F I N A N C I A L   S T A T E M E N T S

For

**VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES**

For year ended

MARCH 31, 2017

VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES

INDEX TO FINANCIAL STATEMENTS

MARCH 31, 2017

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, 2017 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, 2017 and 2016, current assets at March 31, 2017 and 2016 and net assets balances at April 1, 2015 and 2016 and March 31, 2017 and 2016. The audit opinion on the financial statements for the year ended March 31, 2016 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, 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.

Welch LLP

Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
September 16, 2017.

VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	$ 249,419	$ 319,093
Accounts receivable	162,061	66,998
HST receivable	5,824	15,171
Prepaid promotion expenses	12,644	12,644
Advances	16,095	1,328,738
Prepaid expenses	3,016	6,688
	449,059	1,749,332
INTANGIBLE ASSETS		
Website development - cost	19,943	19,943
Less accumulated amortization	(19,943)	(19,943)
	-	-
TANGIBLE CAPITAL ASSETS (note 4)	-	-
	$ 449,059	$ 1,749,332
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 323,216	$ 89,035
Deferred contributions (note 6)	82,902	1,662,087
	406,118	1,751,122
NET ASSETS		
Unrestricted net assets (deficit)	42,941	(1,790)
	$ 449,059	$ 1,749,332

Approved:

Dr Jennifer Gaer .... Director

.... Director

(See accompanying notes)

STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED MARCH 31, 2017

	2017	2016
Revenue		
Federal government grants	$ 4,343,843	$ 1,727,088
Donations and fundraising	121,705	113,595
International donors	-	52,855
In-kind donations	363,647	88,972
	4,829,195	1,982,510
Expenses		
Project expenses (note 7)	3,817,431	1,391,207
Wages and contract fees	404,581	326,551
Office (note 8)	134,411	45,293
Grant disbursements	20,000	-
Promotion	19,083	15,842
Professional fees	14,468	49,555
Bank charges and interest	7,018	12,537
Board and committee expenses	3,825	10,902
Settlement expenses	-	27,500
Amortization	-	1,875
Exchange gain/loss	-	1,386
	4,420,817	1,882,648
In-kind expenses		
Volunteer time	337,400	60,172
Travel - projects	26,247	28,800
	363,647	88,972
	4,784,464	1,971,620
Excess of revenue over expenses	44,731	10,890
Net deficit, beginning of year	(1,790)	(12,680)
Net assets (deficit), end of year	$ 42,941	$ (1,790)

(See accompanying notes)

VETERINARIANS WITHOUT BORDERS/
VÉTÉRINAIRES SANS FRONTIÈRES

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2017

	2017	2016
CASH PROVIDED BY (USED IN)		
Operating activities		
Excess of revenue over expenses	$ 44,731	$ 10,890
Items not affecting cash:		
Amortization	-	1,875
	44,731	12,765
Changes in non-cash working capital related to operations:		
Accounts receivable	(95,063)	(49,823)
HST receivable	9,347	(9,448)
Advances	1,312,643	(1,296,187)
Prepaid expenses	3,672	(5,827)
Accounts payable and accrued liabilities	234,181	(7,223)
Deferred contributions	(1,579,185)	1,550,161
	(69,674)	194,418
INCREASE (DECREASE) IN CASH	(69,674)	194,418
CASH, BEGINNING OF THE YEAR	319,093	124,675
CASH, END OF THE YEAR	$ 249,419	$ 319,093

(See accompanying notes)

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).

Website development

Website development is stated at cost and is amortized on a straight-line basis over a period of sixty months.

Tangible capital assets

Tangible capital assets are stated at cost and are amortized on a diminishing-balance basis utilizing annual rates, as indicated below, which will fully amortize the assets over their estimated useful lives.

Computer equipment	45-55%
Computer software	100%

In the year of acquisition, only one-half of the above rates are applied.

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.

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

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 balance sheet date. Resulting exchange gains or losses are included in the income statement.

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 useful lives of its capital assets and website development costs, the amount of accrued liabilities and the value of in-kind donations and expenses. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

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 represents 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, 2017, the organization did not have any financial instruments that were denominated in a currency other than the Canadian dollar.

3. **FINANCIAL INSTRUMENTS** - Cont'd.

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 are no significant changes in risk exposure from the previous year.

4. **TANGIBLE CAPITAL ASSETS**

	2017			2016
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	$ 26,432	$ 26,432	$ -	$ -
Computer software	2,264	2,264	-	-
	$ 28,696	$ 28,696	$ -	$ -

5. **CREDIT FACILITIES**

The organization has overall 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.

6. **DEFERRED CONTRIBUTIONS**

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

	Grants	Donations	Total
Opening balance	$ 1,643,616	$ 18,471	$ 1,662,087
Received in the year	2,629,442	-	2,629,442
Recognized in the year	(4,350,158)	(18,471)	(4,368,629)
Ending balance	(77,100)	-	(77,100)
Reclassified as accounts receivable	160,002	-	160,002
	$ 82,902	$ -	$ 82,902

7. PROJECT EXPENSES

	2017	2016
Equipment and supplies	$ 1,469,004	$ 168,934
Local salaries	829,454	280,485
Travel	270,729	136,816
Training	149,296	5,217
Administration	144,037	50,027
International salaries	137,009	52,727
Volunteer MLA	135,053	8,600
Airfare	104,741	42,964
Professional fees	102,477	98,491
Office	85,948	8,348
General	41,404	111,457
Per diem	19,203	77,279
Accommodation	17,749	16,254
Medical	15,606	6,836
Consultants	10,347	64,918
Insurance	6,436	6,664
Communications	2,240	36,932
Meeting venue and catering	216	4,039
Research	130	1,650
VSF overhead Germany	143,166	37,849
VSF overhead Suisse	136,862	36,356
Rent	(3,676)	61,381
Vehicle	-	74,136
Security	-	2,847
	$ 3,817,431	$ 1,391,207

8. OFFICE EXPENSES

	2017	2016
Rent	$ 43,472	$ 32,004
Communications	27,301	6,728
Communication consultant	24,931	-
General	18,931	7,716
General consultant	18,522	-
Equipment and supplies	8,923	9,190
Insurance	1,147	22
Bad debt recovery	(8,816)	(10,367)
	$ 134,411	$ 45,293

9. 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 as follows:

2017-18	76,953
2018-19	70,540

10. ECONOMIC DEPENDENCE

The organization derives a majority of its revenues from Global Affairs Canada. During the year, this customer accounted for 95% (2016 - 85%) of revenue.