

**International Fund for Animal Welfare Inc./Fonds
international pour la protection des animaux inc.**

Financial Statements

June 30, 2023

(expressed in Canadian dollars)

International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Statement of Financial Position

As at June 30, 2023

	2023	2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	250,021	1,609,944
Investments (note 3)	3,380,657	1,856,759
Accounts receivable	9,488	39,538
Due from affiliates (note 5)	-	27
Bequests receivable	250,885	33,152
Prepaid insurance and sundry assets	3,039	10,294
	<u>3,894,090</u>	<u>3,549,714</u>
Non-current assets		
Investment in affiliate (note 3)	2	2
	<u>2</u>	<u>2</u>
	<u>3,894,092</u>	<u>3,549,716</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	200,745	144,364
Due to affiliates (note 5)	160,279	113,704
	<u>361,024</u>	<u>258,068</u>
Net assets		
Unrestricted	2,329,938	2,066,440
Temporarily restricted	-	22,078
Endowment fund	1,203,130	1,203,130
	<u>3,533,068</u>	<u>3,291,648</u>
	<u>3,894,092</u>	<u>3,549,716</u>

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

Approved by the Audit & Risk Oversight Committee of the Board of Directors

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Mark Beaudoin

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Mark T. Beaudoin, Board Member and Audit & Risk Oversight Committee Chair

DocuSigned by:

Joyce Doria

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Joyce C. Doria, Board Member

International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Statement of Revenue, Expenses and Changes in Net Assets

For the year ended June 30, 2023

				2023	2022
	Unrestricted	Temporarily restricted	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Contributions	1,947,585	25,000	-	1,972,585	2,375,186
Grants from affiliates (note 5)	990,958	9,042	-	1,000,000	50,000
Bequests	706,803	-	-	706,803	275,580
Interest income	76,881	-	-	76,881	75,049
Other income	56,970	-	-	56,970	-
Net unrealized and realized gain (loss) on investments	139,878	-	-	139,878	(395,764)
Foreign exchange gain	96,170	-	-	96,170	147,495
	4,015,245	34,042	-	4,049,287	2,527,546
Expenses (note 6)					
Program services	2,654,174	56,120	-	2,710,294	2,071,699
Fundraising	625,444	-	-	625,444	625,982
General and administrative	472,129	-	-	472,129	396,820
	3,751,747	56,120	-	3,807,867	3,094,501
Excess (deficiency) of revenue over expenses for the year	263,498	(22,078)	-	241,420	(566,955)
Net assets - Beginning of year	2,066,440	22,078	1,203,130	3,291,648	3,858,603
Net assets - End of year	2,329,938	-	1,203,130	3,533,068	3,291,648

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

International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Statement of Cash Flows

For the year ended June 30, 2023

	2023	2022
	\$	\$
Cash and cash equivalents provided by		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	241,420	(566,955)
Add: Non-cash items		
Unrealized gain on investments	189,939	1,321,811
Realized loss on investments	(329,817)	(926,047)
Unrealized foreign currency translation gain	(60,735)	(140,483)
	<hr/>	<hr/>
Changes in working capital accounts:	40,807	(311,674)
Accounts receivable	30,050	(25,565)
Bequests receivable	(217,734)	256,757
Prepaid insurance and sundry assets	7,256	(2,175)
Due to /from affiliates	46,602	(38,002)
Accounts payable and accrued liabilities	56,381	(199,912)
	<hr/>	<hr/>
	(36,638)	(320,571)
Investing activities		
Investment purchases	(3,593,909)	(546,797)
Proceeds on dispositions of investments	2,270,624	1,784,067
	<hr/>	<hr/>
	(1,323,285)	1,237,270
Change in cash and cash equivalents during the year	(1,359,923)	916,699
Cash and cash equivalents - Beginning of year	<hr/>	<hr/>
	1,609,944	693,245
Cash and cash equivalents - End of year	<hr/>	<hr/>
	250,021	1,609,944
Cash and cash equivalents consist of:		
Cash	115,639	96,013
Investments	134,382	1,513,931
	<hr/>	<hr/>
	250,021	1,609,944

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

International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Notes to Financial Statements

June 30, 2023

1 The Organization

International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc. (the “Organization”) is a non-profit corporation established by letters patents under the federal laws of Canada and headquartered in Guelph, Ontario. The Organization is part of a worldwide group of non-profit organizations, which collectively comprise the International Fund for Animal Welfare (“IFAW”). IFAW has offices in fifteen countries and supports animal welfare and conservation projects in more than forty countries around the world. The mission of IFAW is:

Fresh thinking and bold action for animals, people, and the place we call home.

The Organization was formed under the federal laws of Canada on June 13, 2001, as the successor to the International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc., an organization formed under the laws of the Province of New Brunswick, Canada. On October 26, 2012, the Organization continued under the Canada Not-for-profit Corporations Act.

