

Ottawa Humane Society
Financial Statements
For the year ended March 31, 2024

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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, 2024, 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, 2024, 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 8, 2024

Ottawa Humane Society
Statement of Financial Position

March 31	2024	2023
Assets		
Current		
Cash	\$2,430,130	\$ 972,229
Accounts receivable	566,635	135,665
Inventory	-	9,128
Short-term investments (Note 2)	2,558,598	4,224,890
Prepaid expenses	273,257	359,447
	5,828,620	5,701,359
Long-term investments (Note 3)	15,589,087	12,527,006
Tangible capital assets (Note 4)	11,029,144	11,393,686
Intangible assets (Note 5)	38,810	38,810
	\$ 32,485,661	\$ 29,660,861
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 954,051	\$ 700,253
Deferred revenue	158,974	246,719
	1,113,025	946,972
Contractual obligations (Note 7)		
Net Assets		
Unrestricted operating fund	19,253,212	16,342,944
Property and equipment fund	11,067,954	11,432,496
Externally restricted		
Capital replacement fund	1,051,470	938,449
	31,372,636	28,713,889
	\$ 32,485,661	\$ 29,660,861

On behalf of the Board:

Jean Nelson Chair

Liz Nye 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		
For the year ended March 31, 2024					
Balance, beginning of the year	\$16,342,944	\$11,432,496	\$ 938,449	\$12,370,945	\$28,713,889
Excess (deficiency) of revenues over expenses	2,983,450	(437,724)	113,021	(324,703)	2,658,747
Interfund transfers (Note 8)	(73,182)	73,182	-	73,182	-
Balance, end of the year	\$19,253,212	\$11,067,954	\$ 1,051,470	\$12,119,424	\$31,372,636

	Unrestricted Operating Fund	Internally Restricted	Externally Restricted	Total Restricted Funds	Total Funds
		Property and Equipment Fund	Capital Replacement Fund		
For the year ended March 31, 2023					
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	-
Balance, end of the year	\$ 16,342,944	\$ 11,432,496	\$ 938,449	\$ 12,370,945	\$ 28,713,889

The notes are an integral part of these financial statements.

Ottawa Humane Society Statement of Operations

For the year ended March 31, 2024	Unrestricted Operating Fund	Property and Equipment Fund	Capital Replacement Fund	Total Funds
Revenues (Note 10)				
Animal shelter	\$ 2,292,403	\$ -	\$ -	\$ 2,292,403
Bequests	3,176,002	-	-	3,176,002
Clinic and mobile clinic	29,960	-	-	29,960
Community programs	21,271	-	-	21,271
Development	7,542,347	-	-	7,542,347
Investment income	1,301,250	-	43,037	1,344,287
Other income	91,831	-	-	91,831
Volunteer and outreach	224,990	-	-	224,990
Government and other funding for building	-	-	69,984	69,984
	<u>14,680,054</u>	<u>-</u>	<u>113,021</u>	<u>14,793,075</u>
Expenses (Notes 9,10)				
Animal shelter	4,041,241	-	-	4,041,241
Central services	1,383,576	-	-	1,383,576
Clinic and mobile clinic	1,098,054	-	-	1,098,054
Community programs	259,813	-	-	259,813
Contingencies	61,309	-	-	61,309
Development	2,742,410	-	-	2,742,410
Foster	238,897	-	-	238,897
Other	91,305	-	-	91,305
Premises	553,254	-	-	553,254
Volunteer and outreach	1,226,745	-	-	1,226,745
Amortization of tangible capital and intangible assets	-	437,724	-	437,724
	<u>11,696,604</u>	<u>437,724</u>	<u>-</u>	<u>12,134,328</u>
Excess (deficiency) of revenues over expenses	<u>\$ 2,983,450</u>	<u>\$ (437,724)</u>	<u>\$ 113,021</u>	<u>\$ 2,658,747</u>

The notes are an integral part of these financial statements.

Ottawa Humane Society
Statement of Operations (continued)

For the year ended March 31, 2023	Unrestricted Operating Fund	Property and Equipment Fund	Capital Replacement Fund	Total Funds
Revenues (Note 10)				
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
	15,150,354	-	95,379	15,245,733
Expenses (Notes 9,10)				
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
	11,523,101	448,566	-	11,971,667
Excess (deficiency) of revenues over expenses	\$ 3,627,253	\$ (448,566)	\$ 95,379	\$ 3,274,066

The notes are an integral part of these financial statements.

Ottawa Humane Society Statement of Cash Flows

For the year ended March 31, 2024	2024	2023
Cash flows from operating activities		
Excess of revenues over expenses	\$ 2,658,747	\$ 3,274,066
Items not affecting cash:		
Change in unrealized losses (gains) on investments	(713,523)	168,654
Realized losses (gains) on investments	(176,519)	72,512
Contributed shares	(135,853)	(155,687)
Amortization of tangible and intangible capital assets	437,724	445,489
Loss on disposal of tangible capital assets	-	3,077
	<u>2,070,576</u>	<u>3,808,111</u>
Changes in non-cash working capital:		
Accounts receivable	(430,970)	121,732
Inventory	9,128	882
Prepaid expenses	86,190	(118,200)
Accounts payable and accrued liabilities	253,798	341,726
Deferred revenue	(87,745)	187,086
	<u>1,900,977</u>	<u>4,341,337</u>
Cash flows from investing activities		
Purchase of investments	(6,817,704)	(10,181,562)
Proceeds from disposal of investments	6,447,810	4,813,302
Acquisition of tangible capital assets	(73,182)	(124,570)
	<u>(443,076)</u>	<u>(5,492,830)</u>
Net increase (decrease) in cash	1,457,901	(1,151,493)
Cash, beginning of the year	<u>972,229</u>	<u>2,123,722</u>
Cash, end of the year	<u>\$ 2,430,130</u>	<u>\$ 972,229</u>

Ottawa Humane Society

Notes to Financial Statements

March 31, 2024

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 of accounting for contributions. 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 of accounting for contributions.

