

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

Financial Statements  
For the year ended 31 December 2017  
(Unaudited)

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Financial Statements  
For the year ended 31 December 2017**

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**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Company Directory  
As at 31 December 2017**

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**BOARD OF DIRECTORS**

Colin Riegels  
Nancy Pascoe  
Nigel MacPhail  
Els Kraakman           *(appointed 29 September 2018)*  
Kirstie Palmer           *(appointed 29 September 2018)*

**REGISTERED AGENT AND OFFICE**

Harneys Corporate and Trust Services Limited  
Craigmuir Chambers  
P.O. Box 71  
Road Town, Tortola VG 1110  
British Virgin Islands

**BANKER**

CIBC FirstCaribbean International Bank (Cayman) Limited  
Wickhams Cay 1  
P.O. Box 70  
Road Town, Tortola VG 1110  
British Virgin Islands

**UNAUDITED**

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Statement of Net Assets**

**As at 31 December 2017**

*Expressed in U.S. Dollars*

	Note	2017	2016
<b>Current assets</b>			
Cash at bank	3	85,603	56,632
Advances to staff		2,544	4,989
Inventory	4	<u>—</u>	<u>3,893</u>
		88,147	65,514
<b>Non-current assets</b>			
Property, plant and equipment	5	<u>229,052</u>	<u>263,935</u>
<b>Total assets</b>		<u>317,199</u>	<u>329,449</u>
<b>Current liabilities</b>			
Accrued expenses		<u>3,968</u>	<u>3,762</u>
<b>Total liabilities</b>		<u>3,968</u>	<u>3,762</u>
<b>Net assets</b>		<u>\$ 313,231</u>	<u>\$ 325,687</u>

UNAUDITED

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Statement of Revenues and Expenses**

**For the year ended 31 December 2017**

*Expressed in U.S. Dollars*

	Note	2017	2016
<b>Revenue</b>			
Donations, legacies and similar income sources		61,800	14,577
Income from fundraising activities		28,097	4,072
Shelter generated income		<u>35,170</u>	<u>35,352</u>
<b>Total revenue</b>		<u>125,067</u>	<u>54,001</u>
<b>Expenses</b>			
Cost of fundraising activities		3,535	629
Impairment of steel structure	5	34,399	—
Shelter supplies and expenses		33,262	29,310
Management and administration expenses		<u>66,327</u>	<u>68,014</u>
<b>Total expenses</b>		<u>137,523</u>	<u>97,953</u>
<b>Deficit for the year being change in net assets</b>		<u>\$ (12,456)</u>	<u>\$ (43,952)</u>

**UNAUDITED**

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Statement of Changes in Net Assets  
For the year ended 31 December 2017**

*Expressed in U.S. Dollars*

	2017		
	Unrestricted Net Assets	Restricted Net Assets	Total
Opening balances	325,687	—	325,687
Change in net assets	(12,456)	—	(12,456)
Closing balances	\$ 313,231	\$ —	\$ 313,231

  

	2016		
	Unrestricted Net Assets	Restricted Net Assets	Total
Opening balances	344,639	25,000	369,639
Transfer of net assets	25,000	(25,000)	—
Change in net assets	(43,952)	—	(43,952)
Closing balances	\$ 325,687	\$ —	\$ 325,687

**UNAUDITED****HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS****Statement of Cash Flows****For the year ended 31 December 2017***Expressed in U.S. Dollars*

	2017	2016
<b>Operating activities</b>		
Decrease in unrestricted net assets	(12,456)	(43,952)
Adjustments to reconcile unrestricted net assets to net cash from operating activities before working capital changes		
Depreciation of property, plant and equipment	484	186
Impairment of steel structure	34,399	—
Operating profit before working capital changes	22,427	(43,766)
Decrease in advances to staff	2,445	1,411
Decrease/(increase) in inventory	3,893	(1,198)
Increase in trade and other payables	206	623
<i>Cash flows from operating activities</i>	28,971	(42,930)
<b>Investing activities</b>		
Purchase of property, plant and equipment	—	(110,068)
<i>Cash flows used in investing activities</i>	—	(110,068)
<b>Net increase/(decrease) in cash and cash equivalents</b>	28,971	(152,998)
<b>Cash and cash equivalents at beginning of year</b>	56,632	209,630
<b>Cash and cash equivalents at end of year</b>	\$ 85,603	\$ 56,632

Cash and cash equivalents comprise cash at bank.

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Notes to and forming part of the Financial Statements**

**For the year ended 31 December 2017**

*Expressed in U.S. Dollars*

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**1. GENERAL INFORMATION**

The Humane Society of the British Virgin Islands (the “Company”) was incorporated in the British Virgin Islands under the BVI Business Companies Act, 2004 on 2 July 2009 and is limited by guarantee. The members of the Company have agreed to contribute amounts not exceeding \$1 to the assets of the Company in the event of it being wound up.

