



Ottawa
**HUMANE
SOCIETY**

S.P.A. Ottawa

Financial Statements

For the year ended March 31, 2017



Ottawa Humane Society
Financial Statements
For the year ended March 31, 2017

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Independent Auditor's Report

To the Members of the Ottawa Humane Society

Report on the Financial Statements

We have audited the accompanying financial statements of the Ottawa Humane Society, which comprise the statements of financial position as at March 31, 2017, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Independent Auditor's Report (continued)

Basis for Qualified Opinion

In common with many charitable organizations, the Ottawa Humane Society derives part of its revenue from donations and other fundraising sources the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Ottawa Humane Society. Our audit opinion on the financial statements for the year ended March 31, 2016 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments might be necessary to these revenues and the excess or deficiency of revenue over expenses for the years ended March 31, 2017 and 2016, assets and liabilities as at March 31, 2017 and 2016 and fund balances at both the beginning and end of the March 31, 2017 and 2016 years.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of the Ottawa Humane Society as at March 31, 2017, 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.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
August 8, 2017
Ottawa, Ontario

Ottawa Humane Society Statement of Financial Position

March 31 2017 2016

Assets

Current

Cash and cash equivalents (Note 1)	\$ 1,024,368	\$ 1,301,945
Accounts receivable (Note 2)	78,184	59,842
Prepaid expenses	99,143	222,206
Inventory	16,041	9,459
	1,217,736	1,593,452

Non-current

Restricted cash and investments (Note 4)	438,986	361,503
Investments (Note 3)	3,390,115	3,054,895
Tangible capital assets (Note 5)	14,166,274	14,384,923
Intangible capital assets (Note 6)	52,156	68,607
	18,047,531	17,869,928

\$ 19,265,267 **\$ 19,463,380**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 487,034	\$ 563,465
Deferred revenue (Note 8)	63,535	255,856
	550,569	819,321

Fund balances

Restricted		
Trust fund	3,469,943	2,869,375
Property and equipment fund	14,218,430	14,689,717
Capital replacement fund	438,986	361,503
Unrestricted		
Operating fund	587,339	723,464
	18,714,698	18,644,059

\$ 19,265,267 **\$ 19,463,380**

On behalf of the Board:

On File
Mike Laviolette - Chair

On File
Brittany Ward - Treasurer

Ottawa Humane Society Statement of Changes in Fund Balances

For the year ended March 31, 2017

	Unrestricted Operating Fund	Restricted			Total Restricted Funds	Total Funds
		Trust Fund	Property and Equipment Fund	Capital Replacement Fund		
Balance, beginning of year	\$ 723,464	\$ 2,869,375	14,689,717	\$ 361,503	\$ 17,920,595	\$ 18,644,059
Excess (deficiency) of revenue over expenses for the year	(244,866)	811,260	(573,238)	77,483	315,505	70,639
Interfund transfers (Note 9)	108,741	(210,692)	101,951	-	(108,741)	-
Balance, end of year	\$ 587,339	\$ 3,469,943	\$ 14,218,430	\$ 438,986	\$ 18,127,359	\$ 18,714,698

For the year ended March 31, 2016

	Unrestricted Operating Fund	Restricted			Total Restricted Funds	Total Funds	
		Trust Fund	Building Fund	Property and Equipment Fund			
Balance, beginning of year	\$ 712,835	\$ 2,823,929	\$ (73,264)	\$ 14,812,308	\$ 285,728	\$ 17,848,701	\$ 18,561,536
Excess (deficiency) of revenue over expenses for the year	10,629	264,014	-	(267,895)	75,775	71,894	82,523
Interfund transfers (Note 9)	-	(218,568)	73,264	145,304	-	-	-
Balance, end of year	\$ 723,464	\$ 2,869,375	\$ -	\$ 14,689,717	\$ 361,503	\$ 17,920,595	\$ 18,644,059

