



Ottawa
**HUMANE
SOCIETY**

S.P.A. Ottawa

Financial Statements
For the years ended March 31, 2013,
March 31, 2012 and as at April 1, 2011

Ottawa Humane Society
Financial Statements
For the years ended March 31, 2013,
March 31, 2012 and as at April 1, 2011

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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, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, changes in fund balances and cash flows for the years ended March 31, 2013 and March 31, 2012, 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 audits. 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 and we were not able to determine whether any adjustments might be necessary to these revenues, the excess or deficiency of revenue over expenses and cash from operations for the years ended March 31, 2013 and March 31, 2012, assets, liabilities and fund balances as at March 31, 2013, March 31, 2012, and April 1, 2011.

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, 2013, March 31, 2012 and April 1, 2011 and its results of operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Report on Other Legal and Regulatory Requirements

As required by the Ontario Corporations Act, we report that, in our opinion, the accounting principles in Canadian Accounting Standards for Not-for-Profit Organizations have been applied on a consistent basis.

Collins Barrow Ottawa LLP

Chartered Accountants, Licensed Public Accountants
September 3, 2013
Ottawa, Ontario

Ottawa Humane Society Statements of Financial Position

March 31, 2013, March 31, 2012 and April 1, 2011

	March 31 2013	March 31 2012	April 1 2011
Assets			
Current			
Cash (Note 3)	\$ 973,291	\$ 543,006	\$ 1,491,864
Accounts receivable (Note 4)	71,542	122,679	880,986
Prepaid expenses (Note 5)	70,509	100,008	132,678
Inventory	40,067	42,991	23,258
Current portion of investments (Note 6)	46,365	219,132	1,542,725
	1,201,774	1,027,816	4,071,511
Non-current			
Restricted cash (Note 7)	87,480	-	-
Investments (Note 6)	2,398,184	2,397,496	2,599,522
Assets held for sale (Note 8)	1,236,744	1,236,744	-
Tangible capital assets (Note 9)	15,298,992	15,695,589	13,966,649
Intangible capital assets (Note 10)	60,810	57,234	46,836
	19,082,210	19,387,063	16,613,007
	\$ 20,283,984	\$ 20,414,879	\$ 20,684,518
Liabilities and Fund Balances			
Current			
Accounts payable and accrued liabilities (Note 11)	\$ 613,054	\$ 411,618	\$ 2,296,473
Government remittances payable	11,302	8,728	-
Bank loan (Note 12)	-	-	4,007,226
Current portion of term loan (Note 12)	1,037,180	261,719	-
Deferred revenue (Note 13)	26,200	-	-
	1,687,736	682,065	6,303,699
Non-current			
Term loan (Note 12)	3,213,953	4,711,594	-
	4,901,689	5,393,659	6,303,699
Contingent (Note 14)			
Fund balances			
Restricted			
Trust Fund (Notes 1 and 2)	2,303,496	2,141,962	2,478,105
Building Fund (deficit) (Notes 1 and 2)	(3,825,574)	(4,286,937)	(2,519,653)
Property and Equipment Fund	16,557,736	16,950,757	13,974,675
Capital Replacement Fund	87,480	-	-
Unrestricted			
Operating Fund	259,157	215,438	447,692
	15,382,295	15,021,220	14,380,819
	\$ 20,283,984	\$ 20,414,879	\$ 20,684,518

On behalf of the Board:

Linda Barber, President

Leonard Leeks, Treasurer

Ottawa Humane Society Statements of Changes in Fund Balances

For the year ended March 31, 2013

	Unrestricted Operating Fund	Restricted				Total Restricted Funds	Total Funds 2013
		Trust Fund	Building Fund	Property and Equipment Fund	Capital Replacement Fund		
Balances (deficit), beginning of year (Notes 1 and 2)	\$ 215,438	\$ 2,141,962	\$ (4,286,937)	\$ 16,950,757	\$ -	\$ 14,805,782	\$ 15,021,220
Excess (deficiency) of revenue over expenses for the year	(134,937)	245,848	661,902	(499,218)	87,480	496,012	361,075
Interfund transfers	178,656	(84,314)	(200,539)	106,197	-	(178,656)	-
Balances (deficit), end of year	\$ 259,157	\$ 2,303,496	\$ (3,825,574)	\$ 16,557,736	\$ 87,480	\$ 15,123,138	\$ 15,382,295

