

Financial Statements of

**ONTARIO SOCIETY FOR THE  
PREVENTION OF CRUELTY  
TO ANIMALS**

Year ended December 31, 2017



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## INDEPENDENT AUDITORS' REPORT

To the Members of Ontario Society for the Prevention of  
Cruelty to Animals

We have audited the accompanying financial statements of Ontario Society for the Prevention of Cruelty to Animals, which comprise the statement of financial position as at December 31, 2017, the statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit 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 our 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, we consider 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 for our qualified audit opinion.



Page 2

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, Ontario Society for the Prevention of Cruelty to Animals derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Ontario Society for the Prevention of Cruelty to Animals. Therefore, we were not able to determine whether, as at and for the years ended December 31, 2017 and December 31, 2016, any adjustments might be necessary to donations and fundraising and excess (deficiency) of revenue over expenses and distributions reported in the statements of operations, excess (deficiency) of revenue over expenses and distributions reported in the statements of cash flows and current assets and fund balances reported in the statements of financial position. This caused us to qualify our opinion on the financial statements as at and for the year ended December 31, 2016.

*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 Ontario Society for the Prevention of Cruelty to Animals as at December 31, 2017, 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.

*KPMG LLP*

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Chartered Professional Accountants, Licensed Public Accountants

April 20, 2018  
Vaughan, Canada

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## Statement of Financial Position

December 31, 2017, with comparative information for 2016

	2017	2016
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,139,199	\$ 2,817,123
Short-term investments (note 2)	5,115,999	7,145,308
Accounts receivable (note 3)	4,985,459	1,647,027
Inventory	39,800	40,662
Prepaid expenses	436,564	285,396
	<u>13,717,021</u>	<u>11,935,516</u>
Investments (note 2)	3,795,241	3,507,412
Capital assets (note 4)	13,838,789	13,976,465
	<u>\$ 31,351,051</u>	<u>\$ 29,419,393</u>

## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 2,191,044	\$ 1,777,258
Deferred revenue	63,916	63,508
	<u>2,254,960</u>	<u>1,840,766</u>
Fund balances (note 6):		
Provincial	29,096,091	27,578,627
Subsequent event (note 3)		
Commitments (note 7)		
Guarantees (note 10)		
Contingencies (note 11)		
	<u>\$ 31,351,051</u>	<u>\$ 29,419,393</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## Statement of Operations and Changes in Fund Balances

Year ended December 31, 2017, with comparative information for 2016

			2017	2016
	Provincial Fund	Regional Fund	Total	Total
<b>Revenue:</b>				
Donations and fundraising	\$ 4,940,187	\$ 2,120,550	\$ 7,060,737	\$ 7,045,781
Provincial grants	5,603,671	46,047	5,649,718	5,342,711
Shelter and veterinary	1,072,259	1,072,215	2,144,474	2,909,505
Municipal contract fees	—	2,368,030	2,368,030	2,742,612
Other	75,845	501,079	576,924	554,862
Investments (note 2)	373,714	57,305	431,019	287,351
	12,065,676	6,165,226	18,230,902	18,882,822
<b>Expenses:</b>				
Animal care and protection	5,373,676	8,583,606	13,957,282	16,033,188
General	3,456,057	—	3,456,057	3,953,895
Fundraising	1,546,633	125,644	1,672,277	2,124,647
Amortization	372,915	425,118	798,033	936,408
Communication and education services	838,782	22,276	861,058	870,608
Interest and bank charges	122,791	29,007	151,798	155,948
	11,710,854	9,185,651	20,896,505	24,074,694
<b>Distributions:</b>				
Grants to Ontario Society for the Prevention of Cruelty to Animals affiliates and Humane Societies in other provinces (note 8)	750,111	—	750,111	1,136,333
<b>Deficiency of revenue over expenses and distributions before legacies</b>				
	(395,289)	(3,020,425)	(3,415,714)	(6,328,205)
<b>Legacies</b>				
	4,096,451	836,727	4,933,178	4,515,751
<b>Excess (deficiency) of revenue over expenses and distributions</b>				
	3,701,162	(2,183,698)	1,517,464	(1,812,454)
Fund balances, beginning of year	27,578,627	—	27,578,627	29,391,081
Transfer between funds (note 6)	(2,183,698)	2,183,698	—	—
<b>Fund balances, end of year</b>	<b>\$ 29,096,091</b>	<b>\$ —</b>	<b>\$ 29,096,091</b>	<b>\$ 27,578,627</b>

See accompanying notes to financial statements.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## Statement of Cash Flows