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, 2024

1. Accounting Policies (continued)

Revenue Recognition (continued)	<p><u>Capital Replacement Fund</u> 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.</p>
Translation of Foreign Currency Transactions and Items	<p>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.</p>
Financial Instruments	<p><u>Initial and subsequent measurement</u> 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.</p> <p><u>Impairment</u> Financial assets measured at amortized cost are tested for impairment when there are indications of possible impairment.</p> <p><u>Transaction costs</u> 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.</p>
Inventory	<p>Inventory is measured at the lower of cost and net realizable value. The cost is determined using the first-in, first-out method.</p>

Ottawa Humane Society
Notes to Financial Statements

March 31, 2024

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
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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, 2024

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

	2024	2023
Measured at fair value		
Bonds, 1.94% to 2.65% (2023 - 2.38% to 3.25%), maturing between February 2025 and March 2025 (2023 - May 2023 and March 2024).	\$ 416,408	\$ 1,196,066
Measured at amortized cost		
High-interest savings account	1,680,419	2,508,040
Restricted high-interest savings account	29,106	110,754
Restricted guaranteed investment certificates, 4.15% to 4.25% (2023 - 3.90% to 4.10%), maturing August 2024 (2023 - August 2023).	432,665	410,030
	2,142,190	3,028,824
	\$ 2,558,598	\$ 4,224,890

Ottawa Humane Society
Notes to Financial Statements

March 31, 2024

3. Long-term Investments

	2024	2023
Measured at fair value		
Bonds, 1.05% to 5.38% (2023 - 1.94% to 3.95%), maturing between April 2025 and December 2033 (2023 - June 2024 and June 2030).	\$ 5,237,490	\$ 4,000,635
Canadian equities	4,931,558	4,196,973
US and international equities	4,903,933	3,919,047
	15,072,981	12,116,655
Measured at amortized cost		
Restricted guaranteed investment certificates, 5.40% to 5.50% (2023 - 4.15% to 4.25%), maturing August 2025 (2023 - August 2024)	516,106	410,351
	<u>\$15,589,087</u>	<u>\$ 12,527,006</u>

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, 2024

4. Tangible Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 1,744,284	\$ -	\$ 1,744,284	\$ -
Buildings and building improvements	13,183,736	4,131,239	13,139,612	3,795,634
Computer equipment	225,517	191,729	225,517	165,591
Furniture and fixtures	453,189	417,932	441,909	408,637
Machinery and equipment	1,377,890	1,221,741	1,360,112	1,171,900
Vehicles	378,334	371,165	378,334	354,320
	<u>\$17,362,950</u>	<u>\$ 6,333,806</u>	<u>\$ 17,289,768</u>	<u>\$ 5,896,082</u>
Net carrying amount		<u>\$11,029,144</u>		<u>\$ 11,393,686</u>

Ottawa Humane Society
Notes to Financial Statements

March 31, 2024

5. Intangible Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Software	\$ 165,623	\$ 165,623	\$ 165,623	\$ 165,623
Time share vacation property	38,810	-	38,810	-
	<u>\$ 204,433</u>	<u>\$ 165,623</u>	<u>\$ 204,433</u>	<u>\$ 165,623</u>
Net carrying amount		<u>\$ 38,810</u>		<u>\$ 38,810</u>

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 as 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, 2024 and March 31, 2023, 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 \$1,523,708 including the following payments over the next five years:

2025	\$ 574,120
2026	\$ 398,259
2027	\$ 276,512
2028	\$ 178,580
2029	\$ 96,237

8. Interfund Transfers

Amounts of \$73,182 (2023 - \$124,570) 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, 2024

9. Allocation of Expenses

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

	2024	2023
<u>Premises costs</u>		
Animal shelter	\$ 339,091	\$ 393,242
<u>Central services costs</u>		
Animal shelter	\$ 91,800	\$ 91,800
<u>Fleet costs</u>		
Animal shelter	\$ 12,202	\$ 5,745
Clinic and mobile clinic	12,211	11,884
Development	1,388	884
Volunteer and outreach	10,410	6,627
	\$ 36,211	\$ 25,140

10. Fundraising Activities

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

	2024	2023
Operating fund - Development revenue		
Individual support	\$ 6,580,532	\$ 6,548,449
Group support	268,167	307,260
Special events	693,648	306,473
	7,542,347	7,162,182
Operating Fund - Bequests	3,176,002	5,788,724
Total fundraising revenue	\$10,718,349	\$ 12,950,906

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

	2024	2023
Operating Fund - Development	\$ 2,742,410	\$ 2,696,437

Ottawa Humane Society Notes to Financial Statements

March 31, 2024

11. Financial Instruments

Credit risk

The Ottawa Humane Society is exposed to credit risk arising from all of its bank accounts being held at one financial institution.

Currency risk

Approximately 27% 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.

There have been no changes to the financial instrument risks compared to prior year.