



MESSAGE FROM THE CHAIR



The year 2020 has certainly been one for the history books. As we reflect on the recent past, the impact of the global COVID-19 pandemic seems to eclipse all else, and CAHI has certainly filled a much-needed leadership gap for its membership, the veterinary community and many other animal health stakeholders. In light of this unprecedented time, it is easy to forget that CAHI not only ably provided value to the membership in response to COVID-19, but in the last 12 months our trade association also advocated tirelessly on our behalf on regulatory issues and provided much appreciated member services to the benefit of our entire Canadian industry.

It has been a privilege to be part of the Canadian Animal Health Institute's Board of Directors for the past several years and now to serve as the Chair of the Board. I am grateful for the learnings and for the opportunities to interact with such a smart and diverse group of industry colleagues who are genuinely committed to the greater good of our unique animal health industry here in Canada. I am also pleased to present the 2019-20 Annual Report which outlines the continued and important work of the Institute over the past year.

On that note, I would like to recognise the many important contributions of our outgoing President, Jean Szkotnicki. Jean has successfully and devotedly led CAHI for almost 30 years, resulting in the Institute's global recognition as an association that is a trusted, science-based voice of the Canadian animal health industry. Jean has transitioned to a well-deserved retirement after providing many years of tireless and valued leadership to our entire industry. Thank you very much Jean for your guidance, advocacy and common-sense approach. Your gracious nature has steered us through many challenges over the years and has contributed to the strong – and essential – industry we are today.

Looking to our future, on behalf of the board of directors, I would like to introduce you to Dr. Catherine Filejski our new CAHI President & CEO who joined us this past September. Catherine most recently served as Ontario's Public Health Veterinarian where she fostered a reputation as a credible leader with our government partners, within the agricultural and veterinary communities, as well as with other key stakeholders in Canada and internationally. Catherine also holds graduate degrees in International Relations from the University of Toronto and the College of Europe in Bruges, Belgium, as well as a Master's Certificate in Public Management from the Schulich School of Business. Her collaborative nature and open approach to working with stakeholders has already been well established through her hard work managing the COVID-19 crisis. Welcome Catherine! I look forward to working with you as you continue to integrate into the CAHI and its day-to-day operations.

Finally, I'd like to thank the CAHI staff, Colleen and Lise, for their continued and invaluable contributions to the success of CAHI. This year has been like no other on record and you both have risen to the occasion to provide continuity of service to CAHI. You have not only worked to ensure the effective delivery of CAHI operations and member services, you also have assisted the association through a year of leadership transition. Thank you for your continued service.

Along with the staff at CAHI, I would also like to thank the staff at Zoetis and my industry colleagues for their continued engagement in the important work of the Institute. I look forward to working with all of you in the year ahead!

Dr. Jair Garcia, CAHI Chair, Zoetis

MESSAGE FROM THE PRESIDENT & CEO



When I stepped into the role of President and CEO of CAHI last September, I was looking forward to the exciting challenges of proudly representing an industry that discovers, develops and delivers medicines that preserve animal health, thereby improving quality of life for all Canadians. Never could I have imagined that those new challenges would include leading CAHI through the realities of a global pandemic.

My first months were focused on learning about CAHI's internal operations and culture, building relationships, implementing best practices, and identifying priorities for a strategic plan, with a view towards defining and strengthening our value proposition to the next level. The unfailing support of Lise Rodgers and Colleen McElwain as my stellar CAHI team, our Board of Directors, and many of our members who have generously shared their experience and expertise has served to provide me with a solid foundation on which to build, and deserves a special word of thanks: your collective help to date has been invaluable.

Yet nine months later, we are through the looking glass, and nothing is as I imagined. I had especially looked forward to meeting and connecting with CAHI's membership in person at our Annual Convention. Instead, we find ourselves pivoting to deliver the continuing education content from our Convention in a virtual format and managing the associated budgetary challenges of doing so. Colleen's hard work and visionary leadership in implementing this radical overnight change to our plans for the Convention made this move possible and deserves particular recognition.

In addition, strategic planning rapidly took a back seat to COVID-19 response activities. The challenge ahead is a big one, requiring us to find new ways of working and connecting under COVID-19 restrictions, while responding to systemic change which is happening faster, permeating deeper and with far wider implications than ever before. The reality of COVID-19 is still evolving, and its consequences for our companies, organizations, economy, and society will continue to play out and come into focus over the rest of 2020 and beyond.

Today's realities are already different from those of last week and are essentially unrecognizable from those of last year. As we navigate these uncharted waters, I am deeply committed to providing our members with a clear approach to understanding the future shape of Canada's animal health industry and CAHI's role within it. This approach is anchored in innovation, adaptability and the willingness to make bold new choices in how we gather and communicate information, how we bring our industry together, how we interact with our stakeholders, regulators and international partners, and how we embody One Health in Canada.

