

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **Regina Humane Society Inc.** have been prepared by the Society's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgement and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The board of directors has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, **Virtus Group LLP**, and their report is presented separately.



Chair, Audit & Finance Committee



Executive Director

## INDEPENDENT AUDITOR'S REPORT

**To the Members,  
Regina Humane Society Inc.**

### *Qualified Opinion*

We have audited the financial statements of **Regina Humane Society Inc.** ("Society") which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Society derives a portion of its revenue in the form of donations, 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 are not able to determine whether any adjustments might be necessary to revenues, assets, liabilities or net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Saskatchewan, 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.

### *Information Other than the Financial Statements and Auditor's Report Thereon*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do 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 when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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## INDEPENDENT AUDITOR'S REPORT (continued)

In preparing the 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.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

March 31, 2025  
Regina, Saskatchewan

*Virtus Group CP*  
Chartered Professional Accountants



**REGINA HUMANE SOCIETY INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT DECEMBER 31, 2024**  
(with comparative figures as at December 31, 2023)

<b>ASSETS</b>							
	<b>General Operating Fund</b>	<b>Operating Reserve Fund</b>	<b>Tangible Capital Asset Fund</b>	<b>Capital Asset Reserve Fund</b>	<b>2024</b>	<b>2023</b>	
<b>Current assets</b>							
Cash (Note 3)	\$ 1,299,429	\$ -	\$ -	\$ 240,945	\$ 1,540,374	\$ 1,606,981	
Short term investments (Note 4)	-	608,481	-	-	608,481	965,625	
Accounts receivable	276,252	20,790	-	-	297,042	425,113	
Prepaid expenses	33,387	-	-	-	33,387	45,245	
Inventory	69,902	-	-	-	69,902	48,014	
	1,678,970	629,271	-	240,945	2,549,186	3,090,978	
<b>Long term investments (Note 4)</b>	-	370,952	-	-	370,952	-	
<b>Tangible capital assets (Note 5)</b>	-	-	20,234,656	-	20,234,656	20,996,152	
	\$ 1,678,970	\$ 1,000,223	\$ 20,234,656	\$ 240,945	\$ 23,154,794	\$ 24,087,130	
<b>LIABILITIES AND NET ASSETS</b>							
<b>Current liabilities</b>							
Accounts payable and accruals	\$ 322,957	\$ -	\$ -	\$ -	\$ 322,957	\$ 344,524	
Current portion of obligation under capital lease (Note 6)	-	-	2,557	-	2,557	2,600	
Current portion of long term debt (Note 8)	-	-	488,000	-	488,000	2,030,972	
Deferred contributions related to tangible capital assets (Note 7)	-	-	-	187,685	187,685	7,056,378	
	322,957	-	490,557	187,685	1,001,199	9,434,474	
<b>Long term debt (Note 8)</b>		-	5,723,744	-	5,723,744	6,217,780	
<b>Obligation under capital lease (Note 6)</b>		-	3,021	-	3,021	5,534	
<b>Deferred contributions related to tangible capital assets (Note 7)</b>		-	-	7,132,039	7,132,039	-	
	322,957	-	6,217,322	7,319,724	13,860,003	15,657,788	
<b>Net asset (deficit)</b>	1,356,013	1,000,223	14,017,334	(7,078,779)	9,294,791	8,429,342	
	\$ 1,678,970	\$ 1,000,223	\$ 20,234,656	\$ 240,945	\$ 23,154,794	\$ 24,087,130	

**Commitments (Note 9)**

See accompanying notes to the financial statements.

**Approved on behalf of the board:**




**REGINA HUMANE SOCIETY INC.**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

(with comparative figures for the year ended December 31, 2023)

	General Operating Fund	Operating Reserve Fund	Tangible Capital Asset Fund	Capital Asset Reserve Fund	2024	2023
<b>Balance - beginning of year</b>	\$ 1,312,911	\$ 965,625	\$ 12,739,266	\$ (6,588,460)	\$ 8,429,342	\$ 8,396,518
Excess (deficiency) of revenue						
over expenses	1,491,824	33,805	(852,916)	192,736	865,449	32,824
Purchase of tangible capital assets	-	-	101,420	(101,420)	-	-
Proceeds on disposal of tangible capital assets	-		(10,000)	10,000	-	-
Repayment of long term debt	(1,666,262)	-	2,037,008	(370,746)	-	-
Repayment of capital lease	(2,556)		2,556	-	-	
Interfund transfers	220,096	793	-	(220,889)	-	-
<b>Balance - end of year</b>	<u>\$ 1,356,013</u>	<u>\$ 1,000,223</u>	<u>\$ 14,017,334</u>	<u>\$ (7,078,779)</u>	<u>\$ 9,294,791</u>	<u>\$ 8,429,342</u>

See accompanying notes to the financial statements.

