

**NATIONAL FARMED ANIMAL HEALTH
AND WELFARE COUNCIL
Financial Statements
For the Year Ended March 31, 2019**

NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL
Financial Statements
For the Year Ended March 31, 2019

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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 National Farmed Animal Health and Welfare Council (the Council), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and surplus and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2019, 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 Opinion

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 report. We are independent of the Council 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 audit opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 these 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 Council'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 Council'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 Council 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.

We 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.

Chartered Professional Accountants, Licensed Public Accountants

Woodstock, Ontario
June 14, 2019

NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL
Statement of Financial Position

March 31 **2019** **2018**

Assets

Current

Cash and bank	\$	182,061	\$	157,471
Accounts receivable		3,523		34,840
HST rebate receivable		21,561		13,295
Prepaid expenses		918		2,218
		\$ 208,063		\$ 207,824

Liabilities and Surplus

Current

Accounts payable and accrued liabilities	\$	54,574	\$	22,233
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Surplus

		153,489		185,591
		\$ 208,063		\$ 207,824

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	2019	2018
Revenue		
Industry support	\$ 104,500	\$ 104,500
Federal support	106,000	106,000
Provincial and territorial support	108,160	108,160
Recovery of support	-	20,000
Sponsorship of Forum	9,500	10,000
Canadian Animal Health Surveillance System Federal Assistance Program (Schedule 1)	70,488	-
CFIA CAHSS/CEZD website communications	-	8,345
CFIA CAHSS website enhancements	-	5,495
Interest income	4	-
	398,652	362,500
Expenses		
Canadian Animal Health Surveillance System Federal Assistance Program (Schedule 1)	72,786	-
CFIA CAHSS/CEZD website communications	-	6,756
CFIA CAHSS website enhancements	-	4,158
Communications	2,134	1,114
Forum expenses	76,451	69,995
Honorariums	4,200	5,600
Insurance	2,260	890
Management contract	81,274	-
Meetings	4,628	9,611
Office supplies and miscellaneous	240	864
Professional fees	5,599	4,848
Research	47,513	51,450
Secretariat	82,450	94,728
Translation	12,497	7,783
Travel	38,722	44,464
	430,754	302,261
Excess (deficiency) of revenues over expenses	(32,102)	60,239
Surplus, beginning of year	185,591	125,352
Surplus, end of year	\$ 153,489	\$ 185,591

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	2019	2018
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ (32,102)	\$ 60,239
Changes in non-cash working capital items:		
Accounts receivable	31,317	14,822
HST rebate receivable	(8,267)	58
Prepaid expenses	1,300	(2,218)
Accounts payable and accrued liabilities	32,341	(16,678)
Net increase in cash	24,589	56,223
Cash, beginning of the year	157,471	101,248
Cash, end of the year	\$ 182,060	\$ 157,471

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

NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL

Notes to Financial Statements

March 31, 2019

1. Significant Accounting Policies

Nature and Purpose of Organization	The National Farmed Animal Health and Welfare Council ("Council"), located in Grand Bend, 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.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
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.
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.
Revenue Recognition	<p>The Council follows the deferral method of accounting for contributions.</p> <p>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.</p>
Contributed Services	Members of the Council contribute time and services to assist the Council in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
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, 2019

2. Economic Dependence and Government Support

The Council is dependent on funding received from government agencies. Overall, revenue from government agencies represented approximately 73% of total revenue for the year ended March 31, 2019 (69% - 2018).

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:

	<u>2019</u>	<u>2018</u>
Expenditures		
Forum planning	<u>\$ 32,221</u>	<u>\$ 31,182</u>
Secretariat	<u>\$ 83,152</u>	<u>\$ 93,546</u>

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

	<u>2019</u>	<u>2018</u>
Expenditures reimbursed	<u>\$ 10,427</u>	<u>\$ 5,057</u>

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, 2019

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.

5. Comparative Amounts

The amounts on the comparative financial statements have been reclassified to conform with the current year's presentation.

**NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL
Project Schedule**

For the year ended March 31 2019 2018

**Canadian Animal Health Surveillance System Federal
Assistance Program**

Revenue

Federal Contributions	\$ 70,488	\$ -
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Expenses

Transition project	2,400	-
Travel	5,755	-
Professional service contracts	44,731	-
Rentals	3,379	-
Meetings	5,443	-
Translation	4,029	-
Salaries	7,049	-

	\$ 72,786	\$ -
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