Financial Statements of

THE TORONTO HUMANE SOCIETY

And Independent Auditor's Report thereon

Year ended December 31, 2025

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Members of The Toronto Humane Society

Qualified Opinion

We have audited the financial statements of The Toronto Humane Society (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the ***"Basis for Qualified Opinion"*** section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many charitable organizations, the Entity derives revenue from fundraising, promotion and public education activities and legacies and bequests, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at December 31, 2025 and December 31, 2024
- the fundraising, promotion, public education and legacies and bequests revenues and excess of revenue over expenses reported in the statements of operations for the years ended December 31, 2025 and December 31, 2024

- the net assets, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended December 31, 2025 and December 31, 2024
- the excess of revenue over expenses reported in the statements of cash flows for the years ended December 31, 2025 and December 31, 2024.

Our opinion on the financial statements for the year ended December 31, 2024 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 28, 2026

THE TORONTO HUMANE SOCIETY

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	$ 3,112,910	$ 5,065,621
Accounts receivable	1,128,889	808,467
Prepaid expenses	125,142	161,909
	4,366,941	6,035,997
Investments and marketable securities (notes 3 and 8)	3,360,801	2,835,207
Capital assets (note 4)	7,023,200	4,553,737
	$ 14,750,942	$ 13,424,941
Liabilities, Deferred Capital Contributions and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 963,105	$ 774,603
Deferred contributions	196,667	186,754
	1,159,772	961,357
Deferred capital contributions (note 5)	127,122	151,766
Net assets:		
Invested in capital assets (note 6)	6,896,078	4,401,971
Restricted for endowment purposes (note 7)	605,436	503,451
Unrestricted	5,962,534	7,406,396
	13,464,048	12,311,818
Commitments (note 9)		
	$ 14,750,942	$ 13,424,941

See accompanying notes to financial statements.

On behalf of the Board:

Adrienne Macdonald Director

Director

THE TORONTO HUMANE SOCIETY

Statement of Operations

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

	2025	2024
Revenue:		
Donation and fundraising	$ 6,976,245	$ 6,897,765
Legacies and bequests	5,286,424	7,262,926
Community animal welfare programs	4,232,838	3,266,784
Gifts-in-kind (note 8)	743,503	663,822
Animal sheltering programs	455,546	302,926
Realized investment income (note 3)	198,523	125,578
Unrealized gain on investments	52,178	100,522
Amortization of deferred capital contributions (notes 5 and 6)	24,644	37,146
Communication and advocacy	5,432	1,750
	17,975,333	18,659,219
Expenses:		
Animal sheltering programs	5,839,248	4,909,741
Community animal welfare programs	4,685,580	3,574,851
General and administration	2,236,299	2,400,521
Fundraising and development	1,668,629	1,569,945
Animal welfare science	794,880	700,958
Gifts-in-kind	743,503	663,822
Communications, education and advocacy	627,287	580,604
Amortization of capital assets	325,194	370,280
Investment	4,468	22,022
	16,925,088	14,792,744
Excess of revenue over expenses	$ 1,050,245	$ 3,866,475

See accompanying notes to financial statements.

THE TORONTO HUMANE SOCIETY

Statement of Changes in Net Assets

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

	Invested in capital assets (note 6)	Restricted for endowment purposes (note 7)	Unrestricted	2025 Total	2024 Total
Net assets, beginning of year	$ 4,401,971	$ 503,451	$ 7,406,396	$ 12,311,818	$ 8,407,981
Excess (deficiency) of revenue over expenses	(300,550)	–	1,350,795	1,050,245	3,866,475
Endowment contributions, net	–	101,985	–	101,985	37,362
Investment in capital assets	2,794,657	–	(2,794,657)	–	–
Net assets, end of year	$ 6,896,078	$ 605,436	$ 5,962,534	$ 13,464,048	$ 12,311,818

See accompanying notes to financial statements.