Ottawa Humane Society Statement of Operations

For the year ended March 31, 2017

	Operating Fund	Trust Fund	Property and Equipment Fund	Capital Replacement Fund	Total Funds
Revenue (Note 10)					
Animal shelter	\$ 1,888,042	\$ -	\$ -	\$ -	\$ 1,888,042
Clinic and mobile clinic	20,758	-	-	-	20,758
Rescue and investigation services	16,407	-	-	-	16,407
Development	4,680,811	-	-	-	4,680,811
Volunteer and outreach	240,861	-	-	-	240,861
Bequests	-	1,428,034	-	-	1,428,034
Investment income	95,821	263,987	-	7,499	367,307
Other	50,112	41	-	-	50,153
Building donations	-	12,603	-	-	12,603
Government and other funding for building	-	-	-	69,984	69,984
Total revenue	6,992,812	1,704,665	-	77,483	8,774,960
Expenses (Note 11)					
Animal shelter	2,940,094	-	-	-	2,940,094
Clinic and mobile clinic	748,436	-	-	-	748,436
Rescue and investigation services	403,806	-	-	-	403,806
Development	1,303,097	-	-	-	1,303,097
Volunteer and outreach	832,181	-	-	-	832,181
Premises	327,873	-	-	-	327,873
Central services	682,191	-	-	-	682,191
Non-capital	-	893,405	-	-	893,405
Amortization of tangible and intangible capital assets (Notes 5 and 6)	-	-	573,238	-	573,238
Total expenses	7,237,678	893,405	573,238	-	8,704,321
Excess (deficiency) of revenue over expenses for the year	\$ (244,866)	\$ 811,260	\$ (573,238)	\$ 77,483	\$ 70,639

Ottawa Humane Society
Statement of Operations
(continued)

For the year ended March 31, 2016

	Operating Fund	Trust Fund	Property and Equipment Fund	Capital Replacement Fund	Total Funds
Revenue (Note 10)					
Animal shelter	\$ 2,019,168	\$ -	\$ -	\$ -	\$ 2,019,168
Clinic and mobile clinic	17,629	-	275,000	-	292,629
Rescue and investigation services	202,562	-	-	-	202,562
Development	4,240,006	-	-	-	4,240,006
Volunteer and outreach	220,562	-	-	-	220,562
Bequests	-	1,012,512	-	-	1,012,512
Investment income	112,423	(207,803)	-	5,791	(89,589)
Other	56,857	715	-	-	57,572
Building fund donations	-	87,446	-	-	87,446
Government and other funding for building	-	-	-	69,984	69,984
Total revenue	6,869,207	892,870	275,000	75,775	8,112,852
Expenses (Note 11)					
Animal shelter	2,817,061	-	-	-	2,817,061
Clinic	524,949	-	-	-	524,949
Rescue and investigation services	513,664	-	-	-	513,664
Development	1,240,054	-	-	-	1,240,054
Volunteer and outreach	833,196	-	-	-	833,196
Premises	265,947	-	-	-	265,947
Central services	663,707	-	-	-	663,707
Non-capital	-	628,856	-	-	628,856
Amortization of tangible and intangible capital assets (Notes 5 and 6)	-	-	542,895	-	542,895
Total expenses	6,858,578	628,856	542,895	-	8,030,329
Excess (deficiency) of revenue over expenses for the year	\$ 10,629	\$ 264,014	\$ (267,895)	\$ 75,775	\$ 82,523

Ottawa Humane Society Statement of Cash Flows

For the year ended March 31	2017	2016
Cash flows from (used in) operating activities		
Excess of revenue over expenses for the year	\$ 70,639	\$ 82,523
Adjustments for		
Capital Replacement Fund revenue - financing activity	(77,483)	(75,775)
Amortization of tangible and intangible capital assets - non-cash item	573,238	542,895
Changes in the unrealized gains and losses of investments and accrued interest	(293,013)	190,062
Realized losses on investments	29,026	17,740
	302,407	757,445
Changes in non-cash working capital items related to operations		
Accounts receivable	(18,342)	9,164
Prepaid expenses and inventory related	116,481	(109,264)
Accounts payable and accrued liabilities	(76,431)	150,910
Deferred revenue	(192,321)	136,470
	131,794	944,725
Cash flows from (used in) investing activities		
Purchase of investments	(1,903,015)	(2,127,082)
Proceeds on disposal of investments	1,831,782	1,915,666
Acquisition of tangible and intangible capital assets	(338,138)	(145,304)
Purchase of restricted cash and investments	(148,045)	(146,202)
Proceeds on disposal of restricted cash and investments	70,562	70,427
	(486,854)	(432,495)
Cash flows from financing activities		
Capital Replacement Fund revenue	77,483	75,775
Net increase (decrease) in cash for the year	(277,577)	588,005
Cash, beginning of year	1,301,945	713,940
Cash, end of year	\$ 1,024,368	\$ 1,301,945

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2017

Nature and Purpose of Organization

The Ottawa Humane Society (the "Society") was incorporated as a not-for-profit organization without share capital under the Ontario Corporations Act on November 29, 1933. Effective March 21, 2016, the Society was continued under the Canada Not-for-profit Corporations Act.

