

**NATIONAL FARMED ANIMAL HEALTH  
AND WELFARE COUNCIL**  
**Financial Statements**  
**For the Year Ended March 31, 2020**

**NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL**  
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**For the Year Ended March 31, 2020**

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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 (the Council), which comprise the statement of financial position as at March 31, 2020, 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, 2020, 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Woodstock, Ontario  
June 11, 2020

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

**March 31** 2020 2019

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**Assets**

**Current**

Cash and bank	\$	180,203	\$	182,061
Restricted cash		22,082		-
Accounts receivable		105,941		3,523
HST rebate receivable		49,717		21,561
Prepaid expenses		2,410		918
		\$ 360,353		\$ 208,063

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**Liabilities and Surplus**

**Current**

Accounts payable and accrued liabilities	\$	185,657	\$	54,574
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**Surplus**

		174,696		153,489
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	\$	360,353	\$	208,063
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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	2020	2019
<b>Revenue</b>		
Federal support	\$ 106,000	\$ 106,000
Industry support	103,500	104,500
Provincial and territorial support	108,160	108,160
Forum registration and sponsorship	25,600	9,500
Interest income	367	4
Secretariat services	4,483	-
	<b>348,110</b>	<b>328,164</b>
<b>Expenses</b>		
Bookkeeping	15,367	-
Council administration	390	-
Communications	6,229	2,134
Forum expenses	35,228	76,451
Honorariums	3,550	4,200
Insurance	2,058	2,260
Management contract	91,089	81,274
Meetings	5,276	4,628
Office supplies and miscellaneous	5,444	240
Professional fees	27,216	5,599
Research	3,456	47,513
Secretariat	-	82,450
Translation	9,564	12,497
Travel	45,342	38,722
Wages and benefits	98,776	-
	<b>348,985</b>	<b>357,968</b>
<b>Deficiency of revenues over expenses from operations</b>	<b>(875)</b>	<b>(29,804)</b>
<b>Net project revenue (deficit)</b>		
Canadian Animal Health Surveillance System Federal Assistance Program (Schedule 1)	-	(2,298)
Canadian Animal Health Surveillance System - Enhance Collaboration, Data Integration, Analysis and Reporting (Schedule 2)	-	-
Animal Health Canada (Schedule 3)	22,082	-
	<b>22,082</b>	<b>(2,298)</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>21,207</b>	<b>(32,102)</b>
<b>Surplus, beginning of year</b>	<b>153,489</b>	<b>185,591</b>
<b>Surplus, end of year</b>	<b>\$ 174,696</b>	<b>\$ 153,489</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	2020	2019
<b>Cash flows from operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ 21,207	\$ (32,102)
Changes in non-cash working capital items:		
Accounts receivable	(102,418)	31,317
HST rebate receivable	(28,156)	(8,267)
Prepaid expenses	(1,492)	1,300
Accounts payable and accrued liabilities	131,083	32,342
	20,224	24,590
<b>Net increase in cash</b>	<b>20,224</b>	<b>24,590</b>
Cash, beginning of the year	182,061	157,471
	182,061	157,471
<b>Cash, end of the year</b>	<b>\$ 202,285</b>	<b>\$ 182,061</b>
<b>Represented by:</b>		
Cash	\$ 180,203	\$ 182,061
Restricted Cash	22,082	-
	\$ 202,285	\$ 182,061

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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, 2020

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### 1. Significant Accounting Policies

<b>Nature and Purpose of Organization</b>	The National Farmed Animal Health and Welfare Council ("Council"), 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, 2020

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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 64% of total revenue for the year ended March 31, 2020 (73% - 2019).

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### 3. 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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### 4. Subsequent events

The global pandemic has disrupted economic activities and supply chains. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The entity's ability to continue to meet other obligations as they come due is dependent on the continued ability to generate earnings and cash flows.

Subsequent to year end on April 1, 2020 the Council has taken on the oversight of the National Animal Care Council, and as of July 1, 2020 additional government projects, are to be transferred from the Canadian Animal Health Coalition.

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**NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL  
Project Schedule 1**

For the year ended March 31	2020	2019
<b>Canadian Animal Health Surveillance System Federal Assistance Program</b>		
<b>Revenue</b>		
Federal contributions	\$ -	\$ 70,488
<b>Expenses</b>		
Meetings	-	5,443
Professional service contracts	-	44,731
Rentals	-	3,379
Salaries	-	7,049
Transition project	-	2,400
Translation	-	4,029
Travel	-	5,755
	\$ -	\$ 72,786
<b>Deficiency of revenues over expenses</b>	<b>\$ -</b>	<b>\$ (2,298)</b>

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**NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL  
Project Schedule 2**

For the year ended March 31	2020	2019
<b>Canadian Animal Health Surveillance System - Enhance Collaboration, Data Integration, Analysis and Reporting</b>		
<b>Revenue</b>		
Federal contributions	\$ 246,128	\$ -
<b>Expense</b>		
Administrative costs	22,375	-
Other direct project costs	9,769	-
Professional service contracts	207,796	-
Travel	6,188	-
	\$ 246,128	\$ -
<b>Excess revenue over expenses</b>	<b>\$ -</b>	<b>\$ -</b>

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**NATIONAL FARMED ANIMAL HEALTH AND WELFARE COUNCIL**  
**Project Schedule 3**

<u>For the year ended March 31</u>	<u>2020</u>	<u>2019</u>
<b>Animal Health Canada</b>		
<b>Revenue</b>		
Contributions	<u>\$ 185,000</u>	<u>\$ -</u>
<b>Expenses</b>		
Project support	<u>\$ 162,918</u>	<u>\$ -</u>
<b>Excess revenues over expenses</b>	<u><b>\$ 22,082</b></u>	<u><b>\$ -</b></u>