**REGINA HUMANE SOCIETY INC.**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(with comparative figures for the year ended December 31, 2023)

	General Operating Fund	Operating Reserve Fund	Tangible Capital Asset Fund	Capital Asset Reserve Fund	2024	2023
<b>Revenue</b>						
Administration	\$ 25,285	\$ -	\$ -	\$ -	\$ 25,285	\$ 10,291
Adoptions	162,978	-	-	-	162,978	230,645
Amortization of deferred capital contributions	-	-	-	187,685	187,685	-
Donations	613,128	-	-	-	613,128	741,258
Education	130,526	-	-	-	130,526	114,271
Estates	2,113,559	-	-	-	2,113,559	464,836
Fundraising	998,495	-	-	-	998,495	826,172
Interest	10,041	33,805	-	7,357	51,203	46,273
Kennel	446,130	-	-	-	446,130	434,643
Lost and found	4,485	-	-	-	4,485	7,411
Municipal animal services	1,680,446	-	-	-	1,680,446	1,555,532
Retail	77,278	-	-	-	77,278	50,286
	<u>6,262,351</u>	<u>33,805</u>	<u>-</u>	<u>195,042</u>	<u>6,491,198</u>	<u>4,481,618</u>
<b>Expenses</b>						
Administration	109,740	-	-	-	109,740	99,517
Amortization	-	-	684,116	-	684,116	92,544
Building - taxes, utilities, insurance	255,680	-	-	-	255,680	193,877
Campaign expenses	-	-	-	2,306	2,306	28,913
Communication	52,576	-	-	-	52,576	45,485
Computer expenses	137,339	-	-	-	137,339	81,245
Education	17,175	-	-	-	17,175	30,107
Fundraising	393,982	-	-	-	393,982	300,674
Interest and bank charges	82,660	-	-	-	82,660	64,644
Kennel	217,664	-	-	-	217,664	220,765
Maintenance and facility management	72,300	-	-	-	72,300	22,743
Professional fees	41,003	-	-	-	41,003	31,317
Retail	59,706	-	-	-	59,706	38,222
Vehicle	34,195	-	-	-	34,195	39,846
Veterinary care	226,268	-	-	-	226,268	205,829
Wages and benefits	3,070,239	-	-	-	3,070,239	2,947,783
Loss on disposal of tangible capital assets	-	-	168,800	-	168,800	5,283
	<u>4,770,527</u>	<u>-</u>	<u>852,916</u>	<u>2,306</u>	<u>5,625,749</u>	<u>4,448,794</u>
<b>Excess (deficiency) of revenue over expenses</b>	<u>\$ 1,491,824</u>	<u>\$ 33,805</u>	<u>\$ (852,916)</u>	<u>\$ 192,736</u>	<u>\$ 865,449</u>	<u>\$ 32,824</u>

See accompanying notes to the financial statements.

**REGINA HUMANE SOCIETY INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(with comparative figures for the year ended December 31, 2023)

