

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended December 31, 2023



**KPMG LLP**

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**INDEPENDENT AUDITOR'S REPORT**

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

***Qualified Opinion***

We have audited the financial statements of Ontario Society for the Prevention of Cruelty to Animals (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in fund balances for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the **"Basis for Qualified Opinion"** section of our auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023, 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.

***Basis for Qualified Opinion***

In common with many not-for-profit organizations, the Entity derives revenue from donations and fundraising activities, 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 the Entity.



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Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets and fund balances reported in the statements of financial position as at December 31, 2023 and December 31, 2022
- the donations and fundraising revenues and excess of revenues over expenses and distributions reported in the statements of operations for the years ended December 31, 2023 and December 31, 2022
- the excess of revenues over expenses and distributions reported in the statements of cash flows for the years ended December 31, 2023 and December 31, 2022.

Our opinion on the financial statements for the year ended December 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditor's Responsibilities for the Audit of the Financial Statements"** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### ***Other Information***

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the 2023 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the 2023 Annual Report as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.



### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 8, 2024

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## Statement of Financial Position

December 31, 2023, with comparative information for 2022

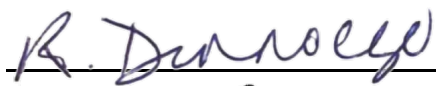
	2023	2022
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 31,692,230	\$ 8,677,954
Short-term investments (note 2)	3,685,184	17,690,639
Prepaid expenses (note 7(b))	2,348,837	2,203,480
Accounts receivable (note 3)	527,917	519,012
Inventory	83,226	58,738
	<u>38,337,394</u>	<u>29,149,823</u>
Investments (note 2)	–	5,416,798
Capital assets (note 4)	14,008,138	13,449,275
	<u>\$ 52,345,532</u>	<u>\$ 48,015,896</u>

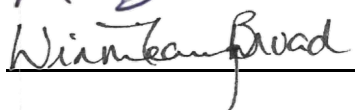
## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 1,983,782	\$ 1,829,646
Deferred revenue	37,984	51,844
	<u>2,021,766</u>	<u>1,881,490</u>
Fund balances (note 6):		
Invested in capital assets	14,008,138	13,449,275
Externally restricted	412,407	956,622
Endowments	1,016,559	895,124
Internally restricted	13,500,000	–
Unrestricted	21,386,662	30,833,385
	<u>50,323,766</u>	<u>46,134,406</u>
Commitments (note 7)		
Guarantees (note 10)		
Contingencies (note 11)		
	<u>\$ 52,345,532</u>	<u>\$ 48,015,896</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

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
<b>Revenue:</b>		
Donations and fundraising	\$ 7,557,970	\$ 7,966,910
Grants (note 6)	—	65,204
Shelter and veterinary	2,938,744	2,588,825
Municipal contract fees	1,005,032	946,457
Investments (note 2)	1,654,262	236,906
Other	231,321	231,219
	<u>13,387,329</u>	<u>12,035,521</u>
<b>Expenses:</b>		
Animal care and protection	11,479,316	8,552,386
General	3,959,976	3,592,594
Fundraising	2,333,983	2,145,212
Communication and education services	849,209	789,738
Amortization	436,685	573,194
Interest and bank charges	174,394	218,930
	<u>19,233,563</u>	<u>15,872,054</u>
Deficiency of revenue over expenses before legacies	(5,846,234)	(3,836,533)
Legacies	10,035,594	7,829,332
<b>Excess of revenue over expenses</b>	<u>\$ 4,189,360</u>	<u>\$ 3,992,799</u>

See accompanying notes to financial statements.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## Statement of Changes in Fund Balances

	Invested in capital assets	Externally restricted gifts	Endowment fund	Internally restricted		Unrestricted	Total	
				Care fund	Capital reserve		2023	2022
Fund balances, beginning of the year	\$ 13,449,275	\$ 956,622	\$ 895,124	\$ -	\$ -	\$ 30,833,385	\$ 46,134,406	\$ 42,141,607
Excess (deficiency) of revenue over expenses	(328,512)	(544,215)	43,890	-	-	5,018,197	4,189,360	3,992,799
Interfund transfers	887,375	-	77,545	1,000,000	12,500,000	(14,464,920)	-	-
<b>Fund balances, end of the year</b>	<b>\$ 14,008,138</b>	<b>\$ 412,407</b>	<b>\$ 1,016,559</b>	<b>\$ 1,000,000</b>	<b>\$ 12,500,000</b>	<b>\$ 21,386,662</b>	<b>\$ 50,323,766</b>	<b>\$ 46,134,406</b>

See accompanying notes to financial statements.



# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

## Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 4,189,360	\$ 3,992,799
Items not involving cash:		
Amortization	436,685	573,194
Realized loss (gain) on sale of investments	(3,237)	10,213
Unrealized loss (gain) on investments	(186,029)	353,364
Gain on disposal of capital assets	(108,173)	(100,017)
Change in non-cash operating working capital:		
Accounts receivable	(8,905)	35,168
Inventory	(24,488)	(7,213)
Prepaid expenses	(145,357)	62,102
Accounts payable and accrued liabilities	154,136	102,006
Deferred revenue	(13,860)	29,544
	4,290,132	5,051,160
Investing activities:		
Decrease (increase) in investments	19,611,519	(12,926,052)
Additions to capital assets	(1,014,875)	(664,832)
Proceeds from sale of capital assets	127,500	122,701
	18,724,144	(13,468,183)
Increase (decrease) in cash and cash equivalents	23,014,276	(8,417,023)
Cash and cash equivalents, beginning of year	8,677,954	17,094,977
Cash and cash equivalents, end of year	\$ 31,692,230	\$ 8,677,954
Represented by:		
Cash	\$ 12,360,070	\$ 3,727,954
Cash equivalents	19,332,160	4,950,000
	\$ 31,692,230	\$ 8,677,954

See accompanying notes to financial statements.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements

Year ended December 31, 2023

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Ontario Society for the Prevention of Cruelty to Animals ("Ontario SPCA") was founded as a registered charity in 1873 and was incorporated as a non-profit corporation in 1919 and was continued under the Ontario Not-For-Profit Corporations Act ("ONCA") in 2023.

The purpose of Ontario SPCA is to provide care, comfort and compassion to animals in need in communities across Ontario. It values all animals and advocates to treat them with respect and kindness. The Society strives to keep pets and families together and do so through a variety of community support services, such as sheltering and adoptions, including emergency sheltering, feral cat management programs, animal transfers, food distribution, humane education, animal advocacy, and spay/neuter services.

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 where the donor has explicitly restricted the use of the donated funds.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (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. Investment earnings on endowed contributions are not restricted for use but are held in the endowment fund until they have been released for use.

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 or loss on sale of investments and the net change in unrealized gain or loss 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, 2023

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## 1. Significant accounting policies (continued):

### (d) Financial instruments:

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 year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Fair values of investments are determined as follows:

- (i) Pooled fund investments with the Toronto Foundation Fund were liquidated during 2023. Funds were reinvested in high interest savings accounts and guaranteed investment certificates ("GICs").
- (ii) 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.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 1. Significant accounting policies (continued):

### (e) Capital assets:

Purchased capitalized assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. Tangible capital assets are written down to fair value or replacement cost to reflect partial impairments when conditions indicate that the assets no longer contribute to the ability to provide goods and services, or that the value of future economic benefits or service potential associated with the tangible capital assets are less than their net carrying amounts. Capital assets are amortized as follows:

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

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Capital purchases under \$1,000 are considered operational costs that are expensed when incurred.

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

Donated materials, services and capital assets are recorded at fair value in the year 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, 2023

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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 the carrying amount of capital assets, accounts payable and accrued liabilities, and disclosure of contingencies. Actual results could differ from those estimates.

## 2. Investments:

	2023	2022
Short-term:		
GICs, measured at amortized cost	\$ 3,685,184	\$ 17,690,639
Long-term:		
Pooled fund investments with the Toronto Foundation, measured at fair value	\$ –	\$ 5,416,798

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The GICs produce a weighted yield to maturity of 5.23% (2022 - 3.59%) and mature in 2024.

