



Ottawa Humane Society

**FINANCIAL STATEMENTS OF
OTTAWA HUMANE SOCIETY
YEAR ENDED MARCH 31, 2010**



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, 2010, and the statements of operations, 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, 2010 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
June 17, 2010

OTTAWA HUMANE SOCIETY

Statement of Financial Position

March 31, 2010, with comparative figures for 2009

	Operating Fund	Trust Fund	Building Fund	Capital Asset Fund	Total 2010	Total 2009
Assets						
Cash	\$ 462,982	\$ 5,644	\$ 63,601	\$ –	\$ 532,227	\$ 2,211,745
Accounts receivable	65,326	10,324	17,600	–	93,250	59,518
Prepaid expenses and supplies	68,535	5,565	2,752	–	76,852	73,897
Total Current Assets	596,843	21,533	83,953	–	702,329	2,345,160
Investments (Note 5)	38,810	3,444,173	1,270,199	–	4,753,182	2,476,801
Capital assets (Note 7)	–	–	2,660,509	1,735,289	4,395,798	3,546,575
Interfund balances	200,368	643,485	(843,853)	–	–	–
Total Assets	\$ 836,021	\$ 4,109,191	\$ 3,170,808	\$ 1,735,289	\$ 9,851,309	\$ 8,368,536

Liabilities and Fund Balances

Liabilities:

Accounts payable and accrued liabilities	\$ 455,512	\$ 850	\$ 32,283	\$ –	\$ 488,645	\$ 294,990
Spay/neuter program (Note 8)	453	–	–	–	453	880
Total Liabilities	455,965	850	32,283	–	489,098	295,870

Fund balances:

Invested in capital assets	–	–	2,660,509	1,735,289	4,395,798	3,546,575
Internally restricted	–	4,108,341	478,016	–	4,586,357	4,259,498
Unrestricted	380,056	–	–	–	380,056	266,593
Total Fund Balances	380,056	4,108,341	3,138,525	1,735,289	9,362,211	8,072,666

Total Liabilities and Fund Balances	\$ 836,021	\$ 4,109,191	\$ 3,170,808	\$ 1,735,289	\$ 9,851,309	\$8,368,536
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Contingency and commitments (Note 12)

See accompanying notes to financial statements.

On behalf of the Board:

President (Signed)

Treasurer (Signed)

OTTAWA HUMANE SOCIETY

Statement of Operations

Year ended March 31, 2010, with comparative figures for 2009

	Operating Fund	Trust Fund	Building Fund	Capital Asset Fund	Total 2010	Total 2009
OPERATIONS						
Revenue:						
Animal shelter	\$ 1,605,153	\$ -	\$ -	\$ -	\$ 1,605,153	\$ 1,606,481
Clinic	13,913	-	-	-	13,913	14,870
Emergency animal protection services	22,985	-	-	-	22,985	14,297
Development (Note 11)	2,398,447	-	-	-	2,398,447	2,257,315
Volunteer/Outreach	4,038	-	-	-	4,038	4,729
Donations in kind	-	-	1,857	-	1,857	2,741
Donation from auxiliary (Note 9)	-	-	15,000	-	15,000	112,678
Bequests	-	518,692	-	-	518,692	733,607
Gain on disposal of assets	-	-	-	-	-	127
Investment income	88,616	-	7,257	-	95,873	125,947
Other	743	-	-	-	743	33,689
Life memberships	-	1,000	-	-	1,000	1,000
Building fund donations	-	-	884,533	-	884,533	2,643,318
	4,133,895	519,692	908,647	-	5,562,234	7,550,799
Expenses:						
Animal shelter	1,707,148	-	-	-	1,707,148	1,654,511
Clinic	325,110	-	-	-	325,110	283,546
Emergency animal protection services	346,817	-	-	-	346,817	324,196
Development	730,150	-	-	-	730,150	629,634
Volunteer/Outreach	365,309	-	-	-	365,309	357,156
Premises	156,272	-	-	-	156,272	166,136
Central services	459,793	-	-	-	459,793	435,035
Building	-	-	223,779	-	223,779	278,835
Projects	-	128,235	-	-	128,235	121,191
Amortization	-	-	-	139,615	139,615	102,901
	4,090,599	128,235	223,779	139,615	4,582,228	4,353,141
Excess (deficiency) of revenue over expenses	\$ 43,296	\$ 391,457	684,868	(139,615)	\$ 980,006	\$ 3,197,658

See accompanying notes to financial statements.