Year ended December 31, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses and distributions	\$ 1,517,464	\$ (1,812,454)
Items not involving cash:		
Amortization	798,033	936,408
Net realized gain on sale of investments	(145,279)	(25,298)
Unrealized gain on investments	(67,971)	(22,405)
Loss on sale of capital assets	6,902	6,783
Change in non-cash operating working capital:		
Accounts receivable	(3,338,432)	375,805
Inventory	862	(7,708)
Prepaid expenses	(151,168)	(18,554)
Accounts payable and accrued liabilities	413,786	(189,327)
Deferred revenue	408	(24,750)
	(965,395)	(781,500)
Investing activities:		
Decrease (increase) in investments	1,954,730	(1,732,059)
Additions to capital assets	(739,795)	(797,860)
Proceeds from sale of capital assets	72,536	13,016
	1,287,471	(2,516,903)
Increase (decrease) in cash and cash equivalents	322,076	(3,298,403)
Cash and cash equivalents, beginning of year	2,817,123	6,115,526
Cash and cash equivalents, end of year	\$ 3,139,199	\$ 2,817,123
Represented by:		
Cash	\$ 1,889,199	\$ 1,817,123
Cash equivalents	1,250,000	1,000,000
	\$ 3,139,199	\$ 2,817,123

See accompanying notes to financial statements.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements

Year ended December 31, 2017

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Ontario Society for the Prevention of Cruelty to Animals ("Ontario SPCA") was founded in 1873 and was incorporated under special legislation in 1919 within the OSPCA Act and as later amended.

The purpose of Ontario SPCA is to promote the prevention of cruelty to animals, based upon the principle that no one has the right to cause unnecessary pain or suffering to any animal, and to work within the law and in cooperation with the government and public, in order to improve conditions for animals, while maintaining a balanced sensitivity towards both animal and human needs.

Ontario SPCA is registered as a charitable organization under the Income Tax Act (Canada) (the "Act"). As such, Ontario SPCA is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, Ontario SPCA must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

## 1. Significant accounting policies:

These financial statements include the accounts of the provincial office of Ontario SPCA and its regional Animal Centres. The financial statements do not include the accounts of affiliated societies (note 8).

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

### (a) Fund accounting:

Ontario SPCA follows the restricted fund method of accounting for contributions.

#### (i) Provincial Fund:

The Provincial Fund accounts for provincial animal care and protection services, the provincial spay/neuter veterinary clinic(s), as well as provincial communication services (humane education, publication, etc.), provincial fundraising, human resources, finance and information technology.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (ii) Regional Fund:

The Regional Fund accounts for Ontario SPCA Animal Centres fundraising activities (including thrift shops), regional animal protection services, regional humane education initiatives and regional animal facilities.

### (b) Revenue recognition:

Ontario SPCA recognizes revenue from fundraising efforts, donations, legacies and from shelter and veterinary operations when funds are received. Deferred revenue represents fees received in advance of services rendered.

Donations and legacies received in the form of marketable securities are recorded at their fair market value at the time of receipt.

Endowment contributions are recognized as revenue of the applicable fund in the year in which they are received.

Grants received for specific purposes, for which there is no restricted fund established, are recognized when the grant specifications have been met.

Revenue from various municipal contracts is recorded as amounts are earned through the provision of service.

Investment revenue includes interest income, net realized gain on sale of investments and the net change in unrealized gain on investments for the year.

### (c) Cash and cash equivalents:

Ontario SPCA considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.



# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

### (d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Ontario SPCA has elected to carry its pooled fund investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, Ontario SPCA determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount Ontario SPCA expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

The unrealized gain or loss on investments, being the difference between book value and carrying value, is included in investment revenue in the statement of operations and changes in fund balances.

Fair values of investments are determined as follows:

- (i) Pooled fund investments represent Ontario SPCA's proportionate share of the underlying net assets of the Toronto Foundation Fund, at fair values determined using closing market prices.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

- (ii) Guaranteed investment certificates ("GICs") maturing within a year are stated at amortized cost, which together with accrued interest income approximate fair value given the short-term nature of these investments.

The fair values of other financial assets and liabilities, being cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities, approximate their carrying values due to the relatively short-term nature of these financial instruments.

### (e) Capital assets:

Purchased capital assets are stated at acquisition cost and are amortized over their useful lives. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Buildings	Declining balance	2%
Furniture and fixtures	Declining balance	20%
Automotive equipment	Declining balance	30%
Computers	Straight line	33%
Leasehold improvements	Straight line	Term of lease

Capital purchases under \$1,000 are expensed when incurred.

