



Ottawa
**HUMANE
SOCIETY**

S.P.A. Ottawa



Financial Statements

For the year ended March 31, 2016

Ottawa Humane Society
Financial Statements
For the year ended March 31, 2016

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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, 2016, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Independent Auditor's Report (continued)

Basis for Qualified Opinion

In common with many charitable organizations, the Ottawa Humane Society derives part of its revenue from donations and other fundraising sources the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Ottawa Humane Society. Our audit opinion on the financial statements for the year ended March 31, 2015 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments might be necessary to these revenues and the excess or deficiency of revenue over expenses for the years ended March 31, 2016 and 2015, assets and liabilities as at March 31, 2016 and 2015 and fund balances at both the beginning and end of the March 31, 2016 and 2015 years.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of the Ottawa Humane Society as at March 31, 2016, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants
August 16, 2016
Ottawa, Ontario

Ottawa Humane Society Statement of Financial Position

March 31 2016 2015

Assets

Current

Cash and cash equivalents (Note 1)	\$ 1,301,945	\$ 713,940
Accounts receivable (Note 2)	59,842	69,006
Prepaid expenses (Note 3)	222,206	99,278
Inventory	9,459	23,123
Current portion of investments (Note 4)	-	171,262
	1,593,452	1,076,609

Non-current

Restricted cash and investments (Note 5)	361,503	285,728
Investments (Note 4)	3,054,895	2,880,019
Tangible capital assets (Note 6)	14,384,923	14,767,752
Intangible capital assets (Note 7)	68,607	83,369
	17,869,928	18,016,868

\$ 19,463,380 **\$ 19,093,477**

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 563,465	\$ 412,555
Deferred revenue (Note 9)	255,856	119,386
	819,321	531,941

Fund balances

Restricted		
Trust fund	2,869,375	2,823,929
Building fund deficit	-	(73,264)
Property and equipment fund	14,689,717	14,812,308
Capital replacement fund	361,503	285,728
Unrestricted		
Operating fund	723,464	712,835
	18,644,059	18,561,536

\$ 19,463,380 **\$ 19,093,477**

On behalf of the Board:

On File

Mike Laviolette - Chair

On File

Chris Finlay - Treasurer

Ottawa Humane Society Statement of Changes in Fund Balances

For the year ended March 31, 2016

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

For the year ended March 31, 2015

	Unrestricted Operating Fund	Restricted				Total Restricted Funds	Total Funds
		Trust Fund	Building Fund	Property and Equipment Fund	Capital Replacement Fund		
Balance, beginning of year	\$ 519,320	\$ 3,059,583	\$ (241,928)	\$ 15,068,958	\$ 211,806	\$ 18,098,419	\$ 18,617,739
Excess (deficiency) of revenue over expenses for the year	193,515	28,517	168,664	(520,821)	73,922	(249,718)	(56,203)
Interfund transfers (Note 10)	-	(264,171)	-	264,171	-	-	-
Balance, end of year	\$ 712,835	\$ 2,823,929	\$ (73,264)	\$ 14,812,308	\$ 285,728	\$ 17,848,701	\$ 18,561,536

