

Financial Statements of
Calgary Humane Society
for Prevention of Cruelty to Animals

And Independent Auditors' Report thereon
Year Ended December 31, 2022



KPMG LLP
205 5th Avenue SW Suite 3100
Calgary AB
T2P 4B9
Telephone (403) 691-8000 Fax (403) 691-8008
www.kpmg.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of Calgary Humane Society for Prevention of Cruelty to Animals

Qualified Opinion

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

- the statement of financial position as at December 31, 2022
- the statement of revenues and expenses and 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, 2022, 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 reported in the statements of financial position as at December 31, 2022 and December 31, 2021
- the donations and fundraising revenues and (deficiency) excess of revenues over expenses reported in the statements of revenues and expenses and changes in fund balances for the years ended December 31, 2022 and December 31, 2021
- the fund balances, at the beginning and end of the year, reported in the statements of revenues and expenses and changes in fund balances for the years ended December 31, 2022 and December 31, 2021
- the (deficiency) excess of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2022 and December 31, 2021.

Our opinion on the financial statements for the year ended December 31, 2021 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.

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.
- 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.

KPMG LLP

Chartered Professional Accountants

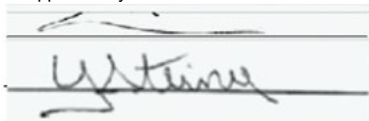
Calgary, Canada

March 29, 2023

Calgary Humane Society for Prevention of Cruelty to Animals
Statement of Financial Position
As at December 31, 2022, with comparative information for 2021

	General Operating Fund		Restricted Fund		Capital Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Assets								
Current assets								
Cash	\$ 1,232,887	\$ 1,618,180	\$ 67,949	\$ 67,259	\$ -	\$ -	\$ 1,300,836	\$ 1,685,439
Accounts receivable (note 3)	80,980	124,694	-	-	-	-	80,980	124,694
Inventory (note 4)	69,316	62,525	-	-	-	-	69,316	62,525
Prepaid expenses	87,085	215,034	-	-	-	-	87,085	215,034
Due from (to) other funds	(714,463)	(1,905,586)	249,463	234,267	465,000	1,671,319	-	-
	755,805	114,847	317,412	301,526	465,000	1,671,319	1,538,217	2,087,692
Marketable securities (note 5)	11,337,099	14,129,090	-	-	-	-	11,337,099	14,129,090
Capital assets (note 6, 11)	-	-	-	-	15,198,509	12,722,951	15,198,509	12,722,951
	\$ 12,092,904	\$ 14,243,937	\$ 317,412	\$ 301,526	\$ 15,663,509	\$ 14,394,270	\$ 28,073,825	\$ 28,939,733
Liabilities								
Current liabilities								
Accounts payable and accrued liabilities (note 3)	\$ 1,236,422	\$ 1,581,810	\$ -	\$ -	\$ -	\$ -	\$ 1,236,422	\$ 1,581,810
Short term demand loan (note 7, 13)	2,593,578	-	-	-	-	-	2,593,578	-
Deferred revenue (note 8)	35,186	17,740	-	-	-	-	35,186	17,740
	3,865,186	1,599,550	-	-	-	-	3,865,186	1,599,550
Fund balances								
Unrestricted (note 9)	233,946	3,157,420	-	-	-	-	233,946	3,157,420
Restricted for endowment purposes (note 10)	-	-	45,000	45,000	-	-	45,000	45,000
Externally restricted (note 11a)	21,649	44	72,412	56,526	-	-	94,061	56,570
Internally restricted (note 11b)	7,972,123	9,486,923	200,000	200,000	465,000	1,671,319	8,637,123	11,358,242
Invested in capital assets	-	-	-	-	15,198,509	12,722,951	15,198,509	12,722,951
	8,227,718	12,644,387	317,412	301,526	15,663,509	14,394,270	24,208,639	27,340,183
	\$ 12,092,904	\$ 14,243,937	\$ 317,412	\$ 301,526	\$ 15,663,509	\$ 14,394,270	\$ 28,073,825	\$ 28,939,733

Approved by the Board:



Director

Director

Calgary Humane Society for Prevention of Cruelty to Animals
Statement of Revenues and Expenses and Changes in Fund Balances
As at December 31, 2022, with comparative information for 2021