As CAHI embarks on a new chapter after 28 years under Jean Szkotnicki's leadership, I hope that you will share my excitement in developing CAHI's new look, feel and profile, both nationally and internationally. We will continue to work on bringing CAHI into alignment with best practices in terms of governance, financial accountability and transparency, advocacy activities, and communications. Canada's regulatory environment continues to evolve, and CAHI's new government relations strategy will advocate proactively for regulatory and policy solutions to both long-standing and emerging challenges in the animal health sector.

In many ways, COVID-19 has served to highlight the critical importance of animal health to human health. The health of food producing animals is critical to preserving our food supply chains, and the health of our companion animals is critical to preserving our own health, both physical and mental, especially in challenging times such as these. As we continue to work together to conquer COVID-19 over the coming year, I hope you will join me in finding new opportunities to inspire and support our industry's collective efforts in preserving animal health in Canada - because animal health really does affect us all.

Dr. Catherine Filejski, CAHI President & CEO

REGULATORY UPDATES

2019 was an election year, meaning there was a lot of work leading up to the writ period in the Fall, followed by a period of time when federal consultations and stakeholder relations came to a standstill. As 2020 began, the CAHI office received a number of requests for feedback on guidance documents, the Pan-Canadian Action Plan on Antimicrobial Resistance and other initiatives. The flow of government and industry communications were truly beginning to ramp up – and then COVID-19 resulted in a state of emergency across Canada that has yet to be fully lifted. CAHI fully anticipates that social distancing measures will continue for a number of months and is incorporating flexibility into its approach to service delivery to meet the needs of our membership, partners, regulators and stakeholders.

Canadian Regulatory Initiatives

Environmental Risk Assessment of Active Ingredients in Drugs

The consultation by Health Canada for proposed amendments to environmental risk assessment requirements for Active Pharmaceutical Ingredients (API) in veterinary drugs continued in 2019. CAHI's advocacy resulted in a more risk-based approach being adopted, that will be in alignment with other jurisdictions. Health Canada has indicated that for the Predicted Environmental Concentration (PEC) calculation, flexibility will be allowed to ensure alignment with the European Union and/or the United States so long as it is justifiable for the Canadian situation.

As currently proposed, the amendments will be applied to Division 8 drugs only, and exemptions will apply for disinfectants with a Drug Identification Number (DIN), medical devices and

radiopharmaceuticals. Categorical inclusions will be applied to parasiticides or APIs which are potentially persistent, bio-accumulative and toxic substances, steroids/hormones, and products intended for use in aquaculture.

Feedback on behalf of the membership was provided to Health Canada in July 2019 to support Health Canada's cost-benefit analysis in relation to the proposed regulatory amendments. Implementation is not anticipated for another couple of years as these will need to go through publication in Canada Gazette Parts 1 and 2. CAHI has agreed to work with the Drug Committee and Health Canada to develop a guidance document for implementation.

Antimicrobial Regulatory and Policy Updates

Agriculture and Agri-Food Canada led a consultation in February 2020 on the draft Pan Canadian Action Plan for Antimicrobial Resistance and CAHI submitted comments in consultation with the membership. The final Action Plan was originally expected to be released in the Spring of 2020, but this has been delayed until at least the Fall given the global COVID-19 pandemic.

CAHI's comments included six items for further consideration by the Government of Canada:

1. Concern that there was no discussion within the draft document regarding how veterinary compounding would be addressed within the antimicrobial stewardship context.
2. The draft Action Plan did not address antimicrobial use in companion animals.
3. A recommendation to include discussion of the trade and economic consequences of antimicrobial use and resistance policies, highlighting the proposed non-tariff trade barriers in relation to the European Union

(EU) Regulation 2019/6 on veterinary medicinal products (VMP) concerning approvals of veterinary medicines for use in the whole of the EU, published in January 2019, as a relevant example.

4. Our support for the creation of innovative regulatory pathways for alternative products, which needs to be continued and enhanced.
5. Recognition that any Action Plan must have measurable goals associated with its objectives; however, CAHI strongly cautioned that the proposed performance measures must be meaningful. It is common in the discussions around AMR to propose volume-based performance targets which almost always result in unintended and undesirable consequences.
6. A strong recommendation that the antimicrobial sales data collected for 2018 not be used for benchmarking purposes given that a large number of over-the-counter antimicrobials were transitioned to prescription status and there is evidence of stockpiling of products in the field prior to December 1, 2018.