OTTAWA HUMANE SOCIETY

Statement of Changes in Fund Balances

Year ended March 31, 2010, with comparative figures for 2009

	Operating Fund	Trust Fund	Building Fund	Capital Asset Fund	Total 2010	Total 2009
Fund balances, beginning of the year	266,593	3,173,725	2,990,650	1,802,291	8,233,259	5,035,601
Excess (deficiency) of revenue over expenses	43,296	391,457	684,868	(139,615)	980,006	3,197,658
Purchase of capital assets	–	(72,613)	–	72,613	–	–
Interfund transfers	70,167	513,440	(583,607)	–	–	–
	380,056	4,006,009	3,091,911	1,735,289	9,213,265	8,233,259
Unrealized loss on available for sale financial assets, beginning of year		(140,882)	(19,711)	–	(160,593)	19,656
Variation in unrealized gains on available for sale investments during the year	–	242,162	69,552	–	311,714	(185,833)
Reclassification adjustments for gains and losses included in excess of revenues over expenses	–	1,052	(3,227)	–	(2,175)	5,584
Fund balances, end of year	\$ 380,056	\$4,108,341	\$3,138,525	\$ 1,735,289	\$ 9,362,211	\$ 8,072,666

See accompanying notes to financial statements.

OTTAWA HUMANE SOCIETY

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 980,006	\$3,197,658
Items not involving cash:		
Amortization	139,615	102,901
Loss on disposal of other asset	-	(127)
Change in non-cash working capital (Note 4)	156,541	245,545
	1,276,162	3,545,977
Financing and investing activities:		
Redemption of short-term investment		50,000
Capital assets purchased	(988,838)	(1,946,335)
Net change in investments	(1,966,842)	(106,038)
	(2,955,680)	(2,002,373)
Increase in cash	(1,679,518)	1,543,604
Cash, beginning of year	2,211,745	668,141
Cash, end of year	\$ 532,227	\$ 2,211,745

See accompanying notes to financial statements.

OTTAWA HUMANE SOCIETY

Notes to Financial Statements

Year ended March 31, 2010

1. Governing Status and Purpose of the Organization

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.

2. Changes in Accounting Policies:

On April 1st 2009, in accordance with the applicable transitional provisions, the Organization applied the changes made by the Canadian Institute of Chartered Accountants (CICA) to the introduction to accounting standards that apply only to not-for-profit organizations and to the 4400 series as well as consequential amendments to other sections of the CICA Handbook. These changes, which are effective for fiscal years beginning on or after January 1, 2009, principally affect the following items:

- Inclusion of not-for-profit organizations within the scope of Sections 1540, "Cash Flow Statements", and 1751, "Interim Financial Statements";
- Elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets;
- Amendments to clarify that revenues and expenses must be recognized and presented on a gross basis when the not-for-profit organization is acting as a principal in the transactions in question;
- Inclusion of additional guidance with respect to the appropriate use of the scope exemption in Section 4430, "Capital Assets Held by Not-for-profit Organizations", for smaller entities;
- The CICA also published new Section 4470, "Disclosure of Allocated Expenses by Not-for-Profit Organizations", which establishes disclosure standards for the not-for-profit organization that classifies its expenses by function and allocates expenses to a number of functions to which the expenses relate.

These new accounting standards only address disclosures and have no impact on the Society's results.

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Notes to Financial Statements

Year ended March 31, 2010

3. 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 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 Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets. The Capital Asset Fund has recognized assets and reported only amortization expense for the year ended March 31, 2010.

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

(b) Financial assets and liabilities

The Society has chosen to apply the recommendations of Section 3861, "Financial Instruments – Disclosure and Presentation", of the Canadian Institute of Chartered Accountants' Handbook with respect to the presentation and disclosure of financial instruments.

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value. Transaction costs from available-for-sale financial assets increase the carrying amount of the related financial assets. Regular-way purchases or disposals of financial assets are recognized at the transaction date.

Subsequently, financial assets and liabilities are measured and recognized as follows:

Held-for-trading financial assets

Cash is classified as held-for-trading financial assets and is measured at fair value with changes in fair value being recognized in the Statement of Operations.

Available-for-sale financial assets

Investments are classified as available-for-sale financial assets and are measured at their fair value. Unrealized gains or losses relating to available-for-sale financial assets are recognized, in the appropriate fund, in the statement of changes in fund balances until these gains or losses are realized or a decline in value of the financial asset is other than temporary. When investments are sold or sustain a decline in value that is other than temporary, the related

OTTAWA HUMANE SOCIETY

Notes to Financial Statements

Year ended March 31, 2010

accumulated gains or losses, which are presented in the statement of changes in fund balances, are then reclassified in the statement of revenues and expenditures.

Loans and receivables and other financial liabilities

Amounts receivables are classified as loans and receivables. Accounts payable and accrued liabilities, are classified as other financial liabilities. These financial instruments are measured at amortized cost using the effective interest method. Interest calculated using the effective interest method is presented in the statement of operations under investment income.

(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 Capital Asset Fund and is provided using the following annual rates and methods:

Asset	Basis	Annual rate
Building	Declining balance	2.5%
Computer software	Declining balance	100%
Computer hardware	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.

Construction in progress is recorded at cost. Amortization will commence upon completion the project.

(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.

OTTAWA HUMANE SOCIETY

Notes to Financial Statements

Year ended March 31, 2010

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

(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.

(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. Estimates used in the preparation of these financial statements include allowance for bad debt and amortization of capital assets. 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.

