



50th CAHI ANNUAL BUSINESS MEETING

Tuesday, June 5th, 2018 at 8 a.m.

AGENDA

1. Convene
2. Adopt Agenda
3. Minutes of 2017 Annual Business Meeting
4. 2017 Auditor's Report
5. Appointment of Auditors
6. 2018 Proposed Budget
7. President's Report
8. Election of Directors
9. New Members
 - Global Vet Link
 - Kynetec
10. New Business
11. Adjourn

CANADIAN ANIMAL HEALTH INSTITUTE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

**(with comparative figures for the
year ended December 31, 2016)**

CONTENTS

	Page
Independent Auditor's report	1
Statement of financial position	2
Statement of operations and changes in net assets	3
Statement of cash flows	4
Notes to financial statements	5 - 7

INDEPENDENT AUDITOR'S REPORT

To the Directors of Canadian Animal Health Institute:

We have audited the accompanying financial statements of Canadian Animal Health Institute, which comprise the statement of financial position as at December 31, 2017, and the statement of operations and changes in net assets, and statement of 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 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 presentation of the financial statements.

Unqualified Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Canadian Animal Health Institute as at December 31, 2017, the results of its operations and change in net assets, and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

**Guelph, Ontario
June 04, 2018**

**Tonin & Co. LLP
Chartered Professional Accountants
Licensed Public Accountants**

(See accompanying notes to financial statements)

CANADIAN ANIMAL HEALTH INSTITUTE**STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2017**

	2017	2016
ASSETS		
CURRENT		
Bank	\$ 305,274	\$ 261,681
Marketable securities (notes 1(b) and 2)	1,448,185	1,122,862
Accounts receivable	197	79,534
Other taxes receivable	-	19,107
Prepaid expenses	<u>54,577</u>	<u>28,505</u>
	1,808,233	1,511,689
CAPITAL (notes 1(c) and 3)	<u>2,163</u>	<u>1,728</u>
	<u>\$ 1,810,396</u>	<u>\$ 1,513,417</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 101,201	\$ 103,605
Deferred revenue (note 1(a))	238,822	119,973
Stewardship fee deposits (note 4)	124,723	11,920
Other taxes payable	<u>13,083</u>	<u>-</u>
	<u>477,829</u>	<u>235,498</u>
NET ASSETS		
UNRESTRICTED	<u>1,332,567</u>	<u>1,277,919</u>
	<u>\$ 1,810,396</u>	<u>\$ 1,513,417</u>

(See accompanying notes to financial statements)

CANADIAN ANIMAL HEALTH INSTITUTE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
REVENUES (note 1(a))		
Membership fees	\$ 648,794	\$ 603,277
Annual meeting	128,455	105,690
Investment income	<u>35,285</u>	<u>36,710</u>
	<u>812,534</u>	<u>745,677</u>
EXPENSES		
Amortization	597	605
Annual meeting	130,809	93,627
Directors and committee meetings	8,316	5,823
Kilograms of active report	8,500	7,000
Memberships	41,025	23,820
Office (note 5)	20,162	17,766
Professional fees	49,547	51,471
Public relations	55,292	53,622
Rent, common area expenses and utilities (note 5)	38,194	40,552
Staff, fees and travel	<u>409,735</u>	<u>306,163</u>
	<u>762,177</u>	<u>600,449</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	50,357	145,228
(Loss) gain on sale of investments	3,039	(1,836)
Unrealized gain (loss) on investments (note 1(b))	<u>1,252</u>	<u>11,456</u>
	<u>4,291</u>	<u>9,620</u>
EXCESS OF REVENUES OVER EXPENSES	54,648	154,848
NET ASSETS , beginning of the year	<u>1,277,919</u>	<u>1,123,071</u>
NET ASSETS , end of the year	<u>\$ 1,332,567</u>	<u>\$ 1,277,919</u>

(See accompanying notes to financial statements)

CANADIAN ANIMAL HEALTH INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 54,648	\$ 154,848
Charges to earnings not requiring cash:		
Amortization	597	605
Unrealized loss/(gain) on investments	<u>(1,252)</u>	<u>(11,286)</u>
	53,993	144,167
CHANGES IN NON-CASH WORKING CAPITAL		
Decrease (increase) in accounts receivable	79,337	(76,445)
(Increase) decrease in prepaid expenses	(26,072)	6,996
Increase (decrease) in other taxes payable	32,190	(16,039)
(Decrease) increase in accounts payable and accrued liabilities	(2,404)	40,265
Increase in deferred revenue	118,849	16,370
Increase (decrease) in stewardship deposits	<u>112,803</u>	<u>(84,963)</u>
Cash from operating activities	<u>368,696</u>	<u>30,351</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	(1,031)	-
Contributions to investment account	<u>(324,072)</u>	<u>(20,988)</u>
Cash used in investing activities	<u>(325,103)</u>	<u>(20,988)</u>
INCREASE IN CASH FOR THE YEAR	43,593	9,363
CASH , beginning of the year	<u>261,681</u>	<u>252,318</u>
CASH , end of the year represented by bank	<u>\$ 305,274</u>	<u>\$ 261,681</u>

(See accompanying notes to financial statements)

CANADIAN ANIMAL HEALTH INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

1. DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Canadian Animal Health Institute is the trade association representing the developers, manufacturers and distributors of pharmaceuticals, feed additives, biologicals and pesticides used in agriculture and veterinary health products marketed in Canada. Associate members have animal health sector interests in areas such as data management, distribution, marketing, communications, pet food, regulatory and research.

The organization works closely with veterinary and producer organizations and government to ensure the availability of safe and efficacious products that contribute to the health of animals and the economic viability of food animal producers.