Atypical Active Pharmaceutical Ingredients

Working with members of the Drug Committee, CAHI continued to advocate on behalf of the membership for a more reasonable approach to good manufacturing practices (GMP) requirements for API and atypical API in the summer of 2019. The approach taken by the Regulatory Operations and Enforcement Branch (ROEB) at Health Canada has continued to result in contradictory guidance, inconsistencies with other regulators, difficulties in sourcing API from some suppliers because of the new GMP requirements and, as a result, excessive regulatory costs related to keeping products on the market. Furthermore,

the GMP requirements do not extend to compounders, causing further competitive challenges. Activities in this area stalled with the dropping of the federal writ period in the fall, and then again with the advent of COVID-19 containment measures. CAHI plans to re-visit this issue with ROEB as operations return to a more normal pace.

Boosting CAHI's Government Relations Capacity

In May 2020, CAHI hired Hill and Knowlton (H+K) to provide ongoing public affairs and government relations support for a variety of policy objectives in the health, agriculture and pharmaceutical sectors, with a primary focus on the Government of Canada. This will help CAHI renew its government relations strategy using a three-pronged approach:

- Political insight and issues monitoring;
- Key message and policy development; and
- Government engagement and proactive relationship building.

With the assistance of H+K, CAHI will be well positioned to develop meaningful relationships with Parliamentarians, Health Canada leadership and other key government stakeholders. CAHI has already identified a number of key issues for further development with H+K, and this list includes:

- Regulatory fees for veterinary drugs;
- Impact of new good manufacturing practices requirements for active pharmaceutical ingredients;
- Trade policy; and
- Veterinary drug compounding.



HealthforAnimals Regulatory Strategy Team, London, UK, February 2020

International Updates

Regulatory Cooperation Council

In January and February of 2020, CAHI's Drug Committee was invited to participate in the Animal Health Institute (AHI) – US Food & Drug Administration (FDA), Center for Veterinary Medicine (CVM) Tri-Annual Meeting Session on the Regulatory Cooperation Council (RCC). Additional meetings were planned for the spring but were derailed by COVID-19. Once operations begin to shift back to more regular business, this initiative will allow CAHI to work more collaboratively with the AHI on common issues in relation to how our regulators are working together, the identification of areas where regulatory requirements are not harmonized and RCC timelines.

VICH

CAHI President and CEO, Dr. Catherine Filejski, participated in the 38th International Cooperation on Harmonization of Technical Requirements for Registration of Veterinary Medicinal Products (VICH) Steering Committee and 12th VICH Outreach Forum (VOF) held from November 18- 21, 2019 in Tokyo, Japan. This year's meetings brought together 22 national regulatory agencies and animal health industry organisations from six continents. Major outcomes of the meetings included the formal adoption of two documents by the VICH Steering Committee:

- VICH GL58 (Quality) – Stability Testing of New Veterinary Drug Substances and Medicinal Products in Climatic Zones III and IV; and
- a Concept Paper proposing minor revisions to Pharmacovigilance Guidelines 24 and 29.

In addition, VICH announced new training material on the VICH Metabolism and Residue Kinetics Guidelines as well as a training video on the waiving of Target Animal Batch Safety Test (VICH GLs 50 & 55). The VOF meetings in turn featured technical training on VICH Guidelines (GLs), breakout discussions on Good Clinical Practice, as well as an interactive session on mutual recognition programs.

CAHI's participation in VICH ensures that the Canadian industry is represented on various VICH Expert Working Groups, which will be working on a number of documents in 2020, including: a Guideline on Tests on the Presence of Extraneous Viruses in Veterinary Viral Vaccines, and a Guideline for Safety Evaluation of Biotechnology-Derived/ Biological Products.

In April 2020, VICH convened a new Task Force on Medicated Premixes, which is working on a draft Concept Paper on the development of further guidance around medicated Premixes. Following this work, the Task Force will transform into a formal VICH Expert Working Group in the fall of 2020.

STAKEHOLDER RELATIONS



Animal Medicines in the Environment: Principles and Practices – In November 2019, HealthforAnimals finalised this document, which outlines stewardship principles at each stage of an animal health product’s lifecycle. CAHI’s Stewardship Committee reviewed this document prior to its publication last fall. The development of this document is timely, given Health Canada’s consultation on proposed regulatory amendments related to environmental assessments of active pharmaceutical ingredients. In the coming months, this document will act as a key resource in CAHI’s advocacy efforts in this area, and it is complementary to the association’s other environmental initiatives detailed in this annual report under Stewardship.

2019 Global Benchmarking Survey – HealthforAnimals partners with national associations, such as CAHI, to routinely survey its global membership in order to benchmark country regulatory services with the goal of streamlining and improving competitiveness the animal health industry. In the Fall of 2019, CAHI staff facilitated a review of the survey and collated member responses. When complete, CAHI will use the results of the 2019 survey as part of its future government relations activities.

