

**Ottawa Humane Society**  
**Financial Statements**  
For the year ended March 31, 2023

---

**Contents**

<b>Independent Auditor's Report</b>	2 - 3
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6 - 7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 17



Tel: 613 237 9331  
Fax: 613 237 9779  
www.bdo.ca

BDO Canada LLP  
180 Kent Street, Suite 1700  
Ottawa, ON, K1P 0B6

---

## Independent Auditor's Report

---

**To the members of the Ottawa Humane Society**

### **Opinion**

We have audited the accompanying financial statements of the Ottawa Humane Society (the Society), which comprise the statement of financial position as at March 31, 2023, the statements of operations, 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 Society as at March 31, 2023, and its result 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 Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
August 11, 2023

## Ottawa Humane Society Statement of Financial Position

March 31	2023	2022
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 972,229	\$ 2,123,722
Accounts receivable	135,665	257,397
Inventory	9,128	10,010
Short-term investments (Note 2)	4,224,890	2,602,349
Prepaid expenses	359,447	241,247
	5,701,359	5,234,725
<b>Long-term investments (Note 3)</b>	12,527,006	8,866,765
<b>Tangible capital assets (Note 4)</b>	11,393,686	11,717,682
<b>Intangible assets (Note 5)</b>	38,810	38,810
	<b>\$ 29,660,861</b>	<b>\$ 25,857,982</b>
<b>Liabilities and Net Assets</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 700,253	\$ 358,526
Deferred revenue	246,719	59,633
	946,972	418,159
<b>Contractual obligations (Note 7)</b>		
<b>Net Assets</b>		
Unrestricted operating fund	16,342,944	12,840,261
Property and equipment fund	11,432,496	11,756,492
Externally restricted		
Capital replacement fund	938,449	843,070
	28,713,889	25,439,823
	<b>\$ 29,660,861</b>	<b>\$ 25,857,982</b>

On behalf of the Board:

\_\_\_\_\_  
Travis Webb                      Chair

\_\_\_\_\_  
Liz Tymon                        Treasurer

**Ottawa Humane Society  
Statement of Changes in Net Assets**

	Unrestricted Operating Fund	Internally Restricted	Externally Restricted	Total Restricted Funds	Total Funds
		Property and Equipment Fund	Capital Replacement Fund		
<b>For the year ended March 31, 2023</b>					
Balance, beginning of the year	\$ 12,840,261	\$ 11,756,492	\$ 843,070	\$ 12,599,562	\$ 25,439,823
Excess (deficiency) of revenues over expenses	3,627,253	(448,566)	95,379	(353,187)	3,274,066
Interfund transfers (Note 8)	(124,570)	124,570	-	124,570	-
<b>Balance, end of the year</b>	<b>\$ 16,342,944</b>	<b>\$ 11,432,496</b>	<b>\$ 938,449</b>	<b>\$ 12,370,945</b>	<b>\$ 28,713,889</b>

	Unrestricted Operating Fund	Internally Restricted	Externally Restricted	Total Restricted Funds	Total Funds
		Property and Equipment Fund	Capital Replacement Fund		
<b>For the year ended March 31, 2022</b>					
Balance, beginning of the year	\$ 9,671,268	\$ 12,199,803	\$ 765,810	\$ 12,965,613	\$ 22,636,881
Excess (deficiency) of revenues over expenses	3,206,169	(480,487)	77,260	(403,227)	2,802,942
Interfund transfers (Note 8)	(37,176)	37,176	-	37,176	-
<b>Balance, end of the year</b>	<b>\$ 12,840,261</b>	<b>\$ 11,756,492</b>	<b>\$ 843,070</b>	<b>\$ 12,599,562</b>	<b>\$ 25,439,823</b>

## Ottawa Humane Society Statement of Operations

For the year ended March 31, 2023	Unrestricted Operating Fund	Property and Equipment Fund	Capital Replacement Fund	Total Funds
<b>Revenues (Note 10)</b>				
Animal shelter	\$ 1,723,449	\$ -	\$ -	\$ 1,723,449
Bequests	5,788,724	-	-	5,788,724
Clinic and mobile clinic	37,280	-	-	37,280
Community programs	11,678	-	-	11,678
Development	7,162,182	-	-	7,162,182
Investment income	166,117	-	25,395	191,512
Other income	27,551	-	-	27,551
Volunteer and outreach	233,373	-	-	233,373
Government and other funding for building	-	-	69,984	69,984
	<u>15,150,354</u>	<u>-</u>	<u>95,379</u>	<u>15,245,733</u>
<b>Expenses (Notes 9,10)</b>				
Animal shelter	3,833,918	-	-	3,833,918
Central services	1,302,799	-	-	1,302,799
Clinic and mobile clinic	1,182,368	-	-	1,182,368
Community programs	329,398	-	-	329,398
Contingencies	33,733	-	-	33,733
Development	2,696,437	-	-	2,696,437
Foster	233,655	-	-	233,655
Other	74,363	-	-	74,363
Premises	654,890	-	-	654,890
Volunteer and outreach	1,181,540	-	-	1,181,540
Amortization of tangible capital and intangible assets	-	445,489	-	445,489
Loss on disposal of tangible capital assets	-	3,077	-	3,077
	<u>11,523,101</u>	<u>448,566</u>	<u>-</u>	<u>11,971,667</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ 3,627,253</u>	<u>\$ (448,566)</u>	<u>\$ 95,379</u>	<u>\$ 3,274,066</u>