	<b>2024</b>	<b>2023</b>
<b>Cash provided by (used in) operating activities:</b>		
Excess of revenue over expenses	\$ 865,449	\$ 32,824
Amortization	684,116	92,544
Loss on disposal of tangible capital assets	168,800	5,283
Change in non-cash operating working capital:		
Accounts receivable	128,071	19,270
Prepaid expenses	11,858	84,482
Inventory	(21,887)	(9,700)
Accounts payable and accrued liabilities	(21,567)	(1,670,935)
Holdback payable	-	(1,304,203)
Deferred contributions	263,346	1,879,221
	<u>2,078,186</u>	<u>(871,213)</u>
<b>Cash provided by (used in) investing activities:</b>		
Change in short-term investments	357,144	(379,424)
Change in long-term investments	(370,952)	376,952
Proceeds on tangible capital assets	10,000	-
Purchase of tangible capital assets	(101,420)	(9,016,906)
	<u>(105,228)</u>	<u>(9,019,378)</u>
<b>Cash provided by (used in) financing activities:</b>		
Proceeds (repayment) of long-term debt	(2,037,008)	8,248,752
Proceeds (repayment) of obligation under capital lease	(2,556)	8,134
	<u>(2,039,564)</u>	<u>8,256,886</u>
<b>Decrease in cash</b>	(66,606)	(1,633,705)
<b>Cash position - beginning of year</b>	<u>1,606,981</u>	<u>3,240,686</u>
<b>Cash position - end of year</b>	<u><u>\$ 1,540,374</u></u>	<u><u>\$ 1,606,981</u></u>

See accompanying notes to the financial statements.

**REGINA HUMANE SOCIETY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(with comparative figures for the year ended December 31, 2023)

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**1. Nature of operations**

The Regina Humane Society Inc. (the "Society") is continued under *The Non-Profit Corporations Act, 2022* in Saskatchewan. The Society is dedicated to improving the welfare of animals through programs and services in sheltering, education, protection and advocacy. The Society is a registered charity, and as such, no income taxes are payable pursuant to Paragraph 149(1)(f) of the *Income Tax Act*.

**2. Summary of significant accounting policies**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements required management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the period in which they become known. The statements reflect the following accounting policies:

*Financial instruments - recognition and measurement*

Financial assets and financial liabilities are recorded on the statement of financial position when the Society becomes party to the contractual provisions of the financial instrument. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial instruments are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument. Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair value of financial instruments measured at fair value are recognized in excess of revenues over expenses. When impairment has occurred the carrying amount is reduced and such write downs may subsequently be reversed if conditions change.

*Fund accounting*

The general operating fund reports the assets, liabilities, revenues and expenses related to the day to day operations of the Society.

The operating reserve fund is defined as the designated fund set aside by action of the Board of Directors to ensure the stability of the mission, programs, and ongoing operations of the Society. The operating reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one time unbudgeted expenses, uninsured losses or wind down of the organization. The operating reserve may also be used for one time non-recurring expenses that will build long term capacity, such as staff development or research and development.

The tangible capital asset fund reports the Society's net investment in tangible capital assets.

The capital asset reserve fund includes funds for the replacement of facilities and equipment.

*Inventory*

The inventory of veterinary supplies is recorded at the lower of cost and net realizable value. Cost is determined using the average cost method.

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**REGINA HUMANE SOCIETY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(with comparative figures for the year ended December 31, 2023)

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**2. Summary of significant accounting policies (continued)**

*Tangible capital assets*

Tangible capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over their estimated useful life of the assets at the following annual rates:

Buildings	2.5%
Computers	33.33%
Equipment	20%
Furniture & fixtures	20%
Landscaping	2.5%
Software	100%
Vehicles	20%

Assets under capital lease are amortized on a straight-line basis over the term of the lease. In the year of acquisition, amortization is provided at half of the annual rate.

*Revenue recognition*

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized in the appropriate fund as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Adoptions, municipal and animal protection services, education, kennel and lost and found revenues are recognized in the year in which the services are provided. Interest revenue is recognized as it is earned. Donations, estate and fundraising revenue is recorded when received. Restricted contributions for tangible capital assets are deferred and recognized into revenue on the same basis as the asset is amortized.

Donated labour of volunteers is not reflected in the financial statements as a fair value cannot be reasonably obtained. Small donated goods are not recorded in the financial statements, though contributors may receive an income tax receipt for the item's fair value.

**3. Cash and cash equivalents**

The Society has an authorized line of credit of \$100,000 which bears interest at 6.5% (prime plus 1.3%). At year end, the line of credit was not utilized (2023 - not utilized).

**4. Investments**

Short term investments consist of \$608,481 (2023 - \$965,625) held in guaranteed investment certificates earning interest at rates ranging from at 3.00% to 4.33% (2023 – 1.15% to 4.95%), with maturities between March and June 2025. (2023 – March and June 2024).

