

LAKEFIELD ANIMAL WELFARE SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2025

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FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT

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To the Directors of Lakefield Animal Welfare Society

www.bakertilly.ca

Qualified Opinion

We have audited the financial statements of Lakefield Animal Welfare Society (the Society), which comprise the statement of financial position as at December 31, 2025, the statements of operations and changes in fund balances 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2025, 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 most not-for-profit organizations, Lakefield Animal Welfare Society derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit evidence. Accordingly, our verification of these revenues was limited to the amounts recorded by the Society and we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenditures, assets, fund balances and cashflows for the year ended December 31, 2025.

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 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.

Other Matter

The financial statements of Lakefield Animal Welfare Society for the year ended December 31, 2024, were reviewed by Baker Tilly KDN LLP and we expressed a qualified conclusion on those financial statements dated June 18, 2025. We did not audit the financial statements for the year ended December 31, 2024, and accordingly, we do not express an audit opinion on those financial statements.

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 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.

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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.

Baker Tilly KDN LLP

Chartered Professional Accountants
Licensed Public Accountants

Peterborough, Ontario
May 20, 2026

LAKEFIELD ANIMAL WELFARE SOCIETY

STATEMENT OF FINANCIAL POSITION As at December 31, 2025

	Operating Fund 2025 \$	Capital Fund 2025 \$	Total 2025 \$	Total 2024 \$
ASSETS				
Current assets				
Cash and cash equivalents (note 3)	1,186,199	-	1,186,199	258,871
Accounts receivable (note 4)	154,628	-	154,628	57,171
HST receivable	30,905	-	30,905	7,894
Short-term investments (note 5)	128,781	-	128,781	732,515
Prepaid expenses	639	-	639	258
	1,501,152	-	1,501,152	1,056,709
Tangible capital assets (note 6)	-	561,096	561,096	519,415
Long-term investments (note 5)	386,651	-	386,651	-
	1,887,803	561,096	2,448,899	1,576,124
LIABILITIES AND FUND BALANCES				
Current liabilities				
Trade accounts payable	42,754	-	42,754	31,857
Source deductions payable	8,020	-	8,020	6,515
	50,774	-	50,774	38,372
Fund balances				
Unrestricted	1,329,529	-	1,329,529	818,337
Invested in capital assets	-	561,096	561,096	519,415
Internally restricted (note 7)	507,500	-	507,500	200,000
	1,837,029	561,096	2,398,125	1,537,752
	1,887,803	561,096	2,448,899	1,576,124

Approved on behalf of the Board:


_____, Director


_____, Director

The accompanying notes are an integral part of these financial statements

LAKEFIELD ANIMAL WELFARE SOCIETY

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2025

	Operating Fund 2025 \$	Capital Fund 2025 \$	Total 2025 \$	Total 2024 \$
Revenue				
Adoptions	160,830	-	160,830	160,732
Donations	227,618	-	227,618	219,589
Estate donations	1,023,127	-	1,023,127	451,156
Fundraising	96,634	-	96,634	79,600
Grants	3,452	-	3,452	3,000
Membership revenue	230	-	230	1,063
Other revenue	156,905	-	156,905	52,996
Thrift shop	45,783	-	45,783	42,528
Interest income	32,633	-	32,633	33,535
Total revenue	1,747,212	-	1,747,212	1,044,199
Expenses				
Wages and benefits	382,185	-	382,185	324,913
Medical and surgery	198,013	-	198,013	195,698
Professional services	76,148	-	76,148	34,693
Amortization	-	51,210	51,210	55,678
Food and supplies	32,010	-	32,010	19,889
PAWS costs	25,185	-	25,185	-
Office and postage	23,668	-	23,668	18,183
Repairs and maintenance	22,772	-	22,772	19,125
Fundraising	16,702	-	16,702	7,066
Utilities	15,997	-	15,997	15,648
Insurance	12,135	-	12,135	12,525
Thrift shop	7,790	-	7,790	4,075
Property taxes	5,143	-	5,143	8,346
Advertising and promotion	5,080	-	5,080	3,797
Adoption costs	4,779	-	4,779	6,316
Travel	4,730	-	4,730	3,254
Memberships	3,292	-	3,292	2,835
Total expenses	835,629	51,210	886,839	732,041
Excess (deficiency) of revenue over expenses for the year	911,583	(51,210)	860,373	312,158
Fund balances - beginning of year	1,018,337	519,415	1,537,752	1,225,594
Interfund transfer (note 7)	(92,891)	92,891	-	-
Fund balances - end of year	1,837,029	561,096	2,398,125	1,537,752