### (f) Donations-in-kind:

Donated materials, services and capital assets are recorded at fair value in the period received when a fair value can be reasonably estimated and when the materials, services and capital assets would be paid for if not donated. A substantial number of volunteers have made significant contributions of their time to Ontario SPCA. Since these services are not normally purchased by Ontario SPCA and because of the difficulty of determining their fair value, donated services for volunteer activities are not recognized in the financial statements.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include allowance for doubtful accounts, the carrying amount of capital assets, accounts payable and accrued liabilities, and disclosure of contingencies. Actual results could differ from those estimates.

## 2. Investments:

	2017	2016
Short-term:		
GICs, measured at amortized cost	\$ 5,115,999	\$ 7,145,308
Long-term:		
Pooled fund investments with the Toronto Foundation, measured at fair value	3,795,241	3,507,412
	<u>\$ 8,911,240</u>	<u>\$ 10,652,720</u>

The GICs produce a weighted yield to maturity of 1.61% (2016 - 1.52%) and mature in 2018.

Included in investment revenue are net realized gain on sale of investments of \$145,279 (2016 - \$25,298) and unrealized gain on investments of \$67,971 (2016 - \$22,405).

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

### 3. Accounts receivable:

	2017	2016
Ministry funding receivable	\$ 4,177,397	\$ 951,050
Accounts receivable	380,593	302,678
Harmonized sales tax	210,555	270,719
Other	216,914	134,034
	4,985,459	1,658,481
Less allowance for doubtful accounts	–	11,454
	\$ 4,985,459	\$ 1,647,027

On February 27, 2018, the Minister of Community Safety and Correctional Services (the "Ministry") and Ontario SPCA entered into an agreement to provide Ontario SPCA with total funding of \$11,500,000 over the two-year period April 1, 2017 to March 31, 2019, not exceeding \$5,750,000 per year. The funding must be used towards delivering long-term, province-wide, effective, efficient and sustainable animal welfare law enforcement services, as well as improved governance and accountability of Ontario SPCA.

For the year ending December 31, 2017, Ontario SPCA incurred total expenditures of \$5,496,496 (2016 - \$5,274,374) and recognized \$5,426,348 (2016 - \$5,274,374) into revenue. Revenue consists of \$1,248,951 (2016 - \$4,323,324) of funding received by the Ministry in the current year and \$4,177,397 (2016 - \$951,050) receivable from the Ministry for expenditures incurred during the year.

On March 29, 2018, the Ontario SPCA received a further \$5,750,000 in funding from the Ministry.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

### 3. Accounts receivable (continued):

A breakdown of funding received and expenditures and distributions incurred by funding period and years ended December 31, 2017 and 2016 are as follows:

	Funding period		2017	2016
	April 1, 2016 to March 31, 2017	April 1, 2017 to December 31, 2017		
Ministry funding receivable, beginning of period/year	\$ –	\$ –	\$ (951,050)	\$ (1,176,676)
Funding received	5,500,000	–	2,200,000	5,500,000
Expenditures and distributions	(5,570,149)	(4,177,397)	(5,496,496)	(5,274,374)
Funded by the Ontario SPCA	70,149	–	70,149	–
Ministry funding receivable, end of period/year	\$ –	\$ (4,177,397)	\$ 4,177,397	\$ (951,050)

### 4. Capital assets:

	Cost	Accumulated amortization	2017	2016
			Net book value	Net book value
Land and improvements	\$ 1,720,550	\$ –	\$ 1,720,550	\$ 1,641,158
Buildings	14,044,040	3,275,250	10,768,790	10,613,563
Furniture and fixtures	2,154,499	1,797,264	357,235	433,960
Automotive equipment	2,086,638	1,385,381	701,257	820,917
Computers	1,424,691	1,231,524	193,167	275,836
Leasehold improvements	616,542	518,752	97,790	191,031
	\$ 22,046,960	\$ 8,208,171	\$ 13,838,789	\$ 13,976,465

### 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$220,862 (2016 - \$156,204), which includes amounts payable for harmonized sales tax and payroll-related taxes.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

## 6. Fund balances:

Fund balances comprise the following:

						2017	2016
	Invested in capital assets	Externally restricted	Endowment	Unrestricted		Total	Total
Provincial	\$ 7,084,689	\$ 303,882	\$ 6,619	\$ 21,700,901	\$	29,096,091	\$ 27,578,627
Regional	6,754,099	123,878	622,701	(7,500,678)	\$	-	-
	\$ 13,838,788	\$ 427,760	\$ 629,320	\$ 14,200,223	\$	29,096,091	\$ 27,578,627

These endowment funds are included as part of the investment balance.

On an annual basis, any deficiency in the Regional Fund will be funded from the Provincial Fund.

