

**Canadian Council on Animal Care / Conseil
canadien de protection des animaux**

**Financial Statements
March 31, 2025**

Independent Auditor's Report	2 - 4
Financial Statements	
Operations	5
Changes in Net Assets	6
Cash Flows	7
Financial Position	8
Notes to Financial Statements	9 - 15

Independent Auditor's Report

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To the Members of
Canadian Council on Animal Care / Conseil canadien de protection
des animaux

Opinion

We have audited the financial statements of Canadian Council on Animal Care / Conseil canadien de protection des animaux (hereafter "the Council"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 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 opinion

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 Council 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 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 Council'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 Council'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 Council 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.

Raymond Chabot Grant Thornton LLP

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
May 28, 2025

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Operations

Year ended March 31, 2025

	<u>2025</u>	<u>2024</u>
	\$	\$
Revenue		
Grants (Note 8)	1,750,000	1,750,000
Program participation fees	1,731,025	1,578,272
Workshops	77,482	133,329
Net investment income (Note 4)	92,788	70,692
Miscellaneous	2,231	661
	<u>3,653,526</u>	<u>3,532,954</u>
Expenses		
Salaries and benefits (Note 11)	2,452,191	2,290,857
Rent	178,494	178,015
IT maintenance	79,165	75,654
Travel	180,868	260,633
Office and administration	80,614	70,947
Bad debt expense	34,609	9,793
Professional fees	388,054	294,070
Legal and audit	22,024	23,318
Committee	20,320	18,145
Board and AGM	80,380	64,093
Finance service charges	60,984	59,379
Amortization of tangible capital assets and intangible assets	17,575	21,845
	<u>3,595,278</u>	<u>3,366,749</u>
Excess of revenue over expenses	<u>58,248</u>	<u>166,205</u>

The accompanying notes are an integral part of the financial statements.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Changes in Net Assets

Year ended March 31, 2025

	2025			2024
	Unrestricted	Internally restricted	Invested in tangible capital assets and intangible assets	Total
	\$	\$	\$	\$
Net assets, beginning of year	1,764,511	337,742	60,031	2,162,284
Excess of revenue over expenses	58,248			58,248
Purchases of tangible capital assets and intangible assets	(7,133)		7,133	
Amortization of tangible capital assets and intangible assets	17,575		(17,575)	
Net assets, end of year	1,833,201	337,742	49,589	2,220,532

The accompanying notes are an integral part of the financial statements.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Cash Flows

Year ended March 31, 2025

	<u>2025</u>	<u>2024</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	58,248	166,205
Non-cash items		
Amortization of tangible capital assets and intangible assets	17,575	21,845
Net change in fair value of investments	(41,246)	(29,707)
Changes in working capital items		
Trade and other receivables	126,101	(118,704)
Prepaid expenses	(68,939)	(38,361)
Accounts payable and accrued liabilities	35,458	(5,763)
Deferred revenues	54,447	(30,529)
Cash flows from operating activities	<u>181,644</u>	<u>(35,014)</u>
INVESTING ACTIVITIES		
Acquisition of investments	(127,177)	(85,922)
Disposal of investments	104,543	43,142
Acquisition of tangible capital assets	(7,133)	(20,473)
Cash flows from investing activities	<u>(29,767)</u>	<u>(63,253)</u>
Net increase (decrease) in cash	151,877	(98,267)
Cash, beginning of year	<u>1,073,579</u>	<u>1,171,846</u>
Cash, end of year	<u><u>1,225,456</u></u>	<u><u>1,073,579</u></u>

The accompanying notes are an integral part of the financial statements.

**Canadian Council on Animal Care / Conseil canadien de protection
des animaux**
Financial Position

March 31, 2025

	<u>2025</u>	<u>2024</u>
	\$	\$
ASSETS		
Current		
Cash	1,225,456	1,073,579
Trade and other receivables (Note 3)	146,818	272,919
Prepaid expenses	<u>251,551</u>	<u>182,612</u>
	1,623,825	1,529,110
Long-term		
Investments (Note 5)	841,564	777,684
Tangible capital assets and intangible assets (Note 6)	<u>49,589</u>	<u>60,031</u>
	<u><u>2,514,978</u></u>	<u><u>2,366,825</u></u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	239,999	204,541
Deferred revenues	<u>54,447</u>	<u> </u>
	<u><u>294,446</u></u>	<u><u>204,541</u></u>
NET ASSETS (NOTE 10)		
Unrestricted	1,833,201	1,764,511
Internally restricted	337,742	337,742
Invested in tangible capital assets and intangible assets	<u>49,589</u>	<u>60,031</u>
	<u><u>2,220,532</u></u>	<u><u>2,162,284</u></u>
	<u><u>2,514,978</u></u>	<u><u>2,366,825</u></u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,



Director



Director

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2025

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Canadian Council on Animal Care/Conseil canadien de protection des animaux (the "Council") is incorporated as a not-for-profit corporation under Part II of the Canada Corporations Act. As a not-for-profit organization, the Council is exempt from income taxes under paragraph 149(1)(l) of the Income Tax Act (Canada).

