

**ANIMAL HEALTH CANADA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2024**

**ANIMAL HEALTH CANADA**

**MARCH 31, 2024**

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## INDEPENDENT AUDITORS' REPORT

To the members of the Organization

### Opinion

We have audited the accompanying financial statements of the **Animal Health Canada** (the Organization), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets 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 Organization as at March 31, 2024, 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.

### 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

### Auditors' 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 auditors' 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.

Acting as individuals and corporations

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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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.

*Yale PGC LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
September 18, 2024

**ANIMAL HEALTH CANADA**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2024**

	2024	2023
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 653,973	\$ 358,692
Accounts receivable	554,700	626,020
HST rebate receivable	55,480	137,618
Prepaid expenses	3,163	32,012
Undeposited funds	<u>1,313</u>	<u>1,230</u>
	1,268,629	1,155,572
<b>RESTRICTED CASH</b> (note 4)	437,073	455,744
<b>PROPERTY AND EQUIPMENT</b> (note 5)	<u>3,751</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,709,453</u>	<u>\$ 1,611,316</u>

**LIABILITIES**

<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 338,875	\$ 634,113
Deferred revenue (note 6)	<u>229,672</u>	<u>97,866</u>
	568,547	731,979
<b>CANADA EMERGENCY BUSINESS ACCOUNT LOAN</b> (note 7)	<u>-</u>	<u>30,000</u>
<b>TOTAL LIABILITIES</b>	<u>568,547</u>	<u>761,979</u>

**NET ASSETS**

Unrestricted	587,656	341,011
National Farm Animal Care Council Operations	197,391	216,062
Training Centre	132,412	68,817
Projects (ASF Industry (CMC/CPC))	13,447	13,447
Internally restricted (note 8)	<u>210,000</u>	<u>210,000</u>
	1,140,906	849,337
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,709,453</u>	<u>\$ 1,611,316</u>

**APPROVED ON BEHALF OF THE BOARD**

Colleen McElwain Director  
Leigh Rosengren Director

**ANIMAL HEALTH CANADA**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	Animal Health Canada and Forum	National Farm Animal Care Council Operations	Training Centre	Projects (Schedule 1)	Total 2024	Total 2023
<b>REVENUE</b>						
Federal support	\$ 211,446	\$ -	\$ -	\$ 867,558	\$ 1,079,004	\$ 2,459,550
Industry support	224,750	-	-	232,236	456,986	216,203
Membership revenue	-	197,309	-	-	197,309	194,180
Provincial and territorial support	187,800	-	-	-	187,800	146,235
Course revenue	-	-	104,215	-	104,215	110,617
Forum	100,526	-	-	-	100,526	88,178
Administrative revenue	68,966	-	-	-	68,966	141,850
Other income	1,465	3,161	-	-	4,626	1,649
Interest income	838	2,887	-	-	3,725	1,867
	<u>795,791</u>	<u>203,357</u>	<u>104,215</u>	<u>1,099,794</u>	<u>2,203,157</u>	<u>3,360,329</u>
<b>EXPENSES</b>						
Administration	15,122	19,332	-	78,523	112,977	221,177
Communications	906	-	-	-	906	5,381
Contracted services	63,567	51,783	6,519	415,286	537,155	1,367,066
Direct project costs	-	-	331	45,392	45,723	250,194
Dues and memberships	-	-	-	-	-	593
Forum expenses	58,424	-	-	-	58,424	32,899
Human resources	2,764	-	-	-	2,764	8,695
Information technology	17,553	-	22,315	3,738	43,606	39,753
Insurance	3,010	-	-	-	3,010	2,821
Meetings and workshops	6,773	4,723	-	98,065	109,561	167,183
Office and general	4,363	1,298	3,277	-	8,938	6,538
Professional fees	22,337	13,954	-	-	36,291	17,947
Research	-	-	-	-	-	36,379
Translation	5,832	7,940	8,178	-	21,950	21,596
Travel	20,305	10,485	-	-	30,790	16,590
Wages and benefits	328,190	112,513	-	458,790	899,493	1,025,860
	<u>549,146</u>	<u>222,028</u>	<u>40,620</u>	<u>1,099,794</u>	<u>1,911,588</u>	<u>3,220,672</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR</b>						
	<u>\$ 246,645</u>	<u>\$ (18,671)</u>	<u>\$ 63,595</u>	<u>\$ -</u>	<u>\$ 291,569</u>	<u>\$ 139,657</u>

