



Ottawa Humane Society

**FINANCIAL STATEMENTS OF
OTTAWA HUMANE SOCIETY
YEAR ENDED MARCH 31, 2007**

AUDITORS' REPORT

To the Members of the Ottawa Humane Society:

We have audited the statement of financial position of the Ottawa Humane Society as at March 31, 2007, and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, Ottawa Humane Society derives part of its revenue from donations and other fund-raising sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from these sources was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to revenue, excess or deficiency of revenue over expenses, assets, liabilities and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue sources referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2007 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Raymond Chabot Grant Thornton LLP

Chartered Accountants,
Licensed Public Accountants

Ottawa, Canada
May 4, 2007

OTTAWA HUMANE SOCIETY

Statement of Financial Position

March 31, 2007, with comparative figures for 2006

	Operating Fund	Trust Fund	Building Fund	Property and Equipment Fund	Total 2007	Total 2006
Assets						
Cash	\$ 195,519	\$ 159,057	\$ 88,545	\$ –	\$ 443,121	\$ 585,158
Short-term investments	150,000	–	–	–	150,000	–
Accounts receivable	45,863	10,323	1,870	–	58,056	104,608
Prepaid expenses and supplies	73,762	5,408	2,598	–	81,768	58,841
Other current assets	14,500	–	–	–	14,500	14,500
Total Current Assets	479,644	174,788	93,013	–	747,445	763,107
Investments (notes 3 and 4)	38,810	1,639,343	450,000	–	2,128,153	1,596,298
Capital assets (note 5)	–	–	–	1,616,559	1,616,559	1,539,929
Interfund balances	(84,387)	181,122	(96,735)	–	–	–
Total Assets	\$ 434,067	\$ 1,995,253	\$ 446,278	\$ 1,616,559	\$ 4,492,157	\$ 3,899,334

Liabilities and Fund Balances

Liabilities:

Accounts payable and accrued liabilities	\$ 201,572	\$ 4,902	\$ –	\$ –	\$ 206,474	\$ 128,559
Spay/neuter program (note 6)	9,100	–	–	–	9,100	33,887
Total Liabilities	210,672	4,902	–	–	215,574	162,446

Fund balances:

Invested in capital assets	–	–	–	1,616,559	1,616,559	1,539,929
Internally restricted (note 7)	–	1,990,351	446,278	–	2,436,629	2,072,165
Unrestricted	223,395	–	–	–	223,395	124,794
Total Fund Balances	223,395	1,990,351	446,278	1,616,559	4,276,583	3,736,888

Total Liabilities and Fund Balances	\$ 434,067	\$ 1,995,253	\$ 446,278	\$ 1,616,559	\$ 4,492,157	\$ 3,899,334
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Contingency and commitments (notes 9 and 13)

See accompanying notes to financial statements.



President



Treasurer

On behalf of the Board:

OTTAWA HUMANE SOCIETY

Statement of Operations

Year ended March 31, 2007, with comparative figures for 2006

	Operating Fund	Trust Fund	Building Fund	Property and Equipment Fund	Total 2007	Total 2006
OPERATIONS						
Revenue:						
Animal shelter	\$ 1,582,019	\$ -	\$ -	\$ -	\$ 1,582,019	\$ 1,518,753
Clinic	19,585	-	-	-	19,585	19,008
Emergency animal protection services	13,861	-	-	-	13,861	10,029
Development (note 10)	1,796,855	-	-	-	1,796,855	1,670,138
Volunteer/Outreach	17,326	-	-	-	17,326	10,155
Donations in kind	47,536	12,025	-	-	59,561	58,108
Donation from auxiliary (note 8)	-	12,158	40,000	-	52,158	10,622
Bequests	-	685,426	-	-	685,426	1,125,926
Gain (Loss) on disposal of assets	-	5,445	-	(8,812)	(3,367)	42,588
Investment income	75,276	1,753	1,236	-	78,265	59,400
Other	-	-	-	-	-	6,000
Life memberships	-	520	-	-	520	500
Building fund donations	-	-	48,271	-	48,271	167
	3,552,458	717,327	89,507	(8,812)	4,350,480	4,531,394
Expenses:						
Animal shelter	1,500,763	-	-	-	1,500,763	1,439,315
Clinic	232,606	-	-	-	232,606	179,803
Emergency animal protection services	311,556	-	-	-	311,556	302,195
Development	550,055	-	-	-	550,055	598,266
Volunteer/Outreach	351,172	-	-	-	351,172	329,636
Premises	158,089	-	-	-	158,089	154,179
Central services	344,728	-	-	-	344,728	326,574
Building	-	-	122,266	-	122,266	21,130
Projects	-	143,068	-	-	143,068	166,156
Amortization	-	-	-	96,482	96,482	86,898
	3,448,969	143,068	122,266	96,482	3,810,785	3,604,152
Excess (deficiency) of revenue over expenses	\$ 103,489	\$ 574,259	\$ (32,759)	\$ (105,294)	\$ 539,695	\$ 927,242