Open Letter on the Value of Animal Agriculture – In June 2020, HealthforAnimals coordinated the release of an open letter in response to growing, false claims linking animal agriculture to the global COVID-19 pandemic. CAHI strongly supported this initiative and worked closely with our Canadian partners to get 11 national producer and supply chain associations as well as two academic institutions to sign the letter. The letter was pitched to six major Canadian news outlets and at the time of writing we were awaiting their response.



NFAHWC Board of Directors

National Farm Animal Health and Welfare Council

CAHI Programs Director, Colleen McElwain, continues to serve on behalf of the CAHI as a board member at the National Farm Animal Health and Welfare Council (NFAHWC). The NFAHWC’s membership is made up of industry and government representatives spanning the animal agriculture space and reports to the Federal-Provincial/Territorial Regulatory Assistant Deputy Ministers on policy matters.

The NFAHWC has been very active over the last year in reviewing its governance structure to allow the creation of divisions under the advisory board. In 2020, it was confirmed that the National Farm Animal Care Council (NFACC) and the Canadian Animal Health Surveillance System (CAHSS) would be moved under the NFAHWC as new divisions. There is also a proposal that the NFAHWC may take on greater leadership responsibilities in relation to the implementation of the federal Plant and Animal Health Strategy, as well as the animal health aspects

of the Pan-Canadian Action Plan on Antimicrobial Resistance.

In addition to these significant changes in mandate, the NFAHWC has taken on an industry-government initiative called Animal Health Canada (AHC). In this initiative, all parties have contributed funds to address the fragmented Canadian policy and program pieces related to foreign animal disease management. Currently, Canada has an inefficient system that is not coordinated and does not allow either synergies between work areas or consistent application of lessons learned over time with outbreaks (i.e., between species or regions). The AHC initiative is intended to build a partnership where each member of the initiative has a defined role and responsibility, with the intent of addressing gaps and creating collaboration between members.

CAHI is closely monitoring the AHC initiative as it moves forward and is working with the membership to determine how it can become more involved. As this becomes more apparent, CAHI staff will reach out to members for their input.

STEWARDSHIP



Cleanfarms is a unique program which offers farmers an environmentally responsible way to dispose of unwanted or expired product, free of charge. CAHI is proud to continue its partnership with Cleanfarms to offer disposal options for obsolete and unwanted livestock and equine medications across Canada. Paul Lake from Bio Agri Mix continues to sit on its board of directors on behalf of CAHI.

In 2019, a total of 5,518 kg of obsolete or unwanted animal health products were collected at 79 sites in Northern Alberta, Manitoba and Ontario.

Province	2019		2016		Decrease in volume (kg)	
	No. collection sites	Animal Health (kg)	No. collection sites	Animal Health (kg)		
Northern Alberta	24	1,702	24	5,570	3,868	227%
Manitoba	21	1,404	19	1,787	383	27%
Ontario	31	2,269	40	12,080	9,811	432%
Newfoundland	3	143	3	278	135	94%
	79	5,518	86	19,715		

Table 1: Comparison of the 2019 and 2016 Obsolete Veterinary Medications Collections through Cleanfarms

Total collection volumes in 2019 were much lower than 2016 volumes. Based on the number of producers who identified 2019 as the first time they had participated in the program, and the age of the material collected (>10 years), lower collection volumes were potentially due to poor harvest weather, rather than declining legacy stockpiles of material because farmers were bringing crops in rather than attending collections.

See Table 1

Overall user satisfaction with the program continues to be high and there was clear agreement from the participants that holding collections on a three-year basis is appropriate.

2020 collections are scheduled in British Columbia (Fraser Valley & Vancouver Island), Southern Saskatchewan, Quebec and Prince Edward Island. At the time of writing, it is anticipated that these collections will be able to continue as scheduled despite the COVID-19 pandemic; however contingency planning is also underway in case it is needed.



HEALTH PRODUCTS STEWARDSHIP ASSOCIATION

Colleen McElwain, Programs Director at CAHI continues to represent the CAHI membership at the Health Products Stewardship Association (HPSA), as a member of its Board of Directors. In early 2020, HPSA hired a new Director General, Terri Drover, who started with the association on June 1st. Terri joins the HPSA from the Canadian Association for Pharmacy Distribution Management and is a 30-year veteran of the pharmaceutical industry. Her breadth of experience includes healthcare, sales and marketing, regulatory, government relations and distribution.

On behalf of the CAHI membership, welcome Terri! We look forward to working with you. Our sincere thanks to Ginette Vanasse for her many years of service in growing the HPSA from its inception to a membership that includes almost 150 companies.