Ottawa Humane Society Statement of Operations

For the year ended March 31, 2016

	Operating Fund	Trust Fund	Property and Equipment Fund	Capital Replacement Fund	Total Funds
Revenue (Note 11)					
Animal shelter	\$ 2,019,168	\$ -	\$ -	\$ -	\$ 2,019,168
Clinic and mobile clinic	17,629	-	275,000	-	292,629
Rescue and investigation services	202,562	-	-	-	202,562
Development	4,240,006	-	-	-	4,240,006
Volunteer and outreach	220,562	-	-	-	220,562
Bequests	-	1,012,512	-	-	1,012,512
Investment income	112,423	(207,803)	-	5,791	(89,589)
Other	56,857	715	-	-	57,572
Building donations	-	87,446	-	-	87,446
Government and other funding for building	-	-	-	69,984	69,984
Total revenue	6,869,207	892,870	275,000	75,775	8,112,852
Expenses (Note 13)					
Animal shelter	2,817,581	-	-	-	2,817,581
Clinic and mobile clinic	524,429	-	-	-	524,429
Rescue and investigation services	513,664	-	-	-	513,664
Development	1,240,054	-	-	-	1,240,054
Volunteer and outreach	833,196	-	-	-	833,196
Premises	265,947	-	-	-	265,947
Central services	663,707	-	-	-	663,707
Non-capital trust fund expenses	-	628,856	-	-	628,856
Amortization of tangible and intangible capital assets (Notes 6 and 7)	-	-	542,895	-	542,895
Total expenses	6,858,578	628,856	542,895	-	8,030,329
Excess (deficiency) of revenue over expenses for the year	\$ 10,629	\$ 264,014	\$ (267,895)	\$ 75,775	\$ 82,523

Ottawa Humane Society
Statement of Operations
(continued)

For the year ended March 31, 2015

	Operating Fund	Trust Fund	Building Fund	Property and Equipment Fund	Capital Replacement Fund	Total Funds
Revenue (Note 11)						
Animal shelter	\$ 2,002,445	\$ -	\$ -	\$ -	\$ -	\$ 2,002,445
Clinic	18,726	-	-	-	-	18,726
Rescue and investigation services	212,644	-	-	-	-	212,644
Development	4,061,738	-	-	-	-	4,061,738
Volunteer and outreach	214,439	-	-	-	-	214,439
Donation from auxiliary (Note 12)	10,000	2,500	-	-	-	12,500
Bequests	-	666,173	-	-	-	666,173
Investment income	104,365	(82,820)	-	-	3,938	25,483
Other	62,798	47,346	-	-	-	110,144
Building fund donations	-	-	172,038	-	-	172,038
Government and other funding for building	-	-	-	-	69,984	69,984
Total revenue	6,687,155	633,199	172,038	-	73,922	7,566,314
Expenses (Note 13)						
Animal shelter	2,648,323	-	-	-	-	2,648,323
Clinic	448,039	-	-	-	-	448,039
Rescue and investigation services	496,441	-	-	-	-	496,441
Development	1,211,180	-	-	-	-	1,211,180
Volunteer and outreach	824,420	-	-	-	-	824,420
Premises	253,766	-	-	-	-	253,766
Central services	611,471	-	-	-	-	611,471
Non-capital trust fund expenses	-	604,682	-	-	-	604,682
Building	-	-	3,374	-	-	3,374
Amortization of tangible and intangible capital assets (Notes 6 and 7)	-	-	-	520,821	-	520,821
Total expenses	6,493,640	604,682	3,374	520,821	-	7,622,517
Excess (deficiency) of revenue over expenses for the year	\$ 193,515	\$ 28,517	\$ 168,664	\$ (520,821)	\$ 73,922	\$ (56,203)

Ottawa Humane Society Statement of Cash Flows

For the year ended March 31	2016	2015
Cash flows from (used in) operating activities		
Excess (deficiency) of revenue over expenses for the year	\$ 82,523	\$ (56,203)
Adjustments for		
Building Fund revenue - financing activity	-	(172,038)
Capital Replacement Fund revenue - financing activity	(75,775)	(73,922)
Amortization of tangible and intangible capital assets - non-cash item	542,895	520,821
Changes in the unrealized gains and losses of investments and accrued interest	190,062	101,117
Realized (gains) losses on investments	17,740	(18,298)
	757,445	301,477
Changes in non-cash working capital items related to operations		
Accounts receivable	9,164	64,720
Prepaid expenses and inventory related	(109,264)	40,984
Accounts payable and accrued liabilities	150,910	(113,524)
Deferred revenue	136,470	19,917
	944,725	313,574
Cash flows from (used in) investing activities		
Purchase of investments	(2,127,082)	(2,497,008)
Proceeds on disposal of investments	1,915,666	2,463,343
Deposit on purchase of capital assets	-	70,523
Acquisition of tangible and intangible capital assets	(145,304)	(264,172)
Purchase of restricted cash and investments	(146,202)	(144,472)
Proceeds on disposal of restricted cash and investments	70,427	70,550
	(432,495)	(301,236)
Cash flows from financing activities		
Building Fund revenue	-	172,038
Capital Replacement Fund revenue	75,775	73,922
	75,775	245,960
Net increase in cash for the year	588,005	258,298
Cash, beginning of year	713,940	455,642
Cash, end of year	\$ 1,301,945	\$ 713,940

