

HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

Financial Statements
For the year ended 31 December 2018
(Unaudited)

UNAUDITED

HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

**Financial Statements
For the year ended 31 December 2018**

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HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

**Company Directory
As at 31 December 2018**

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

Chartered Accountants

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Tropic Isle Building
Nibbs Street
Road Town, Tortola VG 1110
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**INDEPENDENT ACCOUNTANT'S COMPILATION REPORT TO THE BOARD OF DIRECTORS OF
HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS**

We have compiled the accompanying financial statements of the Humane Society of the British Virgin Islands based on information provided by management. These financial statements comprise the statement of net assets of the Humane Society of the British Virgin Islands as at 31 December 2018, the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards for Small- and Medium-sized Entities ("IFRS for SMEs"). We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are the responsibility of management. Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with IFRS for SMEs.

Baker Tilly (BVI) Limited

**Chartered Accountants
2 October 2019
Tortola, British Virgin Islands**

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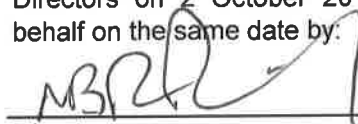
HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

**Statement of Net Assets
As at 31 December 2018**

Expressed in U.S. Dollars

	Note	2018	2017
Current assets			
Cash at bank	3	43,181	85,603
Inventory	4	2,500	—
Advances to staff		—	2,544
		<u>45,681</u>	<u>88,147</u>
Non-current assets			
Property, plant and equipment	5	<u>238,862</u>	<u>229,052</u>
Total assets		<u>284,543</u>	<u>317,199</u>
Current liabilities			
Accrued expenses		9,811	3,968
Advances from staff		296	—
Total liabilities		<u>10,107</u>	<u>3,968</u>
Net assets		<u>\$ 274,436</u>	<u>\$ 313,231</u>

The financial statements on pages 3 to 13 were approved and authorised for issuance by the Board of Directors on 2 October 2019 and signed on their behalf on the same date by:



Director

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HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

**Statement of Revenues and Expenses
For the year ended 31 December 2018**

Expressed in U.S. Dollars

	Note	2018	2017
Revenue			
Donations, legacies and similar income sources		40,221	61,800
Income from fundraising activities		20,486	28,097
Shelter generated income		<u>21,983</u>	<u>35,170</u>
Total revenue		<u>82,690</u>	<u>125,067</u>
Expenses			
Cost of fundraising activities		8,403	3,535
Impairment of steel structure	5	-	34,399
Shelter supplies and expenses		42,975	33,262
Management and administration expenses		<u>70,107</u>	<u>66,327</u>
Total expenses		<u>121,485</u>	<u>137,523</u>
Deficit for the year		<u>\$ (38,795)</u>	<u>\$ (12,456)</u>

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HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

**Statement of Changes in Net Assets
For the year ended 31 December 2018**

Expressed in U.S. Dollars

	2018		
	Unrestricted Net Assets	Restricted Net Assets	Total
Opening balances	313,231	—	313,231
Deficit for the year	(38,795)	—	(38,795)
Closing balances	\$ 274,436	\$ —	\$ 274,436

	2017		
	Unrestricted Net Assets	Restricted Net Assets	Total
Opening balances	325,687	—	325,687
Deficit for the year	(12,456)	—	(12,456)
Closing balances	\$ 313,231	\$ —	\$ 313,231

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HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

**Statement of Cash Flows
For the year ended 31 December 2018**

Expressed in U.S. Dollars

	2018	2017
Operating activities		
Decrease in net assets	(38,795)	(12,456)
Adjustments to reconcile net assets to net cash from operating activities before working capital changes		
Depreciation of property, plant and equipment	—	484
Impairment of steel structure	—	34,399
Operating (loss)/profit before working capital changes	(38,795)	22,427
Decrease in advances to staff	2,840	2,445
(Increase)/decrease in inventory	(2,500)	3,893
Increase in trade and other payables	5,843	206
<i>Cash flows from operating activities</i>	<u>(32,612)</u>	<u>28,971</u>
Investing activities		
Purchase of property, plant and equipment	(9,810)	—
<i>Cash flows used in investing activities</i>	<u>(9,810)</u>	<u>—</u>
Net (decrease)/increase in cash and cash equivalents	(42,422)	28,971
Cash and cash equivalents at beginning of year	<u>85,603</u>	<u>56,632</u>
Cash and cash equivalents at end of year	<u>\$ 43,181</u>	<u>\$ 85,603</u>

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 2018

Expressed in U.S. Dollars

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 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 2 October 2019.

