

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

Financial Statements

June 30, 2024

(expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of International Fund for Animal Welfare Inc. /Fonds international pour la protection des animaux inc.

Opinion

We have audited the financial statements of International Fund for Animal Welfare Inc. /Fonds international pour la protection des animaux inc. (the "Organization"), which comprise the statement of financial position as at June 30, 2024, and the statements of revenue, expenses and changes in net assets and cash flows for the year then ended, and notes to the 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 Organization as at June 30, 2024, 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 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
February 12, 2025
Toronto, Ontario

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

Statement of Financial Position

As at June 30, 2024

	2024 \$	2023 \$
Assets		
Current assets		
Cash and cash equivalents	490,632	250,021
Investments (note 3)	3,522,095	3,380,657
Accounts receivable	22,039	9,488
Bequests receivable	183,689	250,885
Prepaid insurance and sundry assets	3,049	3,039
	<u>4,221,504</u>	<u>3,894,090</u>
Non-current assets		
Investment in affiliate (note 3)	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>
	<u>4,221,506</u>	<u>3,894,092</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 4)	211,594	200,745
Due to affiliates (note 5)	542,149	160,279
	<u>753,743</u>	<u>361,024</u>
Net assets		
Unrestricted	2,181,497	2,329,938
Temporarily restricted	83,136	-
Endowment fund	1,203,130	1,203,130
	<u>3,467,763</u>	<u>3,533,068</u>
	<u>4,221,506</u>	<u>3,894,092</u>

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

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

DocuSigned by:

Mark Beaudoin

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

DocuSigned by:

Joyce Doria

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, 2024

				2024	2023
	Unrestricted	Temporarily restricted	Endowment Fund	Total	Total
	\$	\$	\$	\$	\$
Contributions	1,889,033	25,000	-	1,914,033	1,972,585
Grants from affiliates (note 5)	665,000	6,559	-	671,559	1,000,000
Government grants	-	199,572	-	199,572	-
Bequests	632,565	-	-	632,565	706,803
Interest income	77,635	-	-	77,635	76,881
Other income	-	-	-	-	56,970
Net unrealized and realized gain on investments	567,448	-	-	567,448	139,878
Foreign exchange gain	82,136	-	-	82,136	96,170
	3,913,817	231,131	-	4,144,948	4,049,287
Expenses (note 6)					
Program services	2,910,637	147,995	-	3,058,632	2,710,294
Fundraising	595,505	-	-	595,505	625,444
General and administrative	556,116	-	-	556,116	472,129
	4,062,258	147,995	-	4,210,253	3,807,867
Excess (deficiency) of revenue over expenses for the year	(148,441)	83,136	-	(65,305)	241,420
Net assets - Beginning of year	2,329,938	-	1,203,130	3,533,068	3,291,648
Net assets - End of year	2,181,497	83,136	1,203,130	3,467,763	3,533,068

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, 2024

	2024 \$	2023 \$
Cash and cash equivalents provided by		
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(65,305)	241,420
Add: Non-cash items		
Unrealized (gain) loss on investments	(332,524)	189,939
Realized (gain) on investments	(234,924)	(329,817)
Unrealized foreign currency translation gain	(124,215)	(60,735)
	<u>(756,968)</u>	<u>40,807</u>
Changes in working capital accounts:		
Accounts receivable	(12,551)	30,050
Bequests receivable	67,196	(217,734)
Prepaid insurance and sundry assets	(10)	7,256
Due to /from affiliates	381,870	46,602
Accounts payable and accrued liabilities	10,849	56,381
	<u>(309,614)</u>	<u>(36,638)</u>
Investing activities		
Investment purchases	(2,554,694)	(3,593,909)
Proceeds on dispositions of investments	3,104,919	2,270,624
	<u>550,225</u>	<u>(1,323,285)</u>
Change in cash and cash equivalents during the year	240,611	(1,359,923)
Cash and cash equivalents - Beginning of year	250,021	1,609,944
Cash and cash equivalents - End of year	490,632	250,021
Cash and cash equivalents consist of:		
Cash	291,338	115,639
Investments	199,294	134,382
	<u>490,632</u>	<u>250,021</u>

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, 2024

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, 2024

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, 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, 2024

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, 2024 and 2023 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, 2024 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, 2024

3 Investments

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
	\$	\$	\$	\$
Bonds	670,464	677,464	975,820	968,228
Foreign equities	1,635,242	2,571,536	1,652,612	2,243,575
Alternative investments	274,137	273,094	163,187	168,854
	<u>2,579,843</u>	<u>3,522,095</u>	<u>2,791,619</u>	<u>3,380,657</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

	2024	2023
	\$	\$
Accrued expenses	132,218	68,822
Other accrued expense	<u>79,376</u>	<u>131,923</u>
	<u>211,594</u>	<u>200,745</u>

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

Notes to Financial Statements

June 30, 2024

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 and Australian affiliate grant was intended to provide program and operational support and the United States grant was to provide program support only. The prior year Germany affiliate grant was intended to provide program and operational support and the United Kingdom was to provide program support only.