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2016

Nature and Purpose of Organization

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

The Society's 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 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, 2016

Financial Instruments
(continued)

Measurement of financial instruments (continued)

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

Impairment

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

Transaction costs

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

Revenue Recognition

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

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

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

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

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2016

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. During the 2016 fiscal year, the Building Fund was closed into the Trust Fund.

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

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

**Contributed Materials,
Services and Other
Assets**

Volunteers contribute an indeterminable number of hours every year to assist the Society in carrying out its activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements. Donations in kind of materials are recorded at their fair value at the date of receipt, when the fair value can be reasonably estimated, the materials are used in the normal course of the Society's operations and the materials would have otherwise been purchased by the Society. There were no significant materials received in the 2016 fiscal year.

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

**Cash and Cash
Equivalents**

For purposes of the Society's statement of cash flows, cash and cash equivalents are defined as bank balances and short-term liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash held in the Society's investment portfolio set out in Note 5 to these financial statements is excluded from cash, as detailed above, and forms part of restricted cash and investments of the Society.

Inventory

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

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2016

Tangible Capital Assets Purchased tangible capital assets are recorded at cost. Donated tangible capital assets are recorded at their fair value at the date of acquisition. In unusual circumstances when fair value cannot be reasonably determined, the donated tangible capital asset would be recorded at a nominal value. Tangible capital assets are amortized over their estimated useful lives. Amortization expense as well as related gains and losses on disposal are recorded in the Property and Equipment Fund. Amortization is provided using the straight-line method, unless otherwise noted. Useful lives of tangible capital assets in use during the 2016 fiscal year were estimated as set out later in this significant accounting policy.

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

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

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

Land is not amortized.

Intangible Capital Assets Purchased intangible capital assets are recorded at cost. Donated intangible capital assets are recorded at their fair value at the date of acquisition. In unusual circumstances when fair value cannot be reasonably determined, the donated intangible capital asset would be recorded at a nominal value. Significant donated intangible capital assets are set out in Note 7 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 2016 fiscal year was estimated as follows:

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

Ottawa Humane Society

Summary of Significant Accounting Policies

March 31, 2016

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

Expense Allocations The Society's expenses are presented in the statements of operations on a functional program basis. Certain expenses incurred are applicable to more than one function, are directly related to the output of the applicable function, and are therefore considered direct costs. A further breakdown of all allocated expenses is set out in Note 13 to the financial statements.

Ottawa Humane Society Notes to Financial Statements

March 31, 2016

1. Cash and Cash Equivalents

The Society's cash is held in three (2015 - four) accounts at one Canadian chartered bank and some earn interest at a nominal rate. The operating bank account does not earn interest. The remaining cash is held as part of the Society's investment portfolio that is held in an investment account with a large Canadian financial institution. At March 31, 2016 the cash investment account had a balance of \$28,870 (2015 - \$21,394).

The Society also holds cashable GICs during the year of \$400,000 (2015 - \$300,000). The maturity dates are in October 2018 (2015 - April 2015 to October 2015) with interest rates ranging from 0.85% to 0.95% (2015 - prime less 1.95%).

