

FINANCIAL STATEMENTS
For
**VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES**
For year ended
MARCH 31, 2018

**VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES**

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MARCH 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of

VETERINARIANS WITHOUT BORDERS/ VÉTÉRINAIRES SANS FRONTIÈRES

We have audited the accompanying financial statements of Veterinarians Without Borders/Vétérinaires sans Frontières, which comprise the statement of financial position as at March 31, 2018 and the statements of operations and net assets 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.

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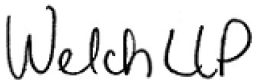
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the organization derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we are not able to determine whether any adjustments might be necessary to donation and fundraising revenue, excess of revenue over expenses and cash flow from operating activities for the years ended March 31, 2018 and 2017, current assets at March 31, 2018 and 2017 and net assets balances at April 1, 2017 and 2016 and March 31, 2018 and 2017. The audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Veterinarians Without Borders/Vétérinaires sans Frontières as at March 31, 2018 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

Ottawa, Ontario
September 17, 2018.

VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2018

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash | \$ 179,659 | \$ 249,419 |
| Accounts receivable | 2,455 | 162,061 |
| HST receivable | 3,674 | 5,824 |
| Advances | 31,116 | 16,095 |
| Prepaid promotion expenses | - | 12,644 |
| Prepaid expenses | - | 3,016 |
| | <u>216,904</u> | <u>449,059</u> |
| | <u>\$ 216,904</u> | <u>\$ 449,059</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 14,852 | \$ 323,216 |
| Deferred contributions (note 5) | <u>52,859</u> | <u>82,902</u> |
| | <u>67,711</u> | <u>406,118</u> |
| NET ASSETS | | |
| Unrestricted net assets | <u>149,193</u> | <u>42,941</u> |
| | <u>\$ 216,904</u> | <u>\$ 449,059</u> |

Approved:

Katjo Clow Director

Dr. Jennifer Ogeer Director

(See accompanying notes)

**VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES**

STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED MARCH 31, 2018

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|------------------|
| Revenue | | |
| Federal government grants | \$ 985,357 | \$ 4,343,843 |
| Donations and fundraising | 119,110 | 121,705 |
| In-kind donations | <u>407,979</u> | <u>363,647</u> |
| | <u>1,512,446</u> | <u>4,829,195</u> |
| Expenses | | |
| Project expenses (note 6) | 570,490 | 3,817,431 |
| Wages and contract fees | 328,587 | 404,581 |
| Office (note 7) | 90,445 | 134,411 |
| Grant disbursements | 21,938 | 20,000 |
| Professional fees | 11,005 | 14,468 |
| Bank charges and interest | 4,063 | 7,018 |
| Board and committee expenses | 1,267 | 3,825 |
| Promotion | - | 19,083 |
| Exchange loss (gain) | <u>(29,580)</u> | <u>-</u> |
| | <u>998,215</u> | <u>4,420,817</u> |
| In-kind expenses | | |
| Volunteer time | 388,200 | 337,400 |
| Travel - projects | <u>19,779</u> | <u>26,247</u> |
| | <u>407,979</u> | <u>363,647</u> |
| | <u>1,406,194</u> | <u>4,784,464</u> |
| Excess of revenue over expenses | 106,252 | 44,731 |
| Net assets (deficit), beginning of year | <u>42,941</u> | <u>(1,790)</u> |
| Net assets, end of year | <u>\$ 149,193</u> | <u>\$ 42,941</u> |

(See accompanying notes)

**VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES**

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2018

| | <u>2018</u> | <u>2017</u> |
|--|-----------------------|-----------------------|
| CASH PROVIDED BY (USED IN) | | |
| Operating activities | | |
| Excess of revenue over expenses | \$ 106,252 | \$ 44,731 |
| Accounts receivable | 159,606 | (95,063) |
| HST receivable | 2,150 | 9,347 |
| Prepaid promotion expenses | 12,644 | - |
| Advances | (15,021) | 1,312,643 |
| Prepaid expenses | 3,016 | 3,672 |
| Accounts payable and accrued liabilities | (308,364) | 234,181 |
| Deferred contributions | <u>(30,043)</u> | <u>(1,579,185)</u> |
| DECREASE IN CASH | (69,760) | (69,674) |
| CASH, BEGINNING OF THE YEAR | <u>249,419</u> | <u>319,093</u> |
| CASH, END OF THE YEAR | <u>\$ 179,659</u> | <u>\$ 249,419</u> |

(See accompanying notes)

**VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES**

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2018

1. PURPOSE OF THE ORGANIZATION

The purpose of Veterinarians Without Borders/Vétérinaires sans Frontières - Canada is to work for, and with, communities in need to foster the health of animals, people, and the environments that sustain us. The organization works with governments, educational institutions, non-governmental organizations, local communities, farmers' groups, and international agencies, to tackle root-cause issues affecting public health, animal health, and ecosystem health in developing communities around the world.

The organization is incorporated without share capital under the Canada Not-for-profit Corporations Act. The organization is a registered charity under the Income Tax Act (Canada) and as such is exempt from income taxes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

The organization follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Donations and grants for specific projects are deferred until the related expense for the project has been incurred.

