ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

FINANCIAL STATEMENTS

(Audited)

December 31, 2025

a member of the

FEDERATION OF
CALGARY COMMUNITIES

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

December 31, 2025

Contents

	Page
Independent Auditors' Report	1 - 2
Financial Statements	
Statement of Financial Position	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12
Schedules	
Schedule 1 - Programs	13
Schedule 2 - Sales	14

MICHAEL IHEKUNA CPA
Chartered Professional Accountant

Independent Auditor's Report

To the Members of the ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

Qualified Opinion

I have audited the Statement of Financial Position of the Animal Rescue Foundation (ARF) of Alberta as at December 31, 2025 and the Statements of Operations, Net Assets and Cash Flows and a summary of significant accounting policies and other explanatory notes for the year ended December 31, 2025.

In my opinion, except for the effects of adjustments as described below in the Basis for Qualified Opinion paragraph, if any, which I might have determined to be necessary had I been able to satisfy myself of the completeness of fundraising activities, these financial statements present fairly, in all material respects, the financial position of the Animal Rescue Foundation (ARF) of Alberta as at December 31, 2025 and the results of its operations and cash flows for the year ended December 31, 2025 in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Animal Rescue Foundation (ARF) of Alberta derives revenue from certain fundraising activities, the completeness of which is not subject to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amounts recorded in the records of the Animal Rescue Foundation (ARF) of Alberta and I was not able to determine whether any adjustments might be necessary to revenue, excess of expenses over revenue, assets and net assets. I conducted my audit in accordance with Canadian auditing standards. I am independent of the Animal Rescue Foundation (ARF) of Alberta in accordance with the ethical requirements that are relevant to my audit and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit associations and for such internal control as management determines 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 Animal Rescue Foundation (ARF) of Alberta's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, concluding on the appropriateness of management's use of the going concern basis of accounting as well as evaluating the overall presentation of the financial statements.

I communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that I identify during my audit.

Other Matter

The prior year's financial statements were audited by another Chartered Professional Accountant who issued a qualified opinion on September 11, 2025.



Calgary, Alberta
July 15, 2026

Michael Ihekuna CPA
Chartered Professional Accountant

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ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

STATEMENT OF FINANCIAL POSITION

(Audited)

As at December 31, 2025

	2025	2024
ASSETS		
Current assets		
Cash and cash equivalents, unrestricted	**$ 378,514**	$ 223,294
Internally restricted assets (Note 3)	**282,972**	255,562
Externally restricted assets (Note 4)	**10,478**	139,414
Accounts receivable, unrestricted	**23,921**	24,058
Goods and Services Tax receivable	**5,601**	4,609
Inventory	**3,051**	939
Prepaid expenses	**-**	3,218
	704,537	651,094
Capital assets (Note 5)	**118,514**	126,941
	$ 823,051	$ 778,035
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	**$ 36,005**	$ 36,462
Wages and source deductions payable	**4,581**	6,311
Deferred cash contributions (Note 4)	**10,478**	139,414
	51,064	182,187
Deferred capital contributions (Note 6)	**81,690**	85,289
	132,754	267,476
Net assets		
Unrestricted	**370,501**	213,345
Internally restricted (Note 3)	**282,972**	255,562
Invested in capital assets	**36,824**	41,652
	690,297	510,559
	$ 823,051	$ 778,035

COMMITMENT (Note 7)

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS

_____ Director

_____ Director

See Notes to the Financial Statements

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

STATEMENT OF CHANGES IN NET ASSETS

(Audited)

For the Year Ended December 31, 2025

	Unrestricted	Internally restricted	Invested in capital assets	2025 Totals	2024 Totals
Balances, beginning of year	**$ 213,345**	**255,562**	**41,652**	**510,559**	568,085
Excess of revenue (expenses)	**157,156**	**27,410**	**(4,828)**	**179,738**	(57,526)
Balances, end of year	**$ 370,501**	**282,972**	**36,824**	**690,297**	510,559

See Notes to the Financial Statements

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

STATEMENT OF OPERATIONS

(Audited)

