

**NATIONAL FARMED ANIMAL HEALTH  
AND WELFARE COUNCIL**  
**Financial Statements**  
For the Year Ended March 31, 2017

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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 NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL, which comprise the statement of financial position as at March 31, 2017, 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 audit. We conducted our audit 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 from 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 NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL as at March 31, 2017, 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.

Chartered Professional Accountants, Licensed Public Accountants

Woodstock, Ontario  
June 16, 2017

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

March 31	2017	2016
<b>Assets</b>		
<b>Current</b>		
Cash and bank	\$ 101,248	\$ 101,993
Accounts receivable	49,661	31,330
HST rebate receivable	13,353	22,252
Prepaid expenses	-	2,069
	<b>\$ 164,262</b>	<b>\$ 157,644</b>
<b>Liabilities and Surplus</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 38,910	\$ 41,313
Deferred revenue (Note 4)	-	8,441
	<b>38,910</b>	<b>49,754</b>
<b>Surplus</b>	<b>125,352</b>	<b>107,890</b>
	<b>\$ 164,262</b>	<b>\$ 157,644</b>

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	2017	2016
<b>Revenue</b>		
Industry support	\$ 104,500	\$ 104,500
Federal, provincial and territorial support	214,490	214,490
Sponsorship of Forum	9,500	3,500
CFIA CAHSS database development	6,780	-
CFIA CAHSS website	8,441	1,559
CFIA CAHSS website improvements	9,605	-
Miscellaneous	206	-
	353,522	324,049
<b>Expenses</b>		
CFIA CAHSS database development	4,288	-
CFIA CAHSS website	12,525	1,559
CFIA CAHSS website improvements	5,847	-
Communications	1,668	1,621
Forum expenses	67,347	64,703
Honorariums	7,700	9,800
Insurance	2,069	1,917
Meetings	9,418	9,027
Office supplies and miscellaneous	569	373
Professional fees	6,894	4,417
Research	53,028	36,509
Secretariat	92,649	131,419
Translation	19,659	10,968
Travel	31,739	33,106
Uncollected support	20,660	-
	336,060	305,419
<b>Excess of revenues over expenses</b>	<b>17,462</b>	<b>18,630</b>
<b>Surplus, beginning of year</b>	<b>107,890</b>	<b>89,260</b>
<b>Surplus, end of year</b>	<b>\$ 125,352</b>	<b>\$ 107,890</b>

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

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

For the year ended March 31	2017	2016
<b>Cash flows from operating activities</b>		
Excess of revenues over expenses	\$ 17,462	\$ 18,630
Changes in non-cash working capital items:		
Accounts receivable	(18,331)	(31,000)
HST rebate receivable	8,899	(335)
Prepaid expenses	2,069	(152)
Accounts payable and accrued liabilities	(2,403)	13,672
Deferred contributions	(8,441)	8,441
	(745)	9,256
<b>Net (decrease) increase in cash</b>		
Cash, beginning of the year	101,993	92,737
<b>Cash, end of the year</b>	\$ 101,248	\$ 101,993

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, 2017

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### 1. Significant Accounting Policies

<b>Nature and Purpose of Organization</b>	The National Farmed Animal Health and Welfare Council ("Council"), located in Bluevale, 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</b>	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
<b>Financial Instruments</b>	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.
<b>Income Taxes</b>	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.
<b>Revenue Recognition</b>	<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>
<b>Contributed Services</b>	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.
<b>Use of Estimates</b>	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, 2017**

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### 2. Economic Dependence and Government Support

The Council is dependent on funding received from government agencies. Overall, revenue from government agencies represented approximately 67% of total revenue for the year ended March 31, 2017 (66% - 2016).

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### 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:

	2017	2016
<b>Expenditures</b>		
Forum planning	<u>\$ 30,000</u>	<u>\$ 30,000</u>
Secretariat	<u>\$ 92,649</u>	<u>\$ 131,419</u>

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

	2017	2016
Expenditures reimbursed	<u>\$ 5,215</u>	<u>\$ 20,895</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.

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### 4. Deferred Revenue

Deferred revenue consists of the following:

	2017	2016
Canadian Food Inspection Agency		
Canadian Animal Health Surveillance System Website	<u>\$ -</u>	<u>\$ 8,441</u>



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# NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL

## Notes to Financial Statements

March 31, 2017

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### 5. 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.