Included in investment revenue are net realized gains of \$3,237 on sale of investments (2022 - \$10,213 loss). Upon liquidating the Toronto Foundation Funds, Ontario SPCA realized \$5,604,272 and was subsequently invested in high interest savings accounts and GIC's.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2023

### 3. Accounts receivable:

	2023	2022
Accounts receivable	\$ 153,624	\$ 179,824
Harmonized sales tax	167,260	146,238
Other	207,033	192,950
	<b>\$ 527,917</b>	<b>\$ 519,012</b>

### 4. Capital assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Land and improvements	\$ 1,720,550	\$ –	\$ 1,720,550	\$ 1,720,550
Buildings	16,063,125	4,580,697	11,482,428	10,993,180
Furniture and fixtures	2,410,373	2,136,970	273,403	252,314
Automotive equipment	1,268,421	1,039,549	228,872	348,549
Computers	2,219,205	2,032,694	186,511	49,521
Leasehold improvements	759,426	643,052	116,374	85,161
	<b>\$ 24,441,100</b>	<b>\$ 10,432,962</b>	<b>\$ 14,008,138</b>	<b>\$ 13,449,275</b>

### 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$151,675 (2022 - \$123,452), which includes amounts payable for harmonized sales tax and payroll-related taxes.

### 6. Fund balances:

The endowment fund requires that Ontario SPCA maintain the originally contributed capital of \$905,483. Accumulated investment income of \$111,076 is available for general purposes but remains part of the endowment fund balance until such use has been approved by the Board of Directors.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## 6. Fund balances (continued):

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

Externally restricted funds represent donations on contributions subject to restrictions stipulated by the donor. Externally restricted amounts received during the year were \$296,221 (2022 - \$699,745) and amounts spent during the year in accordance with the restrictions were \$840,436 (2022 - \$38,822).

During 2023, the Board designated two internally restricted funds - Restricted Capital Fund and Care Fund. The Restricted Capital Fund meets the need for the Ontario SPCA and Humane Society to set aside funds for long term building and renovation projects. The purpose of the Care Fund is to support our communities across Ontario and particularly underserved communities and regions.

## 7. Commitments:

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

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2024	\$ 47,959
2025	62,104
2026	59,525
2027	59,525
2028	57,480
Thereafter	64,534
	<hr/>
	\$ 351,127

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(b) The Ontario SPCA has paid \$2,000,000 to the Peterborough Humane Society, an affiliate, towards the construction of a provincial dog rehabilitation centre that opened in June 2023. 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 of December 31, 2023, Ontario SPCA has \$1,901,910 in prepaid expenses in the statement of financial position.



# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## **8. Related organizations:**

Affiliated societies are local animal welfare organizations and humane societies in various communities across Ontario and are affiliated with Ontario SPCA as approved by the Board of Directors. Each affiliate operates autonomously and is independently incorporated.

During the year, \$1,807 (2022 - \$5,888) in grants/disbursements of designated gifts to Ontario SPCA affiliates were due and recorded in these financial statements.

## **9. Donations-in-kind:**

The Ontario SPCA's revenue and expenses include animal food and supplies, fundraising supplies and materials, and miscellaneous furniture and supplies and other items, which are donated and have a fair market value of \$138,375 (2022 - \$53,462).

## **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 discontinuation of Ontario SPCA's work in provincial legislation has greatly reduced the Ontario SPCA's future exposure. Ontario SPCA is currently providing by-law enforcement services for certain municipalities under contract.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## **10. Guarantees (continued):**

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.

## **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, 2023 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.

The Ontario SPCA is involved in various legal actions, most of which resulted from its role in provincial animal welfare legislation enforcement and are within the normal course of operations. Discontinuing Ontario SPCA's work in provincial legislation enforcement has reduced future legal exposure of this nature. 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.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2023

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

### (a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Accounts receivables 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 budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

### (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 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. Investments in high interest savings and GIC's have interest risk as they rely on the stability of Bank of Canada prime interest rates.

## 13. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current year.

# ONTARIO SOCIETY FOR THE PREVENTION OF CRUELTY TO ANIMALS

Notes to Financial Statements (continued)

Year ended December 31, 2023

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## **14. Subsequent events:**

Ontario SPCA and Humane Society entered into an agreement with the Humane Society of Durham Region to amalgamate as of January 1, 2024 to become one corporation. The intention is to eliminate the duplication of operational, governance and other activities thereby strengthening the long term stability of the resulting entity.