

FINANCIAL STATEMENTS OF

**Calgary Humane Society  
for Prevention of Cruelty to Animals  
And Independent Auditor's Report thereon**

YEAR ENDED DECEMBER 31, 2023





KPMG LLP  
205 5th Avenue SW  
Suite 3100  
Calgary AB T2P 4B9  
Tel 403-691-8000  
Fax 403-691-8008  
www.kpmg.ca

## INDEPENDENT AUDITOR'S REPORT

To the Members of Calgary Humane Society for Prevention of Cruelty to Animals

### ***Qualified Opinion***

We have audited the financial statements of Calgary Humane Society for Prevention of Cruelty to Animals (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of revenues and expenses and changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, 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 Qualified Opinion***

In common with many not-for-profit organizations, the Entity derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at December 31, 2023 and December 31, 2022



- the donations and fundraising revenues and excess (deficiency) of revenues over expenses reported in the statements of revenues and expenses and changes in fund balances for the years ended December 31, 2023 and December 31, 2022
- the fund balances, at the beginning and end of the year, reported in the statements of revenues and expenses and changes in fund balances for the years ended December 31, 2023 and December 31, 2022
- the excess (deficiency) of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2023 and December 31, 2022.

Our opinion on the financial statements for the year ended December 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

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 auditor’s report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

#### ***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 Entity’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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity’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 the 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 Entity'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 Entity'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 Entity 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.



- 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.

*KPMG LLP*

Chartered Professional Accountants

Calgary, Canada

March 27, 2024

**Calgary Humane Society for Prevention of Cruelty to Animals**  
**Statement of Financial Position**  
**As at December 31, 2023, with comparative information for 2022**

	General Operating Fund		Restricted Fund		Capital Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Assets</b>								
Current assets								
Cash	\$ 2,111,537	\$ 1,232,887	\$ 55,486	\$ 67,949	\$ -	\$ -	\$ 2,167,023	\$ 1,300,836
Short term investments (note 3)	700,000	-	-	-	-	-	700,000	-
Accounts receivable (note 4)	63,440	80,980	-	-	-	-	63,440	80,980
Inventory (note 5)	75,789	69,316	-	-	-	-	75,789	69,316
Prepaid expenses	124,729	87,085	-	-	-	-	124,729	87,085
Due from (to) other funds	(2,348,024)	(714,463)	758,202	249,463	1,589,822	465,000	-	-
	<u>727,471</u>	<u>755,805</u>	<u>813,688</u>	<u>317,412</u>	<u>1,589,822</u>	<u>465,000</u>	<u>3,130,981</u>	<u>1,538,217</u>
Marketable securities (note 6)	11,410,815	11,337,099	-	-	-	-	11,410,815	11,337,099
Capital assets (note 7, 12b)	-	-	-	-	14,176,621	15,198,509	14,176,621	15,198,509
	<u><b>\$ 12,138,286</b></u>	<u><b>\$ 12,092,904</b></u>	<u><b>\$ 813,688</b></u>	<u><b>\$ 317,412</b></u>	<u><b>\$ 15,766,443</b></u>	<u><b>\$ 15,663,509</b></u>	<u><b>\$ 28,718,417</b></u>	<u><b>\$ 28,073,825</b></u>
<b>Liabilities</b>								
Current liabilities								
Accounts payable and accrued liabilities (note 4)	\$ 503,795	\$ 1,236,422	\$ -	\$ -	\$ -	\$ -	\$ 503,795	\$ 1,236,422
Short term demand loan (note 8)	-	2,593,578	-	-	-	-	-	2,593,578
Deferred revenue (note 9)	31,970	35,186	-	-	-	-	31,970	35,186
	<u>535,765</u>	<u>3,865,186</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>535,765</u>	<u>3,865,186</u>
<b>Fund balances</b>								
Unrestricted (note 10)	600,685	233,946	-	-	-	-	600,685	233,946
Restricted for endowment purposes (note 11)	-	-	45,000	45,000	-	-	45,000	45,000
Externally restricted (note 12a)	3,568	21,649	68,688	72,412	-	-	72,256	94,061
Internally restricted (note 12b)	10,998,268	7,972,123	700,000	200,000	1,589,822	465,000	13,288,090	8,637,123
Invested in capital assets	-	-	-	-	14,176,621	15,198,509	14,176,621	15,198,509
	<u>11,602,521</u>	<u>8,227,718</u>	<u>813,688</u>	<u>317,412</u>	<u>15,766,443</u>	<u>15,663,509</u>	<u>28,182,652</u>	<u>24,208,639</u>
	<u><b>\$ 12,138,286</b></u>	<u><b>\$ 12,092,904</b></u>	<u><b>\$ 813,688</b></u>	<u><b>\$ 317,412</b></u>	<u><b>\$ 15,766,443</b></u>	<u><b>\$ 15,663,509</b></u>	<u><b>\$ 28,718,417</b></u>	<u><b>\$ 28,073,825</b></u>