The Organization is affiliated with several other not-for-profit entities located throughout the world, each of which possesses a mission similar to that of the Organization:

- International Fund for Animal Welfare, Inc., a non-profit organization headquartered in the United States;
- International Fund for Animal Welfare (IFAW) and International Fund for Animal Welfare IFAW in Action, companies limited by guarantee, and IFAW Commerce Limited, a company limited by shares - headquartered in the United Kingdom;
- Stichting IFAW (International Fund for Animal Welfare), a Dutch foundation headquartered in the Netherlands;
- IFAW Internationaler Tierschutz-Fonds gGmbH, a limited company organized under the laws of Germany and headquartered there;
- Fonds international pour la protection des animaux (IFAW France), a non-profit association headquartered in France and Fonds international pour la protection des animaux (IFAW) - Endowment Fund;
- International Fund for Animal Welfare (Australia) Pty Ltd, a company limited by shares and headquartered in Australia;
- International Fund for Animal Welfare NPC, a non-profit organization headquartered in the Republic of South Africa;
- International Fund for Animal Welfare (IFAW) Limited, a company limited by guarantee in Malawi;
- International Fund for Animal Welfare Limited, a company limited by guarantee in Zambia;
- International Fund for Animal Welfare (Belgium) AISBL
- International Fund for Animal Welfare (Zimbabwe) Trust

All affiliated entities (organizations having economic interest in one another) maintain essentially common Boards of Directors or Trustees and senior management. The activities and assets of the Organization are maintained separate from and are not commingled with those of its affiliates.

International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Notes to Financial Statements

June 30, 2023

2 Summary of significant accounting policies

Basis of presentation

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations, using the restricted fund method for reporting contributions. The financial statements are presented in the functional currency of the organization, Canadian Dollar (CAD).

Revenue recognition

Contribution and bequest income

Contribution and other similar income, other than bequest income, is recorded as received. Bequest income is recognized on an accrual basis when it becomes reasonably certain that the bequest will be received and the amount is determinable.

Revenues and funds

Unrestricted fund

These revenues and net assets are not restricted in their use and are available for activities falling within the mission of the Organization. These revenues and net assets are available to fund the annual expenses of the Organization.

Temporarily restricted fund

Amounts received that are restricted by contributor for specific purposes and/or time period are reported as temporarily restricted.

Endowment Fund

Permanently restricted revenues and net assets include the principal amount of revenue accepted with the stipulation from the contributor that the principal be invested in perpetuity as an endowment and only earnings be expended for general purposes or a purpose specified by the contributor.

Cash and cash equivalents

Cash and cash equivalents are cash on hand and highly liquid money market investments with original terms to maturity of three months or less when acquired.

Financial instruments

Initial and subsequent measurement – The Organization initially measures its financial assets and liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at amortized cost, except for bonds, foreign equities and alternative investments which are measured at fair value. Changes in fair value are recognized in the statement of revenue and expenses.

Financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable, bequest receivable, due to affiliates, accounts payable due from affiliates, and accrued liabilities. Investment in affiliate is measured at historical cost.

International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Notes to Financial Statements

June 30, 2023

2 Summary of significant accounting policies (continued)

Impairment – Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

Transaction costs – The Organization recognizes its transaction costs in the statement of revenue and expenses in the year incurred for financial instruments measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs in the initial measurement of the asset or liability.

Tangible capital asset

The Organization follows ASNPO Section 4433, accounting stand for tangible capital assets held by not-for-profit organizations. As a result, when conditions indicate a tangible capital assets carrying value is impaired it will be written down to its fair value or replacement cost, with the write-down recorded as an expense. Write-downs will not be reversed. As of June 30, 2023 and 2022 the Organization had no impaired tangible capital assets.

Tangible capital assets are recorded at cost and are amortized using the straight-line method based on the estimated useful lives (see below). Expenses for maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred.

Office and program equipment	5 years
Vehicles	5 years

The Organization relieves the asset accounts and the related accumulated amortization for items sold or disposed.

Foreign currency translation and transactions

Monetary assets and liabilities held in foreign currency accounts are translated into Canadian dollars at the exchange rates in effect at the year-end. Realized and unrealized exchange gains and losses are recorded as income or expense in the statement of revenue, expenses and changes in net assets depending on their nature.

Use of estimates

The preparation of financial statements in accordance 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 the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses and expense allocation during the reporting period. Actual results could differ from those estimates. As of June 30, 2023 the Organization has concluded an allowance for doubtful account is not required. Accounts receivables are periodically evaluated for collectability based on past history with the entity.