4. Information included in the Statement of Cash Flows:

	2010	2009
Accounts receivable	\$ (33,732)	\$ 35,005
Prepaid expenses and supplies	(2,955)	277,048
Accounts payable and accrued liabilities	193,655	(60,561)
Spay/neuter program	(427)	(5,947)
Changes in working capital	\$ 156,541	\$ 245,545

5. Investments:

The Operating Fund holds an investment in a time share vacation property which was recorded at its fair market 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 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, 2010 is not readily determinable. Investments in the Trust Fund and Building Fund at March 31 consist of the following:

OTTAWA HUMANE SOCIETY

Notes to Financial Statements

Year ended March 31, 2010

	2010	2009
Other investments	\$ 1,775,088	\$ 846,881
Fixed income securities	2,434,995	1,285,448
Equity securities	504,289	305,662
Total Investments	\$ 4,714,372	\$ 2,437,991
Investments held by Trust Fund	\$ 3,444,173	\$ 2,300,776
Investments held by Building Fund	\$ 1,270,199	\$ 137,215

6. 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 5). As at March 31, 2010, the balance outstanding on the line of credit is \$Nil (2009 – \$Nil).

7. Capital assets:

	2010	2010	Net book	2009
	Cost	Accumulated amortization	value	Net book value
Land	\$ 93,293	\$	\$ 93,293	\$ 93,293
Land held for development	1,744,284		1,744,284	1,744,284
Building	1,830,852	657,470	1,173,382	1,203,470
Computer hardware	277,476	190,341	87,135	95,072
Computer software	162,673	110,541	52,132	43,332
Furniture and equipment	587,898	342,608	245,290	257,017
Automotive equipment	224,803	147,717	77,086	102,781
Fencing	11,969	6,209	5,760	6,065
Parking lot	3,000	1,789	1,211	1,261
Construction in progress	916,225		916,225	
	\$ 5,852,473	\$ 1,456,675	\$ 4,395,798	\$ 3,456,575

Cost and accumulated amortization as at March 31, 2009 amounted to \$ 4,863,632 and \$ 1,317,060 respectively.

8. Spay/Neuter Program:

The spay/neuter program was established to address the problem of pet overpopulation.

The majority of animals are spayed/neutered prior to adoption. Where surgery cannot be performed prior to adoption because of the animal's condition, age, or weight, the adopter is entitled to a deposit refund of \$80, once they have had their pet spayed/neutered. The \$80 is booked at adoption. After seven months, unclaimed deposit refunds are cancelled in the Society's books. The adoption fee for an animal includes a fee for having the animal spayed/neutered. At March 31, 2010, \$453 of as yet

OTTAWA HUMANE SOCIETY

Notes to Financial Statements

Year ended March 31, 2010

unclaimed deposits have been included as a liability in the statement of financial position (2009 - \$880).

9. 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 Society's activities from time to time when approved by the Auxiliary membership.

During the year ended March 31, 2010, the Society recognized revenue of \$15,000 (2009 - \$ 112,678) of funds received from the Ottawa Humane Society Auxiliary.

10. Lease commitments:

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

2011	\$	10,428
2012		8,880
2013		4,400
	\$	23,708

11. Development revenue:

	2010	2009
Individual Support	\$ 1,815,140	\$ 1,741,191
Group Support	114,877	111,514
Special Events	468,430	404,610
	\$ 2,398,447	\$ 2,257,315

12. Contingency:

The Ottawa Humane Society from time to time is a defendant in various legal actions, the outcomes of which are not determinable as at the date of preparation of financial statements and against which the Society 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. It is the policy of the Ottawa Humane Society to vigorously defend these actions.

13. Financial Risk Management Objectives and Policies and Financial Risks:

The Society is exposed to various financial risks resulting from both its operating and investing activities. The Society's management manages financial risks. The Society does not enter into

OTTAWA HUMANE SOCIETY

Notes to Financial Statements

Year ended March 31, 2010

financial instrument agreements including derivative financial instruments for speculative purposes. The Society's main financial risk exposure is as follows:

Credit risk

The financial instruments that potentially expose the Society to credit risk are primarily amounts receivable. Credit risk relating to amounts receivable is generally diversified since the Society deals with a number of individuals and entities.

Interest rate risk

The Society has line of credit bearing a floating rate of interest. This financial instrument exposes the Society to risk in the event market interest rates fluctuate. The investments in bonds, GICs and T-Bills bear interest at a fixed rate and the Society is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Market risk

The Society holds numerous investments which are valued at market value. These financial instruments expose the Society to risk in the event market values fluctuate.

14. Capital Disclosures:

The Society's objectives when managing capital are:

- To safeguard the Society's ability to continue as a going concern;
- To meet its financial obligations.

The Society manages its capital mainly by way of seeking to obtain collections from its supporters. In order to maintain or to adjust its capital structure, the Society may have to modify its forecast expenditures for the realization of certain activities.

15. Comparative figures:

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