Long term investments consist of \$370,952 held in guaranteed investment certificates earning interest at rates ranging from 4.09% to 4.12% with maturities between June 2026 and June 2027.

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**REGINA HUMANE SOCIETY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(with comparative figures for the year ended December 31, 2023)

**5. Tangible capital assets**

	<b>2024</b>		<b>2023</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Land	\$ -	\$ -	\$ -	\$ 21,637
Land - new facility	1,252,594	-	1,252,594	1,252,594
Buildings	-	-	-	155,124
Buildings - new facility	18,499,995	462,500	18,037,495	19,399,097
Equipment	1,083,771	390,734	693,037	29,526
Furniture & fixtures	160,878	32,176	128,702	994
Assets under capital lease	11,740	2,348	9,392	10,566
Landscaping	-	-	-	580
Vehicles	235,536	122,101	113,436	126,034
	<u>\$ 21,244,514</u>	<u>\$ 1,009,859</u>	<u>\$ 20,234,656</u>	<u>\$ 20,996,152</u>

**6. Obligation under capital lease**

	<b>2024</b>	<b>2023</b>
Obligation under capital lease to Pitney Bowes in quarterly payments of \$930 including interest at 16.19%.	\$ 5,578	\$ 8,134
Current portion	(2,557)	(2,600)
	<u>\$ 3,021</u>	<u>\$ 5,534</u>

The future minimum lease payments under capital lease, together with the balance of the obligation under capital lease are as follows:

2025	3,724
2026	2,793
Total minimum lease payments	6,517
Less interest portion	939
Balance of the obligation	<u>\$ 5,578</u>

**7. Deferred contributions**

Deferred contributions relate to restricted donations associated with the construction of a new building.

	<b>2024</b>	<b>2023</b>
Balance, beginning of year	\$ 7,056,378	\$ 5,177,157
Contributions received	451,031	1,879,221
Revenue recognized in the year	(187,685)	-
Balance, end of year	7,319,724	7,056,378
Current portion	(187,685)	-
	<u>\$ 7,132,039</u>	<u>\$ 7,056,378</u>

**REGINA HUMANE SOCIETY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(with comparative figures for the year ended December 31, 2023)

**8. Long term debt**

	<b>2024</b>	<b>2023</b>
Royal Bank of Canada loan with blended monthly payments of \$72,465 which bears interest at 7.24%. Upon renewal in January 2025, the blended payments will be \$66,491 and will bear interest at 5.34%. The loan matures January 23, 2026.	\$ 6,211,744	\$ 6,582,490
Borrowing of \$1,666,262, with interest only payments, bearing interest at prime + 1.120%. The loan was repaid during 2024.	-	1,666,262
Current portion	6,211,744 (488,000)	8,248,752 (2,030,972)
	<u>\$ 5,723,744</u>	<u>\$ 6,217,780</u>

The loan is secured by the land and building at the new facility, with a net book value of \$19,290,089 (2023 - \$20,651,691).

Principal repayments for the next five years are estimated as follows:

2025	\$ 488,000
2026	504,500
2027	532,000
2028	561,000
2029	592,000

**9. Commitments**

The Society has various operating leases for equipment, with payments over the next five years as follows:

2025	\$ 14,000
2026	2,000
2027	2,000
2028	2,000
2029	2,000

**10. Financial instruments**

The Society's recognized financial instruments consist of cash, investments, accounts receivable, accounts payable, accruals, obligation under capital lease and long term debt. The fair value of these items approximates their carrying value given the short term nature of the amounts.

**11. Financial risk management**

The Society has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Society is exposed are:

**REGINA HUMANE SOCIETY INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(with comparative figures for the year ended December 31, 2023)

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**11. Financial risk management (continued)**

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk on the accounts receivable from its customers, however, does not have a significant exposure to any individual customer or counterparty. The Society incurred insignificant bad debt expense during the past three years.

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society's exposure to liquidity risk is dependent on the receipt of funds from its operations and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements and are considered adequate to meet the Society's financial obligations.

**12. Comparative figures**

Certain comparative figures have been reclassified to conform with the presentation in the current year.

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