THE TORONTO HUMANE SOCIETY

Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	$ 1,050,245	$ 3,866,475
Items not involving cash:		
Amortization of capital assets	325,194	370,280
Amortization of deferred capital contributions	(24,644)	(37,146)
Donated investments received	(118,933)	(225,891)
Realized loss (gain) on disposal of investments	(41,543)	293
Unrealized gain on investments	(52,178)	(100,522)
Endowment distribution	(20,138)	(3,700)
	1,118,003	3,869,789
Change in non-cash operating working capital:		
Accounts receivable	(320,422)	(138,787)
Prepaid expenses	36,767	10,690
Accounts payable and accrued liabilities	188,502	(130,948)
Deferred contributions	9,913	(111,996)
	1,032,763	3,498,748
Financing activities:		
Endowment contributions received	18,174	41,062
Investing activities:		
Purchase of capital assets	(2,794,657)	(292,238)
Purchase of investments (net of proceeds from disposal)	(208,991)	(471,143)
	(3,003,648)	(763,381)
Increase (decrease) in cash and cash equivalents	(1,952,711)	2,776,429
Cash and cash equivalents, beginning of year	5,065,621	2,289,192
Cash and cash equivalents, end of year	$ 3,112,910	$ 5,065,621

See accompanying notes to financial statements.

The Toronto Humane Society (the "Society") is incorporated under the laws of Ontario as a not-for-profit organization without share capital. The mission of the Society is to promote the humane care and protection of all animals and to prevent cruelty and suffering.

The Society is registered as a charitable organization and, as such, is exempt from income taxes provided certain requirements under the Income Tax Act (Canada) are met.

1. Significant accounting policies:

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

(a) Revenue recognition:

The Society follows the deferral method of accounting for contributions.

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.

Pledges are recognized as revenue when they are made if the amount to be received can be reasonably estimated and collection is reasonably assured.

Adoption and revenue from animal sheltering programs performed is recorded when earned. Investment income, which is recorded on an accrual basis, includes interest income, distributions from mutual funds, unrealized gains and losses on investments and realized gains and losses on the sales of investments.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

Donations of capital assets, materials and services are recorded at fair values when fair values can reasonably be estimated.

1. Significant accounting policies (continued):

(b) Contributed materials and services:

Contributed materials are recognized at fair value, where determinable and when received. Product donations represent donations from members for dog food.

A substantial number of volunteers contribute services each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

(c) Cash and cash equivalents:

The Society considers deposits in banks, certificates of deposit and short-term investments with original maturities of 90 days or less as cash and cash equivalents.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized over their estimated useful lives on a straight-line basis, as follows:

Building	40 years
Building improvements	25 - 40 years
Machinery and equipment	10 years
Furniture and fixtures	10 years
Computer	5 years
Cat Sky House	27 years
Vehicles	3 years

1. Significant accounting policies (continued):

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Society has elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

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

(f) Allocation of fundraising/general administration expenses:

The Society classifies expenses on the statement of operations by function. The Society does not allocate expenses between functions on the statement of operations.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the rate of amortization of capital assets and deferred capital contributions. Actual results could differ from those estimates.

2. Facilities:

During the year, the Society closed its existing demand credit facility in the amount $1,065,000, and obtained a new revolving demand credit facility in the amount of $5,500,000 from another Canadian financial institution. The new facility bears interest at a rate of prime plus 0.5% per annum and is secured by a mortgage over the land and building at 11 River Street and a General Security Agreement over all personal property of the Society. In addition, the facility includes a corporate credit card with a limit of $100,000. As at December 31, 2025, the Society had not drawn any amounts from the demand credit facility.

3. Investments and marketable securities:

	2025	2024
Cash and cash equivalents	$ 150,143	$ 646,218
Guaranteed investment certificates	45,108	45,108
Fixed income securities	1,084,653	1,839,391
Equity securities and pooled funds	2,080,897	304,490
	$ 3,360,801	$ 2,835,207

The 2025 and 2024 fixed income securities include pooled fixed income mutual funds.