The organization is incorporated without share capital under the Canada Corporations Act. The Institute is exempt from income tax under paragraph 149(1)(e) of the Income Tax Act.

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. The significant accounting policies are detailed as follows:

(a) Revenue recognition

Fee revenue is recognized as fees are invoiced and services are rendered. Investment revenue is recognized as earned. Any unearned fee revenue is recorded as deferred revenue on the statement of financial position.

(b) Marketable securities

Marketable securities are recorded at their fair market value. Any unrealized gains or losses have been included in the statement of operations.

(c) Capital assets and amortization

Capital assets are recorded at cost. Amortization is provided at the following annual rates:

Computer hardware	- 30% declining-balance basis
Furniture and fixtures	- 20% declining-balance basis
Office equipment	- 20% declining-balance basis

Amortization is calculated at one-half the normal rate in the year of acquisition.

(d) Cash and cash equivalents

Bank as disclosed on the balance sheet consists of deposits with financial institutions.

CANADIAN ANIMAL HEALTH INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

(e) Financial Instruments

The entity initially measures its financial assets and financial liabilities at fair value.

The entity subsequently measures all its financial assets and liabilities at amortized cost, except the investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

(f) Use of estimates

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could materially differ from those estimates. Amounts subject to management estimates include amortization and accruals for wages and other costs.

2. MARKETABLE SECURITIES

	Fair Value 2017	Fair Value 2016
Cash and money market instruments Cost: 2017 \$19,098 (2016 - \$25,275)	\$ 19,098	\$ 25,275
Bonds and accrued interest Cost: 2017 \$1,004,848 (2016 - \$829,006)	1,024,139	865,419
Equities Cost: 2017 \$217,365 (2016 - \$212,433)	254,948	232,168
Guaranteed investment certificate Cost: 2017 \$150,000 (2016 - nil)	<u>150,000</u>	<u>-</u>
	<u>\$ 1,448,185</u>	<u>\$ 1,122,862</u>

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2017 Net Book Value	2016 Net Book Value
Computer hardware	\$ 35,695	\$ 34,143	\$ 1,552	\$ 965
Furniture and fixtures	17,275	17,050	225	281
Office equipment	<u>5,236</u>	<u>4,850</u>	<u>386</u>	<u>482</u>
	<u>\$ 58,206</u>	<u>\$ 56,043</u>	<u>\$ 2,163</u>	<u>\$ 1,728</u>

CANADIAN ANIMAL HEALTH INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2017

4. STEWARDSHIP DEPOSITS

The board of directors required members to cover the 2017 Environmental Stewardship fees. Fees were collected based on management's best estimate of expenses incurred. In previous years this program was funded directly by the organization. Stewardship fees collected and paid are as follows:

Stewardship fees carried forward	\$ 11,920
2017 Stewardship fees collected	148,757
2017 Stewardship fees paid	(134,839)
2018 Stewardship fees collected	<u>98,885</u>
Stewardship deposits	<u>\$ 124,723</u>

5. COMMITMENTS

The Institute is committed to a premises lease and equipment leases. The minimum payments are approximately as follows:

2018	\$ 25,681
2019	1,685
2020	1,685
2021	<u>1,264</u>
	<u>\$ 30,315</u>

The premise lease is scheduled to expire in August 2018.

6. FINANCIAL INSTRUMENTS

The carrying value of the organization's financial instruments approximates their fair value. It is management's opinion that the Institute is not exposed to significant liquidity, interest rate, currency or credit risks from these financial instruments.

The investment portfolio, is composed of mostly fixed income investments and is generally not subject to large value fluctuations as a result of market conditions. Management and the Board of Directors review investment performance on a quarterly basis and assess risk and returns at this time to determine future action for investment continuity. The investments are actively traded in financial markets and information regarding their collectability and performance is readily available to all investors, including Canadian Animal Health's management and Board.

The organization believes that the risks described above have not materially changed from the previous year.

7. INVESTMENT HELD IN TRUST

The organization has an investment in trust with the University of Guelph to be used as an endowment for the annual Canadian Animal Health Institute Bursary administered by the University. The Bursary represents a non-retractable commitment and has no effect on the organization's assets or net assets and as such, is not reported in these financial statements.

8. CAPITAL MANAGEMENT

The Organization's capital consists of net assets invested in capital assets and investments. The Organization's objective when managing capital is to safeguard its assets and provide a reasonable return for the ongoing betterment of the organization and its members. The Organization is not subject to any externally imposed capital requirements.

Canadian Animal Health Institute

Audited 2017 Actuals and Proposed 2018 Budget

Line		Audited 2017	2018 Proposed Budget
Revenues			
1	Membership Fees	648,794	635,000
2	Annual Meeting	128,455	132,000
3	Investment Income	35,285	30,000
4	Royalties		
5	Total Revenues	812,534	797,000
Expenses			
6	Depreciation	597	1,000
7	AMR Meetings	-	-
8	Annual Meeting	130,809	132,000
9	Directors and Committee Meetings	8,316	9,000
10	Kilograms of Active Report	8,500	9,000
11	Memberships	41,025	42,000
12	Office	20,162	21,000
13	Professional Fees	49,547	30,000
14	Public Relations	55,292	62,000
15	Rent, Common Area Expenses and Utilities	38,194	46,000
16	Service Fee Advocacy ¹		100,000
17	Staff, Fees and Travel	409,735	425,000
18	Total Expenses	762,177	877,000
19	Excess of revenues over expenses from operations	50,357 -	80,000

¹ draw down from investment portfolio if necessary

NOTE: 2018 Food Animal Levy expected to be revenue neutral

04-May-18