For the year ended March 31, 2012

	Unrestricted Operating Fund	Restricted				Total Restricted Funds	Total Funds 2012
		Trust Fund	Building Fund	Property and Equipment Fund	Capital Replacement Fund		
Balances (deficit), beginning of year (Notes 1 and 2)	\$ 447,692	\$ 2,478,105	\$ (2,519,653)	\$ 13,974,675	\$ -	\$ 13,933,127	\$ 14,380,819
Excess (deficiency) of revenue over expenses for the year (Note 2)	(531,482)	(152,078)	1,953,342	(629,381)	-	1,171,883	640,401
Interfund transfers	299,228	(184,065)	(3,720,626)	3,605,463	-	(299,228)	-
Balances (deficit), end of year (Notes 1 and 2)	\$ 215,438	\$ 2,141,962	\$ (4,286,937)	\$ 16,950,757	\$ -	\$ 14,805,782	\$ 15,021,220

Ottawa Humane Society Statements of Operations

For the year ended March 31, 2013

	Operating Fund	Trust Fund	Building Fund	Property and Equipment Fund	Capital Replacement Fund	Total Funds
Revenue (Note 15)						
Animal shelter	\$ 1,949,161	\$ -	\$ -	\$ -	\$ -	\$ 1,949,161
Clinic	20,218	-	-	-	-	20,218
Rescue and investigation services	11,442	-	-	-	-	11,442
Development	3,177,434	-	-	-	-	3,177,434
Volunteer / outreach	68,111	-	-	-	-	68,111
Donation from auxiliary (Note 16)	-	-	10,000	-	-	10,000
Bequests	-	555,115	-	-	-	555,115
Investment income	73,391	48,626	-	-	-	122,017
Other	81,854	8,368	-	-	-	90,222
Building fund donations	-	-	475,301	-	-	475,301
Government and other funding for building	-	-	200,000	-	87,480	287,480
Total revenue	5,381,611	612,109	685,301	-	87,480	6,766,501
Expenses (Note 17)						
Animal shelter	2,256,677	-	-	-	-	2,256,677
Clinic	373,738	-	-	-	-	373,738
Rescue and investigation services	347,995	-	-	-	-	347,995
Development	1,039,492	-	-	-	-	1,039,492
Volunteer / outreach	565,721	-	-	-	-	565,721
Premises	398,399	-	-	-	-	398,399
Central services	534,526	-	-	-	-	534,526
Non-capital trust fund expenses	-	237,578	-	-	-	237,578
Building	-	-	23,399	-	-	23,399
Amortization of tangible and intangible capital assets (Notes 9 and 10)	-	-	-	499,218	-	499,218
Term loan interest	-	128,683	-	-	-	128,683
Total expenses	5,516,548	366,261	23,399	499,218	-	6,405,426
Excess (deficiency) of revenue over expenses for the year	\$ (134,937)	\$ 245,848	\$ 661,902	\$ (499,218)	\$ 87,480	\$ 361,075

Ottawa Humane Society
Statements of Operations
(continued)

For the year ended March 31, 2012

	Operating Fund	Trust Fund	Building Fund	Property and Equipment Fund	Capital Replacement Fund	Total Funds
Revenue (Note 15)						
Animal shelter	\$ 1,876,571	\$ -	\$ -	\$ -	\$ -	\$ 1,876,571
Clinic	18,927	-	-	-	-	18,927
Rescue and investigation services	20,097	-	-	-	-	20,097
Development	2,891,003	-	-	-	-	2,891,003
Volunteer / outreach	2,256	-	-	-	-	2,256
Donation from auxiliary (Note 16)	-	-	10,000	-	-	10,000
Bequests	-	292,344	-	-	-	292,344
Investment income (loss) (Note 2)	76,203	(62,944)	-	-	-	13,259
Other	17,569	9,288	-	-	-	26,857
Building fund donations	-	-	712,110	-	-	712,110
Government and other funding for building	-	-	1,336,861	-	-	1,336,861
Total revenue (Note 2)	4,902,626	238,688	2,058,971	-	-	7,200,285
Expenses (Note 17)						
Animal shelter	2,279,093	-	-	-	-	2,279,093
Clinic	410,327	-	-	-	-	410,327
Rescue and investigation services	374,006	-	-	-	-	374,006
Development	951,972	-	-	-	-	951,972
Volunteer / outreach	475,971	-	-	-	-	475,971
Premises	344,529	-	-	-	-	344,529
Central services	598,210	-	-	-	-	598,210
Non-capital trust fund expenses	-	234,279	-	-	-	234,279
Building	-	-	105,629	-	-	105,629
Amortization of tangible and intangible capital assets (Notes 9 and 10)	-	-	-	434,928	-	434,928
Loss on disposal of tangible capital assets (Note 9)	-	-	-	194,453	-	194,453
Term loan interest	-	156,487	-	-	-	156,487
Total expenses	5,434,108	390,766	105,629	629,381	-	6,559,884
Excess (deficiency) of revenue over expenses for the year (Note 2)	\$ (531,482)	\$ (152,078)	\$ 1,953,342	\$ (629,381)	\$ -	\$ 640,401