The Society's mission is to lead Ottawa in building a humane and compassionate community for all animals.

The Society is a registered charity within the meaning of the Income Tax Act of Canada and is exempt from income taxes.

Basis of Presentation

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, which are part of Canadian generally accepted accounting principles and include the following significant accounting policies.

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 at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in the period in which they become known.

Significant estimates include assumptions used in estimating the amounts and collectibility of accounts receivable, in estimating the fair value of investments and other financial instruments, in establishing the useful lives and related amortization of tangible and intangible capital assets, in estimating provisions for accrued and contingent liabilities, and in estimating the portion of revenue from governments earned in a specific year.

Financial Instruments

Financial instruments are financial assets or liabilities of the Society where, in general, the Society has the right to receive cash or another financial asset from another party or the Society has the obligation to pay another party cash or other financial assets.

Measurement of financial instruments

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 equity instruments and certain fixed income securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2017

Financial Instruments
(continued)

Measurement of financial instruments (continued)

Financial assets and liabilities measured at amortized cost include cash, restricted cash, guaranteed investment certificates and certain fixed income securities that are not quoted in an active market, accounts receivable and accounts payable and accrued liabilities. Certain fixed income securities and equity instruments are carried at fair value based on quoted market prices.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in operations.

Transaction costs

The Society recognizes its transaction costs in operations in the period incurred. However, the financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Revenue Recognition

The Society follows the restricted fund method of accounting for contributions. Contributions consist of donations and special events fundraising (development) revenue, bequests, and government and other funding.

The Operating Fund is for the day-to-day operations of the Society. Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest and dividends earned from the Trust Fund, are recognized as revenue in the Operating Fund.

Animal shelter, clinic and mobile clinic, rescue and investigation services, volunteer and outreach and other revenues are recognized as revenue in the Operating Fund when these services are provided.

The Trust Fund includes funds received from life memberships, bequests (unless otherwise designated by donors) and specified donations. Interest and dividends earned on the Trust Fund investments are to be used for current operations and are therefore revenue of the Operating Fund. Unrealized gains and losses of investments are included in investment income of the Trust Fund. Pledges and bequests

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2017

Revenue Recognition
(continued)

are not recorded in the financial statements until received. Trust Fund expenditures require approval by the majority of the Society's Board of Directors. The trust fund is used to transfer amounts for the property and equipment fund expenditures.

The Building Fund includes net funds received specifically designated towards the purchase of land and construction of the Society's new building which the Society completed and began using during its 2012 fiscal year. During the 2016 fiscal year, the Building Fund was closed into the Trust Fund.

The Property and Equipment Fund is used to account for all property and equipment (tangible and intangible capital assets) owned by the Society and the assets held for sale. The tangible and intangible capital assets amortization expense as well as related gains and losses on disposal for all tangible and intangible capital assets are also recorded in this fund.

The Capital Replacement Fund is used to segregate the amortization of the tangible capital assets portion of funds received from the City of Ottawa (the "City"). In accordance with the agreement between the Society and the City, these funds are to be placed in an interest-bearing account and to be used only with the approval of the City for the eventual replacement of the facility or capital projects that extend the useful life of the facility. Interest earned from these funds is to be credited to the Capital Replacement Fund.

**Contributed Materials,
Services and Other
Assets**

Volunteers contribute an indeterminable number of hours every year to assist the Society in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Donations in kind of materials are recorded at their fair value at the date of receipt, when the fair value can be reasonably estimated, the materials are used in the normal course of the Society's operations and the materials would have otherwise been purchased by the Society. There were no significant materials received in the 2017 fiscal year.

Donations of assets other than cash are recorded at their fair value. Fair value would be estimated using market or appraisal values.

**Cash and Cash
Equivalents**

For purposes of the Society's statement of cash flows, cash and cash equivalents are defined as bank balances and short-term liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash held in the Society's investment portfolio set out in Note 4 to these financial statements is excluded from cash, as detailed above, and forms part of restricted cash and investments of the Society.