	2024 \$	2023 \$
Internationaler Tierschutz-Fonds International Fund for Animal Welfare (IFAW) (Germany)	365,000	500,000
International Fund for Animal Welfare (Australia) Pty Ltd	300,000	-
International Fund for Animal Welfare, Inc. (United States)	6,559	-
International Fund for Animal Welfare (IFAW) (United Kingdom)	-	500,000
	<u>671,559</u>	<u>1,000,000</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 \$1,282,622 (2023: \$927,783).

- b) No amounts due from affiliates during the year ended June 30, 2024 and 2023

- c) Amounts due to affiliates:

	2024 \$	2023 \$
International Fund for Animal Welfare (IFAW) (United Kingdom) - direct expenses	12,481	10,039
International Fund for Animal Welfare, Inc. (United States) - institutional shared costs and direct expenses	<u>529,668</u>	<u>150,240</u>
	<u>542,149</u>	<u>160,279</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.

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

Notes to Financial Statements

June 30, 2024

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 \$1,693,326 (2023: \$1,257,896) for printing and publication activities and communications that included fundraising expense appeals. Of these costs, \$308,594 (2023: \$174,929) was allocated to fundraising expense, \$194,596 (2023: \$141,130) was allocated to general and administrative expense, and \$1,190,135 (2023: \$941,838) 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, 2024 the organization once again realigned the priority campaigns, which resulted in the combination of Animal Rescue and Wildlife crime into a singular priority Rescue. In addition, Landscape conservation, International Policy and Community Engagement were consolidated into Conservation. This combination was conducted to align with the organizations two programmatic pillars.

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

Notes to Financial Statements

June 30, 2024

For the year ended June 30, 2024

Expenditures by Priority Campaigns and Projects

Conservation	\$ 2,259,826
Rescue	798,806
<i>Total</i>	<u>\$ 3,058,632</u>

Mission Costs by Activity

Campaigns and projects:

	Program	Fundraising	Management and General	Total
<i>Contracting and granting</i>	\$ 299,985	\$ -	\$ -	\$ 299,985
<i>Direct staffing</i>	516,507	6,673	6,673	529,853
<i>Support staffing</i>	41,159	420	360	41,939
<i>Support costs</i>	344,274	3,881	20,528	368,683
<i>Total</i>	<u>\$ 1,201,925</u>	<u>\$ 10,974</u>	<u>\$ 27,561</u>	<u>\$ 1,240,460</u>

Multimedia outreach and influence:

<i>Production and placement</i>	\$ 1,030	\$ -	\$ -	\$ 1,030
<i>Digital marketing and fundraising</i>	-	-	-	-
<i>Direct staffing</i>	104,465	-	-	104,465
<i>Support staffing</i>	5,318	-	-	5,318
<i>Support costs</i>	44,482	-	-	44,482
<i>Total</i>	<u>\$ 155,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 155,295</u>

Supporter awareness and advocacy:

<i>Outreach, production and distribution</i>	\$ 951,381	\$ 306,228	\$ 127,935	\$ 1,385,544
<i>Direct staffing</i>	202,058	48,281	-	250,339
<i>Support staffing</i>	58,145	22,333	6,910	87,388
<i>Support costs</i>	489,828	207,689	393,710	1,091,227
<i>Total</i>	<u>\$ 1,701,412</u>	<u>\$ 584,531</u>	<u>\$ 528,555</u>	<u>\$ 2,814,498</u>

Total mission costs

<u>\$ 3,058,632</u>	<u>\$ 595,505</u>	<u>\$ 556,116</u>	<u>\$ 4,210,253</u>
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For the year ended June 30, 2023

Expenditures by Priority Campaigns and Projects

Conservation	\$ 1,242,694
Rescue	1,467,600
<i>Total</i>	<u>\$ 2,710,294</u>

Mission Costs by Activity

Campaigns and projects:

	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

<u>\$ 2,710,294</u>	<u>\$ 625,444</u>	<u>\$ 472,129</u>	<u>\$ 3,807,867</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, 2024

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 97% of investments and 25% 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.