The objectives of the Company are as follows:

- the promotion of humane behaviour towards animals;
- the provision of appropriate care, protection, treatment and security for animals;
- the education of the public in matters pertaining to animal welfare;
- the prevention of cruelty and suffering amongst animals;
- the raising funds to pursue and promote the foregoing objectives; and,
- any matters which the Directors reasonably consider to be necessary for or ancillary to any of the foregoing objectives.

The Company maintains its registered office in the British Virgin Islands and its financial records and statements are maintained and presented in U.S. Dollars, rounded to the nearest dollar.

The Company is registered as a non-profit organisation under the Non-Profit Organisations Act, 2012, of the British Virgin Islands.

These financial statements were approved by the Board of Directors on 14 November 2018.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies adopted in the preparation of the Company’s financial statements are set out below.

**a) Basis of preparation**

The financial statements of the Company have been prepared for management purposes only. They have been prepared on the basis of historical costs.

**b) Use of estimates**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Notes to and forming part of the Financial Statements**

**For the year ended 31 December 2017**

*Expressed in U.S. Dollars*

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**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**c) Cash and cash equivalents**

Cash comprises current accounts with banks, net of any overdrafts. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**d) Receivables**

Receivables are recognised initially at fair value and are subsequently recorded at fair value reduced by any appropriate allowance for estimated irrecoverable amounts. An allowance for doubtful accounts is established when there is evidence that the Company will not be able to collect amounts due. As at year end, receivables comprised advances to staff.

The Company primarily uses the specific identification method to determine if the receivable is impaired. The carrying amount of the receivable is reduced through the use of the allowance account, and the amount of the loss is recognised in the statement of revenues and expenses.

**e) Inventory**

Inventory consists of various veterinary medicines and pet supplies that are recorded at the lower of cost or net realisable value, on a first-in-first-out basis. Cost includes any expenditure incurred in bringing the inventory to its present condition and location. Net realisable value is the expected selling price less any associated selling costs.

**f) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation. Cost includes its purchase price and any direct attributable costs.

Subsequent expenditure incurred to replace a component of an item of property, plant and equipment is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised during the year as the expense is incurred.

Depreciation is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives as follows:

Land and property under construction	nil
Fixtures and fittings	3 years

**g) Payables**

Trade and other payables are stated at their cost and comprise accrued expenses. No interest is incurred on trade and other payables.

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Notes to and forming part of the Financial Statements**

**For the year ended 31 December 2017**

*Expressed in U.S. Dollars*

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**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**h) Net assets**

*Unrestricted net assets*

Unrestricted net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by actions of the Directors.

*Restricted net assets*

Restricted net assets include gifts and pledges which require that the corpus be made available for spending in accordance with donor restrictions.

**i) Impairment**

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is estimated as the greater of an asset's net selling price and value in use. An impairment loss is recognised in the statement of revenues and expenses whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down or allowance is reversed through the statement of revenues and expenses.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**j) Income and expenditure recognition**

In relation to the rendering of services, the Company recognises revenues and fees as time is expended and costs are incurred, provided the amount of consideration to be received is reasonably determinable and there is reasonable expectation of ultimate collection.

Expenses are recognised in the statement of revenues and expenses on the accrual basis.

**3. CASH AT BANK**

Cash at bank as at year end is comprised of unrestricted cash.

In 2015, the Company received \$25,000 from the Martha Morse Foundation, an independent foundation formed to provide grants to organisations concerned with animal welfare. The amount was restricted for the construction of the Animal Shelter and was invested in such construction during 2016. See also note 5.

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Notes to and forming part of the Financial Statements**

**For the year ended 31 December 2017**

*Expressed in U.S. Dollars*

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**4. INVENTORY**

Inventory as at year end are comprised of the following:

	<b>2017</b>	<b>2016</b>
Veterinary medicines	—	3,285
Pet supplies	—	<u>608</u>
	<u>\$ —</u>	<u>\$3,893</u>

All the Company's inventory was destroyed by Hurricanes Irma and Maria which decimated the British Virgin Islands in September 2017.

**5. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment as at year end comprised of the following:

	<b>2017</b>	<b>2016</b>
Land	154,052	154,052
Property under construction (net of impairment of \$34,399 (2016: \$nil))	75,000	109,399
Furniture and fixture (net of accumulated depreciation of \$670 (2016: \$186))	—	<u>484</u>
	<u>\$229,052</u>	<u>\$263,935</u>

The current animal shelter maintained by the Company (the "Shelter") was erected in 1985 and is situated at Johnson's Ghut, Road Town, Tortola VG 1110, British Virgin Islands.