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Ottawa Humane Society Statements of Cash Flows

For the years ended March 31, 2013 and March 31, 2012

	2013	2012
Cash flows from (used in) operating activities		
Excess of revenue over expenses for the years (Note 2)	\$ 361,075	\$ 640,401
Adjustments for		
Building Fund revenue - financing activity	(685,301)	(2,058,971)
Capital Replacement Fund revenue - financing activity	(87,480)	-
Amortization of tangible and intangible capital assets - non-cash item	499,218	434,928
Loss on disposal of tangible and intangible capital assets - non-cash item	-	194,453
Changes in the unrealized gains and losses of investments and accrued interest (Note 2)	(7,445)	64,560
Realized (gains) losses on investments	(23,226)	4,819
Changes in non-cash working capital items related to operations		
Accounts receivable related to non-capital activities	27,582	(26,926)
Prepaid expenses and inventory related to non-capital activities	32,423	(84,633)
Accounts payable and accrued liabilities related to non-capital activities	201,436	7,450
Government remittances payable	2,574	8,728
Deferred revenue	26,200	-
	347,056	(815,191)
Cash flows from (used in) investing activities		
Purchase of investments	(2,772,306)	(3,520,401)
Proceeds on disposal of investments	2,975,056	4,976,641
Decrease in deposit on tangible and intangible capital assets	-	97,570
Acquisition of tangible and intangible capital assets	(106,197)	(3,605,463)
Increase in restricted cash	(87,480)	-
Decrease in goods and services/harmonized sales tax receivable related to capital activities	-	263,451
Decrease in accounts payable and accrued liabilities related to capital activities	-	(1,892,305)
	9,073	(3,680,507)
Cash flows from (used in) financing activities		
Increase (decrease) in term loan	(722,180)	4,973,313
Net decrease in bank loan	-	(4,007,226)
Building Fund revenue	685,301	2,058,971
Capital Replacement Fund revenue	87,480	-
Decrease in accounts receivable related to capital activities	23,555	521,782
	74,156	3,546,840
Net increase (decrease) in cash for the years	430,285	(948,858)
Cash, beginning of years	543,006	1,491,864
Cash, end of years	\$ 973,291	\$ 543,006

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2013, March 31, 2012 and April 1, 2011

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.

The Society's mandate is 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 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 the value of assets held for sale, 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, except for certain non-arm's length transactions.

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, 2013, March 31, 2012 and April 1, 2011

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, accounts payable and accrued liabilities, government remittances payable, the bank loan, and the term loan. 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, rescue and investigation services, volunteer / 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, 2013, March 31, 2012 and April 1, 2011

Revenue Recognition
(continued)

are not recorded in the financial statements until received. Trust Fund expenditures require the approval by two thirds of the Society's Board of Directors. The interest payments on the term loan are recorded in this fund.

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. The term loan and related principal payments are recorded in this 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 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 material items received in either the 2013 or 2012 fiscal years.

Donations of assets other than cash are recorded at their fair value. Fair value would be estimated using market or appraisal values. There were no material donations of assets other than cash in either the 2013 or 2012 fiscal years.

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.

Assets Held for Sale

Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell. These assets were amortized as set out below (see Tangible Capital Assets) until they became classified as held for sale and no longer amortized.

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2013, March 31, 2012 and April 1, 2011

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. There are no material donated tangible capital assets. 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 2013 and 2012 fiscal years 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
Building - held for sale	2.5% declining balance method
Fencing - held for sale	5% declining balance method
Parking lot - held for sale	4% declining balance method

Land is not amortized.