For the Year Ended December 31, 2025

	2025	2024
Revenue		
Donations and grants (Note 8)	**$ 618,335**	$ 539,304
Programs (Schedule 1)	**135,500**	108,456
Contributions from casino (Note 9)	**73,369**	10,811
Investment and other	**33,810**	10,355
Sales (Schedule 2)	**17,075**	17,718
Sponsorship	**14,750**	-
Fundraising (Note 10)	**14,192**	36,179
Payroll reimbursement	**3,825**	-
Memberships	**777**	623
Scholarship fund	**-**	1,000
	911,633	724,446
Operational expenses		
Program (Schedule 1)	**339,380**	339,491
Sales (Schedule 2)	**2,258**	4,901
	341,638	344,392
Excess of revenue from operations	**569,995**	380,054
Administrative expenses		
Salaries and wages	**161,120**	127,837
Contract services	**77,116**	81,485
Building rent	**75,336**	70,206
Repairs & maintenance	**15,310**	13,132
Automobile	**11,164**	18,829
Professional fees	**9,906**	12,157
Administration and office supplies	**8,940**	7,061
Transaction fees	**8,548**	9,408
Insurance	**6,300**	9,234
Telephone	**6,004**	5,579
Staff and volunteer functions	**1,866**	392
Advertising and promotion	**1,509**	653
Fundraising	**-**	526
	383,119	356,499
Excess of revenue before amortization	**186,876**	23,555
Less: Amortization expense	**(21,152)**	(94,837)
Plus: Amortized deferred capital contributions (Note 6)	**14,014**	13,756
Excess/(deficiency) of revenue after amortization	**$ 179,738**	$ (57,526)

See Notes to the Financial Statements

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

STATEMENT OF CASH FLOWS

(Audited)

For the Year Ended December 31, 2025

	2025	2024
Cash generated from/(used in):		
Operating activities		
Excess of revenue (expenses)	**$ 179,738**	$ (57,526)
Changes not affecting cash:		
Amortization expense	**21,152**	94,837
Amortization of deferred capital contributions	**(14,014)**	(13,756)
Changes in non-cash operating working capital:		
Accounts receivable	**10,137**	(20,218)
Goods and Services Tax	**(992)**	5,170
Prepaid expenses	**3,218**	1,717
Inventory	**(2,113)**	1,680
Accounts payable and accrued liabilities	**(2,186)**	(13,472)
Deferred revenue	**-**	(1,000)
Cash from operating activities	**194,940**	(2,568)
Financing activities		
Deferred cash contributions	**(128,936)**	160,293
Deferred capital contributions	**10,415**	-
	(118,521)	160,293
Investing activities		
Renovations	**-**	(893)
Capital asset purchases	**(12,725)**	(3,229)
Reinvestment of interest and dividends	**(27,430)**	(6,187)
	(40,155)	(10,309)
Increase in cash and cash equivalents	**36,264**	147,416
Cash and cash equivalents, beginning of the year	**356,027**	208,611
Cash and cash equivalents, end of the year	**$ 392,291**	$ 356,027
Cash and cash equivalents consist of:		
Unrestricted cash and cash equivalents	**$ 378,514**	$ 223,294
Internally restricted cash - Pad for Paws	**3,299**	3,319
Restricted cash and cash equivalents	**10,478**	129,414
	$ 392,291	$ 356,027

See Notes to the Financial Statements

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

December 31, 2025

1. PURPOSE OF THE ORGANIZATION

The Animal Rescue Foundation (ARF) of Alberta (the "Foundation") is a registered not-for-profit charity pursuant to the Societies Act of Alberta. The Foundation's mission is to rescue stray and abandoned dogs and cats from First Nations and rural areas, and place them in loving, permanent homes while providing programs to reduce pet over-population.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared according to Canadian accounting standards for not-for-profit organizations, of which the most significant policies are:

(a) Revenue Recognition

The Foundation follows the deferral method of accounting for revenue recognition. Externally restricted revenue is recognized as revenue in the year in which the related expenses are incurred. Operating revenue is recognized according to the accrual method and recognized when earned. Donations are recognized when received.