CAHI Public Outreach

CAHI's public facing communications continued to grow over the course of 2019 and early 2020.

Overall traffic on the **CAHI website** is up 86%, and 87% of these visitors are new to the site. In addition, visitors from Canada are up 89% which is a strong indication that we are attracting our intended audience.

- Total new users visiting the CAHI website in 2019 was approximately 34,000, about 37% of which came into the site directly (rather than via social media or backlinks), indicating our search engine optimization (SEO) efforts are effective.
- In 2019 the main entry points to the website were through the Canadian Pet Population Numbers press release page (new for 2019), homepage (down 16%), Canadian Veterinary Schools (up 236%), Hormones (up 57%) and Careers (down 2%).

On our **social media** platforms, our followers continue to grow in number. Year-over-year increases across platforms are: Twitter (16%), Facebook (24%) and LinkedIn has also shown steady growth since its creation in mid-2019. CAHI plans to expand its social media presence in 2020 by joining Instagram and using paid posts. Our **monthly e-newsletter**, initiated in late 2018, showed tremendous success with open and click rates well above industry averages.

In early 2020, CAHI began working with a service called **Riipen**, which connects companies with post-secondary institutions to work with students to support business needs. This cost-effective service has significantly increased CAHI's capacity in the area of communications. Projects to-date:

- Annual Event Marketing Strategy – *completed*
- Social Media Content Marketing Strategy Development – *completed*
- Crisis and Issues Management Plan Development – *in progress*
- Search Engine Optimization (SEO) Strategy – Fall 2020

Monthly Pet Articles

In the latter half of 2019, working with 31st Line Strategic Communications, CAHI identified that the monthly pet articles were no longer achieving the desired reach to domestic media outlets as reported through our newswire service. Sending the articles out over the newswire services is an expensive activity for CAHI which took up approximately half of the Public Relations budget line. Working with 31st Line Strategic Communications, CAHI piloted an alternate distribution platform targeting influencers in the pets and lifestyle spaces. While the platform was showing promise as a vehicle to reach journalists for all content providers, there were indications the distribution method was not going to provide the expected value to CAHI because branded materials are perceived as promotional. Given CAHI's limited Public Relations resources, any outreach activity needs to drive online traffic back to the CAHI website and/or increase social media engagement.

As a result, the Board of Directors agreed that:

- CAHI will continue to create pet articles in-house to the end of the calendar year, as enough authors and content had already been identified.
- The pet articles will continue to be shared on the CAHI website and social media platforms as a part of CAHI's companion animal content, making ongoing use of the considerable library of high-quality articles that has been developed over the last few years.



With the advent of the global COVID-19 pandemic, CAHI had to sharply adjust its operations to meet the rapidly changing needs of its members, stakeholders and government partners. In response to the potential impact on our industry, CAHI:

- Immediately began member outreach activities to monitor for any animal health product ingredient shortages on a voluntary basis to assist regulators and animal industry stakeholders.
- Worked with its partner associations to urge Health Canada and other regulatory authorities to recognize the essential role of the animal health industry and the practice of veterinary medicine.
- Created and contributed to a number of communications pieces including:
 - [Caring for Pets during the COVID-19 Outbreak](#)
 - [COVID-19: How we are acting](#)
 - New webpage entitled [Animal Health is Essential](#)
 - [Two statements](#) regarding government actions to keep animal health businesses and veterinary clinics open during the pandemic

- Hosted two immensely successful information sharing webinars for our stakeholders

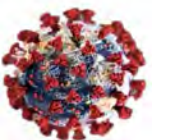


- [April 9th, 2020](#) in collaboration with the Canadian Veterinary Medical Association, Animal Nutrition Association of Canada and Kynetec Canada. (861 registrants and 544 attendees from across the breadth of the Canadian animal and veterinary medicine sectors.)



- [May 1st, 2020](#) focusing on companion animals in collaboration with the Canadian Food Inspection Agency, the Public Health Agency of Canada, The Council of Chief Veterinary Officers and IDEXX Laboratories Canada. (544 registrants and 352 attendees from across the Canadian companion animal health sector.)
- These two webinars had a positive year-over-year impact on CAHI's public-facing outreach platforms for the period of April 1 to May 31st.

1. Year-over-year website traffic increase of 26%, decrease of 3% in bounce rate and increase of 11.5% in average session duration.
2. Facebook & Twitter = 3% increase in likes and follows, and a 13% increase in followers on LinkedIn.



In May 2020 CAHI worked with CommuniVET to develop a new corporate video

The video has been posted with YouTube and was featured during opening of many of the 2020 Virtual Seminars. Watch for this video across all our platforms in the near future!