## 7. Commitments:

(a) Ontario SPCA has lease commitments for buildings and office equipment which expire at various dates. Future minimum lease commitments are as follows:

2018	\$ 65,000
2019	31,600
2020	28,300
2021	26,700
2022	6,500
	\$ 158,100

Ontario SPCA has a letter of credit outstanding in the amount of \$5,485 (2016 - \$5,485) relating to construction holdbacks to the City of Bracebridge.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 7. Commitments (continued):

(b) The Ontario SPCA has committed \$2,000,000 to the Peterborough Humane Society, an affiliate, towards the construction of a provincial dog rehabilitation centre that is expected to be available for occupancy by 2020. The Ontario SPCA has agreed to lease a portion of the premises for a period of 20 years upon completion of construction. Under the terms of the agreement, all amounts paid towards the \$2,000,000 commitment will be classified as a prepayment towards the monthly rent and operating costs of the leased premises. As at December 31, 2017, Ontario SPCA has paid \$346,864 (2016 - \$197,567) of the \$2,000,000 commitment which has been included in prepaid expense in the statement of financial position. The balance owing of \$1,663,136 is expected to be paid over the period between 2018 to 2020 with no set payment schedule.

## 8. Related organizations:

Class A members, which are local societies in various communities across Ontario, are affiliated with Ontario SPCA. Each affiliate operates autonomously and is independently incorporated. Representatives from some affiliates are members of Ontario SPCA Board of Directors.

During the year, \$ 727,058 (2016 - \$1,046,913) in grants/disbursements of designated gifts to Ontario SPCA affiliates were due and recorded in these financial statements. Ontario SPCA also paid \$ 4,182 (2016 - \$20,446) in legal fees on behalf of the affiliates.

Ontario SPCA provides safety equipment and investigations training to their affiliates free of charge. As such, no amounts are recorded in the financial statements for providing these services.

## 9. Other information:

The Regional Fund's revenue and expenses include animal food and supplies, as well as fundraising supplies and materials, and miscellaneous furniture and supplies, which are donated and have a fair market value of \$ 132,195 (2016 - \$63,808).

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 10. Guarantees:

In the normal course of business, Ontario SPCA enters into agreements that meet the definition of guarantees.

- (a) Ontario SPCA has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements, Ontario SPCA agrees to indemnify the counterparties for various items, including, but not limited to, all liabilities, loss, suits and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) Ontario SPCA indemnifies all directors for various items, including, but not limited to, all costs to settle suits or actions due to services provided to Ontario SPCA, subject to certain restrictions. Ontario SPCA has purchased liability insurance to mitigate the cost of any potential future suits or actions. The amount of any potential future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents Ontario SPCA from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, Ontario SPCA has not made any significant payments under such or similar indemnification agreements and, therefore, no amount has been accrued with respect to these agreements.

- (c) During 2015, Ontario SPCA co-signed a loan agreement with a financial institution to guarantee a loan in the amount of \$800,000 for Humane Society of Durham Region ("HSDR"). Under this agreement, Ontario SPCA guarantees payment of all debts and liabilities incurred by HSDR to the financial institution, to a maximum of \$800,000. This guarantee expires on July 31, 2018.

At December 31, 2017, HSDR had drawn \$578,120 (2016 - \$680,666) on the operating line of credit.



# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## 11. Contingencies:

Ontario SPCA has been named as the defendant in certain legal actions, in which damages have been sought. The outcome of these actions are not determinable as at December 31, 2017 and, accordingly, no provision has been made in these financial statements for any liability which may result. In the event of a loss, all claims would be covered by Ontario SPCA insurance coverage.

Ontario SPCA is involved in various legal actions that are within the normal course of operations. In the opinion of management, any resulting liabilities are not expected to have a material adverse effect on the financial position or net operations.

## 12. Financial risks and concentration of credit risk:

Financial risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to credit, liquidity and other price and interest rate risks. Ontario SPCA mitigates these risks with an investment policy designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances. There has been no change in risk exposure from the prior year.

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Accounts receivable are subject to credit risk. Ontario SPCA assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. Cash and cash equivalents are held in creditworthy financial institutions.

### (b) Liquidity risk:

Liquidity risk is the risk that Ontario SPCA will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Ontario SPCA manages its liquidity risk by monitoring its operating requirements. Ontario SPCA prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2017

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## **12. Financial risks and concentration of credit risk (continued):**

### (c) Other price and interest rate risk:

The risks associated with the investments are the risks associated with the securities in which the funds are invested. The value of securities will vary with developments within the specific companies or governments which issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.