The notes are an integral part of these financial statements.

**Ottawa Humane Society  
Statement of Operations (continued)**

For the year ended March 31, 2022	Unrestricted Operating Fund	Property and Equipment Fund	Capital Replacement Fund	Total Funds
Revenues (Note 10)				
Animal shelter	\$ 1,423,516	\$ -	\$ -	\$ 1,423,516
Bequests	2,851,721	-	-	2,851,721
Clinic and mobile clinic	1,795	-	-	1,795
Community programs	1,100	-	-	1,100
Development	7,250,430	-	-	7,250,430
Investment income	835,995	-	6,973	842,968
Other income	39,627	-	-	39,627
Volunteer and outreach	34,496	-	-	34,496
Government and other funding for building	-	-	70,287	70,287
	12,438,680	-	77,260	12,515,940
Expenses (Notes 9,10)				
Animal shelter	3,061,220	-	-	3,061,220
Central services	1,054,952	-	-	1,054,952
Clinic and mobile clinic	874,468	-	-	874,468
Community programs	287,040	-	-	287,040
Contingencies	7,402	-	-	7,402
Development	2,469,497	-	-	2,469,497
Foster	80,590	-	-	80,590
Other	61,430	-	-	61,430
Premises	508,325	-	-	508,325
Volunteer and outreach	827,587	-	-	827,587
Amortization of tangible capital and intangible assets	-	480,487	-	480,487
	9,232,511	480,487	-	9,712,998
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ 3,206,169</b>	<b>\$ (480,487)</b>	<b>\$ 77,260</b>	<b>\$ 2,802,942</b>

The notes are an integral part of these financial statements.

## Ottawa Humane Society Statement of Cash Flows

For the year ended March 31, 2023	2023	2022
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 3,274,066	\$ 2,802,942
Items not affecting cash:		
Change in unrealized losses (gains) on investments	168,654	(515,607)
Realized losses (gains) on investments	72,512	(64,672)
Contributed shares	(155,687)	(439,496)
Amortization of tangible and intangible capital assets	445,489	480,487
Loss on disposal of tangible capital assets	3,077	-
	3,808,111	2,263,654
Changes in non-cash working capital:		
Accounts receivable	121,732	(104,562)
Inventory	882	1,684
Prepaid expenses	(118,200)	(93,982)
Accounts payable and accrued liabilities	341,726	(197,530)
Deferred revenue	187,086	(6,260)
	4,341,337	1,863,004
<b>Cash flows from investing activities</b>		
Purchase of investments	(10,181,562)	(4,819,190)
Proceeds from disposal of investments	4,813,302	3,936,707
Acquisition of tangible capital assets	(124,570)	(37,176)
	(5,492,830)	(919,659)
<b>Net (decrease) increase in cash</b>	<b>(1,151,493)</b>	<b>943,345</b>
<b>Cash, beginning of the year</b>	<b>2,123,722</b>	<b>1,180,377</b>
<b>Cash, end of the year</b>	<b>\$ 972,229</b>	<b>\$ 2,123,722</b>



---

# Ottawa Humane Society

## Notes to Financial Statements

March 31, 2023

---

### 1. Accounting Policies

#### Status and Purpose of Organization

The Ottawa Humane Society (the Society) is a not-for-profit organization incorporated without share capital under the laws of Canada. The Society's mission is to lead Ottawa in building a humane and compassionate community for all animals. The Society is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.

#### Basis of Accounting

The Society applies the Canadian accounting standards for not-for-profit organizations.

#### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimates relate to the amortization of tangible capital and intangible assets.

#### Revenue Recognition

The Society follows the restricted fund method. Under this method, externally restricted contributions which consist of grants, donations and fundraising are recognized in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized as revenues in the Operating Fund. Restricted contributions with no corresponding fund are recognized in the Operating Fund under the deferral method.