The accompanying notes are an integral part of these financial statements

LAKEFIELD ANIMAL WELFARE SOCIETY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	2025	2024
	\$	\$
CASH PROVIDED FROM (USED FOR):		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	860,373	312,158
Non-cash charges to operations		
Amortization	51,210	55,678
Changes in non-cash working capital items		
Increase in accounts receivable	(97,457)	(42,895)
(Increase)/decrease in prepaid expenses	(381)	733
(Increase)/decrease in HST receivable	(23,011)	2,861
Increase/(decrease) in accounts payable and accrued liabilities	10,897	(16,529)
Increase/(decrease) in source deductions payable	1,505	(2,365)
	(108,447)	(58,195)
Net increase in cash from operating activities	803,136	309,641
Investing activities		
Purchase of investments	(515,432)	(455,634)
Redemption of investments	732,515	273,873
Purchase of tangible capital assets	(92,891)	(9,443)
Net increase/(decrease) in cash from investing activities	124,192	(191,204)
Increase in cash	927,328	118,437
Cash - beginning of year	258,871	140,434
Cash - end of year	1,186,199	258,871

The accompanying notes are an integral part of these financial statements

LAKEFIELD ANIMAL WELFARE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

1. NATURE OF OPERATIONS

Lakefield Animal Welfare Society ('the Society') is a not-for-profit organization that was incorporated on September 5, 1997, without share capital, to treat abandoned, injured or stray animals by providing for their care, safety and protection. The Society is a registered charity under the Income Tax and, as such, is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant aspects of the accounting policies are as follows:

(a) *Recognition of revenues and expenses*

The Society uses the restricted fund method of accounting and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions, including other revenue, are recognized as revenue of the Operating Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured. Investment income is recognized as revenue of the Operating Fund when earned.

(b) *Fund accounting*

The two funds are the Operating Fund and the Capital Fund. These funds are classified as follows:

- (i) Operating fund - includes results of day-to-day administrative and program delivery activities, as well as the internally restricted reserve;
- (ii) Capital fund - includes the activities related to the Society's capital assets.

(c) *Tangible capital assets*

Purchased assets are recorded in the Capital Fund at acquisition cost. Contributed assets are recorded at their fair value on the date of contribution if the fair value is readily determinable. Amortization is provided on a straight-line basis using the following rates:

Land improvements	- 30 years
Buildings	- 25 years
Fencing	- 10 years
Paving	- 10 years
Computer equipment	- 5 years
Furniture, fixtures and other equip.	- 10 years
Automotive	- 10 years
Shelter equipment	- 10 years

Tangible capital assets categorized as assets under construction are not amortized until they are put into service.

(d) *Donated services*

Volunteers contribute a significant amount of time each year to assist the Society in carrying out its programs and services. In addition, members of the general public frequently support the Society, with donations of supplies to assist with the feed and care of animals. These donated services are not recorded because their fair market value is not readily determinable.

LAKEFIELD ANIMAL WELFARE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES, continued

(e) *Investments*

Financial instruments classified as held-to-maturity investments are carried at amortized cost using the effective interest method. Interest is included in income for the year.

(f) *Use of estimates*

The preparation of financial statements in conformity 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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, useful lives of capital assets and amortization and accounts payable and accrued liabilities. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

(g) *Measurement of financial instruments*

(i) *Measurement*

The Society initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Society subsequently measures its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable and GIC investments. Financial assets measured at market value include equity investments.

Financial liabilities measured at amortized costs include accounts payable and accrued liabilities.

No financial assets or financial liabilities are recorded at fair value.