	General Operating Fund		Restricted Fund		Capital Fund		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Revenues								
Donations and fundraising	\$ 3,693,726	\$ 3,174,728	\$ 141,840	\$ 18,447	\$ 1,895,018	\$ 1,820,744	\$ 5,730,584	\$ 5,013,919
Bequests	1,304,026	705,265	-	-	5,000	150,000	1,309,026	855,265
Programs and services	1,010,948	690,495	4,421	-	-	-	1,015,369	690,495
Investment income	939,745	1,314,970	-	-	-	-	939,745	1,314,970
Change in unrealized gain on marketable securities	(2,580,974)	31,659	-	-	-	-	(2,580,974)	31,659
Gain on disposal of capital assets	-	-	-	-	-	2,500	-	2,500
	4,367,471	5,917,117	146,261	18,447	1,900,018	1,973,244	6,413,750	7,908,808
Expenses								
Wages and benefits (note 3, 11b, 12)	4,897,735	3,908,008	17,462	-	99,989	106,366	5,015,186	4,014,374
Operating	1,405,360	1,085,868	260,214	213,142	3,684	10,622	1,669,258	1,309,632
General and administrative	691,952	626,269	133,571	4,138	138,347	220,339	963,870	850,746
Fundraising (note 12)	426,861	403,601	70,515	-	9,086	408	506,462	404,009
Amortization	-	-	-	-	1,182,668	877,849	1,182,668	877,849
Impairment loss on capital assets (note 6)	-	-	-	-	207,850	-	207,850	-
	7,421,908	6,023,746	481,762	217,280	1,641,624	1,215,584	9,545,294	7,456,610
(Deficiency) excess of revenues over expenses	(3,054,437)	(106,629)	(335,501)	(198,833)	258,394	757,660	(3,131,544)	452,198
Fund balances, beginning of year	12,644,387	12,957,650	301,526	321,270	14,394,270	13,609,065	27,340,183	26,887,985
Interfund transfers (note 11a & 11b)	(1,362,232)	(206,634)	351,387	179,089	1,010,845	27,545	-	-
Fund balances, end of year	\$ 8,227,718	\$ 12,644,387	\$ 317,412	\$ 301,526	\$ 15,663,509	\$ 14,394,270	\$ 24,208,639	\$ 27,340,183

Calgary Humane Society for Prevention of Cruelty to Animals
Statement of Cash Flows
As at December 31, 2022 with comparative information for 2021

	2022	2021
Cash flows from operating activities		
(Deficiency) excess of revenues over expenses	\$ (3,131,544)	452,198
Items not involving cash:		
Loss (gain) on sale of marketable securities	7,283	(8,980)
Change in unrealized gain on marketable securities	2,580,974	(31,659)
Gain on disposal of capital assets	-	(2,500)
Amortization	1,182,668	877,849
Impairment loss on capital assets	207,850	-
	<u>847,231</u>	<u>1,286,908</u>
Changes in non-cash working capital		
Accounts receivable	43,714	77,434
Inventory	(6,791)	2,348
Prepaid expenses	127,949	(57,637)
Accounts payable and accrued liabilities	(345,388)	331,546
Deferred revenue	17,446	5,836
	<u>684,161</u>	<u>1,646,435</u>
Cash flows from investing activities		
Purchase of capital assets	(3,866,076)	(7,862,774)
Proceeds on sale of capital assets	-	2,500
Proceeds on maturity of short-term investments	-	1,550,000
Purchase of marketable securities	(68,687)	(1,323,520)
Proceeds on sale of marketable securities	272,421	72,302
	<u>(3,662,342)</u>	<u>(7,561,492)</u>
Cash flows from financing activities		
Proceeds from short term demand loan	<u>2,593,578</u>	<u>-</u>
Decrease in cash	(384,603)	(5,915,057)
Cash, beginning of year	<u>1,685,439</u>	<u>7,600,496</u>
Cash, end of year	<u>\$ 1,300,836</u>	<u>\$ 1,685,439</u>