PUBLIC TRUST ACTIVITIES

In late 2019, the CAHI assembled a new Public Trust Committee to coordinate a more cohesive approach to public trust communications for the industry. This committee has been quite active since its inception and has:

- Reviewed all CAHI key messages and position statements – all edits to be adopted before the end of 2020.
- Collaborated with the Canadian Centre for Food Integrity (CCFI) on
 - The creation of an *Antibiotics Insights Report* released in May 2020 – a second report on Hormones is planned for the fall of 2020.
 - Provided input into the CCFI's Public Trust survey questions for 2020 – the results of this survey are typically released each fall at the CCFI's Public Trust Summit.

- Assessed the applicability of the US-based Center for Food Integrity's Trust-Building Transparency best practices for the Canadian animal health industry and coordinated a workshop and webinars for the CAHI membership – delivery postponed to 2021 due to the impact of COVID-19.
- And finally, reviewed the proposed content in relation to animal health for the next edition of the *Real Dirt on Farming* – release targeted for the fall of 2020.

The Public Trust Committee also provided valuable assistance to CAHI in the development of the Crisis and Issues Management Plan project description for the Riipen students. Looking forward into 2020 and beyond, the Committee will be working to identify key contacts to amplify CAHI's key messages and for new opportunities to work with other collaborators, such as Agriculture in the Classroom.



REMINDER!

CAHI's Your pet has just been vaccinated. What can you expect?

Tear off sheets are available to veterinary clinics through Associated Veterinary Purchasing, the Western Drug Distribution Centre and Veterinary Purchasing!



OUR SINCERE THANKS TO JEAN SZKOTNICKI

CAHI would like to thank Jean Szkotnicki for her many years of leadership in the Canadian animal health industry. Over the course of her time with CAHI, Jean skillfully balanced the responsibility of advocating for veterinary pharmaceutical companies with the needs of veterinarians, livestock producers and our public. She was an early supporter of a more globally harmonized approach to technical requirements of regulatory programs for animal health products – one that would encourage investment, innovation and competitiveness.

An articulate problem solver, one of Jean's major achievements for Canadian agriculture was closing the legislative loopholes of federal Own Use Importation and use of Active Pharmaceutical Ingredients policies that previously allowed large quantities of non-Health Canada licensed medications to be imported and used in Canada. Her persistence over more than two decades ultimately brought together all stakeholders – farmers, industry, veterinarians and regulators. New regulations were introduced in 2017

to close these loopholes in support of the responsible use of drugs in animal medicine benefitting food safety, animal welfare, and the trade of food animal products.

After many years of dedicated service to the Canadian animal health industry, we wish Jean well in her well-deserved retirement.

Best wishes always Jean!

CODE

OF MARKETING PRACTICE

At the beginning of 2020, at the request of the CAHI Board of Directors, the 2019 amendments to the CAHI Code of Marketing Practice were sent for a legal opinion on their applicability to over-the-counter animal pesticides. The legal assessment found that the amendments to the Code do extend its application to both over-the-counter animal health products and to animal pesticides. This is due to an added reference to Health Canada's *Guidelines for Consumer Advertising of Health Products* and by an existing reference to the *Pest Control Products Act* in Appendix III of the Code.

CAHI'S 2020 GRAPHIC DESIGN SPONSOR



31st Line Strategic Communications



Brand Development



Digital Media



Website Development



Integrated Campaigns



Creative Services



Public Relations



Event Planning & Design

We thrive on the adrenaline rush of unconventional thinking to grow ideas that inspire change.

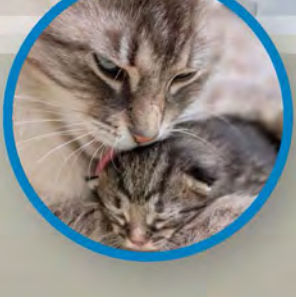
www.31stline.com

2021 CAHI Annual Convention

May 31 – June 2, 2021

Hôtel Château Laurier, Québec City, Québec

CAHI invites you to an award-winning hotel in the heart of the Grande Allée, walking distance from Battlefields Park and close to the Citadelle.