Realized investment income consists of:

	2025	2024
Interest	$ 147,497	$ 119,888
Dividends	9,483	5,397
Realized gain on investments	41,543	293
	$ 198,523	$ 125,578

THE TORONTO HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Capital assets:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Land	$ 822,912	$ –	$ 822,912	$ 822,912
Building	6,863,564	4,968,128	1,895,436	64,451
Building improvements	4,947,991	2,037,750	2,910,241	2,347,881
Machinery and equipment	762,354	555,600	206,754	144,380
Furniture and fixtures	3,776,059	3,418,949	357,110	288,551
Computer	1,390,305	1,275,188	115,117	53,831
Cat Sky House	2,363,732	1,648,102	715,630	803,176
Vehicles	273,523	273,523	–	28,555
	$ 21,200,440	$ 14,177,240	$ 7,023,200	$ 4,553,737

During the year, the Society purchased a retail location at 632 Queen Street East in Toronto to expand its below market rate veterinary services. The total cost of purchase and certain construction and transaction cost included in building and building improvements was $2,441,765. As at December 31, 2025, the location has not yet commenced operation, and amortization for these amounts will commence when the location is put in use.

5. Deferred capital contributions:

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

	2025	2024
Balance, beginning of year	$ 151,766	$ 188,912
Less amortization of deferred capital contributions	(24,644)	(37,146)
Balance, end of year	$ 127,122	$ 151,766

6. Net assets invested in capital assets:

(a) Net assets invested in capital assets is calculated as follows:

	2025	2024
Capital assets	$ 7,023,200	$ 4,553,737
Amounts financed by deferred capital contributions (note 5)	(127,122)	(151,766)
	$ 6,896,078	$ 4,401,971

(b) Change in net assets invested in capital assets is calculated as follows:

	2025	2024
Deficiency of revenue over expenses:		
Amortization of deferred capital contributions	$ 24,644	$ 37,146
Amortization of capital assets	(325,194)	(370,280)
	$ (300,550)	$ (333,134)
Net change in net assets invested in capital assets:		
Purchase of capital assets	$ 2,794,657	$ 292,238

7. Net assets restricted for endowment purposes:

Within the net assets restricted for endowment purposes, a balance of $10,000 is subject to externally imposed restrictions stipulating that the income on the endowment be awarded to a person, group or organization that has contributed to the relief of suffering of animals or as a reward for apprehension of persons charged with cruelty to animals.

7. Net assets restricted for endowment purposes (continued):

In 2022, an endowment fund of $65,405 was received to exist in perpetuity with the distribution being made available to support animal sheltering programs of the Society. In 2023, the agreement with the donor was amended to retain the investment gains and losses within the endowment and an annual distribution equals to 4% of the opening endowment fund balance is made to the unrestricted fund. During the year, an additional $18,174 (2024 - $41,062) donation was added to the endowment, and a distribution of $20,138 (2024 - $3,700) was transferred to the unrestricted fund.

8. Gifts-in-kind:

During the year, the Society received $743,503 (2024 - $663,822) of donated goods and $118,933 (2024 - $225,891) of donated investments and marketable securities.

9. Commitments:

The Society has long-term commitments under various office equipment leases as follows:

2026	$ 125,937
2027	110,211
2028	60,771
2029	32,530
	$ 329,449

Letters of credit totaling $45,000 (2024 - $45,000) are outstanding at year end, that relate to the demand credit facility described in note 2.

10. Financial risks and concentration of credit risk:

The following disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. Unless otherwise noted, there has been no change in risk exposure from 2024.

10. Financial risks and concentration of credit risk (continued):

(a) Interest rate risk:

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Society. The Society has formal policies and procedures that establish target asset mix and monitors the current interest rate to ensure rates do not vary from the market rate.

(b) Market risk:

Market risk arises as a result of trading in equity securities, pooled funds and fixed income securities. Fluctuations in the market expose the Society to a risk of loss. The Society mitigates this risk through controls to monitor and limit concentration levels.

(c) Currency risk:

Currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the Society's securities denominated in U.S. dollars. The Society mitigates this risk through controls to monitor and limit concentration levels.

(d) Liquidity risk:

Liquidity risk is defined as the risk that the Society may not be able to meet or settle its obligations as they become due. The Society has taken steps to ensure that it will have sufficient working capital to meet its obligations.

(e) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to the accounts receivable. The Society assesses, on a contribution basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

11. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.