Calgary Humane Society for Prevention of Cruelty to Animals

Notes to the Financial Statements

December 31, 2022, with comparative information for 2021

1. Nature of operations

Calgary Humane Society for Prevention of Cruelty to Animals (the “Society”) is a not-for-profit organization that was incorporated under the Alberta Societies Act in 1922. The Society is a registered charity as defined under paragraph 149(1)(f) of the Income Tax Act, and therefore, is not subject to income tax. The mandate of the Society is to improve the welfare of animals through programs and services in sheltering, education, protection and advocacy.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNFP”) and include the following significant accounting policies:

a) Fund accounting

The Society follows the restricted fund method of accounting. Activities of the Society are segregated in the following funds:

- i) The General Operating Fund accounts for the Society’s program delivery and administrative activities. This fund reports unrestricted resources, restricted operating grants and other internally restricted amounts.
- ii) The Restricted Fund accounts for the assets, liabilities, revenue and expenses of the Society’s endowment funds, and its internally and externally restricted funds.
- iii) The Capital Fund accounts for the assets, liabilities, revenues and expenses related to the Society’s capital assets. This fund reports both internally and externally restricted funds.

b) Cash

Cash includes cash on hand and balances with banks. Cash that is subject to restrictions, thereby preventing its use for current purposes, is included in restricted cash.

c) Pledges receivable

Pledges receivable are not recorded in the Society’s financial statements as there is no assurance that they will ultimately be collected. Pledges are recorded in the financial statements when they are received.

d) Inventory

Goods for resale are recorded as inventory and are recorded at the lower of cost and net realizable value. Cost is determined using the average cost method, and net realizable value is determined using the current estimated selling price less the selling cost. The estimated selling price takes into account management’s best estimate of the most probable set of economic conditions.

Calgary Humane Society for Prevention of Cruelty to Animals
Notes to the Financial Statements
December 31, 2022, with comparative information for 2021

2. Significant accounting policies (continued)

e) Due from (to) other funds

Due from (to) other funds represents amounts owed between certain funds. These interfund balances are non-interest bearing and have no fixed terms of repayment.

f) Financial instruments

The Society recognizes its financial instruments when the Society becomes party to the contractual provisions of the financial instrument. Financial instruments are recorded at fairvalue on initial recognition. Equity instruments that are quoted in an active market (i.e. marketable securities) are subsequently recorded at fair value. All other financial instruments are recorded at cost or amortized cost, unless management has elected to record at fair value. The Society has not elected to carry any such financial instruments at fair value.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the statement of revenue and expenses and changes in fund balances.

With respect to financial assets measured at cost or amortized cost, the Society recognizes in the statement of revenue and expenses and changes in fund balances an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of the impairment of a previously written down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed in the statement of revenue and expenses and changes in fund balances in the period the reversal occurs.

g) Capital assets

Capital assets are recorded at cost. Donated capital assets are recorded at fair market value at the date of contribution. Amortization is reported in the Capital Fund and is recorded using the straight-line method at the following annual rates, intended to recognize the cost of the assets over their expected useful lives. In the year of acquisition, amortization is taken at one-half the standard rates:

- Buildings and landscaping - 5% - 10%
- Equipment and furniture - 20%
- Automotive equipment - 15%

Calgary Humane Society for Prevention of Cruelty to Animals
Notes to the Financial Statements
December 31, 2022, with comparative information for 2021

2. Significant accounting policies (continued)

g) Capital assets (continued)

Assets under construction

Assets under construction is comprised of progress billings in relation to the Society's facility enhancement project, which commenced in 2020. No amortization is recorded on these assets until they become available for use. In 2022, construction was completed and all assets from the facility enhancement project became available for use.

Impairment

Capital assets are tested for impairment whenever events or changes in circumstances indicate that asset can no longer be used as originally expected and its carrying amount may not be fully recoverable. When a capital asset no longer contributes to the Society's ability to provide services, its carrying amount is written down to its fair value or replacement cost. Impairment losses are not reversed if the asset's fair value increases subsequently.

h) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund in the year received or receivable, or if no restricted fund exists, they are recognized in the General Operating Fund using the deferral method of accounting.

Unrestricted contributions are recognized as revenue of the General Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Programs and services and fee for service revenue are recognized when the related service is provided.

Investment income includes dividends and interest income, and realized investment gains and losses, which is recognized as revenue of the General Operating Fund when earned.

i) Donated services and materials

Donated services and materials are recorded in the financial statements at fair market value when fair market value can be reasonably estimated and when these items would have otherwise been purchased. The Society's programs benefit from substantial services in the form of volunteer time, which is not recorded in the Society's financial instruments because of the difficulty in determining fair value.