International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Notes to Financial Statements

June 30, 2023

3 Investments

	2023		2022	
	Cost \$	Fair Value \$	Cost \$	Fair Value \$
Bonds	975,820	968,228	63,553	63,493
Foreign equities	1,652,612	2,243,575	913,971	1,651,325
Alternative investments	163,187	168,854	131,743	141,941
	<u>2,791,619</u>	<u>3,380,657</u>	<u>1,109,267</u>	<u>1,856,759</u>

Included within the investments above are all permanently restricted funds which have been invested as endowment funds in accordance with the Organizations' accounting policy.

In addition, during 2007, the Organization acquired a 1/6th interest in IFAW Internationaler Tierschutz-Fonds gGmbH ("IFAW DE"), an affiliated organization, at a cost of \$1. During 2010, the Organization acquired a 1/6th interest in International Fund for Animal Welfare (Australia) Pty Ltd ("IFAW AU"), an affiliated organization, at a cost of \$1. The investments are reported at cost, as the Organization owns minority interests and maintains no managerial or operational control over IFAW DE or IFAW AU.

Alternative Investments: Alternative investments include publicly traded real estate institutional fund securities which are valued based on quoted market prices.

4 Accounts payable and accrued expenses

	2023 \$	2022 \$
Accrued expenses	68,822	61,208
Other accrued expense	131,923	83,156
	<u>200,745</u>	<u>144,364</u>

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International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Notes to Financial Statements

June 30, 2023

5 Related party transactions

During the year, the Organization entered into transactions with affiliated entities.

- a) During the year, the Organization received grants from the affiliates listed below. The Germany affiliate grant was intended to provide program and operational support and the United Kingdom was to provide program support only. The prior year United Kingdom affiliate grants were for program support restricted to wildlife crime and community animal's programs.

	2023	2022
	\$	\$
Internationaler Tierschutz-Fonds International Fund for Animal Welfare (IFAW) (Germany)	500,000	50,000
International Fund for Animal Welfare (IFAW) (United Kingdom)	500,000	-
	<u>1,000,000</u>	<u>50,000</u>

The Organization's United States affiliate provides shared program, fundraising, accounting, information technology and management support and services to the affiliated entities, each participating in the shared cost pool. Cost is determined based on the Organization's relative share of IFAW's worldwide revenue and expenses, less grants to and from affiliates. Total institutional shared costs for the year were \$928,783 (2022: \$692,434).

- b) Amounts due from affiliates:

	2023	2022
	\$	\$
Internationaler Tierschutz-Fonds International Fund for Animal Welfare (IFAW) (Germany)	-	27
	<u>-</u>	<u>27</u>

International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Notes to Financial Statements

June 30, 2023

5 Related party transactions (continued)

c) Amounts due to affiliates:

	2023 \$	2022 \$
International Fund for Animal Welfare (IFAW) (United Kingdom) - direct expenses	10,039	8,112
International Fund for Animal Welfare Limited (Zambia)	-	1,837
International Fund for Animal Welfare, Inc. (United States) - institutional shared costs and direct expenses	150,240	103,755
	<u>160,279</u>	<u>113,704</u>

The above transactions and balances are in the normal course of operations and are measured at the exchange amount, which is the amount established and agreed to by the related parties. All related party payables are short term payables and accrue no interest.

6 Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of revenue, expenses and changes in net assets. Accordingly, certain joint costs have been allocated to program services, fundraising or general and administrative expenses based on estimates of time worked by professionals and employees on each activity, except for direct mail education and appeals, which are allocated based on the content of the package mailed or advertisement displayed.

In the current year, the Organization incurred joint costs of \$1,257,896 (2022: \$1,064,232) for printing and publication activities and communications that included fundraising expense appeals. Of these costs, \$174,929 (2022: \$213,458) was allocated to fundraising expense, \$141,130 (2022: \$128,292) was allocated to general and administrative expense, and \$941,838 (2022: \$722,481) was allocated to program services expense.

The table on the following page illustrates expenses by priority program area and functional basis. During the year ended June 30, 2023 the organization realigned the priority campaigns, which resulted in the combination of Wildlife Rescue, Disaster Response and Risk Reduction, and Marine Mammal Rescue and Research into a singular priority Animal Rescue. Additionally, Community Engagement was added as a separate priority in the year ended June 30, 2023

International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Notes to Financial Statements

June 30, 2023

For the year ended June 30, 2023

Expenditures by Priority Campaigns and Projects

Landscape Conservation	\$	451,980		
Wildlife Crime		342,465		
Animal Rescue		1,125,135		
International Policy		-		
Community Engagement		582,125		-
<i>Total</i>		<u>\$ 2,501,705</u>		

