8,497,253	6,689,978
Computer equipment	158,653	128,413	30,240	32,737
Equipment	1,581,846	888,626	693,220	769,667
Fences	46,530	33,531	12,999	14,451
Leaseholds	194,379	49,778	144,601	55,191
Office equipment	131,257	115,615	15,642	10,219
Paving and walkways	16,441	12,723	3,718	4,042
Vehicles	<u>421,916</u>	<u>182,131</u>	<u>239,785</u>	<u>151,294</u>
	<u>13,954,186</u>	<u>3,278,677</u>	<u>10,675,509</u>	<u>8,720,630</u>

During the year, the Society recognized contributed land in the amount of \$45,000 (2024 - \$481,746).

7. DUE FROM (TO) RELATED PARTIES	2025	2024
	\$	\$
Due from Tartan Tails Hospital	15,530	404,789
Due to SPCA College of Animal Welfare Ltd.	<u>(100,191)</u>	<u>-</u>
	<u>(84,661)</u>	<u>404,789</u>

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 13
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

7. DUE FROM (TO) RELATED PARTIES (Continued)

The amounts due from (to) related parties, are unsecured, non-interest bearing and have no set terms of repayment.

Effective January 1, 2025, the SPCA HRM Animal Hospital Limited and SPCA Cape Breton Animal Hospital Limited were amalgamated to form Tartan Tails Hospital. For the purpose of this note and Note 13, the comparative figures have been presented based on the combined balances for the two amalgamated entities.

8. LONG-TERM DEBT	2025	2024
	\$	\$
Credit Union Atlantic, first mortgage, secured by land and building located in Dartmouth, NS with a carrying value of \$2,792,824, and the assignment of property insurance, repayable in equal monthly instalments of \$6,792 until September 2026, including interest at 5.80% per annum.	736,854	770,409
Less current portion	<u>736,854</u>	<u>770,409</u>
	<u><u>-</u></u>	<u><u>-</u></u>

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

	\$
2026	736,854

Included in administration expenses is \$47,329 (2024 - \$51,693) of interest on long-term debt.

9. DEFERRED REVENUE	2025	2024
	\$	\$
Deferred revenue consists of:		
Current		
Provincial programs and grants	323,006	306,000
Tuition fees	<u>-</u>	<u>236,530</u>
	<u>323,006</u>	<u>542,530</u>
Long-term		
Bursaries	<u>8,000</u>	<u>8,000</u>
	<u><u>331,006</u></u>	<u><u>550,530</u></u>

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 14
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

9. DEFERRED REVENUE (Continued)

	2025	2024
	\$	\$
Changes in deferred revenue are as follows:		
Balance - beginning of year	550,530	754,682
Amount recognized as revenue	(542,760)	(1,791,201)
Amounts received related to future periods	<u>323,236</u>	<u>1,587,049</u>
Balance - end of year	<u>331,006</u>	<u>550,530</u>

10. OBLIGATIONS UNDER CAPITAL LEASES

	2025	2024
	\$	\$
CWB National Leasing, secured by equipment with a carrying value of \$26,122, repayable in equal monthly instalments of \$1,090 until June 2027, including interest at 5.87% per annum.	18,545	29,846
CWB National Leasing, secured by equipment with a carrying value of \$16,652, repayable in equal monthly instalments of \$709 until July 2027, including interest at 6.55% per annum.	12,761	20,165
CWB National Leasing, secured by equipment with a carrying value of \$11,550, repayable in equal monthly instalments of \$770 until November 2026, including interest at 6.04% per annum.	8,221	16,685
CWB National Leasing, secured by equipment with a carrying value of \$5,628, repayable in equal monthly instalments of \$375 until November 2026, including interest at 5.99% per annum.	4,004	8,129
CWB National Leasing, secured by equipment with a carrying value of \$8,398, repayable in equal monthly instalments of \$267 until July 2029, including interest at 13.33% per annum.	9,102	10,961
CWB National Leasing, secured by equipment with a carrying value of \$32,392, repayable in equal monthly instalments of \$938 until August 2029, including interest at 9.17% per annum.	<u>34,923</u>	<u>42,587</u>
	87,556	128,373
Less current portion	<u>41,120</u>	<u>41,120</u>
	<u>46,436</u>	<u>87,253</u>

THE NOVA SCOTIA SOCIETY FOR THE PREVENTION OF CRUELTY 15
NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

10. OBLIGATIONS UNDER CAPITAL LEASES (Continued)

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

	\$
2026	48,641
2027	25,334
2028	14,460
2029	<u>9,810</u>
	98,245
Less amount representing interest	<u>10,689</u>
Balance	<u><u>87,556</u></u>

Included in programs and services expenses is \$11,665 (2024 - \$6,017) of interest on obligations under capital leases.