Approved by the Board:

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

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

**Calgary Humane Society for Prevention of Cruelty to Animals**  
**Statement of Revenues and Expenses and Changes in Fund Balances**  
**For the year ended December 31, 2023, with comparative information for 2022**

	General Operating Fund		Restricted Fund		Capital Fund		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Revenues</b>								
Donations and fundraising	\$ 4,533,676	\$ 3,693,726	\$ 50,313	\$ 141,840	\$ 1,598,352	\$ 1,895,018	\$ 6,182,341	\$ 5,730,584
Bequests	5,315,093	1,304,026	-	-	20,000	5,000	5,335,093	1,309,026
Programs and services	1,391,495	1,010,948	-	4,421	-	-	1,391,495	1,015,369
Investment income	659,862	939,745	-	-	-	-	659,862	939,745
Unrealized gain (loss) on marketable securities	560,946	(2,580,974)	-	-	-	-	560,946	(2,580,974)
	<b>12,461,072</b>	<b>4,367,471</b>	<b>50,313</b>	<b>146,261</b>	<b>1,618,352</b>	<b>1,900,018</b>	<b>14,129,737</b>	<b>6,413,750</b>
<b>Expenses</b>								
Wages and benefits (note 12b, 13)	5,589,104	4,897,735	4,801	17,462	72,255	99,989	5,666,160	5,015,186
Operating	1,610,773	1,405,360	164,661	260,214	17,962	3,684	1,793,396	1,669,258
General and administrative	840,269	691,952	36	133,571	103,588	138,347	943,893	963,870
Fundraising (note 13)	430,639	426,861	23	70,515	550	9,086	431,212	506,462
Amortization	-	-	-	-	1,321,063	1,182,668	1,321,063	1,182,668
Impairment loss on capital assets (note 7)	-	-	-	-	-	207,850	-	207,850
	<b>8,470,785</b>	<b>7,421,908</b>	<b>169,521</b>	<b>481,762</b>	<b>1,515,418</b>	<b>1,641,624</b>	<b>10,155,724</b>	<b>9,545,294</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>3,990,287</b>	<b>(3,054,437)</b>	<b>(119,208)</b>	<b>(335,501)</b>	<b>102,934</b>	<b>258,394</b>	<b>3,974,013</b>	<b>(3,131,544)</b>
Fund balances, beginning of year	8,227,718	12,644,387	317,412	301,526	15,663,509	14,394,270	24,208,639	27,340,183
Interfund transfers (note 12a & 12b)	(615,484)	(1,362,232)	615,484	351,387	-	1,010,845	-	-
<b>Fund balances, end of year</b>	<b>\$ 11,602,521</b>	<b>\$ 8,227,718</b>	<b>\$ 813,688</b>	<b>\$ 317,412</b>	<b>\$ 15,766,443</b>	<b>\$ 15,663,509</b>	<b>\$ 28,182,652</b>	<b>\$ 24,208,639</b>