Tangible capital assets now classified as held for sale were amortized as stated above until they became classified as held for sale during the Society's 2012 fiscal year.

Furniture and equipment not in use as at April 1, 2011 was furniture and equipment purchased for the Society's new building. Construction in progress as at April 1, 2011 includes carrying costs, being interest directly attributable to the tangible capital asset. These tangible capital assets were not amortized until the respective asset was substantially complete and ready for use in the 2012 fiscal year. When these assets were ready for use the costs formed part of the respective tangible capital asset category and are being amortized at the same rate as the respective tangible capital asset category.

As explained in Note 9 to the financial statements certain of the above rates and methods changed during the Society's 2012 fiscal year.

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2013, March 31, 2012 and April 1, 2011

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 10 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 2013 and 2012 fiscal years 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. 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 17 to the financial statements.

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

1. Prior Period Restatements

During the Society's 2013 fiscal year, it was discovered by the Society's management that during the fiscal year ended March 31, 2010, there was to be an interfund transfer between the Building and Trust Funds in the amount of \$513,440. This transfer was to reduce the Trust Fund balance and increase the Building Fund balance. However, in the March 31, 2010 financial statements, the transfer was reversed and as a result the Building Fund is understated by \$1,026,880 and the Trust Fund is overstated by the same amount.

In addition to this correction, it was also discovered by the Society's management that there was no transfer of legacy giving revenue (bequests) during the Society's 2009 fiscal year. It was approved by the Society's Board of Directors that for the fiscal years 2009, 2010 and 2011 all legacy giving revenue that had no specific directions attached were to be included in the Building Fund to support building campaign fund and not in the Trust Fund. The total bequests for the 2009 fiscal year were \$733,607. This resulted in the Trust Fund being overstated and the Building Fund being understated.

The total effect of the above errors is \$1,760,487. The corrections are as follows:

	April 1, 2011			
	Unrealized Gain/Loss on Available- For-Sale Investments	Other Trust Fund Amounts	Total Trust Fund	Building Fund
Balances as at April 1, 2011 as stated in the previous financial statements	\$ 117,724	\$ 4,120,868	\$ 4,238,592	\$ (4,280,140)
Restatements	-	(1,760,487)	(1,760,487)	1,760,487
Balances as at April 1, 2011 as restated	\$ 117,724	\$ 2,360,381	\$ 2,478,105	\$ (2,519,653)
	March 31, 2012			
	Unrealized Gain/Loss on Available- for-Sale Investments	Other Trust Fund Amounts	Total Trust Fund	Building Fund
Balances as at March 31, 2012 as stated in the previous financial statements	\$ 53,164	\$ 3,849,285	\$ 3,902,449	\$ (6,047,424)
Restatements	-	(1,760,487)	(1,760,487)	1,760,487
Balances as at March 31, 2012 as restated	\$ 53,164	\$ 2,088,798	\$ 2,141,962	\$ (4,286,937)

Ottawa Humane Society

Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

2. Impact of the Change in the Basis of Accounting

The Society has elected to apply Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO") in Part III of the CICA Handbook.

These financial statements are the first financial statements for which the Society has applied ASNPO.

The financial statements for the year ended March 31, 2013, and March 31, 2012 and as at April 1, 2011 were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and the provisions set out in First-Time Adoption, Section 1501 of Part III of the CICA Handbook, for first-time adopters of this basis of accounting.

The Society has not elected to use any of the exemptions relating to the initial adoption of ASNPO under Section 1501 that would be applicable to the Society. Specifically, the Society has not elected to measure any item of its tangible capital assets at April 1, 2011 at its fair value and to use that fair value as its deemed cost at that date.

The adoption of ASNPO resulted in changes to the composition of fund balances at the date of transition of April 1, 2011 and the results of operations in the previously issued financial statements for the year ended March 31, 2012 as set out later in this note. In addition, reclassifications in the statements of financial position have been made whereby government remittances payable have been reclassified from accounts payable and accrued liabilities, intangible capital assets and tangible capital assets have been separately presented, and the amount of investments maturing in one year has been presented separately as the current portion of investments thereby reducing the long-term portion.

The impact of adopting ASNPO was accounted for in fund balances at the date of transition of April 1, 2011.