#### Operating Fund

The Operating Fund is for the day-to-day operations of the Society. Animal shelter, clinic and mobile clinic, development, volunteer and outreach and other revenues are recognized as revenue in the Operating Fund when these services are provided.

#### Property and Equipment Fund

The Property and Equipment Fund is used to account for all tangible capital and intangible assets owned by the Society. The expense recorded in this fund is the amortization of tangible and intangible capital assets.

---

# Ottawa Humane Society

## Notes to Financial Statements

March 31, 2023

---

### 1. Accounting Policies (continued)

#### Revenue Recognition (continued)

##### Capital Replacement Fund

The Capital Replacement Fund is used to account for the City of Ottawa funding related to the amortization of tangible capital assets. In accordance with the agreement between the Society and the City of Ottawa, these funds are to be placed in an interest-bearing account and to be used for the construction of a new animal shelter or any major renovations to the existing shelter. All expenses require written approval from the City of Ottawa. Investment income earned is recorded in this fund and is reinvested until such expenses have been incurred.

#### Translation of Foreign Currency Transactions and Items

The Society uses the temporal method to translate its foreign currency transactions. Monetary assets and liabilities are translated at the exchange rate in effect at the statement of financial position date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenues and expenses are translated at the average rate for the year. Exchange gains and losses are included in the statement of operations.

#### Financial Instruments

##### Initial and subsequent measurement

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in bonds and equity instruments that are quoted in an active market which are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations in the year incurred.

##### Impairment

Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.

##### Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations over the life of the instrument using the straight-line method.

#### Inventory

Inventory is measured at the lower of cost and net realizable value. The cost is determined using the first-in, first-out method.

---

# Ottawa Humane Society

## Notes to Financial Statements

March 31, 2023

---

### 1. Accounting Policies (continued)

**Tangible Capital Assets** Tangible capital assets are accounted for at cost and amortized on the basis of their useful life using the straight line method over the following durations:

Buildings and building improvements	20 - 40 years
Computer equipment	4 years
Furniture and fixtures	10 years
Machinery and equipment	10 years
Vehicles	5 years

**Intangible Assets** Intangible assets are recognized at cost and amortized on the basis of their useful life using the straight line method over the following duration:

Software	3 years
----------	---------

Intangible assets with an indefinite life, which includes the time share vacation property, are not amortized. They are tested for impairment when events or circumstances indicate that their carrying amount exceeds their fair value.

**Impairment of Long-Lived Assets** When a tangible capital asset or intangible asset no longer has any long-term service potential to the Society, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

**Contributed Services** Volunteers contribute many hours per year to assist the Society in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

**Contributed Materials** Contributed materials over \$1,000 which are used in the normal course of the Society's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution.

# Ottawa Humane Society Notes to Financial Statements

**March 31, 2023**

## 1. Accounting Policies (continued)

**Allocation of Expenses**      The Society records their expenses on a functional program basis. Premises, central services and fleet costs are applicable to more than one function and are allocated to these functions on the following basis:

- Premises costs: prorated to the floor area occupied by each function.
- Central services costs: allocated to the Animal Shelter based on the allowed expenses under the Municipal Animal Shelter Service Agreement with the City of Ottawa and to all other functions based on estimated usage.
- Fleet costs: prorated to the usage of the vehicles by each function.

## 2. Short-term Investments

	2023	2022
<b>Measured at fair value</b>		
Bonds, 2.38% to 3.25% (2022 - 2.09% to 2.36%), maturing between May 2023 and March 2024 (2022 - April and December 2022).	<b>\$ 1,196,066</b>	<b>\$ 404,325</b>
<b>Measured at amortized cost</b>		
High-interest savings account	2,508,040	892,126
Guaranteed investment certificates, matured during the year.	-	770,115
Restricted high-interest savings account	110,754	535,783
Restricted guaranteed investment certificates, 3.90% to 4.10%, maturing August 2023.	410,030	-
	<b>3,028,824</b>	<b>2,198,024</b>
	<b>\$ 4,224,890</b>	<b>\$ 2,602,349</b>

---

**Ottawa Humane Society  
Notes to Financial Statements**

**March 31, 2023**

---

**3. Long-term Investments**

	2023	2022
<b>Measured at fair value</b>		
Bonds, 1.94% to 3.95% (2022 - 2.00% to 3.25%), maturing between June 2024 and December 2031 (2022 - May 2023 and June 2030).	\$ 4,000,635	\$ 2,526,082
Canadian equities	4,196,973	3,449,071
US and international equities	3,919,047	2,891,612
	12,116,655	8,866,765
 <b>Measured at amortized cost</b>		
Restricted guaranteed investment certificates, 4.15% to 4.25%, maturing August 2024	410,351	-
	<b>\$ 12,527,006</b>	<b>\$ 8,866,765</b>

The restricted investments from above are restricted as a result of an agreement between the Society and the City of Ottawa. The Capital Replacement funds received are to be placed in an interest-bearing account and to be used for the construction of a new animal shelter or any major renovations to the existing shelter. All expenses require written approval from the City of Ottawa.