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

**Calgary Humane Society for Prevention of Cruelty to Animals**  
**Statement of Cash Flows**  
**For the year ended December 31, 2023, with comparative information for 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ 3,974,013	\$ (3,131,544)
Items not involving cash:		
Loss on sale of marketable securities	56,778	7,283
Unrealized (gain) loss on marketable securities	(560,946)	2,580,974
Amortization	1,321,063	1,182,668
Impairment loss on capital assets	-	207,850
	<u>4,790,908</u>	<u>847,231</u>
<b>Changes in non-cash working capital</b>		
Accounts receivable	17,540	43,714
Inventory	(6,473)	(6,791)
Prepaid expenses	(37,644)	127,949
Accounts payable and accrued liabilities	(732,627)	(345,388)
Deferred revenue	(3,216)	17,446
	<u>4,028,488</u>	<u>684,161</u>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(299,175)	(3,866,076)
Purchase of marketable securities	(119,099)	(68,687)
Purchase of short term investments	(700,000)	-
Proceeds on sale of marketable securities	549,551	272,421
	<u>(568,723)</u>	<u>(3,662,342)</u>
<b>Cash flows from financing activities</b>		
Draws on short term demand loan	-	2,593,578
Repayment of short term demand loan	(2,593,578)	-
	<u>(2,593,578)</u>	<u>2,593,578</u>
Increase (decrease) in cash	866,187	(384,603)
Cash, beginning of year	<u>1,300,836</u>	<u>1,685,439</u>
<b>Cash, end of year</b>	<u><b>\$ 2,167,023</b></u>	<u><b>\$ 1,300,836</b></u>

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



# Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2023, with comparative information for 2022

---

## 1. Nature of operations

Calgary Humane Society for Prevention of Cruelty to Animals (the "Society") is a not-for-profit organization that was incorporated under the Alberta Societies Act in 1922. The Society is a registered charity as defined under paragraph 149(1)(f) of the Income Tax Act, and therefore, is not subject to income tax. The mandate of the Society is to improve the welfare of animals through programs and services in sheltering, education, protection and advocacy.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNFP") and include the following significant accounting policies:

### a) *Fund accounting*

The Society follows the restricted fund method of accounting. Activities of the Society are segregated in the following funds:

- i) The General Operating Fund accounts for the Society's program delivery and administrative activities. This fund reports unrestricted resources, restricted operating grants and other internally restricted amounts.
- ii) The Restricted Fund accounts for the assets, liabilities, revenue and expenses of the Society's endowment funds, and its internally and externally restricted funds.
- iii) The Capital Fund accounts for the assets, liabilities, revenues and expenses related to the Society's capital assets. This fund reports both internally and externally restricted funds.

### b) *Cash*

Cash includes cash on hand and balances with banks. Cash that is subject to restrictions, thereby preventing its use for current purposes, is included in restricted cash.

### c) *Pledges receivable*

Pledges receivable are not recorded in the Society's financial statements as there is no assurance that they will ultimately be collected. Pledges are recorded in the financial statements when they are received.

# Calgary Humane Society for Prevention of Cruelty to Animals

## Notes to the Financial Statements

December 31, 2023, with comparative information for 2022

---

### 2. Significant accounting policies (continued)

#### d) *Inventory*

Goods for resale are recorded as inventory and are recorded at the lower of cost and net realizable value. Cost is determined using the average cost method, and net realizable value is determined using the current estimated selling price less the selling cost. The estimated selling price takes into account management's best estimate of the most probable set of economic conditions.

#### e) *Due from (to) other funds*

Due from (to) other funds represents amounts owed between certain funds. These interfund balances are non-interest bearing and have no fixed terms of repayment.

#### f) *Financial instruments*

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market (i.e., marketable securities) are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of revenue and expenses and changes in fund balances.

With respect to financial assets measured at cost or amortized cost, the Society recognizes in the statement of revenue and expenses and changes in fund balances an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of the impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of revenue and expenses and changes in fund balances in the period the reversal occurs.

# Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2023, with comparative information for 2022

---

## 2. Significant accounting policies (continued)

### *g) Capital assets*

Capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of contribution. Amortization is reported in the Capital Fund and is recorded using the straight-line method at the following annual rates, intended to recognize the cost of the assets over their expected useful lives. In the year of acquisition, amortization is taken at one-half the standard rates:

Buildings and landscaping	-	5% - 10%
Equipment and furniture	-	20%
Automotive equipment	-	15%

Amortization is taken at standard rates as mentioned above and is prorated for the period for which the asset is used in year of disposal.

### *Impairment*

Capital assets are tested for impairment whenever events or changes in circumstances indicate that asset can no longer be used as originally expected and its carrying amount may not be fully recoverable. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its fair value or replacement cost. Impairment losses are not reversed if the asset's fair value increases subsequently.

### *h) Revenue recognition*

Restricted contributions related to general operations are recognized as revenue of the General Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable, or if no restricted fund exists, they are recognized in the General Operating Fund using the deferral method of accounting.