Investments

As at April 1, 2011, the Society recognized its investments that are quoted in an active market at fair value and other investments at amounts approximating fair value. Under the previous basis of accounting, these investments were also recognized at fair value and amounts approximating fair value but were designated as available-for-sale financial assets such that the unrealized gains and losses were reported directly in the statements of changes in fund balances as part of the Society's Trust Fund. These unrealized gains and losses are now recognized in the statements of operations as part of Trust Fund. Therefore, there is no net effect on total fund balances. However, this change had an effect on the classification of the timeshare property that has previously been included in investments. Under ASNPO, the timeshare property meets the criteria for an intangible capital asset as it is a right arising from a contract. This required a reclassification from investments to intangible capital assets for the cost of the asset of \$38,810 as set out in Note 10 to the financial statements. There also was a change in certain components in the statements of cash flows.

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

2. **Impact of the Change in the Basis of Accounting** (continued)

Reconciliation of Trust Fund balances in the financial statements as at April 1, 2011

	Unrealized Gain (Loss) on Available-For-Sale Investments	Other Trust Fund Amounts	Total Trust Funds
Balances as at April 1, 2011, as stated in the previous financial statements, as restated in Note 1	\$ 117,724	\$ 2,360,381	\$ 2,478,105
Removal of the cumulative gains on available-for-sale investments reported directly in the Trust Fund as at April 1, 2011	(117,724)	-	(117,724)
Cumulative change in the fair value of investments reported as part of the results of operations through the statements of operations in the Trust Fund to April 1, 2011	-	117,724	117,724
Balances as at April 1, 2011, in accordance with the new basis of accounting	\$ -	\$ 2,478,105	\$ 2,478,105

There were no changes to the other categories of fund balances.

Reconciliation of the excess (deficiency) of revenue over expenses in the financial statements for the year ended March 31, 2012

Excess (deficiency) of revenues over expenses for the year ended March 31, 2012, as stated in the previous financial statements	\$ 704,961
Change in the excess (deficiency) of revenues over expenses represented by the change in the fair value of investments for the 2012 fiscal year	<u>(64,560)</u>
Excess (deficiency) of revenues over expenses for the year ended March 31, 2012, in accordance with the new basis of accounting	<u>\$ 640,401</u>

The aforementioned change in fair value resulted in a decrease of \$64,560 in reported total investment income and total revenues in the March 31, 2012 statement of operations from \$77,819 to \$13,259 and \$7,264,845 to \$7,200,285 respectively.

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

2. Impact of the Change in the Basis of Accounting (continued)

Reconciliation of Trust Fund balances in the financial statements as at March 31, 2012

	Unrealized Gain (Loss) on Available-For-Sale Investments	Other Trust Fund Amounts	Total Trust Funds
Balances as at March 31, 2012, as stated in the previous financial statements, as restated in Note 1	\$ 53,164	\$ 2,088,798	\$ 2,141,962
Cumulative change in the fair value of investments reported directly in the Trust Fund as at April 1, 2011	(117,724)	117,724	-
Change in the excess (deficiency) of revenues over expenses represented by the change in the fair value of investments to be reported through the statement of operations in the Trust Fund for year ended March 31, 2012	64,560	(64,560)	-
Balances as at March 31, 2012, in accordance with the new basis of accounting	\$ -	\$ 2,141,962	\$ 2,141,962

There were no changes to the other categories of fund balances.

Impact on the statements of cash flows for the year ended March 31, 2012

These changes resulted in reclassifications related to the reconciliation of cash flows from operating activities but there was no change in the total cash flows from operating activities in the statements of cash flows.

3. Cash

The Society's cash is held in four accounts at one Canadian chartered bank and they earn interest at a nominal rate. 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, 2013 the cash investment account had a balance of \$7,161 (March 31, 2012 - \$41,027 and April 1, 2011 - \$77,394).

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

4. Accounts Receivable

	March 31 2013	March 31 2012	April 1 2011
Trade accounts receivable	\$ 34,131	\$ 81,722	\$ 43,076
Good and services / harmonized sales taxes receivable	37,411	40,957	292,573
Federal contributions funding receivable	-	-	545,337
	\$ 71,542	\$ 122,679	\$ 880,986

Accounts receivable includes \$nil related to capital activities (March 31, 2012 - \$23,555 and April 1, 2011 - \$808,788).