---

**Ottawa Humane Society  
Notes to Financial Statements**

**March 31, 2023**

**4. Tangible Capital Assets**

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,744,284	\$ -	\$ 1,744,284	\$ -
Buildings and building improvements	13,139,612	3,795,634	13,125,476	3,460,934
Computer equipment	225,517	165,591	181,617	140,016
Furniture and fixtures	441,909	408,637	431,329	399,177
Machinery and equipment	1,360,112	1,171,900	1,312,948	1,121,212
Vehicles	378,334	354,320	378,334	334,967
	<b>\$ 17,289,768</b>	<b>\$ 5,896,082</b>	<b>\$ 17,173,988</b>	<b>\$ 5,456,306</b>
Net carrying amount		<b>\$ 11,393,686</b>		<b>\$ 11,717,682</b>

---

**Ottawa Humane Society  
Notes to Financial Statements**

**March 31, 2023**

---

**5. Intangible Assets**

	2023		2022	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Software	\$ 165,623	\$ 165,623	\$ 165,623	\$ 165,623
Time share vacation property	38,810	-	38,810	-
	<b>\$ 204,433</b>	<b>\$ 165,623</b>	<b>\$ 204,433</b>	<b>\$ 165,623</b>
Net carrying amount		<b>\$ 38,810</b>		<b>\$ 38,810</b>

The time share vacation property was donated to the Society and consists of points for a Hilton Grand Vacations timeshare that comprises accommodations for a set number of people and nights. The trip is used a prize, raffle or auction item.

---

**6. Bank Loan**

The Society has an authorized operating line of credit of \$800,000 that is due on demand and bears interest at the bank's prime rate plus 0.75%, calculated and payable monthly. It is secured by a general security agreement covering all assets. At March 31, 2023 and March 31, 2022, this line of credit was unused.

---

**7. Contractual Obligations**

The Society regularly enters into agreements for the purchase of various supplies and services including the rental of premises and equipment. The total obligation related to these contracts is \$1,041,498 including the following payments over the next five years:

2024	\$ 358,302
2025	\$ 254,389
2026	\$ 237,436
2027	\$ 107,916
2028	\$ 83,455

---

**8. Interfund Transfers**

Amounts of \$124,570 (2022 - \$37,176) were transferred from the unrestricted operating fund to the property and equipment fund for the purchase of tangible capital assets during the year.

---

---

## Ottawa Humane Society Notes to Financial Statements

**March 31, 2023**

---

### 9. Allocation of Expenses

Premises, central services and fleet costs were allocated as follows:

	2023	2022
<u>Premises costs</u>		
Animal shelter	\$ 393,242	\$ 307,147
<u>Central services costs</u>		
Animal shelter	\$ 91,800	\$ 91,488
<u>Fleet costs</u>		
Animal shelter	\$ 5,745	\$ 5,782
Clinic and mobile clinic	11,884	5,240
Development	884	910
Volunteer and outreach	6,627	6,823
	\$ 25,140	\$ 18,755

---

### 10. Fundraising Activities

Fundraising revenues are included in multiple financial statement categories. These are summarized below:

	2023	2022
<b>Operating fund - Development revenue</b>		
Individual support	\$ 6,548,449	\$ 6,449,726
Group support	307,260	226,860
Special events	306,473	573,844
	7,162,182	7,250,430
<b>Operating Fund - Bequests</b>	5,788,724	2,851,721
<b>Total fundraising revenue</b>	\$ 12,950,906	\$ 10,102,151

Furthermore, there are fundraising expenses included in multiple statement of operations categories. These expenses are based on direct costs and are as follows:

	2023	2022
<b>Operating Fund - Development</b>	\$ 2,696,437	\$ 2,469,497

---



---

# Ottawa Humane Society

## Notes to Financial Statements

March 31, 2023

---

### 11. Financial Instruments

#### Currency risk

Approximately 23% of the Society's investments are denominated in US dollars and have been translated into Canadian dollars at year end. Consequently, these investments are exposed to foreign exchange fluctuations.

#### Interest rate risk

The Society is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest instruments subject the Society to a fair value risk, since fair value fluctuates inversely to changes in market interest rates.

#### Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investments in quoted shares.

The interest rate risk has increased in comparison to the previous year due to interest rate increases announced by the Bank of Canada. There have been no changes to the other financial instrument risks since the prior year.