Unrestricted contributions are recognized as revenue of the General Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Programs and services revenue is recognized when the related service is provided.

Investment income includes dividends and interest income, and realized investment gains and losses, which is recognized as revenue of the General Operating Fund when earned.

### *i) Donated services and materials*

Donated services and materials are recorded in the financial statements at fair market value when fair market value can be reasonably estimated and when these items would have otherwise been purchased. The Society's programs benefit from substantial services in the form of volunteer time, which is not recorded in the Society's financial instruments because of the difficulty in determining fair value.

# Calgary Humane Society for Prevention of Cruelty to Animals

## Notes to the Financial Statements

December 31, 2023, with comparative information for 2022

---

### 2. Significant accounting policies (continued)

#### j) Foreign exchange

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses in the statement of revenue and expenses and changes in fund balances for the current period.

#### k) Income taxes

The Society is registered as a charitable organization under the Income Tax Act (the "Act") and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

#### l) Use of estimates

The preparation of financial statements in conformity with ASNFPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. The most significant of these estimates are related to the recoverable amount of the Society's accounts receivable, the amortization period for and potential impairment of capital assets, accrued liabilities and potential contingencies. Actual results could differ significantly from the estimates. Management reviews these estimates on a periodic basis and, if required, makes adjustments prospectively.

### 3. Short term investments

	2023	2022
Redeemable short-term investment certificate – maturity date December 20, 2024 with an annual interest rate of 4.75%	\$ 400,000	\$ -
Redeemable short-term investment certificate – maturity date December 20, 2024 with an annual interest rate of 4.75%	300,000	-
	\$ 700,000	\$ -

### 4. Government remittances and subsidies

At December 31, 2023 the Society had government remittances recoverable of \$18,040 (2022 - \$24,219) and government remittances payable of \$nil (2022 - \$nil).

# Calgary Humane Society for Prevention of Cruelty to Animals

## Notes to the Financial Statements

December 31, 2023, with comparative information for 2022

### 5. Inventory

The cost of inventory recognized as an operating expense for the year ended December 31, 2023, amounted to \$181,400 (2022 - \$139,990).

### 6. Marketable securities

Marketable securities are recorded at fair market value. Market values are obtained from fund managers. Marketable securities comprise investments in Canadian and foreign equities and mutual funds. At December 31, 2023, the cost of the investments was \$12,404,266 (2022 - \$12,891,496).

### 7. Capital assets

				2023
	Cost	Accumulated Amortization	Net Book Value	
Land	\$ 1,550,000	\$ -	\$ 1,550,000	
Buildings and landscaping	21,413,420	9,471,411	11,942,009	
Equipment and furniture	1,758,164	1,159,797	598,367	
Automotive equipment	427,208	340,963	86,245	
	\$ 25,148,792	\$ 10,972,171	\$ 14,176,621	

  

				2022
	Cost	Accumulated Amortization	Net Book Value	
Land	\$ 1,550,000	\$ -	\$ 1,550,000	
Buildings and landscaping	21,278,161	8,404,491	12,873,670	
Equipment and furniture	1,594,248	947,403	646,845	
Automotive equipment	427,208	299,214	127,994	
	\$ 24,849,617	\$ 9,651,108	\$ 15,198,509	

In 2022, upon substantial completion of the facility enhancement project (Note 12b), some previously purchased assets were determined to be obsolete and therefore an impairment loss of \$196,100 was recorded in buildings and landscaping for the year ended December 31, 2022, which reduced the cost base by \$345,883 and accumulated amortization by \$149,783. A further impairment loss of \$11,750 was recorded in equipment and furniture for the year ended December 31, 2022, which reduced the cost base by \$433,867 and accumulated amortization by \$422,117.

# Calgary Humane Society for Prevention of Cruelty to Animals

## Notes to the Financial Statements

December 31, 2023, with comparative information for 2022

### 8. Short term demand loan

On March 3, 2022, the Society signed an agreement with a financial institution for a credit facility up to a maximum of \$5,000,000. All amounts obtained under this facility are intended to assist with capital expenditures for the facility enhancement project (Note 12b). This facility is due on demand, bearing interest at the bank's prime lending rate plus 0.25% per annum and payable monthly in arrears. This facility is secured by a first charge on the property of the Society. There are no corresponding financial covenants with this loan. As at December 31, 2023, the outstanding balance was \$nil (2022 - \$2,593,578).