11. 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:

	2025 \$	2024 \$
Balance - beginning of year	7,194,852	6,663,288
Capital contributions received during the year	512,542	628,536
Amortized during the year	<u>(229,845)</u>	<u>(96,972)</u>
	7,477,549	7,194,852
Less current portion	<u>260,432</u>	<u>188,649</u>
Balance - end of year	<u><u>7,217,117</u></u>	<u><u>7,006,203</u></u>

During the year, the Society spent \$1,989,055 (2024 - \$3,502,064) of the capital contribution on capital asset additions. The unspent portion of the capital contributions of \$967,916 (2024 - \$2,444,429) is included in the unrestricted cash and investments.

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12. COMMITMENTS

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

	\$
2026	274,944
2027	267,544
2028	262,771
2029	233,224
2030	113,884
Subsequent	94,050

13. CONTROLLED PROFIT-ORIENTED ENTERPRISE

TARTAN TAILS HOSPITAL

This investment represents a 100% interest in the common shares of Tartan Tails Hospital.

	2025 \$	2024 \$
Shares, at cost	10	10
Equity in cumulative earnings since acquisition	(10)	(10)
	<u>-</u>	<u>-</u>

Selected financial information of the controlled profit-oriented enterprise as at December 31, 2025, is as follows:

	2025 \$	2024 \$
Total assets	<u>490,260</u>	<u>364,962</u>
Total liabilities	696,582	924,339
Shareholders' equity	(206,322)	(559,377)
	<u>490,260</u>	<u>364,962</u>
Total revenues	3,828,198	3,583,568
Total expenses	<u>3,475,140</u>	<u>3,262,586</u>
Net earnings	<u>353,058</u>	<u>320,982</u>
Cash flows from (used in) operating activities	<u>386,530</u>	(5,752)
Cash flows used in financing activities	<u>-</u>	(122,699)
Cash flows used in investing activities	<u>(389,259)</u>	(42,417)

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14. CONTROLLED NON-PROFIT ENTITY

SPCA COLLEGE OF ANIMAL WELFARE LTD.

Oversight of the SPCA College of Animal Welfare Ltd. is provided by the Society's Board of Directors. Selected financial information of the controlled charity by virtue of a common Board of Directors as at December 31, 2025, is as follows:

	2025	2024
	\$	\$
Total assets	<u>306,353</u>	<u>-</u>
Total liabilities	<u>306,353</u>	<u>-</u>
Shareholders' equity	<u>-</u>	<u>-</u>
	<u>306,353</u>	<u>-</u>
Total revenues	<u>37,301</u>	<u>-</u>
Total expenses	<u>37,301</u>	<u>-</u>
Net earnings	<u>-</u>	<u>-</u>
Cash flows provided by operating activities	<u>168,892</u>	<u>-</u>
Cash flows used in investing activities	<u>(100,191)</u>	<u>-</u>

15. RELATED PARTY TRANSACTIONS

During the year, the Society entered into transactions (recorded at exchange values) with a related party, which is a wholly-owned subsidiary, as follows:

- a) The Society purchased veterinary services from the Tartan Tails Hospital in the amount of \$770,101 (2024 - \$915,203) which is included in shelter operations;
- b) The Society received management fees from the Tartan Tails Hospital in the amount of \$24,000 (2024 - \$54,000), and SPCA College of Animal Welfare Ltd. in the amount of \$37,301 (2024 - \$Nil), which is included in service revenue;
- c) The Society received equipment rent revenue from the Tartan Tails Hospital in the amount of \$221,276 (2024 - \$136,048) which are included in service revenue.

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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	22%	\$	48,970
Fund development and outreach	17%	\$	36,743
Investigations	31%	\$	68,030
Shelter operations	30%	\$	67,360

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

Administration	40%	\$	41,504
Fund development and outreach	20%	\$	20,604
Investigations	20%	\$	20,303
College	20%	\$	20,604

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, 2025.

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 and marketable securities. 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.

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17. FINANCIAL INSTRUMENTS (Continued)

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, amounts due to related parties, long-term debt, and obligations on capital lease. 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.

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.