See accompanying notes to financial statements.

OTTAWA HUMANE SOCIETY

Statement of Changes in Fund Balances

Year ended March 31, 2007, with comparative figures for 2006

	Operating Fund		Trust fund	Building fund	Property and Equipment fund	Total 2007	Total 2006
	Internally Restricted (note 7)	Unrestricted					
Fund balances, beginning of year, previously reported	\$ 8,581	\$ 124,794	\$ 2,034,547	\$ 29,037	\$ 1,539,929	\$ 3,736,888	\$ 2,809,646
Correction of a prior period error (note 12)	–	–	(450,000)	450,000	–	–	–
Fund balances, beginning of year, as restated	8,581	124,794	1,584,547	479,037	1,539,929	3,736,888	2,809,646
Excess (deficiency) of revenue over expenses	–	103,489	574,259	(32,759)	(105,294)	539,695	927,242
Purchase of capital assets	–	(13,469)	(168,455)	–	181,924	–	–
Drawdown of internally restricted funds (note 7)	(8,581)	8,581	–	–	–	–	–
Interfund transfers	–	–	–	–	–	–	–
Fund balances, end of year	\$ –	\$ 223,395	\$ 1,990,351	\$ 446,278	\$ 1,616,559	\$ 4,276,583	\$ 3,736,888

See accompanying notes to financial statements.

OTTAWA HUMANE SOCIETY

Statement of Cash Flows

Year ended March 31, 2007, with comparative figures for 2006

	2007	2006
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 539,695	\$ 927,242
Items not involving cash:		
Amortization	96,482	86,898
Loss on disposal of capital assets	8,812	-
Gain on disposal of investments	(5,445)	(42,588)
Change in non-cash working capital (note 2)	(73,247)	(99,484)
	<u>566,297</u>	<u>872,068</u>
Financing and investing activities:		
Capital assets purchased	(181,924)	(120,828)
Net change in investments	(526,410)	(349,766)
	<u>(708,334)</u>	<u>(470,594)</u>
Increase (decrease) in cash and cash equivalents	(142,037)	401,474
Cash, beginning of year	585,158	183,684
Cash, end of year	<u>\$ 443,121</u>	<u>\$ 585,158</u>

See accompanying notes to financial statements.

OTTAWA HUMANE SOCIETY

Notes to Financial Statements

Year ended March 31, 2007

The Ottawa Humane Society (the "Society" or "OHS") was incorporated without share capital on November 29, 1933 under the Ontario Business Corporations Act. The Society is a non-profit organization with a mandate to encourage individuals to take responsibility for their animal companions, provide leadership in the humane treatment of all animals and to provide care for neglected, abandoned or exploited animals. The Society is authorized to issue income tax receipts for donations in accordance with Federal Income Tax regulations and is exempt from taxation under the provisions of Paragraph 149(1)(f) of the Federal Income Tax Act.

1. Summary of significant accounting policies:

The following is a summary of significant accounting policies followed by the Society:

(a) Fund accounting:

The accounts of the Society are maintained in accordance with the principles of fund accounting, applying the restricted fund method. Resources received and expended are classified for accounting and reporting purposes into funds according to objectives specified externally by donors or internally by the Board of Directors.

The Operating Fund reflects the daily operating activities of the Society. At the beginning of the year, the three internally restricted funds within the operating fund; the SAVE Fund, the Feral Cat Fund and the Rainbow Bridge Fund, were closed and the balances transferred to the unrestricted fund.

