

**NATIONAL FARMED ANIMAL HEALTH  
AND WELFARE COUNCIL**

**Financial Statements  
For the year ended March 31, 2013**

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## Independent Auditor's Report

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### **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, 2013 and March 31, 2012 and the statements of operations and surplus and cash flows for the years ended March 31, 2013 and March 31, 2012, 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, 2013 and March 31, 2012 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Woodstock, Ontario  
September 6, 2013

**NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL**  
**Statement of Financial Position**

**March 31** **2013** **2012**

**Assets**

**Current**

Cash and bank	\$	<b>94,471</b>	\$	-
HST rebate receivable		<b>14,976</b>		-
Due from related party (Note 4)		-		91,879
		<b>109,447</b>		91,879
	<b>\$</b>	<b>109,447</b>	<b>\$</b>	91,879

**Liabilities and Surplus**

**Current**

Accounts payable and accrued liabilities	\$	<b>5,417</b>	\$	3,000
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**Surplus**

		<b>104,030</b>		88,879
		<b>109,447</b>		91,879
	<b>\$</b>	<b>109,447</b>	<b>\$</b>	91,879

Approved on behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

<b>For the year ended March 31</b>	<b>2013</b>	<b>2012</b>
<b>Revenue</b>		
Industry contributions	\$ 104,500	\$ 107,300
Government contributions	211,990	204,230
Sponsorship of Forum	12,300	-
	<u>328,790</u>	<u>311,530</u>
<b>Expenditures</b>		
Bad debts	1,000	-
Communications	8,544	7,715
Forum expenses	56,967	-
Honorariums	11,900	14,088
Meetings	7,553	2,818
Office supplies and miscellaneous	322	-
Professional fees	5,677	5,452
Research	45,196	92,073
Secretariat	129,003	107,537
Translation	7,534	10,139
Travel	39,943	41,822
	<u>313,639</u>	<u>281,644</u>
	15,151	29,886
<b>Other income</b>		
Contribution from related party (Note 4)	-	58,993
	<u>15,151</u>	<u>88,879</u>
<b>Excess of revenue over expenditures</b>	<b>15,151</b>	<b>88,879</b>
<b>Surplus, beginning of year</b>	<b>88,879</b>	<b>-</b>
<b>Surplus, end of year</b>	<b>\$ 104,030</b>	<b>\$ 88,879</b>

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

**NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2013</b>	<b>2012</b>
<b>Cash flows from operating activities</b>		
Excess of revenue over expenditures	\$ 15,151	\$ 88,879
Changes in non-cash working capital items:		
HST rebate receivable	(14,976)	-
Due from related party	91,879	(91,879)
Accounts payable and accrued liabilities	2,417	3,000
<b>Increase in cash</b>	<b>94,471</b>	<b>-</b>
<b>Cash, beginning of year</b>	<b>-</b>	<b>-</b>
<b>Cash, end of year</b>	<b>\$ 94,471</b>	<b>\$ -</b>

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

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# NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL

## Notes to Financial Statements

**March 31, 2013**

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### 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.

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

**March 31, 2013**

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### **2. First-time Adoption**

Effective April 1, 2012, the organization adopted the requirements of the new accounting framework, Canadian accounting standards for not-for-profit organizations (ASNPO) or Part III of the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook – Accounting. These are the organization's first financial statements prepared in accordance with this framework and the transitional provisions of Section 1501, First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and mandatory exceptions. The accounting policies set out in Note 1 - Summary of Significant Accounting Policies have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and in the preparation of an opening ASNPO statement of financial position at the date of transition of May 20, 2011. The opening ASNPO statement of financial position has not been presented since the balances as of May 20, 2011 were zero.

The organization issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by the CICA Handbook – Accounting Part V - Pre-changeover Accounting Standards. The adoption of ASNPO resulted in no adjustments to the previously reported assets, liabilities, net assets, excess of revenue over expenditures and cash flows of the organization.

The following exemption was used at the date of transition to Canadian accounting standards for not-for-profit organizations:

Business combinations

The organization elected not to apply Section 1582 - Business combinations retrospectively to past business combinations prior to the date of transition.

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### **3. 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, 2013 (66% - 2012).



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

**March 31, 2013**

**4. 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) At year end, the amount due from the related party is:

	<b>2013</b>	<b>2012</b>
Canadian Animal Health Coalition	\$ -	\$ 91,879

The amount due from the related party is unsecured and non-interest bearing without specified terms of repayment.

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

	<b>2013</b>	<b>2012</b>
<b>Expenditures</b>		
Forum expenses	\$ 29,000	\$ -
Research	\$ -	\$ 30,000
Secretariat	\$ 129,003	\$ 74,796
<b>Other Income</b>		
Contribution	\$ -	\$ 58,993

Prior to its incorporation on May 20, 2011, the Council's activities were included within the operations of the Canadian Animal Health Coalition. The contribution amount of \$58,993 represented the amount of surplus from the Council's activities that was held by the Canadian Animal Health Coalition as of April 1, 2011. The amount was transferred to the Council as other income within the statement of operations for the year ended March 31, 2012. The prior period revenues and expenses presented in the financial statements for the Council include all of the Council's activities for the period April 1, 2011 to March 31, 2012 regardless of whether the activities were included within the operations of the Canadian Animal Health Coalition or whether the activities happened after the Council's incorporation on May 20, 2011.

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

**March 31, 2013**

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**4. Related Party Balances and Transactions (continued)**

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:

	<u>2013</u>	<u>2012</u>
Communications	\$ 4,729	\$ 5,717
Research	\$ -	\$ 10,654
Travel	\$ -	\$ 331

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.

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**5. Commitments**

In October 2010, the Council appointed the Canadian Animal Health Coalition as Secretariat for a three year term.

In July 2013, the Council entered into an agreement with the Institute on Governance to undertake research, report writing and facilitation tasks related to the 2013 Forum at a cost of \$22,585.

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**6. 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.

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**7. Comparative Amounts**

Certain comparative amounts have been reclassified to conform with the current year's presentation.