5. Prepaid Expenses

	March 31 2013	March 31 2012	April 1 2011
Operating prepaid expenses	\$ 70,509	\$ 100,008	\$ 35,108
Deposit on tangible capital assets	-	-	97,570
	\$ 70,509	\$ 100,008	\$ 132,678

6. Investments

	March 31 2013	March 31 2012	April 1 2011
Guaranteed investment certificates ("GIC's"), at amortized cost	\$ 46,365	\$ 126,448	\$ 1,626,324
Fixed income securities, at fair value	-	900,073	1,239,195
Fixed income securities, at amortized cost	1,193,076	487,933	-
Equity securities, at fair value	1,199,333	595,246	458,298
Foreign securities, at fair value	5,775	-	-
Mutual funds, at fair value	-	506,928	818,430
	\$ 2,444,549	\$ 2,616,628	\$ 4,142,247
Less current portion of investments	46,365	219,132	1,542,725
	\$ 2,398,184	\$ 2,397,496	\$ 2,599,522

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

6. Investments (continued)

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

The Society holds GICs that have an interest rate of 4.625% (April 1, 2011 - 1.95% to 2.05%) and mature during fiscal 2014 (April 1, 2011 - fiscal 2012). The fixed income securities are comprised of corporate debt securities, mortgage backed securities and bonds with interest rates on their face values ranging from 1.25% to 3.50% (March 31, 2012 - 1.00% to 5.30% and April 1, 2011 - 3.80% to 5.45%) with various maturity dates between the Society's fiscal years of 2014 and 2017 (March 31, 2012 - 2013 and 2020 and April 1, 2011 - 2012 and 2020). Equity and foreign securities are comprised of publicly traded and highly liquid common and preferred shares. The foreign securities are listed in Canadian dollars. The mutual funds consist of mostly fixed income securities (March 31, 2012 - fixed income securities and April 1, 2011 - balanced fund portfolio). The Society's investments can be readily liquidated if necessary.

7. Restricted Cash

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. The total restricted cash is \$87,480 (March 31, 2012 - \$nil and April 1, 2011 - \$nil).

8. Assets Held for Sale

During the 2011 fiscal year the Society entered into an agreement to sell real estate property that formerly housed its operations subject to certain conditions. It was expected that the sale would take place during the Society's 2013 fiscal year, but the sale was rescheduled during the year, and was completed subsequent to the 2013 fiscal year on August 26, 2013. In fiscal 2012, the Society had completed and moved into its new building and consequently the real estate property from the previous location has been classified as held for sale and recorded at its carrying amount of \$1,236,744 which is less than the net sales proceeds. The gain on sale of the real estate property will be recorded in the 2014 fiscal year.

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

9. Tangible Capital Assets

March 31, 2013			
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,744,284	\$ -	\$ 1,744,284
Building	13,165,309	575,270	12,590,039
Computer hardware	146,440	93,623	52,817
Furniture and equipment	1,231,234	321,739	909,495
Automotive equipment	154,916	152,559	2,357
	\$ 16,442,183	\$ 1,143,191	\$ 15,298,992
March 31, 2012			
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,744,284	\$ -	\$ 1,744,284
Building	13,142,501	246,422	12,896,079
Computer hardware	123,451	66,891	56,560
Furniture and equipment	1,186,475	201,279	985,196
Automotive equipment	153,950	140,480	13,470
	\$ 16,350,661	\$ 655,072	\$ 15,695,589
April 1, 2011			
	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,837,577	\$ -	\$ 1,837,577
Building	1,830,852	686,806	1,144,046
Computer hardware	290,894	209,110	81,784
Furniture and equipment	593,822	367,433	226,389
Furniture and equipment not in use	201,500	-	201,500
Automotive equipment	225,643	167,093	58,550
Fencing	11,969	6,497	5,472
Parking lot	3,000	1,837	1,163
Construction in progress	10,410,168	-	10,410,168
	\$ 15,405,425	\$ 1,438,776	\$ 13,966,649

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

9. Tangible Capital Assets (continued)

During the 2013 fiscal year additions to the building included capitalized interest of \$nil (March 31, 2012 - \$40,038 and April 1, 2011 - \$36,315) for a total capitalized interest amount of \$76,353 (March 31, 2012 - \$76,353, and April 1, 2011 - \$36,315).