Further, this agreement contains a Mastercard facility up to a maximum of \$22,500. Interest and repayment terms are in accordance with the Mastercard account agreement. This facility is secured by receipt of deposit instruments in the amount of \$23,431. Included in accounts payable and accrued liabilities is a balance of \$6,989 (2022 - \$10,102) relating to this facility.

### 9. Deferred revenue

		2023		2022
Humane Education programs	\$	12,593	\$	7,711
Gift cards		8,904		8,901
Behaviour training classes		6,473		14,074
Facility rental		4,000		4,500
	\$	31,970	\$	35,186

### 10. Unrestricted fund balances

		2023		2022
Balance, beginning of year	\$	233,946	\$	3,157,420
Excess (deficiency) of revenues over expenses		3,990,287		(3,054,437)
Transfer (to) from Lundberg Fund		(3,000,000)		1,409,466
Transfer from (to) Restricted Fund		5,553		10,572
Transfer to Emergency Fund		(301,145)		(219,666)
Transfer to Capital Fund		-		(999,916)
Transfer from Cremation Asset Sale Fund		275,000		325,000
Transfer to internally restricted fund		(621,037)		(372,888)
Transfer from (to) externally restricted fund		18,081		(21,605)
Balance, end of year	\$	600,685	\$	233,946

### 11. Restricted for endowment purposes

The amount restricted for endowment purposes is a bequest from Gordon Wright, which has externally imposed restrictions that the resources be maintained in perpetuity by the Society.

# Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2023, with comparative information for 2022

---

## 12. Restricted funds

### a) *Externally restricted funds*

Expenses from the restricted funds are restricted by the terms of the respective donations and are required to be used as follows:

The Barry D. Stewart Endowment Fund – Restricted for the Animal Health department for education and resources in shelter medicine.

Joan & Phoebe Snyder Fund - Restricted for the Humane Education department to subsidize fees for field trips and presentations for schools.

Rosco's Keep Them Home Fund – Restricted in use to subsidize veterinary fees for owned animals to keep them in their home and avoid surrender.

Alberta Liquor and Gaming Fund - Restricted in use as per gaming licenses.

Camp Subsidies Fund - Restricted in use to subsidize fees for children to attend Humane Education summer and winter day camps and clubs.

Seniors Fund – Restricted in use to keep animals in homes with their senior owners, while providing accessible, affordable resources to ensure animal needs are met.

		2023		2022
The Barry D. Stewart Endowment Fund	\$	24,480	\$	9,570
Joan & Phoebe Snyder Fund		23,776		37,374
Rosco's Keep Them Home Fund		19,464		-
Alberta Liquor & Gaming Fund		3,568		21,649
Camp Subsidies Fund		968		968
Seniors Fund		-		24,500
	\$	72,256	\$	94,061

During the year, \$5,553 (2022 - \$10,572) was transferred from externally restricted funds of the Restricted Fund to unrestricted funds of the General Operating Fund upon completion of the restricted purpose. Additionally, \$18,081 was transferred from externally restricted funds to unrestricted within the General Operating Fund once utilized under the Alberta Liquor & Gaming Fund (2022 - \$21,605 was transferred from unrestricted to externally restricted funds within the General Operating Fund for use under the Alberta Liquor & Gaming Fund).

## Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2023, with comparative information for 2022

### 12. Restricted funds (continued)

#### b) Internally restricted funds

These amounts are internally restricted by the Board to be held for the following purposes:

	2023	2022
Estate of Dr. Bernard Lundberg	\$ 8,500,000	\$ 5,500,000
Emergency Fund	2,298,268	1,997,123
Cremation Asset Sale Fund	200,000	475,000
Protections Fund	100,000	100,000
Phoenix Fund	100,000	100,000
Continued Companionship Fund	500,000	-
Capital Fund	1,589,822	465,000
	<u>\$ 13,288,090</u>	<u>\$ 8,637,123</u>

An architectural assessment was performed on the current facility and the Society approved a \$14,320,000 facility enhancement project, a portion of which was funded through Capital Fund reserves and the Estate of Dr. Bernard Lundberg, with the remainder funded through the "For Them" capital campaign. The project commenced in 2019 and construction started in 2020 and was substantially completed in 2022. In 2023, the Society capitalized \$72,255 (2022 - \$99,988) in wages and benefits to the Capital Campaign. This project improved the overall sheltering and wellbeing of animals in the Society's care.

