

**NATIONAL FARMED ANIMAL HEALTH
AND WELFARE COUNCIL**

**Financial Statements
For the Year Ended March 31, 2014**

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Independent Auditor's Report

To the Members of NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL

We have audited the accompanying financial statements of the NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and surplus and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Woodstock, Ontario
September 19, 2014

NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL
Statement of Financial Position

March 31 **2014** **2013**

Assets

Current

Cash and bank	\$	69,350	\$	94,471
Accounts receivable		330		-
HST rebate receivable		33,322		14,976
Prepaid expenses		1,899		-
		104,901		109,447

Liabilities and Surplus

Current

Accounts payable and accrued liabilities	\$	27,247	\$	5,417
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Surplus

		77,654		104,030
		104,901		109,447

Approved on behalf of the Board:

_____ Director

_____ Director

NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL
Statement of Operations and Surplus

For the Year Ended March 31	2014	2013
Revenue		
Industry support	\$ 103,500	\$ 104,500
Federal, provincial and territorial support	211,990	211,990
Sponsorship of Forum	13,800	12,300
	<u>329,290</u>	<u>328,790</u>
Expenditures		
Bad debts	-	1,000
Communications	8,794	8,544
Forum expenses	66,061	56,967
Honorariums	7,700	11,900
Insurance	99	-
Meetings	8,489	7,553
Office supplies and miscellaneous	284	322
Professional fees	6,236	5,677
Research	82,861	45,196
Secretariat	130,237	129,003
Translation	7,723	7,534
Travel	37,182	39,943
	<u>355,666</u>	<u>313,639</u>
(Deficiency) excess of revenue over expenditures	(26,376)	15,151
Surplus, beginning of year	<u>104,030</u>	<u>88,879</u>
Surplus, end of year	<u>\$ 77,654</u>	<u>\$ 104,030</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL
Statement of Cash Flows

For the Year Ended March 31	2014	2013
Cash flows from operating activities		
(Deficiency) excess of revenue over expenditures	\$ (26,376)	\$ 15,151
Changes in non-cash working capital items:		
Accounts receivable	(330)	-
HST rebate receivable	(18,346)	(14,976)
Prepaid expenses	(1,899)	-
Due from related party	-	91,879
Accounts payable and accrued liabilities	21,830	2,417
Net (decrease) increase in cash	(25,121)	94,471
Cash and cash equivalents, beginning of year	94,471	-
Cash and cash equivalents, end of year	\$ 69,350	\$ 94,471

The accompanying notes are an integral part of these financial statements.

NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL

Notes to Financial Statements

March 31, 2014

1. Significant Accounting Policies

(a) Nature of operations

The National Farmed Animal Health and Welfare Council ("Council"), located in Guelph, Ontario, was federally incorporated without share capital on May 20, 2011. The Council's objective is to establish a harmonized and integrated approach to the management of animal health and welfare in Canada. The Council acts as an advisory group to provide scientific, strategic and policy advice and recommendations on animal health and welfare matters to the public and private sectors.

(b) Basis of accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

(c) Income taxes

The Council is incorporated under the Canadian Corporations Act as a not-for-profit organization and therefore is not subject to income taxes as long as it maintains its not-for-profit status.

(d) Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

(e) Revenue recognition

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and membership fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(f) Contributed services

Members of the Council contribute time and services to assist the Council in carrying out its activities. Contributed services are not recognized in the financial statements.

(g) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.

NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL
Notes to Financial Statements

March 31, 2014

2. Economic Dependence and Government Support

The operations of the Council are primarily funded by industry and government members. The organization is dependent on funding received from government agencies. Overall, revenue from government agencies represented approximately 68% of total revenue for the year ended March 31, 2014 (68% - 2013).

3. Related Party Balances and Transactions

The Canadian Animal Health Coalition is related to the Council since the Coalition is appointed as Secretariat for the Council.

(a) The following table summarizes the transactions with the Canadian Animal Health Coalition during the year:

	2014	2013
Expenditures		
Forum expenses	\$ 30,000	\$ 29,000
Secretariat	\$ 130,237	\$ 129,003

(b) During the year, the Council reimbursed the Canadian Animal Health Coalition for expenditures as outlined in the following table:

	2014	2013
Expenditures reimbursed	\$ 11,854	\$ 10,582

Mark Beaven is related to the Council as he is the Executive Director of the Canadian Animal Health Coalition which acts as the Secretariat for the Council. 2177765 Ontario Limited is related to the Council as it is controlled by Mark Beaven. The following table summarizes the combined transactions with Mark Beaven and 2177765 Ontario Limited during the year:

	2014	2013
Communications	\$ -	\$ 4,729

The above transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed upon by the related parties.

**NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL
Notes to Financial Statements**

March 31, 2014

4. Financial Instruments

Liquidity Risk

Liquidity risk is the risk that the organization encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the organization will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset at all. Liquidity risk arises from accounts payable and accrued liabilities.

There have been no changes in this risk or the organization's exposure to it from the previous period.