Effective May 16, 2014, the Council continued its incorporation under the Canada Not-for-profit Corporations Act.

The mandate of the Council is to act in the interests of the people of Canada and advance animal ethics and care in science by:

- developing science-informed standards that incorporate expert opinion, the values of Canadians and strategies to reduce the need for, and harm of, animals in science, while promoting their well-being;
- encouraging the implementation of the highest standards of ethics and care for animals in science in collaboration with the animal care community and scientists across Canada;
- providing assessment and certification programs that empower scientific institutions in achieving high standards of animal ethics and care; and
- providing education, training and networking opportunities to support individuals, animal care committees and institutions in implementing the Council's guidelines and sharing best practices in the oversight of animal ethics and care in science.

2 - SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The Council's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions the Council may undertake in the future. Actual results may differ from these estimates.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2025

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue recognition

Contributions

The Council follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized 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.

Program participation fees and workshops

Program participation fees and workshops are recognized as revenue in accordance with the agreement between the parties, when the event takes place, fees are fixed or determinable and collection is reasonably assured. The liability relating to the received but unearned portion of revenues from program participation fees and workshops is recognized in the statement of financial position as deferred revenues.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Net investment income includes interest income, dividend income and changes in fair value.

Interest income is recognized on a time apportionment basis. Dividend income is recognized as of the ex-dividend date. Changes in fair value are recognized when they occur.

With respect to investments measured at fair value, the Council has elected to exclude from changes in fair value interest income and dividend income.

Net investment income that is not subject to externally imposed restrictions is recognized in the statement of operations while net investment income subject to externally imposed restrictions is recognized as other deferred contributions.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Council's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2025

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Subsequent measurement

At each reporting date, the Council measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for investments in equities, preferred shares and mutual funds which are measured at fair value and bond investments which the Council has elected to measure at fair value by designating that fair value measurement shall apply.

With respect to financial assets measured at amortized cost, the Council assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Council determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Tangible capital assets and intangible assets

Tangible capital assets and intangible assets acquired are recorded at cost. When the Council receives contributions of tangible capital assets and/or intangible assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets and intangible assets, or at a nominal value if fair value cannot be reasonably determined.

Amortization

Tangible capital assets as well and intangible assets are amortized over their estimated useful lives according to the diminishing balance method at the following annual rates:

	<u>Rates</u>
Furniture and fixtures	20%
Computer equipment	30%
Computer software	30%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Write-down

When conditions indicate that a tangible capital asset or an intangible asset is impaired, the net carrying amount of the tangible capital asset and intangible asset is written down to the tangible capital asset's or intangible asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2025

3 - TRADE AND OTHER RECEIVABLES

	2025	2024
	\$	\$
Trade accounts receivable (a)	104,647	231,296
Accrued receivable	19,742	17,027
Indirect taxes receivable	22,429	24,596
	<u>146,818</u>	<u>272,919</u>

(a) As at March 31, 2025, the credit concentration is \$NIL (\$NIL in 2024).

4 - NET INVESTMENT INCOME

	2025	2024
	\$	\$
Interest income	26,521	16,971
Dividend income and mutual fund distributions	25,021	24,014
Changes in fair value of investments	41,246	29,707
	<u>92,788</u>	<u>70,692</u>

5 - INVESTMENTS

	2025		2024	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Cash Investment	23,671	23,671	19,178	19,178
Federal, provincial and corporate bonds, bearing interest a weighted average rate of 2.98% (2024 - 2.48%), maturing between June 2025 and September 2034	176,998	173,480	165,429	152,744
Preferred shares	71,506	68,865	71,741	60,974
Canadian, International and US equities	87,406	122,526	106,029	148,908
Mutual funds				
Canadian Bond Funds	336,850	307,693	302,204	265,227
Global Bond Funds	145,539	130,713	129,522	113,333
Equity Funds of international companies	13,039	14,616	15,175	17,320
	<u>855,009</u>	<u>841,564</u>	<u>809,278</u>	<u>777,684</u>