Calgary Humane Society for Prevention of Cruelty to Animals
Notes to the Financial Statements
December 31, 2022, with comparative information for 2021

2. Significant accounting policies (continued)

j) Foreign exchange

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the statement of financial position date. Gains and losses on translation or settlement are included in the determination of excess of revenues over expenses in the statement of revenue and expenses and changes in fund balances for the current period.

k) Income taxes

The Society is registered as a charitable organization under the Income Tax Act (the “Act”) and as such 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, the Society must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

l) Use of estimates

The preparation of financial statements in conformity with ASNFPO 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 reporting period. The most significant of these estimates are related to the recoverable amount of the Society’s accounts receivable, the amortization period for and potential impairment of capital assets, accrued liabilities and potential contingencies. Actual results could differ significantly from the estimates. Management reviews these estimates on a periodic basis and, if required, makes adjustments prospectively.

3. Government remittances and subsidies

At December 31, 2022, the Society had government remittances recoverable of \$24,219 (2021 - \$80,480) and government remittances payable of \$nil (2021 - \$nil).

The Government of Canada created a program called the Canada Emergency Wage Subsidy (“CEWS”) to provide wage assistance to organizations who experienced a drop in revenues resulting from the COVID-19 outbreak. During the year, the Society received \$nil (2021 - \$644,183), as the program was cancelled during 2021. While eligibility and subsidy amounts may be subject to audit by the Canada Revenue Agency, the Society is confident in respect to its entitlement to the subsidy payments received. The entire amount has been recognized as a reduction to wages and benefits on the statement of revenues and expenses and changes in fund balances for the year ended December 31, 2021.

4. Inventory

The cost of inventory recognized as an operating expense for the year ended December 31, 2022 amounted to \$139,990 (2021 - \$109,449).

Calgary Humane Society for Prevention of Cruelty to Animals
Notes to the Financial Statements
December 31, 2022, with comparative information for 2021

5. Marketable securities

Marketable securities are recorded at fair market value. Market values are obtained from fund managers. Marketable securities comprise investments in Canadian and foreign equities and mutual funds. At December 31, 2022 the cost of the investments was \$12,891,496 (2021 - \$13,102,513).

6. Capital assets

	2022		
	Cost	Accumulated Amortization	Net Book Value
Buildings and landscaping	\$ 21,278,161	\$ 8,404,491	\$ 12,873,670
Assets under construction	-	-	-
Land	1,550,000	-	1,550,000
Equipment and furniture	1,594,248	947,403	646,845
Automotive equipment	427,208	299,214	127,994
	\$ 24,849,617	\$ 9,651,108	\$ 15,198,509

	2021		
	Cost	Accumulated Amortization	Net Book Value
Buildings and landscaping	\$ 17,054,166	\$ 7,605,185	\$ 9,448,981
Assets under construction	1,040,900	-	1,040,900
Land	1,550,000	-	1,550,000
Equipment and furniture	1,737,675	1,175,452	562,223
Automotive equipment	380,550	259,703	120,847
	\$ 21,763,291	\$ 9,040,340	\$ 12,722,951

Upon substantial completion of the facility enhancement project (Note 11b), some previously purchased assets were determined to be obsolete and therefore an impairment loss of \$196,100 (2021 - \$nil) was recorded in buildings and landscaping for the year ended December 31, 2022, which reduced the cost base by \$345,883 and accumulated amortization by \$149,783. A further impairment loss of \$11,750 (2021 - \$nil) was recorded in equipment and furniture for the year ended December 31, 2022, which reduced the cost base by \$433,867 and accumulated amortization by \$422,117.

Calgary Humane Society for Prevention of Cruelty to Animals
Notes to the Financial Statements
December 31, 2022, with comparative information for 2021

7. Short-term demand loan

On March 3, 2022, the Society signed an agreement with a financial institution for a credit facility up to a maximum of \$5,000,000. All amounts obtained under this facility are intended to assist with capital expenditures for the facility enhancement project (Note 11b). This facility is due on demand, bearing interest at the bank's prime lending rate plus 0.25% per annum and payable monthly in arrears. This facility is secured by a first charge on the property of the Society. There are no corresponding financial covenants with this loan. As at December 31, 2022 the outstanding balance was \$2,593,578 (2021 - \$nil).