In conjunction with the move to its new building in the 2012 fiscal year, the Society re-evaluated the useful life estimates for its tangible capital assets and the methods used for amortization and has changed these estimates and methods in some cases to better reflect the expected periods and patterns of service. As a result the amortization expense for both tangible and intangible capital assets recorded in the fiscal 2012 year of \$434,928 is approximately \$55,000 higher than what would have been recorded if this re-evaluation of useful lives and change in the methods of amortization had not taken place. There was no change to the useful lives and methods in the 2013 fiscal year.

Assets that were not transferred to the new building were disposed of during the 2012 fiscal year. The total disposal was \$762,925 of tangible capital asset cost and \$568,472 of accumulated amortization, resulting in a loss on disposal of \$194,453. No proceeds were received for the disposal of these assets. There was no significant disposal of tangible capital assets during the 2013 fiscal year that were not in the normal course of operations.

10. Intangible Capital Assets

March 31, 2013			
	Cost	Accumulated Amortization	Net Book Value
Computer software	\$ 151,591	\$ 129,591	\$ 22,000
Time share vacation property	38,810	-	38,810
	\$ 190,401	\$ 129,591	\$ 60,810
March 31, 2012			
	Cost	Accumulated Amortization	Net Book Value
Computer software	\$ 136,915	\$ 118,491	\$ 18,424
Time share vacation property	38,810	-	38,810
	\$ 175,725	\$ 118,491	\$ 57,234

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

10. Intangible Capital Assets (continued)

	April 1, 2011		
	Cost	Accumulated Amortization	Net Book Value
Computer software	\$ 178,725	\$ 170,699	\$ 8,026
Time share vacation property	38,810	-	38,810
	\$ 217,535	\$ 170,699	\$ 46,836

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 by way of a lottery. The Society is responsible for the annual maintenance fees of approximately \$1,000.

11. Accounts Payable and Accrued Liabilities

	March 31 2013	March 31 2012	April 1 2011
Trade accounts payable and accrued liabilities	\$ 613,054	\$ 411,618	\$ 404,168
Accounts payable and accrued liabilities related to capital activities	-	-	1,892,305
	\$ 613,054	\$ 411,618	\$ 2,296,473

12. Credit Facilities

Beginning in its 2011 fiscal year, the Society entered into an agreement with a Canadian financial institution for an operating loan in the amount of \$300,000, bearing interest at a rate of prime plus 0.75%. This facility is due on demand. The operating loan was not in use at March 31, 2013, March 31, 2012 or April 1, 2011.

In its 2011 fiscal year, the Society entered into an agreement with a Canadian financial institution for a loan as bridge financing to finance the construction of its new facility (hard costs and soft costs, including interest and contingency). The loan was authorized in the amount of \$8,500,000, bearing interest at a rate of prime plus 1.00%. The loan was interest only until repayment in full was required from take out financing with the same Canadian financial institution. Of this loan, \$4,007,226 was in use at April 1, 2011.

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

12. Credit Facilities (continued)

In March 2012, the Society entered into an agreement with a Canadian financial institution for a fixed rate term loan for its new facility which replaced the previously described bridge financing in place at the time. The term loan had an initial principal balance of \$5,000,000, bearing interest at a rate 3.36% with monthly payments of \$35,401 and maturing March 31, 2014. The principal balance at March 31, 2012 was \$4,973,313 of which \$261,719 was due during the Society's 2013 fiscal year and \$4,711,594 thereafter. The term loan was to mature on March 31, 2014 with an expected principal balance of \$3,952,261.

In June 2012, the Society modified the above agreement with the Canadian financial institution for the fixed rate term loan to continue to bear interest at a rate 3.36% with monthly payments of \$89,381 and to mature March 31, 2017. The principal balance at March 31, 2013 is \$4,251,133 of which \$1,037,180 is due during the Society's 2014 fiscal year and \$3,213,953 is due thereafter. A schedule of required principal repayments is as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2014	\$ 1,037,180
2015	979,580
2016	1,013,005
2017 including maturity	1,221,368

The previously described credit facilities are secured by a first ranking collateral mortgage security over the new facility in the amount of \$8,500,000, a general assignment of rentals, including all leases, rent, income and profits arising from or in connection with the property and a general security agreement having first priority over assets.

The Society also has a letter of credit facility in the amount of \$70,000 (March 31, 2012 - \$70,000 and April 1, 2011 - \$500,000). The irrevocable standby letter of credit outstanding is to the City of Ottawa and relate to the construction of the Society's new facility.