Mission Costs by Activity

<u>Campaigns and projects:</u>	Program	Fundraising	Management and General	Total
<i>Contracting and granting</i>	\$ 238,915	\$ -	\$ -	\$ 238,915
<i>Direct staffing</i>	494,760	13,112	13,112	520,984
<i>Support staffing</i>	35,732	1,764	770	38,266
<i>Support costs</i>	264,343	5,727	26,242	296,312
<i>Total</i>	<u>\$ 1,033,750</u>	<u>\$ 20,603</u>	<u>\$ 40,124</u>	<u>\$ 1,094,477</u>

Multimedia outreach and influence:

<i>Production and placement</i>	\$	22,085	\$	-	\$	-	\$	22,085
<i>Digital marketing and fundraising</i>		83,000		5,899		390		89,289
<i>Direct staffing</i>		99,914		2,302		-		102,216
<i>Support staffing</i>		9,984		1,103		23		11,110
<i>Support costs</i>		73,861		3,582		781		78,224
<i>Total</i>		<u>\$ 288,844</u>		<u>\$ 12,886</u>		<u>\$ 1,194</u>		<u>\$ 302,924</u>

Supporter awareness and advocacy:

<i>Outreach, production and distribution</i>	\$	904,283	\$	349,922	\$	140,741	\$	1,394,946
<i>Direct staffing</i>		73,102		24,367		-		97,469
<i>Support staffing</i>		47,602		50,352		8,270		106,224
<i>Support costs</i>		362,713		167,314		281,800		811,827
<i>Total</i>		<u>\$ 1,387,700</u>		<u>\$ 591,955</u>		<u>\$ 430,811</u>		<u>\$ 2,410,466</u>

Total mission costs

	\$	2,710,294	\$	625,444	\$	472,129	\$	3,807,867
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For the year ended June 30, 2022

Expenditures by Priority Campaigns and Projects

Landscape Conservation	\$	45,451
Marine Conservation		59,733
Wildlife Crime		789,429
Animal Rescue		1,169,997
International Policy		7,089
<i>Total</i>		<u>\$ 2,071,699</u>

Mission Costs by Activity

<u>Campaigns and projects:</u>	Program	Fundraising	Management and General	Total
<i>Contracting and granting</i>	\$ 225,908	\$ -	\$ -	\$ 225,908
<i>Direct staffing</i>	408,395	11,451	11,451	431,297
<i>Support staffing</i>	18,965	371	8	19,344
<i>Support costs</i>	205,370	3,353	18,851	227,574
<i>Total</i>	<u>\$ 858,638</u>	<u>\$ 15,175</u>	<u>\$ 30,310</u>	<u>\$ 904,123</u>

Multimedia outreach and influence:

<i>Production and placement</i>	\$	5,759	\$	-	\$	-	\$	5,759
<i>Digital marketing and fundraising</i>		38,996		2,662		125		41,783
<i>Direct staffing</i>		-		-		-		-
<i>Support staffing</i>		1,338		86		-		1,424
<i>Support costs</i>		14,490		779		206		15,475
<i>Total</i>		<u>\$ 60,583</u>		<u>\$ 3,527</u>		<u>\$ 331</u>		<u>\$ 64,441</u>

Supporter awareness and advocacy:

<i>Outreach, production and distribution</i>	\$	714,890	\$	382,089	\$	128,167	\$	1,225,146
<i>Direct staffing</i>		129,549		72,503		9,957		212,009
<i>Support staffing</i>		25,247		14,726		92		40,065
<i>Support costs</i>		282,792		137,962		227,963		648,717
<i>Total</i>		<u>\$ 1,152,478</u>		<u>\$ 607,280</u>		<u>\$ 366,179</u>		<u>\$ 2,125,937</u>

Total mission costs

	\$	2,071,699	\$	625,982	\$	396,820	\$	3,094,501
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International Fund for Animal Welfare Inc./Fonds international pour la protection des animaux inc.

Notes to Financial Statements

June 30, 2023

7 Financial instruments

The Organization is unaware of any exposure to specific risks on financial instruments other than the risk reported below.

Credit risk

Cash and cash equivalents and Investments are held with reputable financial institutions. The Organization is exposed to credit risk with respect to accounts receivable. The Organization assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year-end, there was no allowance for doubtful accounts.

Currency risk

The Organization maintains its funds for operations in Canadian dollars and most expenses are incurred in Canadian dollars and US dollars. Strategic reserves however are held within an investment account in US dollars, this includes cash and equivalents. Of the amounts reported in statement of financial position approximately 23% of investments and 97% of cash and equivalents is in United States dollars. The Organization has a foreign exchange management policy designed to reduce volatility and unpredictability of payments for the purchases of goods and services denominated in US dollars. The policy provides for the Organization to enter into foreign currency purchase and sale contracts with IFAW US.

Interest rate risk

The Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect investment value.

Other price risk

The Organization is exposed to other price risk through its investments in foreign securities and alternative investments. These investments are exposed to market fluctuation which will directly impact the investments value.