**ANIMAL HEALTH CANADA**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	Unrestricted	National Farm Animal Care Council Operations	Training Centre	Projects (ASF Industry (CMC/CPC))	Internally Restricted	Total
<b>Year ended March 31, 2024</b>						
Balance, beginning of year	\$ 341,011	\$ 216,062	\$ 68,817	\$ 13,447	\$ 210,000	\$ 849,337
Excess (deficiency) of revenue over expenses for the year						
	<u>246,645</u>	<u>(18,671)</u>	<u>63,595</u>	<u>-</u>	<u>-</u>	<u>291,569</u>
Balance, end of year	<u>\$ 587,656</u>	<u>\$ 197,391</u>	<u>\$ 132,412</u>	<u>\$ 13,447</u>	<u>\$ 210,000</u>	<u>\$ 1,140,906</u>

	Unrestricted	National Farm Animal Care Council Operations	Training Centre	Projects (ASF Industry (CMC/CPC))	Internally Restricted	Total
<b>Year ended March 31, 2023</b>						
Balance, beginning of year	\$ 252,127	\$ 200,281	\$ 36,373	\$ 10,899	\$ 210,000	\$ 709,680
Excess of revenue over expenses for the year						
	<u>88,884</u>	<u>15,781</u>	<u>32,444</u>	<u>2,548</u>	<u>-</u>	<u>139,657</u>
Balance, end of year	<u>\$ 341,011</u>	<u>\$ 216,062</u>	<u>\$ 68,817</u>	<u>\$ 13,447</u>	<u>\$ 210,000</u>	<u>\$ 849,337</u>

**ANIMAL HEALTH CANADA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2024**

	2024	2023
<b>CASH FLOWS FROM (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 291,569	\$ 139,657
Changes in non-cash working capital:		
- Accounts receivable	71,320	(231,413)
- HST rebate receivable	82,138	(3,439)
- Prepaid expenses	28,849	(22,630)
- Undeposited funds	(83)	(440)
- Accounts payable and accrued liabilities	(295,239)	114,772
- Deferred revenue	<u>131,806</u>	<u>26,373</u>
	310,360	22,880
<b>FINANCING ACTIVITIES</b>		
Canada Emergency Business Account loan	(30,000)	-
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	<u>(3,751)</u>	<u>-</u>
<b>NET CHANGE IN CASH</b>	276,609	22,880
Cash at beginning of the year	<u>814,436</u>	<u>791,556</u>
<b>CASH AT END OF THE YEAR</b>	<u>\$ 1,091,045</u>	<u>\$ 814,436</u>
<b>CASH REPRESENTED BY:</b>		
Cash	653,973	358,692
Restricted cash	<u>437,073</u>	<u>455,744</u>
	<u>\$ 1,091,046</u>	<u>\$ 814,436</u>



**ANIMAL HEALTH CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**1. STATUS AND PURPOSE OF THE ORGANIZATION**

Animal Health Canada (the Organization), previously known as The National Farmed Animal Health and Welfare Council, was federally incorporated without share capital on May 20, 2011. The Organization's objective is to establish a harmonized and integrated approach to the management of animal health and welfare in Canada. The Organization 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.

The Organization qualifies as a not-for-profit organization which is exempt from income tax under the *Income Tax Act*.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, and include the following significant accounting policies:

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 these estimates. The financial statement item that requires the use of estimates is accruals.

Revenue recognition

The Organization 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.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets subsequently measured at amortized cost include cash, accounts receivable and undeposited funds. Financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

*Impairment*

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment.

**ANIMAL HEALTH CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

Contributed services

Members of the Organization contribute time and services to assist the Organization in carrying out its activities. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

Government assistance

Government assistance received by the Organization is recorded in the statement of operations as revenue. Government assistance in the form of forgivable loans is recorded in the period when conditions around loan forgiveness have been met.

Property and equipment

Property and equipment are recorded at cost. Computer equipment is amortized using the declining balance method over its useful life, at a rate of 30%. When property and equipment no longer contributes to the Organization's ability to provide goods and services, or the value of future economic benefits or service potential associated with the property and equipment is less than its net carrying amount, the net carrying amount of the asset is written down to its fair value or replacement cost.

**3. ECONOMIC DEPENDENCE AND GOVERNMENT SUPPORT**

The Organization is dependent on funding received from government agencies. Overall, revenue from government agencies represented approximately 57% of total revenue for the year ended March 31, 2024 (2023 - 78%).