Inventory

Inventory is recorded at the lower of cost and net realizable value, with the cost being determined on the first-in, first out basis.

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2017

Tangible Capital Assets Purchased tangible capital assets are recorded at cost. Donated tangible capital assets are recorded at their fair value at the date of acquisition. In unusual circumstances when fair value cannot be reasonably determined, the donated tangible capital asset would be recorded at a nominal value. Tangible capital assets are amortized over their estimated useful lives. Amortization expense as well as related gains and losses on disposal are recorded in the Property and Equipment Fund. Amortization is provided using the straight-line method, unless otherwise noted. Useful lives of tangible capital assets in use during the 2017 fiscal year were estimated as set out later in this significant accounting policy.

When a tangible capital asset no longer has any long-term potential to the Society, the write-down, being the excess of its net carrying amount over any residual value, is charged to the operations of the Property and Equipment Fund as an expense. A write-down is not reversed in subsequent years.

Amortization rates and methods for tangible capital assets are as follows:

Building	40 years
Computer hardware	4 years
Furniture and equipment	10 years
Automotive equipment	5 years

Land is not amortized.

Intangible Capital Assets Purchased intangible capital assets are recorded at cost. Donated intangible capital assets are recorded at their fair value at the date of acquisition. In unusual circumstances when fair value cannot be reasonably determined, the donated intangible capital asset would be recorded at a nominal value. Significant donated intangible capital assets are set out in Note 6 to the financial statements. Intangible capital assets with finite lives are amortized over their estimated useful lives. Amortization expense as well as related gains and losses on disposal are recorded in the Property and Equipment Fund. Amortization is provided using the straight-line method. The useful life of intangible capital assets with a finite life in use during the 2017 fiscal year was estimated as follows:

Computer software	3 years
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The Society also possesses a time share vacation property. The useful life of the time share vacation property has been determined by the Society to be indefinite and therefore is not being amortized. An intangible capital asset that is not subject to amortization should be tested for impairment whenever events or changes in circumstances indicate that its carrying amount may exceed its fair value. When an intangible capital asset that is not being amortized is subsequently determined to have a finite useful life, the asset is tested for impairment.

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2017

Intangible Capital Assets (continued) An impairment loss is recognized in the operations of the Property and Equipment Fund as an expense for the fiscal period of impairment and is not a change in accounting policy. The intangible capital asset is then amortized over its estimated useful life and accounted for in the same manner as other intangible capital assets that are subject to amortization.

Expense Allocations The Society's expenses are presented in the statements of operations on a functional program basis. Certain expenses incurred are applicable to more than one function, are directly related to the output of the applicable function, and are therefore considered direct costs. A further breakdown of all allocated expenses is set out in Note 11 to the financial statements.

Ottawa Humane Society Notes to Financial Statements

March 31, 2017

1. Cash and Cash Equivalents

The Society's cash is held in three accounts at one Canadian chartered bank and some earn interest at a nominal rate. The operating bank account does not earn interest. The remaining cash is held as part of the Society's investment portfolio that is held in an investment account with a large Canadian financial institution. At March 31, 2017 the cash investment account had a balance of \$20,741 (2016 - \$28,870).

2. Accounts Receivable

	<u>2017</u>	<u>2016</u>
Trade accounts receivable	\$ 28,341	\$ 5,737
Good and services / harmonized sales taxes receivable	49,843	54,105
	<u>\$ 78,184</u>	<u>\$ 59,842</u>

3. Investments

	<u>2017</u>	<u>2016</u>
Fixed income securities, at amortized cost	\$ 1,094,479	\$ 467,158
Equity securities, at fair value	1,830,673	2,470,893
Mutual funds, at fair value	464,963	116,844
	<u>\$ 3,390,115</u>	<u>\$ 3,054,895</u>

Due to the nature and term of the Society's investments carried at amortized cost, amortized cost approximates fair value.

The fixed income securities are comprised of government bonds and GIC's with interest rates on their face values from 1.65% to 2.25% (2016 - 2.00%) with maturity dates in the Society's fiscal years of 2018 to 2020 (2016 - 2018). Equity securities are comprised of publicly traded and highly liquid common and preferred shares. The mutual funds consist of fixed income securities. The Society's investments can be readily liquidated if necessary.