2. Accounts Receivable

	2016	2015
Trade accounts receivable	\$ 5,737	\$ 27,180
Good and services / harmonized sales taxes receivable	54,105	41,826
	\$ 59,842	\$ 69,006

3. Prepaid Expenses

	2016	2015
Operating prepaid expenses	\$ 222,206	\$ 99,278

4. Investments

	2016	2015
Fixed income securities, at amortized cost	\$ 467,158	\$ 637,504
Equity securities, at fair value	2,470,893	2,403,636
Mutual funds, at fair value	116,844	10,141
	3,054,895	3,051,281
Less current portion of investments	-	171,262
	\$ 3,054,895	\$ 2,880,019

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

Ottawa Humane Society Notes to Financial Statements

March 31, 2016

4. Investments (continued)

The fixed income securities are comprised of government bonds with interest rates on their face values of 2% (2015 - 1.7% to 4.26%) with a maturity date in the Society's fiscal year of 2018 (2015 - 2016 to 2018). Equity securities are comprised of publicly traded and highly liquid common and preferred shares. The mutual funds consist of mostly fixed income securities. The Society's investments can be readily liquidated if necessary.

5. Restricted Cash and Investments

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

	2016	2015
Restricted cash	\$ -	\$ 74,422
Guaranteed investment certificates at amortized cost	361,503	141,123
Mutual funds, at fair value	-	70,183
	361,503	285,728

The Society holds GICs that have interest rates of prime less 2% to 2.15% (2015 - prime less 1.88% to 2%) and mature during fiscal 2017 and 2019 (2015 - 2016 and 2018).

6. Tangible Capital Assets

	2016			2015		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Land	\$ 1,744,284	\$ -	\$ 1,744,284	\$ 1,744,284	\$ -	\$ 1,744,284
Building	13,165,309	1,562,668	11,602,641	13,165,309	1,233,535	11,931,774
Computer hardware	187,212	122,238	64,974	188,607	143,397	45,210
Furniture and equipment	1,577,796	673,068	904,728	1,520,831	531,400	989,431
Automotive equipment	198,849	130,553	68,296	199,131	142,078	57,053
	\$ 16,873,450	\$ 2,488,527	\$ 14,384,923	\$ 16,818,162	\$ 2,050,410	\$ 14,767,752

During the 2016 fiscal year, assets were disposed of that had a tangible capital asset cost of \$83,658 (2015 - \$30,725) and \$83,658 (2015 - \$30,725) of accumulated amortization, resulting in a loss on disposal of \$nil (2015 - \$nil). No proceeds were received for the disposal of these assets. These disposals are in the normal course of operations and the loss is recorded in the property and equipment fund.

Ottawa Humane Society Notes to Financial Statements

March 31, 2016

7. Intangible Capital Assets

	2016			2015		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer software	\$ 167,638	\$ 137,841	\$ 29,797	\$ 204,432	\$ 159,873	\$ 44,559
Time share vacation property	38,810	-	38,810	38,810	-	38,810
	\$ 206,448	\$ 137,841	\$ 68,607	\$ 243,242	\$ 159,873	\$ 83,369

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.

During the 2016 fiscal year, assets were disposed of that had an intangible capital asset cost of \$43,152 (2015 - \$nil) and \$43,152 (2015 - \$nil) of accumulated amortization, resulting in a loss on disposal of \$nil (2015 - \$nil). No proceeds were received for the disposal of these assets. These disposals are in the normal course of operations and the loss is recorded in the property and equipment fund.

8. Credit Facilities

The Society has an overdraft credit facility agreement with a Canadian financial institution on the operating bank account in the amount of \$800,000, bearing interest at a rate of prime plus 0.75%. This facility is due on demand. The overdraft was not in use at March 31, 2016.