13. Deferred Revenue

During the 2013 fiscal year the Society started a program, which requires payment before the program begins, resulting in deferred revenue of \$26,200.

14. Contingent Liabilities

From time to time the Society is a defendant in various legal actions, the outcomes of which are not determinable as at the date of preparation of these financial statements and against which the Society is often insured. Settlements, if any, will be accounted for in the fiscal period when these amounts can be reasonably determined and to the extent that the amounts are not recoverable from insurers. It is the Society's policy to vigorously defend these actions.

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

14. Contingent Liabilities (continued)

With respect to the construction of the Society's new facility, the City of Ottawa (the "City") has indicated its intention to levy development charges of \$233,900, which represents the remaining portion of total development charges, under a deferred development charges agreement. The proposed agreement dated May 26, 2011 is for 25 years with a 10% interest rate. The proposed agreement has not been agreed to by the Society and the Society is engaged in discussions with the City regarding the charges. It is the position of the Society that the development charges and related interest are not payable at March 31, 2013 or March 31, 2012. Until the discussions are completed the Society is unable to determine the amount that may be payable in the future, if any. Therefore the development charges and related interest have not been recognized in these financial statements and will be accounted for in the fiscal year when the amounts, if any, are determined to be payable at any time in the future.

15. Fundraising Revenue

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

	2013	2012
<u>Operating Fund</u>		
Development revenue		
Individual support	\$ 2,586,888	\$ 2,291,859
Group support	127,034	164,460
Special events	463,512	434,684
	\$ 3,177,434	\$ 2,891,003
 <u>Trust Fund</u>		
Bequests	\$ 555,115	\$ 292,344
 <u>Building Fund</u>		
Building fund donations	\$ 475,301	\$ 712,110
Donation from auxiliary	10,000	10,000
	\$ 485,301	\$ 722,110
 Total fundraising revenue	 \$ 4,217,850	 \$ 3,905,457

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

16. Donation from Auxiliary

In order to facilitate the issuance of income tax receipts, the Ottawa Humane Society Auxiliary's 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 membership.

During the year ended March 31, 2013, the Society recognized revenue of \$10,000 (2012 - \$10,000) of funds received from the Auxiliary.

17. Allocated Expenses

Certain expenses are allocated in the statements of operations for financial statement presentation purposes.

Certain allocated expenses are included in the animal shelter expenses category. If these expenses were not being allocated they would have been included in the following statements of operations categories:

	2013	2012
Rescue and investigation services	\$ 7,700	\$ 6,953
Premises	90,023	74,716
Central services	71,600	81,067
	\$ 169,323	\$ 162,736

Other allocated expenses are included in the volunteer / outreach expenses category. If these expenses were not being allocated they would have been included on the following statements of operations category:

	2013	2012
Rescue and investigation services	\$ 7,700	\$ 7,000

Further, there are fundraising expenses included in multiple statements of operations categories. These are as follows:

	2013	2012
Operating Fund - Development	\$ 1,034,212	\$ 946,319
Operating Fund - Volunteer / outreach	1,090	1,026
Trust Fund - Non-capital Trust Fund expenses	101,142	84,268
Building Fund - Building	7,003	93,118
	\$ 1,143,447	\$ 1,124,731

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

18. 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 2013 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 2013 fiscal year are approximately \$100,000 (2012 - \$121,000). As at April 1, 2011 contractual obligations of approximately \$1,946,000 were present that related to the completion of the Society's new facility.

19. Employee Benefits

The Society participates in a defined contribution plan providing pension benefits to eligible employees. The expense for the plan for the 2013 fiscal year is \$56,556 (2012 - \$45,657) which represents the Society's required current contributions to the plan for the years.

20. 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, 2013, March 31, 2012 and April 1, 2011. Reference should be made to the statements 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, government remittances payable, its bank loan and term loan, 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.

Ottawa Humane Society Notes to Financial Statements

March 31, 2013, March 31, 2012 and April 1, 2011

20. Financial Instruments Risks and Concentrations (continued)

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to currency risk as it does not significantly transact in currencies other than the Canadian dollar.

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 3 and its restricted cash as set out in Note 7 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 6 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 foreign securities, and mutual funds held, as set out in Note 6 to the financial statements.

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 cash and investments, as set out in Notes 3, 6 and 7 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. Investment concentration risk is mitigated by ensuring limits on geographic allocations as well as limits on individual entity holdings.