Ottawa Humane Society Notes to Financial Statements

March 31, 2017

4. Restricted Cash and Investments

In accordance with the agreement between the Society and the City of Ottawa (the "City"), the Capital Replacement funds received are to be placed in an interest bearing account and to be used only with the approval of the City for the eventual replacement of the Society's facility or capital projects that extend the useful life of the facility. As a result of this agreement these funds are restricted.

	2017	2016
Guaranteed investment certificates at amortized cost	\$ 438,986	\$ 361,503

The Society holds GICs that have interest rates of prime less 1.60% to 2.25% (2016 - prime less 2.00% to 2.15%) and mature during fiscal 2018 and 2020 (2016 - 2017 and 2019).

5. Tangible Capital Assets

	2017			2016		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,744,284	\$ -	\$ 1,744,284	\$ 1,744,284	\$ -	\$ 1,744,284
Building	13,165,309	1,891,800	11,273,509	13,165,309	1,562,668	11,602,641
Computer hardware	184,024	138,100	45,924	187,212	122,238	64,974
Furniture and equipment	1,652,233	826,414	825,819	1,577,796	673,068	904,728
Automotive equipment	452,813	176,075	276,738	198,849	130,553	68,296
	\$ 17,198,663	\$ 3,032,389	\$ 14,166,274	\$ 16,873,450	\$ 2,488,527	\$ 14,384,923

During the 2017 fiscal year, assets were disposed of that had a tangible capital asset cost of \$10,140 (2016 - \$83,658) and \$10,140 (2016 - \$83,658) of accumulated amortization, resulting in a loss on disposal of \$nil (2016 - \$nil). No proceeds were received for the disposal of these assets. These disposals are in the normal course of operations and the loss is recorded in the property and equipment fund.

Ottawa Humane Society Notes to Financial Statements

March 31, 2017

6. Intangible Capital Assets

	2017			2016		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer software	\$ 165,623	\$ 152,277	\$ 13,346	\$ 167,638	\$ 137,841	\$ 29,797
Time share vacation property	38,810	-	38,810	38,810	-	38,810
	\$ 204,433	\$ 152,277	\$ 52,156	\$ 206,448	\$ 137,841	\$ 68,607

The Society holds an intangible capital asset in a time share vacation property which was recorded at its fair value of \$38,810 when it was donated to the Society in 2002. It is used as a means to raise funds for the Society each year. The Society is responsible for the annual maintenance fees of approximately \$1,000.

During the 2017 fiscal year, assets were disposed of that had an intangible capital asset cost of \$4,800 (2016 - \$43,152) and \$4,800 (2016 - \$43,152) of accumulated amortization, resulting in a loss on disposal of \$nil (2016 - \$nil). No proceeds were received for the disposal of these assets. These disposals are in the normal course of operations and the loss is recorded in the property and equipment fund.

7. Credit Facilities

The Society has an overdraft credit facility agreement with a Canadian financial institution on the operating bank account in the amount of \$800,000, bearing interest at a rate of prime plus 0.75%. This facility is due on demand. The overdraft was not in use at March 31, 2017.

8. Deferred Revenue

Deferred revenue represents funds received during the current year that relate to operations of the subsequent year. The breakdown is as follows:

	2017		2016	
Summer programs and other	\$ 63,535	\$	62,702	
Furball	-		42,475	
Mobile clinic	-		150,679	
	\$ 63,535	\$	255,856	

Ottawa Humane Society Notes to Financial Statements

March 31, 2017

9. Interfund Transfers

During the 2017 fiscal year there was a transfer from the trust fund to the operating fund in the amount of \$108,741.

Also during the 2017 fiscal year there was a transfer from the trust fund to the property and equipment fund of \$101,951, representing \$63,141 of non-vehicle related purchases of tangible and intangible capital assets during the year, and a correction of \$38,810 related to the time share vacation property that was not transferred in the initial year of acquisition.

During the 2016 fiscal year there were two transfers between funds. The first transfer was from the trust fund to the property and equipment fund for \$145,304 for the purchase of all capital items during the year by the trust fund. The second transfer was from the building fund to the trust fund for \$73,264 to close the building fund.