9. Deferred Revenue

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

	2016		2015	
Summer programs and other	\$ 62,702	\$	50,485	
Furball	42,475		68,901	
Mobile clinic	150,679		-	
	\$ 255,856	\$	119,386	

Ottawa Humane Society Notes to Financial Statements

March 31, 2016

10. Interfund Transfers

During the 2016 fiscal year there was a transfer from the building fund to the trust fund of \$73,264 to close the building fund in the current year.

Also during the 2016 fiscal year there was a transfer from the trust fund to the property and equipment fund of \$145,304 for the purchase of all capital items during the year by the trust fund.

During the 2015 fiscal year there was only one transfer between funds. This transfer was from the trust fund to the property and equipment fund of \$264,171 for the purchase of all capital items during the year by the trust fund.

11. Fundraising

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

	2016	2015
<u>Operating Fund</u>		
Development revenue		
Individual support	\$ 3,412,757	\$ 3,265,913
Group support	124,425	146,171
Special events	702,824	649,654
	4,240,006	4,061,738
Donation from auxiliary	-	10,000
	\$ 4,240,006	\$ 4,071,738
 <u>Trust Fund</u>		
Bequests	\$ 1,012,512	\$ 666,173
Building donations	87,446	-
Donation from auxiliary	-	2,500
Other	-	46,430
	\$ 1,099,958	\$ 715,103
 <u>Building Fund</u>		
Building fund donations	\$ -	\$ 172,038
Total fundraising revenue	\$ 5,339,964	\$ 4,958,879

Ottawa Humane Society Notes to Financial Statements

March 31, 2016

11. Fundraising (continued)

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

	2016	2015
Operating Fund - Development	\$ 1,240,054	\$ 1,206,913
Trust Fund - Non-capital Trust Fund expenses	160,926	452,298
Building Fund - Building	-	3,374
	\$ 1,400,980	\$ 1,662,585

12. 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, 2016, the Society received restricted contributions of \$15,000 from the Auxiliary for the mobile clinic, which has been recorded as deferred revenue until expenses are incurred. During 2015, the Society received \$12,500 from the Auxiliary, recorded as \$10,000 as revenue in the operating fund and \$2,500 as revenue in the trust fund.

13. Allocated Expenses

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

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

	2016		2015	
	Amounts Allocated From	Amounts Allocated To	Amounts Allocated From	Amounts Allocated To
Animal shelter	\$ 488	\$ 285,804	\$ 1,248	\$ 279,598
Clinic and mobile clinic	5,624	-	3,658	-
Rescue and investigations	-	111,174	88	105,610
Development	-	51	-	57
Volunteer and outreach	-	7,333	-	9,350
Premises	208,791	-	203,757	-
Central services	161,879	-	153,583	-
Fleet	27,580	-	32,281	-
	\$ 404,362	\$ 404,362	\$ 394,615	\$ 394,615

Ottawa Humane Society

Notes to Financial Statements

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14. 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 2016 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 2016 fiscal year are approximately \$1,255,087 (2015 - \$263,000).

15. Employee Benefits

The Society participates in a defined contribution plan providing pension benefits to eligible employees. The expense for the plan for the 2016 fiscal year is \$75,131 (2015 - \$70,254) which represents the Society's required current contributions to the plan for the year.

16. 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, 2016. Reference should be made to the statement of financial position and related notes for the quantitative values of the financial statement items referred to herein.

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

Credit risk

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

Liquidity risk

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

Market risk

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

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.

Ottawa Humane Society Notes to Financial Statements

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16. **Financial Instruments Risks and Concentrations** (continued)

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed and variable interest rate financial instruments. The Society holds floating-rate and nominal rate financial instruments being its cash as set out in Note 1 and its restricted investments as set out in Note 5 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 4 to the financial statements, that would subject the Society to a fair value risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk with respect to its investments in equity, and mutual funds held, as set out in Note 4 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 investments, as set out in Notes 1, 4 and 5 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.

Changes in risk

There have been no other significant changes in the Society's risk exposures from the 2015 fiscal year.