Further, this agreement contains a Mastercard facility up to a maximum of \$22,500. Interest and repayment terms are in accordance with the Mastercard account agreement. This facility is secured by receipt of deposit instruments in the amount of \$23,262. Included in accounts payable and accrued liabilities is a balance of \$10,102 (2021- \$nil) relating to this facility.

8. Deferred revenue

	2022	2021
Behaviour classes and seminars	\$ 14,074	\$ 4,953
Gift cards	8,901	8,760
Humane Education programs	7,711	4,027
Facility rental	4,500	-
	\$ 35,186	\$ 17,740

9. Unrestricted fund balances

	2022	2021
Balance, beginning of year	\$ 3,157,420	\$ 3,397,684
Deficiency of revenues over expenses	(3,054,437)	(106,629)
Transfer from Lundberg Fund	1,409,466	-
Transfer from Restricted Fund	10,572	3,537
Transfer to Emergency Fund	(219,666)	(302,000)
Transfer to Capital Fund	(999,916)	(15,000)
Transfer from Cremation Asset Sale Fund	325,000	375,000
Transfer to internally restricted fund	(372,888)	(195,172)
Transfer to externally restricted fund	(21,605)	-
Balance, end of year	\$ 233,946	\$ 3,157,420

Calgary Humane Society for Prevention of Cruelty to Animals
Notes to the Financial Statements
December 31, 2022, with comparative information for 2021

10. Restricted for endowment purposes

The amount restricted for endowment purposes is a bequest from Gordon Wright, which has externally imposed restrictions that the resources be maintained in perpetuity by the Society.

11. Restricted funds

a) Externally restricted funds

Expenses from the restricted funds are restricted by the terms of the respective donations and are required to be used as follows:

Joan & Phoebe Snyder Fund - Restricted for the Humane Education department to subsidize fees for field trips and presentations for schools.

Continued Companionship Fund - Restricted in use to keep animals in homes with their senior owners, while providing accessible, affordable resources to ensure animal needs are met.

Alberta Liquor and Gaming Fund - Restricted in use as per gaming licenses.

The Barry D. Stewart Endowment Fund - Restricted for the Animal Health department for education and resources in shelter medicine.

Camp Subsidies Fund - Restricted in use to subsidize fees for children to attend Humane Education summer and winter day camps and clubs.

Benny's Fund - Restricted in use to subsidize the cost of fostering and training for animals requiring long-term care and socialization.

Protections Fund - Restricted in use for the Protections department.

Animal Health Fund - Restricted in use for the Animal Health department.

Pet Safekeeping Fund - Restricted in use to cover animal care and health costs for individuals utilizing the Pet Safekeeping program.

Humane Education Virtual Learning Fund - Restricted in use for the development of virtual Humane Education programs.

Calgary Humane Society for Prevention of Cruelty to Animals
Notes to the Financial Statements
December 31, 2022, with comparative information for 2021

11. Restricted funds (continued)

a) Externally restricted funds (continued)

	2022	2021
Joan & Phoebe Snyder Education Fund	\$ 37,374	\$ 44,031
Continued Companionship Fund	24,500	-
Alberta Liquor & Gaming Fund	21,649	44
The Barry D. Stewart Endowment Fund	9,570	-
Camp Subsidies Fund	968	608
Benny's Fund	-	2,458
Protections Fund	-	4,832
Animal Health Fund	-	2,144
Pet Safekeeping Fund	-	1,443
Humane Education - Virtual Learning Fund	-	1,010
	\$ 94,061	\$ 56,570

During the year, \$10,572 (2021 - \$3,537) was transferred from externally restricted funds of the Restricted Fund to unrestricted funds of the General Operating Fund upon completion of the restricted purpose and \$21,605 (2021 - \$nil) was transferred from unrestricted to externally restricted funds within the General Operating Fund for use under the Alberta Liquor & Gaming Fund.

b) Internally restricted funds

These amounts are internally restricted by the Board to be held for the following purposes:

	2022	2021
Estate of Dr. Bernard Lundberg	\$ 5,500,000	\$ 6,909,466
Emergency Fund	1,997,123	1,777,457
Cremation Asset Sale Fund	475,000	800,000
Protections Fund	100,000	100,000
Phoenix Fund	100,000	100,000
Capital Fund	465,000	1,671,319
	\$ 8,637,123	\$ 11,358,242

Calgary Humane Society for Prevention of Cruelty to Animals
Notes to the Financial Statements
December 31, 2022, with comparative information for 2021

11. Restricted funds (continued)

b) Internally restricted funds (continued)

An architectural assessment was performed on the current facility and the Society approved a \$14,320,000 facility enhancement project, a portion of which was funded through Capital Fund reserves and the Estate of Dr. Bernard Lundberg, with the remainder funded through the “For Them” capital campaign. The project commenced in 2019 and construction started in 2020 and was substantially completed in 2022. In 2022, the Society capitalized \$99,989 (2021 - \$106,366) in wages and benefits to the Capital Campaign. This project improved the overall sheltering and wellbeing of animals in the Society’s care.

In March 2008, the Board of Directors approved a motion to internally restrict all funds received and expected to be received from the Estate of Dr. Bernard Lundberg for the purpose of achieving the strategic goals of the Society. Upon completion of the facility enhancement project, the restriction of this fund had been met, and \$6,909,466 was transferred to unrestricted funds. In December 2022, the Board of Directors approved a motion to internally restrict the remaining \$5,500,000 of the Estate of Dr. Bernard Lundberg for future strategic priorities of the Society.

In 2022, the Board of Directors transferred \$219,666 (2021 - \$302,000) from the General Operating Fund to the internally restricted Emergency Fund. The Emergency Fund is intended to finance the Society for three months of operations.

During 2019, the Board of Directors transferred \$1,600,000 from the sale of the Cremation Assets from the Capital Fund to the General Operating Fund to be restricted in use to sustain the Society’s operating budget from lost revenue over a five-year period. In 2022, \$325,000 (2021 - \$375,000) was used to sustain operating costs from this fund.

In 2022, the Board of Directors transferred \$122,984 (2021 - \$126,682) from unrestricted funds to the Phoenix Fund, to be used for clinic fees for animals requiring extensive medical work. In 2022, the Board of Directors transferred \$127,931 (2021 - \$68,490) from unrestricted funds to the Protections Fund, to be used for medical costs and supplies for the intake of animals brought into the shelter from seizure and neglect cases.

In 2022, \$50,600 (2021 - \$15,000) was transferred from unrestricted funds to the Capital Fund for 2021 operating donations made to the Society where the donor later decided to allocate the donation to the “For Them” capital campaign. Upon release of the Estate of Dr. Bernard Lundberg restriction to unrestricted funds, \$949,316 (2021 - \$nil) was transferred to the Capital Fund to replenish Capital Fund reserves for future capital purchases of the Society.

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12. Fundraising expenses

As required under the Charitable Fund-raising Act of Alberta, the Society reports that \$274,511 was paid as remuneration to employees primarily responsible for fundraising for the year ended December 31, 2022 (2021 - \$365,034).

13. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant liquidity risk, interest rate risk, currency risk, market risk, or credit risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Society will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Society manages liquidity risk by monitoring its operating requirements. The Society prepares budgets and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to risk exposure from 2021.

Interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with certain financial assets and liabilities, known as cash flow risk, and on the fair value of certain financial assets and liabilities, known as price risk. The short term demand loan results in interest rate risk for the Society as the stated interest rate is the prime lending rate plus 0.25%.

Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk with respect to its cash and investments, which are deposited with Canadian commercial banks and investment managers, and with its accounts receivable balances. The Society had \$nil (2021 - \$nil) balance in allowance for doubtful accounts at December 31, 2022.