FINANCIALS

2019 Audited Financial Statements
For the year ended December 31, 2019

Preliminary 2020 Budget

CONTENTS

	Page
Independent Auditors' report	1 - 2
Statement of financial position	3
Statement of operations and changes in net assets	4
Statement of cash flows	5
Notes to financial statements	6 - 9

INDEPENDENT AUDITORS' REPORT

To the Directors of Canadian Animal Health Institute:

Opinion

We have audited the accompanying financial statements of Canadian Animal Health Institute, which comprise the statement of financial position as at December 31, 2019, and the statement of operations, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Animal Health Institute as at December 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Canadian Animal Health Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing Canadian Animal Health Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Canadian Animal Health Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Canadian Animal Health Institute's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Canadian Animal Health Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Canadian Animal Health Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Canadian Animal Health Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Guelph, Ontario
June 25, 2020

Tonin & Co. LLP
Chartered Professional Accountants
Licensed Public Accountants

CANADIAN ANIMAL HEALTH INSTITUTE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	2019	2018
ASSETS		
CURRENT		
Bank (note 8)	\$ 320,976	\$ 383,494
Marketable securities (notes 1(b) and 2)	1,542,099	1,288,761
Accounts receivable	339	1,134
Prepaid expenses	<u>28,891</u>	<u>20,035</u>
	1,892,305	1,693,424
CAPITAL (notes 1(c) and 3)	<u>8,331</u>	<u>1,575</u>
	<u>\$ 1,900,636</u>	<u>\$ 1,694,999</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (note 8)	\$ 150,235	\$ 54,100
Deferred revenue (note 1(a))	213,924	135,321
Stewardship fee deposits (note 4)	107,983	198,415
Other taxes payable	<u>4,564</u>	<u>3,931</u>
	<u>476,706</u>	<u>391,767</u>
NET ASSETS		
UNRESTRICTED	<u>1,423,930</u>	<u>1,303,231</u>
	<u>\$ 1,900,636</u>	<u>\$ 1,694,998</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, 2019

	2019	2018
REVENUES (note 1(a))		
Membership fees	\$ 657,978	\$ 633,761
Annual convention	131,260	130,672
Interest income	<u>3,782</u>	<u>3,762</u>
	<u>793,020</u>	<u>768,195</u>
EXPENSES		
Amortization	1,456	588
Annual convention	123,673	117,897
Board, committee and other meetings	4,512	10,825
Kilograms of active report	9,000	9,000
Memberships	42,174	43,130
Office (note 5)	21,695	17,561
Professional fees	22,110	15,199
Public relations	48,565	62,038
Recruitment costs	16,702	-
Rent, common area expenses and utilities (note 5)	40,130	37,385
Service fee advocacy	-	61,270
Travel	38,091	35,863
Wages	<u>410,574</u>	<u>379,635</u>
	<u>778,682</u>	<u>790,391</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	14,338	(22,196)
Gain on sale of investments	4,784	1,232
Investment income	43,434	40,284
Investment management fees	(12,546)	(12,118)
Unrealized (loss) gain on investments (note 1 (b))	<u>70,689</u>	<u>(36,538)</u>
	<u>106,361</u>	<u>(7,140)</u>
EXCESS OF REVENUES OVER EXPENSES	120,699	(29,336)
NET ASSETS , beginning of the year	<u>1,303,231</u>	<u>1,332,567</u>
NET ASSETS , end of the year	<u>\$ 1,423,930</u>	<u>\$ 1,303,231</u>

(See accompanying notes to financial statements)

CANADIAN ANIMAL HEALTH INSTITUTE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of (expenses over revenues) revenues over expenses for the year	\$ 120,699	\$ (29,336)
Charges to earnings not requiring cash:		
Amortization	1,456	588
Unrealized loss/(gain) on investments	<u>(70,689)</u>	<u>36,538</u>
	51,466	7,790
CHANGES IN NON-CASH WORKING CAPITAL		
Decrease (increase) in accounts receivable	795	(937)
(Increase) decrease in prepaid expenses	(8,856)	34,542
Increase (decrease) in other taxes payable	633	(9,152)
Increase (decrease) in accounts payable and accrued liabilities	96,134	(47,100)
Increase (decrease) in deferred revenue	78,603	(103,501)
(Decrease) increase in stewardship deposits	<u>(90,432)</u>	<u>73,692</u>
Cash from (used in) operating activities	<u>128,343</u>	<u>(44,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of capital assets	(8,211)	-
Withdrawals from (contributions to) investment account	<u>(182,650)</u>	<u>122,886</u>
Cash (used in) from investing activities	<u>(190,861)</u>	<u>122,886</u>
(DECREASE) INCREASE IN CASH FOR THE YEAR	(62,518)	78,220
CASH, beginning of the year	<u>383,494</u>	<u>305,274</u>
CASH, end of the year represented by bank	<u>\$ 320,976</u>	<u>\$ 383,494</u>

(See accompanying notes to financial statements)

CANADIAN ANIMAL HEALTH INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

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, 2019

(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 2019	Fair Value 2018
Cash and money market instruments Cost: 2019 \$42,898 (2018 - \$29,211)	\$ 42,898	\$ 29,211
Bonds and accrued interest Cost: 2019 \$996,047 (2018 - \$1,016,316)	1,025,235	1,022,703
Equities Cost: 2019 \$260,518 (2018 - \$223,421)	320,925	236,847
Guaranteed investment certificate Cost: 2019 \$150,000 (2018 NIL)	<u>153,041</u>	<u>-</u>
	<u>\$ 1,542,099</u>	<u>\$ 1,288,761</u>

3. CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
Computer hardware	\$ 39,928	\$ 35,569	\$ 4,359	\$ 1,086
Furniture and fixtures	18,035	17,207	828	180
Office equipment	<u>8,455</u>	<u>5,311</u>	<u>3,144</u>	<u>309</u>
	<u>\$ 66,418</u>	<u>\$ 58,087</u>	<u>\$ 8,331</u>	<u>\$ 1,575</u>

CANADIAN ANIMAL HEALTH INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

4. STEWARDSHIP DEPOSITS

As in previous years, the board of directors required members to cover the 2019 Environmental Stewardship fees. Fees were collected based on management's best estimate of expenses incurred. In 2014 this program was funded directly by the organization. Stewardship fees collected and paid are as follows:

2018 Stewardship fees carried forward	\$ 68,372
2019 Stewardship Fees Collected	159,389
2019 Stewardship fees paid	(179,650)
2020 Stewardship fees collected	<u>59,871</u>
Stewardship deposits	<u>\$ 107,983</u>

5. COMMITMENTS

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

2020	\$ 43,298
2021	42,877
2022	41,613
2023	<u>27,742</u>
	<u>\$ 155,530</u>

The premise lease is scheduled to expire in August 2023.

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 significant 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.

CANADIAN ANIMAL HEALTH INSTITUTE

NOTES TO FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2019

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. FUNDS HELD FOR AMR

Included in the bank balance is \$29,682 that is being held for the Ad Hoc Committee on AMR (Antimicrobial Resistance in Production). Management expects these funds to be transferred to another organization in 2020 which will administer the Ad Hoc Committee's activities going forward. This amount has been included in accounts payable and accrued liabilities as at December 31, 2019.

9. 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.

10. COMPARATIVE FIGURES

Certain comparative figures have been restated to conform with the classifications adopted during the current year.

APPROVED JUNE 25, 2020

Line		Audited 2019	Proposed 2020 Budget
REVENUES			
1	Membership Fees	657,978	683,800
2	Annual Convention / Virtual Seminar Series	131,260	34,000
3	Bootcamp	-	-
4	Interest Income	3,782	6,600
5	Bilaterals	-	-
6	TOTAL REVENUES	793,020	724,400
EXPENSES			
7	Amortization	1,456	1,900
8	Annual Convention / Virtual Seminar Series	123,673	52,500
9	Board Committee and Other Meetings ¹	4,512	3,000
10	Kilograms of Active Report	9,000	
11	Memberships	42,174	45,300
12	Office	21,695	39,950
13	Professional Fees	22,110	32,200
14	Public Relations	48,565	33,440
15	Recruitment Costs	16,702	
16	Rent, Common Area Expenses and Utilities	40,130	41,100
17	Service Fees / Government Relations Advocacy		60,000
18	Travel ¹	38,091	20,000
19	Wages ²	410,574	361,100
20	Interest and Bank Charges ³		800
21	TOTAL EXPENSES	778,682	691,290
22	EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	14,338	33,110

¹ Due to the impact of COVID-19, and anticipated cancellation of most in-person meetings for Q2-4, initial 2020 allocations for the Board, Committee and Other Meetings, and the Travel lines were significantly decreased for this year

² Wages in 2019 include overlap of outgoing President's vacation package with incoming President's salary

³ Interest and Bank Charges reported under Professional Fees in 2019



CAHI is administered by a volunteer board of directors elected annually by the membership.

Thank you to the CAHI 2019-20 Board of Directors!



Dr. Jair Garcia, *Zoetis Canada Inc., Chair*

Dr. Rob Bell, *Bio Agri Mix, Vice-Chair*

Katie Cook, *Elanco Animal Health, Secretary/Treasurer*

Daniel Beauchamp, *Merck Animal Health, Past Chair*

Fiona McLellan, *Virbac Canada Inc.*

Paul Ray, *Dechra Veterinary Products*

Elise Wickett, *Ontario Association of Veterinary Technicians (absent)*

Kalena Statutiak, *IDT Biologika*

Dr. Garth Graham, *Associated Veterinary Purchasing*

Susan Blair, *Boehringer-Ingelheim (absent)*

Follow us on Twitter, Facebook and LinkedIn!



Canadian Animal Health Institute

160 Research Lane, Suite 102, Guelph, Ontario N1G 5B2

519-763-7777 cahi@cahi-icsa.ca cahi-icsa.ca