(b) Internally Restricted Assets

The Board of Directors has the authority to restrict funds internally for specified purposes. Internally restricted funds are considered to be a restriction of resources and not of contributions. As such, internal restrictions impact only the presentation of resources in the Foundation's statement of financial position and not the recognition of contributions in the Foundation's statement of operations.

(c) Capital Assets

Capital assets are recorded at cost and contributed capital assets are recorded at the fair value at the date of contribution. Amortization is recorded using rates and methods designed to amortize the cost of the capital assets over their estimated useful lives as follows:

Automotive	25 %	declining balance
Leasehold improvements	10%	declining balance
Computer equipment	30 %	declining balance
Other equipment	25 %	declining balance

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA
NOTES TO THE FINANCIAL STATEMENTS
(Audited)
December 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES continued...

(d) Contributed Materials and Services

Contributed materials and services are recognized in the financial statements when the fair value can be reasonably estimated, when the materials or services are used in the normal course of the Foundation's operations and when they would have otherwise been purchased. During the year $126,437 (2024 - $202,818) donations of cat and dog food and other pet supplies were received and recorded in the financial records. Volunteers contribute considerable time to assist the Foundation in carrying out its programs. The value of this contributed time is not reflected in these financial statements.

(e) Measurement Uncertainty

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates of the collectibility of receivables, the portion of expenses that are prepaid, the estimated life of capital assets and the accrual of liabilities are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods may be significant.

3. INTERNALLY RESTRICTED ASSETS - PAD FOR PAWS

Through a formal resolution by the Board of Directors in 2010, the Foundation internally restricted certain funds, which have been raised in respect of a capital campaign. The objective of the campaign is to raise funds for the permanent facility for the Foundation, which is known as the "Pad for Paws". In addition to an initial appropriation of general funds, all amounts designated by the Board on an ongoing basis will be restricted. The Board has the discretion to terminate the campaign at any time.

	2025	2024
Pad for Paws bank account	**$ 3,299**	$ 3,319
Investor's Group - Mutual Fund - 3250	**-**	57,639
Investor's Group - Mutual Fund - 3185	**-**	194,604
Viewpoint Investment Partners Corp	**279,673**	-
	282,972	255,562

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

December 31, 2025

4. EXTERNALLY RESTRICTED ASSETS / DEFERRED CASH CONTRIBUTIONS

Deferred cash contributions represent contributions externally restricted for expenditures according to the individual funder. Casino proceeds are restricted by Alberta Gaming and Liquor Commission to be spent on previously approved items. Grants fund are restricted by the funders to be spent as indicated on the various grant approvals.

	2025	2024
Casino bank account	**$ 482**	$ 75,918
Petsmart grant held in general bank	**-**	50,000
Calgary Foundation grant held in the general bank	**-**	3,500
Pedigree grant held in general bank	**10,000**	-
General funds held in the casino bank account	**(4)**	(4)
	10,478	129,414
Pedigree grant receivable	**-**	10,000
	$ 10,478	$ 139,414

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2025 Net	2024 Net
Automotive	**$ 61,984**	**58,802**	**3,182**	4,240
Leasehold improvements	**578,406**	**495,709**	**82,697**	91,886
Computer equipment	**8,747**	**8,485**	**262**	375
Other equipment	**104,801**	**72,428**	**32,373**	30,440
	$ 753,938	**635,424**	**118,514**	126,941

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions consists of externally restricted cash spent on capital assets. These amounts are amortized and recognized as income on the same basis as the related capital assets are amortized and expensed.