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2025

6 - TANGIBLE CAPITAL ASSETS AND INTANGIBLE ASSETS

	<u>2025</u>		<u>2024</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net carrying amount</u>
	\$	\$	\$
Tangible capital assets			
Leasehold improvements	20,547	20,547	
Computer equipment	406,767	369,310	46,444
Furniture and fixtures	124,090	112,363	13,014
Intangible capital assets			
Computer software	61,038	60,633	573
	<u>612,442</u>	<u>562,853</u>	<u>60,031</u>

7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2025</u>	<u>2024</u>
	\$	\$
Accounts payable and accrued liabilities	70,358	35,162
Salaries payable	51,815	51,189
Vacation leave payable	117,826	118,190
	<u>239,999</u>	<u>204,541</u>

Government remittances is \$NIL as at March 31, 2025 (\$NIL as at March 31, 2024).

8 - ECONOMIC DEPENDANCE

The Council's mandate and operations are dependant on existing grant funding from the Canadian Institutes of Health Research and the Natural Sciences and Engineering Research Council of Canada expiring on March 31, 2026. Revenue includes grants received from these organizations of \$1,750,000 (2024-\$1,750,000). Maximum grant funding to be received under this grant for the next year is \$1,750,000 in 2026.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2025

9 - COMMITMENTS

The Council has entered into a long-term lease agreement which call for lease payment for the rental of premises.

The lease expires on March 31, 2026. Minimum lease payment for the next year is \$175,262 in 2026.

The Council has entered into a long-term IT services agreement, expires on April 17, 2026. Minimum payments for the next two years are \$22,812 in 2026 and \$1,901 in 2027.

The Council has entered into a long-term internet and connect service, expire on October 24, 2029. Minimum payments for the next five years are \$4,552 in 2026, \$7,803 from 2027 to 2029 and \$3,251 in 2030.

The Council has entered into a government relations support agreement, expires on October 31, 2025. Minimum payment for the next year is \$56,000 in 2026.

10 - NET ASSETS

The Council considers its capital to consist of its net assets. The objectives of the council with respect to unrestricted net assets is to fund ongoing operations and future projects. The unrestricted net assets are also considered a reserve in case of a short-term operating shortfall.

The objectives of the Council with respect to its net assets invested in tangible capital assets and intangible assets is to fund the past acquisition of tangible capital assets and intangible assets required for operational purposes.

In the 2021 fiscal year, the Council established the internally restricted Human Resources Fund. The objective of the fund is to support future expenses associated with succession planning, work-from-home policy implementation, continuing education opportunities and other human resource-related initiatives.

The Council is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2024.

11 - PENSION PLAN

All employees hired since January 1, 1989 are required to participate in the Council's money-purchase defined contribution pension plan administered by Universities Canada and registered with the Financial Services Commission of Ontario. The Council's contributions to the plan are based on participants' earnings up to a maximum of 7% and are expensed as incurred. Expenses for the year were \$134,929 (2024 - \$129,145) and are recorded in salaries and benefits expense.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2025

12 - FINANCIAL RISKS

Credit risk

The Council is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Council has determined that the financial assets with more credit risk exposure are trade accounts receivable, investments in bonds and in preferred shares since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Council. Investments in mutual funds indirectly exposes the Council to credit risk.

Market risk

The Council's financial instruments expose it to market risk, in particular, to interest rate risk and other price risk, resulting from its investing activities:

Interest rate risk

The Council is exposed to interest rate risk with respect to financial assets bearing fixed interest rates.

The investments in bonds and in preferred shares bear interest at a fixed rate and the Council is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. Investments in mutual funds indirectly exposes the Council to interest rate risk.

Other price risk

The Council is exposed to other price risk due to investments in equities and in mutual funds since changes in market prices could result in changes in the fair value of these instruments.

Liquidity risk

The Council's liquidity risk represents the risk that the Council could encounter difficulty in meeting obligations associated with its financial liabilities. The Council is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the statement of financial position.

13 - COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year. The main reclassification made on March 31, 2024, for the fiscal year ended on that date, involves cash held with the broker intended for reinvestment as an investment amounting to \$19,178. This amount is now presented among investments on the balance sheet and in investment activities in the unconsolidated cash flow statement, instead of being grouped with cash.