The Trust Fund represents monies received from life memberships, bequests (unless otherwise designated by the donors) and specified donations. Interest and dividends earned on the Trust Fund investments is to be used for current operations. Trust Fund expenditures require the approval by a 2/3 majority of the Board of Directors and include primarily capital expenditures, legacy giving and unusual expenditures.

The Property and Equipment Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets. The Property and Equipment Fund has recognized assets and reported only amortization expense for the year ended March 31, 2007.

The Building Fund represents monies received specifically designated towards the purchase of land and construction of a new building.

(b) Investments:

Investments are considered long-term in nature and are valued at cost. Unrealized losses in value are recognized when the losses are considered other than a temporary decline.

OTTAWA HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2007

1. Summary of significant accounting policies (continued):

(c) Prepaid expenses and supplies:

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

(d) Capital assets:

Capital assets, other than donated equipment, are recorded at cost and are amortized over their useful lives. Donated equipment is recorded at fair market value at the date of acquisition. Amortization expense is recorded in the Property and Equipment Fund and is provided using the following annual rates and methods:

Asset	Basis	Annual rate
Building	Declining balance	2.5%
Computer hardware and software	Declining balance	20%
Furniture and equipment	Declining balance	10%
Automotive equipment	Declining balance	25%
Fencing	Declining balance	5%
Parking lot	Declining balance	4%

Funds for the purchase of capital assets are provided by the Trust Fund or by specific donations.

(e) Revenue recognition:

The Society follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledges and bequests are not recorded in the financial statements until received.

Investment income is recognized as it is earned as income of the Operating Fund, regardless of which fund the investment is recorded.

(f) Contributed services:

Volunteers contribute a significant number of hours per year to assist the Society in carrying out its activities. Because of the difficulty of determining their fair market value, contributed services are not recognized in the financial statements.

OTTAWA HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2007

1. Summary of significant accounting policies (continued):

(g) Donations in kind:

Donations in kind are recorded at fair market value at the date of receipt, when fair market value can be reasonably estimated.

(h) Use of estimates:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Society may undertake in the future. Actual results may differ from these estimates.

2. Information included in the Statement of Cash Flows:

	2007	2006
Accounts receivable	\$ 46,552	\$ (29,607)
Prepaid expenses and supplies	(22,927)	7,602
Other current assets	(150,000)	-
Accounts payable and accrued liabilities	77,915	(68,667)
Spay/neuter program	(24,787)	(8,612)
Deferred revenue	-	(200)
Changes in working capital	\$ (73,247)	\$ (99,484)

OTTAWA HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2007

3. Investments:

The Operating Fund holds an investment in a time share vacation property which was recorded at its fair market value when it was donated to the Society in 2002. It is used as a means to raise funds for the Society each year by way of a lottery. The Society is responsible for the annual maintenance fees of approximately \$1,000. Given the limited resale market for such properties, the market value of the investment as at March 31, 2007 is not readily determinable. Short-term investments are a Guaranteed Investment Certificate, with an interest rate of 4%, maturing in February 2008 and a market value of \$150,625 (2006 – Nil)

Investments in the Trust Fund and Building Fund at March 31 consist of the following:

	Cost	2007 Market value	Cost	2006 Market value
Cash equivalents	\$ 161,467	\$ 162,374	\$ 99,409	\$ 99,801
Fixed income securities	1,350,715	1,325,687	1,061,784	1,049,207
Equity securities	577,161	686,919	396,295	442,333
Total Investments	\$ 2,089,343	\$ 2,174,980	\$ 1,557,488	\$ 1,591,341
Investments held by Trust Fund	\$ 1,639,343		\$ 1,107,488	
Investments held by Building Fund	\$ 450,000		\$ 450,000	

4. Line of credit:

The Society has an available line of credit in the amount of \$150,000. The line of credit bears interest at prime plus 1%, is due on demand and is secured by investments of the Society (note 3). As at March 31, 2007, the balance outstanding on the line of credit is \$Nil (2006 – \$Nil).