Financial instruments

The organization measures its financial assets and liabilities at fair value and subsequently remeasures them at cost or amortized cost.

In-kind donations and expenses

The organization receives donations of Aeroplan miles and services by members, which it values as revenue and a related expense based on the estimated fair market value of the goods or services received or provided.

Foreign currency transactions

Transactions of the organization denominated in foreign currencies are recorded in Canadian dollars at exchange rates in effect at the related transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at exchange rates in effect at the year end date. Resulting exchange gains or losses are included in the statement of operations.

Use of estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the current period. Significant accounting estimates include determining the amount of accrued liabilities and the value of in-kind donations and expenses. These estimates are reviewed periodically and adjustments are made to operations as appropriate in the year they become known.

**VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES**
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2018

3. FINANCIAL INSTRUMENTS

The organization is exposed to and manages various financial risks. The organization's main financial risk exposures and its financial management policies are as follows:

Credit risk

The organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The organization's maximum exposure to credit risk is the sum of the carrying value of its cash and amounts receivable. The organization's cash is deposited with a Canadian Chartered bank and as a result, management believes the loss of this item to be remote. To mitigate the credit risk associated with accounts receivable, the organization carries out credit evaluations of its customers on a continuing basis.

Liquidity risk

Liquidity risk is the risk that the organization cannot meet a demand for cash or fund its obligations as they become due. The organization meets its liquidity requirements by establishing budgets and cash estimates to ensure it has funds necessary to fulfil its obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the U.S. dollar due to changes in foreign exchange rates. At March 31, 2018, the organization did not have any financial instruments that were denominated in a currency other than the Canadian dollar.

Market risk - Cont'd.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value of the financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. Since the organization does not have any interest-bearing financial instruments, it is not exposed to significant interest rate risk.

iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Since the organization does not hold any publicly traded investments, it is not exposed to significant other price risk.

Change in risk

There were no significant changes in risk exposure from the previous year.

**VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES**

NOTES TO FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED MARCH 31, 2018

4. CREDIT FACILITIES

The organization has approved credit line facilities available in the amount of \$50,000, bearing interest at prime plus 4.25%. The bank indebtedness is secured by the organization's assets. At the year-end date, no amount had been utilized.

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent grant amounts and donations received as restricted contributions during the year.

| | <u>2018</u> | <u>2017</u> |
|-------------------------------------|------------------|------------------|
| Opening balance | \$ 82,902 | \$ 1,662,087 |
| Receivable from prior year | (160,002) | - |
| Received in the year (net) | 1,115,316 | 2,629,442 |
| Recognized in the year | (985,357) | (4,368,629) |
| Reclassified as accounts receivable | <u>-</u> | <u>160,002</u> |
| Ending balance | <u>\$ 52,859</u> | <u>\$ 82,902</u> |

6. PROJECT EXPENSES

| | <u>2018</u> | <u>2017</u> |
|----------------------------|-------------------|---------------------|
| Volunteer MLA | \$ 213,322 | \$ 135,053 |
| Airfare | 90,227 | 104,741 |
| Local salaries | 62,060 | 829,454 |
| Professional fees | 41,841 | 102,477 |
| Medical | 37,642 | 15,606 |
| Travel | 35,149 | 270,729 |
| Accommodation | 21,215 | 17,749 |
| Per diem | 18,579 | 19,203 |
| Training | 15,265 | 149,296 |
| General | 13,919 | 41,404 |
| Consultants | 13,416 | 10,347 |
| Equipment and supplies | 6,048 | 1,469,004 |
| Communications | 1,055 | 2,240 |
| Office | 752 | 85,948 |
| Administration | - | 144,037 |
| International salaries | - | 137,009 |
| Insurance | - | 6,436 |
| Meeting venue and catering | - | 216 |
| Research | - | 130 |
| VSF overhead Germany | - | 143,166 |
| VSF overhead Suisse | - | 136,862 |
| Rent | <u>-</u> | <u>(3,676)</u> |
| | <u>\$ 570,490</u> | <u>\$ 3,817,431</u> |

**VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES**
NOTES TO FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2018

7. OFFICE EXPENSES

| | <u>2018</u> | <u>2017</u> |
|--------------------------|------------------|-------------------|
| Rent | \$ 34,547 | \$ 43,472 |
| Communications | 22,674 | 27,301 |
| General | 11,347 | 18,931 |
| Other Expenses | 8,104 | - |
| Communication consultant | 5,611 | 24,931 |
| General consultant | 4,593 | 18,522 |
| Equipment and supplies | 3,569 | 8,923 |
| Insurance | - | 1,147 |
| Bad debt recovery | - | <u>(8,816)</u> |
| | <u>\$ 90,445</u> | <u>\$ 134,411</u> |

8. LEASE COMMITMENT

The organization has an operating lease for office space which expires February 28, 2019.

The annual lease payments, including operating costs and taxes, are approximately \$5,122.

9. ECONOMIC DEPENDENCE

The organization derives a majority of its revenues from Global Affairs Canada. During the year, this agency accounted for 97% (2017 - 95%) of revenue.