Foreign currency risk

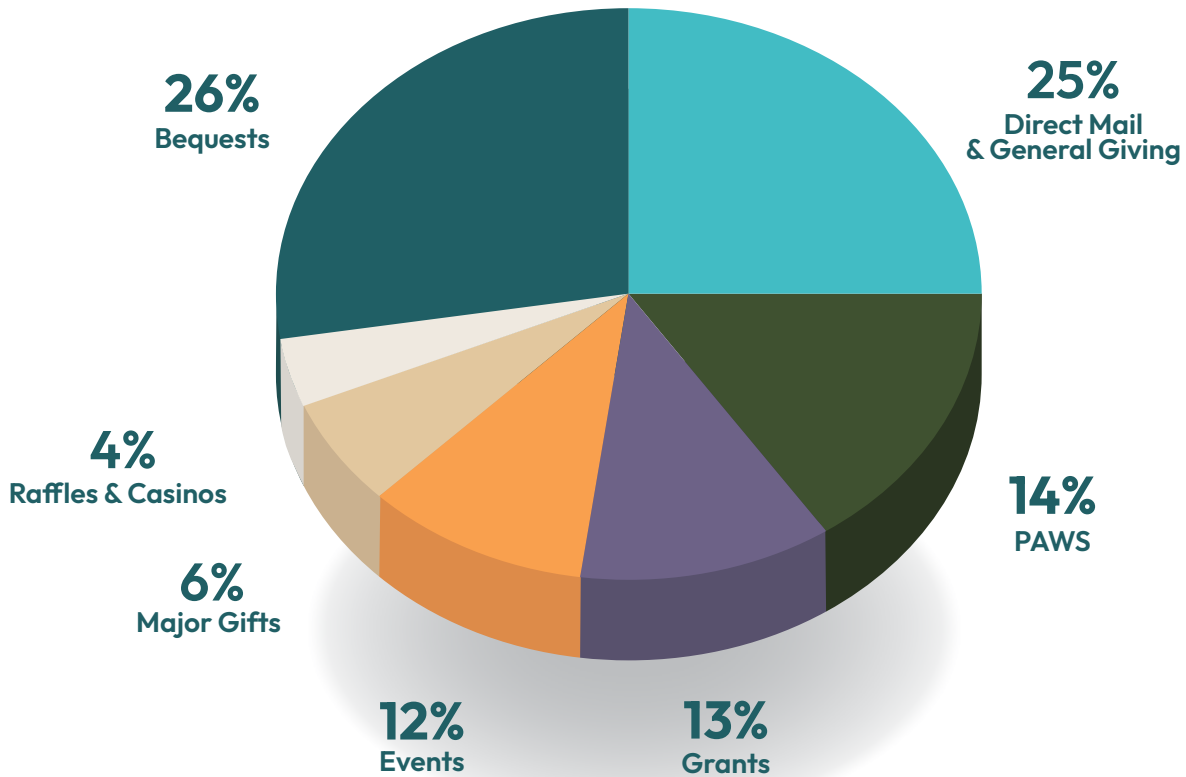
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In seeking to manage the risks for foreign exchange rate fluctuations, the Society closely follows exchange rates and management monitors investment performance monthly.

The Society enters into investment transactions denominated in foreign currencies for which the related revenue, expenses, cash and marketable securities balances are subject to exchange rate fluctuations.

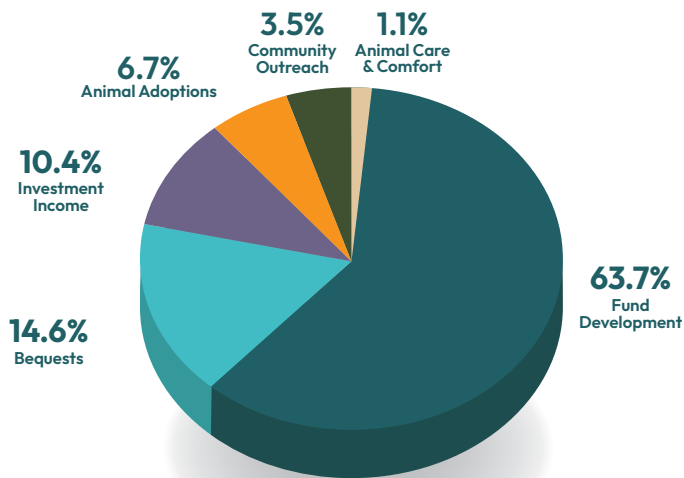
Market risk

The Society's equity investments are subject to market risk, which includes price risk arising from market volatility and the risk of loss of capital associated with those investments.

2022 Fund Development Revenue



2022 Summary of Revenue by Program



2022 Summary of Expense by Program