OTTAWA HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2007

5. Capital assets:

	Cost	2007 Accumulated amortization	Net book value	2006 Net book value
Land	\$ 93,293	\$	\$ 93,293	\$ 93,293
Building	1,629,565	571,990	1,057,575	1,066,674
Computer hardware	207,062	120,996	86,066	76,727
Computer software	105,118	66,831	38,287	47,859
Furniture and equipment	523,110	260,335	262,775	209,457
Automotive equipment	164,260	93,805	70,455	37,399
Fencing	11,969	5,232	6,737	7,092
Parking lot	3,000	1,629	1,371	1,428
	\$ 2,737,377	\$ 1,120,818	\$ 1,616,559	\$ 1,539,929

Cost and accumulated amortization as at March 31, 2006 amounted to \$ 2,592,606 and \$ 1,052,677 respectively.

6. Spay/Neuter Program:

The spay/neuter program was established to address the problem of pet overpopulation. The adoption fee for an animal includes a fee for having the animal spayed/neutered. At the time of adoption, a voucher, which entitles the animal to be spayed/neutered by a participating veterinarian, is issued to the customer for which spay/neuter expense is booked. After seven months, any unused vouchers are cancelled and the expense is reversed in the Society's books. At March 31, 2007, \$9,100 (2006 - \$33,887) of unused vouchers outstanding have been included as a liability in the statement of financial position.

7. Internally restricted funds:

At the beginning of the year, the three internally restricted funds within the operating fund; the SAVE Fund, the Feral Cat Fund and the Rainbow Bridge Fund, were closed and the balances transferred to the unrestricted fund.

	Balance, Beginning of year	Additions (draw-down)	Balance, End of year
SAVE Fund	\$ 3,367	\$ (3,367)	\$ -
Feral Cat Fund	4,066	(4,066)	-
Rainbow Bridge Fund	1,148	(1,148)	-
	\$ 8,581	\$ (8,581)	\$ -

OTTAWA HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2007

8. Donation from Auxiliary:

In order to facilitate the issuance of income tax receipts, Auxiliary funds are maintained in a Society account. Revenues are recognized on receipt and expenses are recognized when incurred and are paid at the request of the Auxiliary. Funds are released for OHS activities from time to time when approved by the Auxiliary membership.

During the year ended March 31, 2007, the Society recognized revenue of \$52,158 (2006 - \$ 10,622) of funds received from the Ottawa Humane Society Auxiliary.

9. Lease commitments:

The Society has future operating lease commitments for equipment as follows:

2008	\$	22,167	
2009		18,167	
2010		18,167	
2011		9,293	
		\$	67,794

10. Development revenue:

	2007	2006	
Individual Support	\$ 1,391,834	\$ 1,250,111	
Group Support	81,748	78,900	
Special Events	323,273	341,127	
		\$ 1,796,855	\$ 1,670,138

11. Financial instruments:

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments.

Short-term financial instruments

The fair value of the short-term financial assets and liabilities approximates their carrying amount given that they will mature shortly.

Investments

The fair value of investments is based on the current bid price less estimated broker's commission.

OTTAWA HUMANE SOCIETY

Notes to Financial Statements (continued)

Year ended March 31, 2007

12. Correction of a prior period error:

The Ottawa Humane Society corrected the accounting treatment of an interfund transfer approved by the board of Directors during fiscal 2006 to reflect the permanent transfer of \$450,000 to the Building Fund from the Trust Fund. This correction had no change in the total fund balances of the Organization.

The following accounts were affected as a result of this correction (Increase/(Decrease)):

	2006
Interfund balance – Trust Fund	\$ (450,000)
Interfund balance – Building Fund	(450,000)
Interfund transfer – Trust Fund	450,000
Interfund transfer – Building Fund	450,000
Fund balance, end of year – Trust Fund	(450,000)
Fund balance, end of year – Building Fund	450,000

13. Contingency:

The Ottawa Humane Society is a defendant in various legal actions, the outcomes of which are not determinable as at the date of these financial statements, against which the OHS is often insured. Settlements, if any, will be accounted for in the period when these amounts can be reasonably determined and to the extent that the amounts are not recoverable from insurers. The Ottawa Humane Society is vigorously defending these actions.

The Ottawa Humane Society is currently in the process of job evaluation for its non management employees in order to comply with the Pay Equity Act. Pay adjustments, if any, are not determinable as at the date of these financial statements.

14. Comparative figures:

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.