10. Fundraising

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

	2017	2016
<u>Operating Fund</u>		
Development revenue		
Individual support	\$ 3,825,740	\$ 3,412,757
Group support	345,990	124,425
Special events	509,081	702,824
	\$ 4,680,811	\$ 4,240,006
 <u>Trust Fund</u>		
Bequests	\$ 1,428,034	\$ 1,012,512
Building donations	12,603	87,446
	\$ 1,440,637	\$ 1,099,958
 Total fundraising revenue	 \$ 6,121,448	 \$ 5,339,964

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

	2017	2016
Operating Fund - Development	\$ 1,303,097	\$ 1,240,054
Trust Fund - Non-capital	565,874	160,926
	\$ 1,868,971	\$ 1,400,980

Ottawa Humane Society Notes to Financial Statements

March 31, 2017

11. Allocated Expenses

The Society allocates certain amounts of its expenses for premises, central services, fleet, animal shelter and clinic and mobile clinic to other functions based on predetermined estimates of their share of these expenses or estimated usage.

These allocations have been applied on a consistent basis each year.

	2017		2016	
	Amounts Allocated From	Amounts Allocated To	Amounts Allocated From	Amounts Allocated To
Animal shelter	\$ -	\$ 326,225	\$ 488	\$ 285,804
Clinic and mobile clinic	-	6,086	5,624	-
Rescue and investigations	-	115,115	-	111,174
Development	-	1,246	-	51
Volunteer and outreach	-	6,227	-	7,333
Premises	257,351	-	208,791	-
Central services	166,553	-	161,879	-
Fleet	30,995	-	27,580	-
	\$ 454,899	\$ 454,899	\$ 404,362	\$ 404,362

12. Contractual Obligations

In connection with its operations, the Society regularly enters into agreements for the purchase of various supplies and services including the rental of equipment. Certain of these agreements extend beyond the end of the 2017 fiscal year. In the opinion of management, these agreements are in the normal course of the Society's operations, are not abnormal in amount or nature and do not include a high degree of speculative risk. The total contractual obligations that extend beyond the end of the 2017 fiscal year are approximately \$658,704 (2016 - \$1,255,087).

13. Employee Benefits

The Society participates in a defined contribution plan providing pension benefits to eligible employees. The expense for the plan for the 2017 fiscal year is \$85,253 (2016 - \$75,131) which represents the Society's required current contributions to the plan for the year.

Ottawa Humane Society Notes to Financial Statements

March 31, 2017

14. Financial Instruments Risks and Concentrations

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations as at March 31, 2017. Reference should be made to the statement of financial position and related notes for the quantitative values of the financial statement items referred to herein.

The Society is not involved in any hedging relationships and does not hold or use any derivative financial instruments for trading purposes.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to this risk in respect of its accounts receivable.

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and its ability to provide the activities related to its deferred revenue and its contractual obligations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Society is mainly exposed to interest rate risk and other price risk:

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed and variable interest rate financial instruments. The Society holds floating-rate and nominal rate financial instruments being its cash as set out in Note 1 and its restricted investments as set out in Note 4 to the financial statements, which would subject the Society to a cash flow risk. The Society also holds fixed-rate financial instruments being its guaranteed investment certificates and fixed income securities, as set out in Note 3 to the financial statements, that would subject the Society to a fair value risk.

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 Society is exposed to other price risk with respect to its investments in equity, and mutual funds held, as set out in Note 3 to the financial statements.

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14. Financial Instruments Risks and Concentrations (continued)

Investment Credit Risk

Investment credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to investment credit risk through its cash, restricted investments, as set out in Notes 1, 3 and 4 to the financial statements respectively. Investment credit risk arising from these is limited to the carrying value of these assets.

Investment Concentration Risk

Investment concentration risk is the risk that cash held in financial institutions and an investment portfolio will have greater exposure due to a concentration in a single financial institution and securities with similar characteristics or subject to similar economic, political or other conditions. The Society is exposed to investment concentration risk due to holding all of its investments at one financial institution. Investment concentration risk is mitigated by ensuring limits on geographic allocations as well as limits on individual entity holdings.

Changes in Risk

There have been no other significant changes in the Society's risk exposures from the 2016 fiscal year.

15. Comparative Amounts

In certain instances the presented 2016 fiscal year corresponding amounts and disclosures have been reclassified to conform with the financial statement presentation and disclosures adopted for the 2017 fiscal year.