In 2013, the Company purchased one acre of land at Josiah's Bay, Tortola, British Virgin Islands for \$150,000. This land was purchased using funds that the Company had saved over previous years.

The Company is in the process of constructing a new animal shelter (the "New Shelter") on the land and has engaged the services of Roger Downing & Partner Co. Ltd., a well-respected architectural and interior design firm in the British Virgin Islands.

In 2016, the Company successfully procured and received a steel frame structure for the New Shelter for \$109,399 (including shipping and landing) from a supplier based in the United States of America. The process of identifying contractors to erect the structure and prepare the foundations began in October 2016, with the assistance of the architect, Thor Downing of Roger Downing & Associates Ltd., who provided his expertise pro bono.

The hurricanes detailed above effectively destroyed the Shelter, leaving a severely damaged husk behind. During early 2018 temporary repairs were made costing approximately \$15,000. These temporary repairs were severely enhanced in September/October 2018 through the generous donation of labour and building supplies by GK Construction. The total cost of the renovated Shelter currently stands at approximately \$26,600.

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Notes to and forming part of the Financial Statements**

**For the year ended 31 December 2017**

*Expressed in U.S. Dollars*

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**5. PROPERTY, PLANT AND EQUIPMENT (Cont'd)**

Due to delays in erecting the structure caused by funding issues and then Hurricanes Irma and Maria, the structure has incurred a level of degradation. Though further degradation is not anticipated, its value as at October 2018 was estimated at \$75,000.

**6. FINANCIAL INSTRUMENTS**

Financial assets of the Company comprise cash and cash equivalents and advances to staff. Financial liabilities comprise accrued expenses.

**a) Credit risk**

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted.

The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

As at 31 December 2017, the Company's financial assets exposed to credit risk amounted to the following:

	<b>2017</b>	<b>2016</b>
Cash at bank	85,603	56,632
Advances to staff	<u>2,544</u>	<u>4,989</u>
	<u>\$88,147</u>	<u>\$61,621</u>

Cash is held by CIBC FirstCaribbean International Bank (Cayman) Limited and management does not expect this counterparty to fail to meet its obligations.

**b) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities as they fall due. At 31 December 2017, the Company's financial liabilities include accrued expenses. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking damage to the

Company's reputation. The Company maintains highly liquid assets in the form of cash and cash equivalents to ensure necessary liquidity and does not anticipate liquidity concerns in meeting liabilities as they fall due.

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Notes to and forming part of the Financial Statements**

**For the year ended 31 December 2017**

*Expressed in U.S. Dollars*

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**7. FAIR VALUE INFORMATION**

The carrying values of all the Company's financial instruments approximate their fair values due to the relatively short periods to maturity of these instruments.

**UNAUDITED**

**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

**Supplemental Schedule to the Financial Statements**

**For the year ended 31 December 2017**

*Expressed in U.S. Dollars*

	2017	2016
<b>Statement of revenues and expenses schedule</b>		
<b>Income from fundraising activities</b>		
Gaming night	23,721	—
Dog show	4,376	3,497
Yard sale	—	575
<b>Total</b>	<b>\$ 28,097</b>	<b>\$ 4,072</b>
<b>Shelter generated income</b>		
Bath and dip	—	1,307
Boarding	—	8,550
Clipping	—	305
Collars and others	—	300
Food	—	946
Medical supplies sold	—	16,195
Veterinary treatment	—	3,390
Other income	35,170	4,359
<b>Total</b>	<b>\$ 35,170</b>	<b>\$ 35,352</b>
<b>Cost of fundraising activities</b>		
Gaming night	2,509	—
Dog show	1,026	629
<b>Total</b>	<b>\$ 3,535</b>	<b>\$ 629</b>
<b>Shelter supplies and expenses</b>		
Animal food	2,073	3,316
Depreciation	130	186
Property losses	354	—
Shelter overheads	12,835	10,593
Veterinary treatment	8,638	5,472
Shelter supplies	769	5,013
Other expenses	1,610	—
Repairs and maintenance	2,829	—
Utilities	4,024	4,730
<b>Total</b>	<b>\$ 33,262</b>	<b>\$ 29,310</b>
<b>Management and administration expenses</b>		
Staffing costs	59,995	60,238
Rent expense	3,300	3,300
NPO renewal expense	50	50
Auto	1,626	2,081
Insurance	—	1,094
Bank charges	1,356	1,251
<b>Total</b>	<b>\$ 66,327</b>	<b>\$ 68,014</b>