**4. RESTRICTED CASH**

	2024	2023
Animal Health Canada	\$ 210,000	\$ 210,000
National Farm Animal Care Council	197,391	216,062
Canadian Animal Health Institute	<u>29,682</u>	<u>29,682</u>
	<u>\$ 437,073</u>	<u>\$ 455,744</u>

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated Amortization	Net Book Value	
			2024	2023
Computer equipment	<u>\$ 3,751</u>	<u>\$ -</u>	<u>\$ 3,751</u>	<u>\$ -</u>

**ANIMAL HEALTH CANADA**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2024**

**6. DEFERRED REVENUE**

Deferred revenue represents unspent resources, externally restricted for projects and operating funds received in the current year that are related to the subsequent year's activities. Changes in the deferred revenue balance are as follows:

	Animal Health Canada	National Farm Animal Care Council	Projects	Total	2023
Balance, beginning of year	\$ 30,682	\$ 3,118	\$ 64,065	\$ 97,865	\$ 71,493
Plus: Amount received related to the subsequent year	427,913	188,568	602,467	1,218,948	-
Less: Amount recognized as revenue in the year	<u>(428,913)</u>	<u>(191,686)</u>	<u>(466,541)</u>	<u>(1,087,140)</u>	<u>-</u>
	<u>\$ 29,682</u>	<u>\$ -</u>	<u>\$ 199,991</u>	<u>\$ 229,673</u>	<u>\$ 71,493</u>

**7. CANADA EMERGENCY BUSINESS ACCOUNT LOAN**

Interest free loan payable to the Government of Canada, received as part of COVID-19 relief efforts. Repayment in full on or before January 18, 2024 will result in loan forgiveness of 25% of the original amount received, or \$10,000. During the year, the Organization repaid the balance in full.

**8. INTERNAL RESTRICTIONS**

In 2021, the board of directors resolved to restrict \$210,000 for a reserve fund. The Organization may not use these internally restricted amounts for any other purpose without the approval of the Board of Directors.

**9. FINANCIAL INSTRUMENTS**

Liquidity risk

Liquidity risk represents the risk that the Organization encounter difficulty in meeting its obligations associated with financial liabilities. The Organization is exposed to liquidity risk with respect to its accounts payable and accrued liabilities. The Organization mitigates this risk by having positive working capital available and maintaining a balance of cash.

**ANIMAL HEALTH CANADA  
PROJECT SCHEDULE  
FOR THE YEAR ENDED MARCH 31, 2024**

	<u>African Swine Fever (ASF)</u>									
	Canadian Animal Health Surveillance System (CAHSS-1199)	Animal Health Emergency Management (EM-1161)	National Farm Animal Care Council (NFACC-1213)	PanCanadian Action Plan for AMR Coordination (AAFC/PHAC)	Foot and Mouth Disease Industry (DFC)	Executive Management Board Coordination (ASF IPP-017)	Canadian Food Inspection Agency (CFIA)	Industry (CMC/CPC)	Total 2024	Total 2023
<b>REVENUE</b>										
Federal support	\$ 287,270	\$ 178,144	\$ 132,734	\$ 61,183	\$ -	\$ 208,227	\$ -	\$ -	\$ 867,558	\$2,327,256
Industry support	-	-	-	-	523	-	163,286	68,427	232,236	97,703
	<u>287,270</u>	<u>178,144</u>	<u>132,734</u>	<u>61,183</u>	<u>523</u>	<u>208,227</u>	<u>163,286</u>	<u>68,427</u>	<u>1,099,794</u>	<u>2,424,959</u>
<b>EXPENSES</b>										
Administration	26,116	16,195	2,048	390	-	18,930	14,844	-	78,523	197,614
Contracted services	74,739	65,949	30,312	31,038	-	50,310	140,630	22,308	415,286	1,186,840
Direct project costs	10,850	6,431	4,329	6,800	-	6,581	4,895	5,506	45,392	249,861
Information technology	-	-	-	-	-	-	-	3,738	3,738	309
Meetings and workshops	11,399	35,266	-	15,860	523	20,706	2,917	11,394	98,065	146,609
Wages and benefits	164,166	54,303	96,045	7,095	-	111,700	-	25,481	458,790	641,178
	<u>287,270</u>	<u>178,144</u>	<u>132,734</u>	<u>61,183</u>	<u>523</u>	<u>208,227</u>	<u>163,286</u>	<u>68,427</u>	<u>1,099,794</u>	<u>2,422,411</u>
<b>NET PROJECT REVENUE</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,548</u>