(ii) *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

LAKEFIELD ANIMAL WELFARE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

3. CASH AND CASH EQUIVALENTS

	2025	2024
	\$	\$
Cash	142,518	133,692
High interest savings fund	1,043,681	125,179
	1,186,199	258,871

The high interest savings fund is invested in multiple high interest savings accounts held at major Canadian financial institutions.

4. ACCOUNTS RECEIVABLE

	2025	2024
	\$	\$
Trade receivable	151,481	30,485
Interest receivables	3,147	26,686
	154,628	57,171

LAKEFIELD ANIMAL WELFARE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

5. INVESTMENTS

Investments consists of the following:

	2025	2024
	\$	\$
Operating Fund - Short Term Investments		
Guaranteed investment certificate, matured January 20, 2025, interest rate of 4.50%	-	112,126
Guaranteed investment certificate, matured November 28, 2025, interest rate of 4.25%	-	164,755
Guaranteed investment certificate, matured March 17, 2025, interest rate of 3.65%	-	123,345
Guaranteed investment certificate, matured August 7, 2025, interest rate of 2.75%	-	40,000
Guaranteed investment certificate, matured October 16, 2025, interest rate of 3.90%	-	292,289
Guaranteed investment certificate, maturing March 21, 2026, interest rate of 2.85%	28,333	-
Guaranteed investment certificate, maturing October 16, 2026, interest rate of 2.70%	100,448	-
Total Short Term Investments	128,781	732,515
Guaranteed investment certificate, maturing March 21, 2027, interest rate of 2.90%	28,333	-
Guaranteed investment certificate, maturing October 16, 2027, interest rate of 2.90%	100,437	-
Guaranteed investment certificate, maturing March 21, 2028, interest rate of 2.85%	28,334	-
Guaranteed investment certificate, maturing October 16, 2028, interest rate of 2.90%	100,436	-
CI Global Income and Growth Fund A ISC	129,111	-
Total Long Term Investments	386,651	-

LAKEFIELD ANIMAL WELFARE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2025

6. TANGIBLE CAPITAL ASSETS

Tangible capital assets consist of the following:

	Cost	Accumulated Amortization	Net Book Value	
	\$	\$	2025	2024
			\$	\$
Land	139,441	-	139,441	139,441
Land improvements	8,212	103	8,109	-
Buildings	833,411	535,452	297,959	331,295
Fencing	21,152	8,460	12,692	14,807
Paving	12,003	12,003	-	-
Computer equipment	14,995	14,456	539	1,582
Shelter equipment	108,393	95,912	12,481	23,320
Furniture & fixtures	73,171	64,730	8,441	8,970
Automotive	44,177	2,209	41,968	-
Asset under construction	39,466	-	39,466	-
	1,294,421	733,325	561,096	519,415

7. INTERNALLY RESTRICTED RESERVES

The Board of Directors has established an internally restricted contingency reserve. These funds have been set aside to ensure that adequate funds are available to operate the Society for a minimum of 6 months should there be a significant interruption or decline of other funding sources. These funds are not available for other purposes without formal approval of the Board of Directors.

During the year, the Board of Directors unanimously approved \$307,500 of the surplus of the operating fund to be transferred to the internally restricted fund for future use.

\$92,891 was transferred from the operating fund to the capital fund for the purchase of tangible capital assets during the year.

8. FINANCIAL INSTRUMENTS

The Society is exposed to the following risks in respect of certain of the financial instruments held:

(a) Interest rate risk

Interest rate risk is the risk that the Society has interest rate exposure on its investments. This exposure is low as the investments are invested in guaranteed investment certificates with various terms and fixed rates to meet any unforeseen obligations.

(b) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Society has limited exposure to credit risk by monitoring its trade receivables and creating an allowance for bad debts when applicable. All other receivables are due from financial institutions and Federal levels of government.

(c) Liquidity risk

LAKEFIELD ANIMAL WELFARE SOCIETY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

Liquidity risk is the risk that the Society will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provide a substantial portion of the Society's cash requirements. Additional cash requirements are met with the use of the short-term guaranteed investment certificates described in note 5.

9. COMPARATIVE FIGURES

Certain comparative figures were restated, where required, to conform with the current year presentation.