In March 2008, the Board of Directors approved a motion to internally restrict all funds received and expected to be received from the Estate of Dr. Bernard Lundberg for the purpose of achieving the strategic goals of the Society. Upon completion of the facility enhancement project, the restriction of this fund had been met, and \$6,909,466 was transferred to unrestricted funds. In December 2022, the Board of Directors approved a motion to internally restrict the remaining \$5,500,000 of the Estate of Dr. Bernard Lundberg for future strategic priorities of the Society. In 2023, the Board of Directors approved a motion to transfer an additional \$3,000,000 for future strategic priorities of the Society as outlined in the Strategic Plan.

In 2023, the Board of Directors transferred \$301,145 (2022 - \$219,666) from the General Operating Fund to the internally restricted Emergency Fund. The Emergency Fund is intended to finance the Society for three months of operations.

During 2019, the Board of Directors transferred \$1,600,000 from the sale of the Cremation Assets from the Capital Fund to the General Operating Fund to be restricted in use to sustain the Society's operating budget from lost revenue over a five-year period. In 2023, \$275,000 (2022 - \$325,000) was used to sustain operating costs from this fund.



## Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2023, with comparative information for 2022

---

### 12. Restricted funds (continued)

#### *b) Internally restricted funds (continued)*

In 2023, the Board of Directors transferred \$36,950 (2022 - \$122,984) from unrestricted funds to the Phoenix Fund, to be used for clinic fees for animals requiring extensive medical work. In 2023, the Board of Directors transferred \$79,768 (2022 - \$127,931) from unrestricted funds to the Protections Fund, to be used for medical costs and supplies for the intake of animals brought into the shelter from seizure and neglect cases.

In 2023, the Board of Directors transferred \$500,000 (2022 - \$nil) from unrestricted funds to the Continued Companionship Fund. The fund is for the purpose of developing programs aimed at supporting pet families by providing the tools and resources needed to properly care for their animal's physical and mental well-being, so they can stay with the family who loves them and prevents them from ever having to enter a shelter.

In 2023, \$nil (2022 - \$50,600) was transferred from unrestricted funds to the Capital Fund for 2022 operating donations made to the Society where the donor later decided to allocate the donation to the "For Them" capital campaign. Upon release of the Estate of Dr. Bernard Lundberg restriction to unrestricted funds, \$nil (2022 - \$949,316) was transferred to the Capital Fund to replenish Capital Fund reserves for future capital purchases of the Society.

### 13. Fundraising expenses

As required under the Charitable Fund-raising Act of Alberta, the Society reports that \$356,345 was paid as remuneration to employees primarily responsible for fundraising for the year ended December 31, 2023 (2022 - \$274,511).

### 14. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant liquidity risk, interest rate risk, currency risk, market risk, or credit risks arising from these financial instruments except as otherwise disclosed.

#### *Liquidity risk*

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages liquidity risk by monitoring its operating requirements. The Society prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

## Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2023, with comparative information for 2022

---

### 14. Financial instruments (continued)

#### *Interest rate risk*

Interest rate risk is the risk that the fair value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with certain financial assets and liabilities, known as cash flow risk, and on the fair value of certain financial assets and liabilities, known as price risk. The short-term demand loan results in interest rate risk for the Society as the stated interest rate is the prime lending rate plus 0.25%. The short-term demand loan was fully repaid by December 31, 2023.

#### *Credit risk*

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to its cash and investments, which are deposited with Canadian commercial banks and investment managers, and with its accounts receivable balances. The Society had \$nil (2022 - \$nil) balance in allowance for doubtful accounts at December 31, 2023.

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In seeking to manage the risks for foreign exchange rate fluctuations, the Society closely follows exchange rates and management monitors investment performance monthly.

The Society enters into investment transactions denominated in foreign currencies for which the related revenue, expenses, cash and marketable securities balances are subject to exchange rate fluctuations.

#### *Market risk*

The Society's equity investments are subject to market risk, which includes price risk arising from market volatility and the risk of loss of capital associated with those investments.

There has been no other change to the risk exposures from 2022.