	2025	2024
Opening balance	**$ 85,289**	**$ 95,816**
Equipment paid by Calgary Foundation grants	**-**	**3,229**
Washer and Dryer paid by Enmax Energizing Spaces grant	**8,415**	**-**
Forklift paid by private grant fund	**2,000**	**-**
Amortization of deferred capital contributions	**(14,014)**	**(13,756)**
Carried forward	**$ 81,690**	**$ 85,289**

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

December 31, 2025

7. COMMITMENT

On November 1, 2017 the Foundation entered into a lease agreement with Omega Developments Inc. at Bay 1, 3526 - 27th Street NE, Calgary for a term of ten years for the basic annual lease plus GST. The minimum annual lease commitment for the next three years is as follows:

2025 to 2027	$ 51,006 plus GST

8. DONATIONS AND GRANTS

	2025	2024
Donations		
Cash donations	**$ 344,055**	$ 251,650
Eric S. Margolis donation,restricted	**5,000**	-
Donations in kind	**126,437**	202,818
Total donations spent on operations	**475,492**	454,468
Grants		
The Calgary Foundation - Operating grants	**73,641**	77,065
Petsmart operating grants	**-**	52,000
Pedigree Foundation grant	**10,000**	10,000
Canada Summer Jobs grant	**4,200**	4,050
Enmax Energizing Spaces grant	**8,417**	-
Miscellaneous grants	**3,500**	4,950
The Calgary Foundation - Sherling Animal Welfare grant	**-**	3,500
Grants available	**99,758**	151,565
Grants deferred from prior year	**63,500**	-
Grants spent on capital	**(10,415)**	(3,229)
Petsmart and Pedigree grants carried forward	**(10,000)**	(60,000)
TCF - Sherling Animal Welfare grant carried forward	**-**	(3,500)
Total grants spent on operations	**142,843**	84,836
Total donations and grants spent on operations	**$ 618,335**	$ 539,304

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

NOTES TO THE FINANCIAL STATEMENTS

(Audited)

December 31, 2025

9. CONTRIBUTIONS FROM CASINO

	2025	2024
Opening balance	**$ 75,914**	$ 4,798
Plus: Proceeds from casino	**-**	81,917
Plus: Interest	**8**	10
Less: Raffle expenses	**(2,075)**	-
Carried forward	**(478)**	(75,914)
Spent on operations	**$ 73,369**	$ 10,811

10. FUNDRAISING REVENUE

	2025	2024
General fundraising	**$ -**	$ 13,388
Walk n Wag	**2,012**	11,630
Raffles	**8,450**	8,080
Mars Cares	**-**	3,081
Other	**3,730**	-
	14,192	36,179

11. FUNDRAISING EXPENSES

As required under section 7(2) of the Charitable Fundraising Regulation of Alberta, the following amounts are disclosed:

Direct costs incurred for the purpose of soliciting contributions $Nil (2024 - $526)

Amounts paid as remuneration to employees whose principal duties involve fundraising $Nil (2024 - $Nil).

12. FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. The Foundation subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value of these financial instruments are recognized in net income.
Financial instruments measured at amortized cost include cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities.

Risk

It is management's opinion that the Foundation is not exposed to significant interest, currency, price, liquidity, market or credit risks arising from these financial instruments.

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

SCHEDULE 1 - PROGRAMS

For the Year Ended December 31, 2025

	2025	2024
Revenue		
Adoptions - Dogs	**$ 86,750**	$ 61,825
Adoptions - Cats	**50,250**	48,125
Discount adoption	**(1,500)**	(1,494)
	135,500	108,456
Expenses		
Gift in kind	**126,437**	-
Cat food	**5,012**	101,212
Dog food	**695**	105,524
Dog training	**3,768**	6,186
Education	**72**	28
Foster home supplies	**-**	192
Program contract services	**16,252**	4,033
Veterinary and medical supplies	**180,482**	121,172
Wellness	**6,662**	1,144
	339,380	339,491
Deficiency of revenues over expenses	**$ (203,880)**	$ (231,035)

ANIMAL RESCUE FOUNDATION (ARF) OF ALBERTA

SCHEDULE 2 - SALES

For the Year Ended December 31, 2025

	2025	2024
Revenue		
Promotional products	**$ 17,075**	$ 17,718
Expenses		
Promotional products	**2,258**	4,901
Excess of revenue	**$ 14,817**	$ 12,817