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 have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs") issued by the International Accounting Standards Board.

The financial statements are prepared on the basis of historical costs and do not take into account increases in the market value of assets.

The financial statements and records of the Company are presented and maintained in U.S. Dollars, rounded to the nearest dollar.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

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.

HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

**Notes to and forming part of the Financial Statements
For the year ended 31 December 2018**

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b) Use of estimates (Cont'd)

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.

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) 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.

e) Property, plant and equipment

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

f) Payables

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

g) 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.

HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

**Notes to and forming part of the Financial Statements
For the year ended 31 December 2018**

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

g) Net assets (Cont'd)

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.

h) 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.

i) 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.

4. INVENTORY

Inventory as at year end are comprised of the following:

	2018	2017
Veterinary medicines	2,000	—
Pet supplies	<u>500</u>	<u>—</u>
	<u>\$2,500</u>	<u>\$ —</u>

HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

**Notes to and forming part of the Financial Statements
For the year ended 31 December 2018**

Expressed in U.S. Dollars

5. PROPERTY, PLANT AND EQUIPMENT

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

	2018	2017
Land	154,052	154,052
Property under construction	<u>84,810</u>	<u>75,000</u>
	<u>\$238,862</u>	<u>\$229,052</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.

In September 2017 Hurricanes Irma and Maria 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. At 31 December 2018, the total cost of the renovated Shelter stood at approximately \$26,600.

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. Financial liabilities comprise accrued expenses and advances from staff.

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.

HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

Notes to and forming part of the Financial Statements

For the year ended 31 December 2018

Expressed in U.S. Dollars

6. FINANCIAL INSTRUMENTS (Cont'd)

a) Credit risk (Cont'd)

As at 31 December 2018, the Company's financial assets exposed to credit risk amounted to the following:

	2018	2017
Cash at bank	<u>\$43,181</u>	<u>\$85,603</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 2018, 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.

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.

8. SUBSEQUENT EVENTS

In June 2019 further renovations were made to the Shelter in four phases. Renovation phases 1, 2 and 3 involved physical improvements to the Shelter, particularly aimed at drainage, sanitation and safety, and totalled \$35,610. Phase 4 involved the purchase and installation of new transportable cages (which can be transferred to the New Shelter in due course) which totalled \$42,426. The combined total of \$78,036 was kindly donated to the Shelter by a number of individuals and organisations.

UNAUDITED**HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS****Supplemental Schedule to the Financial Statements
For the year ended 31 December 2018***Expressed in U.S. Dollars*

	2018	2017
Statement of revenues and expenses schedule		
Income from fundraising activities		
Gaming night	—	23,721
Dog show	1,250	4,376
Cinco de Mayo	733	—
Open house	1,695	—
Mulled wine	1,972	—
Tails & tapas	14,836	—
Total	\$ 20,486	\$ 28,097
Shelter generated income		
Adoption	1,253	—
Bath and dip	1,034	—
Boarding	12,163	—
Food	2,960	—
Medical supplies sold	4,573	—
Other income	—	35,170
Total	\$ 21,983	\$ 35,170
Cost of fundraising activities		
Gaming night	—	2,509
Dog show	—	—
Cinco de Mayo	—	—
Open house	—	—
Mulled wine	—	—
Tails & tapas	8,403	1,026
Total	\$ 8,403	\$ 3,535

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HUMANE SOCIETY OF THE BRITISH VIRGIN ISLANDS

**Supplemental Schedule to the Financial Statements
For the year ended 31 December 2018**

Expressed in U.S. Dollars

	2018	2017
Statement of revenues and expenses schedule (Cont'd)		
Shelter supplies and expenses		
Advertisements	878	—
Animal food	8,798	2,073
Depreciation	—	130
Property losses	—	354
Shelter overheads	10,553	12,835
Veterinary treatment	7,791	8,638
Shelter supplies	—	769
Other expenses	786	1,610
Repairs and maintenance	9,112	2,829
Utilities	5,057	4,024
Total	\$ 42,975	\$ 33,262
Management and administration expenses		
Staffing costs	62,307	59,995
Rent expense	3,300	3,300
NPO renewal expense	50	50
Auto	2,314	1,626
Insurance	1,250	—
Bank charges	886	1,356
Total	\$ 70,107	\$ 66,327