

Financial Statements of

**CANADIAN COUNCIL ON
ANIMAL CARE/CONSEIL
CANADIEN DE PROTECTION
DES ANIMAUX**

Year ended March 31, 2015



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INDEPENDENT AUDITORS' REPORT

To the Members of the Canadian Council on Animal Care/Conseil canadien de protection des animaux

We have audited the accompanying financial statements of the Canadian Council on Animal Care/Conseil canadien de protection des animaux, which comprise the accompanying financial statement of financial position as at March 31, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising 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.

Auditors' 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 our 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, we consider 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.

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



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Council on Animal Care/Conseil canadien de protection des animaux as at March 31, 2015, and its results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

May 28, 2015

Ottawa, Canada

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Financial Statements

Year ended March 31, 2015

Financial Statements

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CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Statement of Financial Position

March 31, 2015, with comparative information for 2014


	2015	2014
Assets		
Current assets:		
Cash	\$ 1,025,372	\$ 365,030
Accounts receivable	96,626	62,312
Prepaid expenses	108,517	112,522
	<u>1,230,515</u>	<u>539,864</u>
Tangible capital and intangible assets (note 3)	101,711	99,762
	<u>\$ 1,332,226</u>	<u>\$ 639,626</u>


Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 184,032	\$ 163,580
Deferred contributions (note 5)	8,103	-
Current portion of obligation under capital lease (note 6)	-	10,260
	<u>192,135</u>	<u>173,840</u>
Net assets (note 8):		
Invested in tangible capital and intangible assets	101,711	89,502
Unrestricted	1,038,380	376,284
	<u>1,140,091</u>	<u>465,786</u>
Economic dependence (note 1) Commitments (note 7)		
	<u>\$ 1,332,226</u>	<u>\$ 639,626</u>

See accompanying notes to financial statements.

On behalf of the Board:





Director

Director

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Projects (note 5):		
Fisheries and Oceans	\$ -	\$ 35,469
Transitional studies and consultations	-	245,000
Less: direct project expenses:		
Fisheries and Oceans	-	35,469
Net project contributions	-	245,000
Grants (note 1)	2,627,913	2,570,000
Program participation fees	626,766	233,808
Workshops	10,446	-
Interest	360	42
Miscellaneous	1,390	2,566
	3,266,875	3,051,416
Expenses:		
Salaries and benefits (note 9)	1,777,293	1,701,924
Rent	161,722	239,599
Professional fees	136,406	77,630
Travel	133,225	173,905
Office and administration	88,746	84,862
IT maintenance	88,590	88,450
Consulting fees	75,850	-
Board and council	37,820	21,614
Finance service charges	36,459	36,380
Committee	16,286	14,689
Legal and audit	7,459	6,940
Transitional studies and consultations	-	245,703
	2,559,856	2,691,696
Excess of revenue over expenses before amortization of tangible capital and intangible assets	707,019	359,720
Amortization of tangible capital and intangible assets (note 2(c))	32,714	40,584
Excess of revenue over expenses	\$ 674,305	\$ 319,136

See accompanying notes to financial statements.

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Statement of Changes in Net Assets

Year ended March 31, 2015, with comparative information for 2014

	Invested in tangible capital and intangible assets	Unrestricted	2015 Total	2014 Total
Net assets, beginning of year	\$ 89,502	\$ 376,284	\$ 465,786	\$ 146,650
Excess of revenue over expenses	(32,714)	707,019	674,305	319,136
Purchases of tangible capital and intangible assets	34,663	(34,663)	-	-
Decrease in obligation under capital lease	10,260	(10,260)	-	-
Net assets, end of year	\$ 101,711	\$ 1,038,380	\$ 1,140,091	\$ 465,786

See accompanying notes to financial statements.

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 674,305	\$ 319,136
Amortization of tangible capital and intangible assets, which does not involve cash	32,714	40,584
Net change in operating working capital:		
Accounts receivable	(34,314)	(7,411)
Prepaid expenses	4,005	(9,664)
Accounts payable and accrued liabilities	20,452	(75,174)
Deferred contributions	8,103	(35,469)
	705,265	232,002
Financing activities:		
Obligation under capital lease	(10,260)	(10,260)
Investing activities:		
Additions to tangible capital and intangible assets	(34,663)	(39,315)
Increase in cash	660,342	182,427
Cash, beginning of year	365,030	182,603
Cash, end of year	\$ 1,025,372	\$ 365,030

See accompanying notes to financial statements.

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Notes to Financial Statements

Year ended March 31, 2015

The Canadian Council on Animal Care/Conseil canadien de protection des animaux (the "Council") is incorporated as a not-for-profit corporation under Part II of the Canada Corporations Act. As a not-for-profit organization, the Council is exempt from income taxes under paragraph 149(1)(l) of the Income Tax Act of Canada.

Effective May 16, 2014, the Council continued its incorporation under the Canada Not-for-profit Corporations Act.

The mandate of the Council is to act in the interests of the people of Canada and advance animal ethics and care in science by:

- developing science-informed standards that incorporate expert opinion, the values of Canadians and strategies to reduce the need for, and harm of, animals in science, while promoting their well-being;
- encouraging the implementation of the highest standards of ethics and care for animals in science in collaboration with the animal care community and scientists across Canada;
- providing assessment and certification programs that empower scientific institutions in achieving high standards of animal ethics and care; and
- providing education, training and networking opportunities to support individuals, animal care committees and institutions in implementing our guidelines and sharing best practices in the oversight of animal ethics and care in science.

1. Economic dependence:

The Council's mandate and operations are dependent on grants from the Canadian Institutes of Health Research and the Natural Sciences and Engineering Research Council of Canada. Revenue includes grants received from these organizations of \$2,627,913 (2014 - \$2,815,000).

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Notes to Financial Statements (continued)

Year ended March 31, 2015

2. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting and include the following significant accounting policies:

(a) Basis of presentation:

The Council follows the deferral method of accounting for contributions for not-for-profit organizations.

(b) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Council has not elected to carry any of its financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Council determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Council expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment change.

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Notes to Financial Statements (continued)

Year ended March 31, 2015

2. Significant accounting policies (continued):

(c) Tangible capital and intangible assets:

Tangible capital and intangible assets are recorded at cost. Amortization is provided on the declining balance method using the following annual rates:

Asset	Rate
Tangible capital assets:	
Furniture and fixtures	20%
Computer equipment	30%
Intangible assets:	
Computer software	30%

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

When a tangible capital or intangible asset no longer contributes to the Council's ability to provide services, its carrying amount is written down to its residual value.

(d) Revenue recognition:

Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Program participation fees are recorded in income in the year to which they relate, and deferred when received in advance.

(e) Expenses:

In the statement of operations, the Council presents its expenses by object, with the exception of projects, which are presented by function. Expenses are recognized in the year incurred and are recorded to the function to which they are directly related.

The Council does not allocate expenses between functions after initial recognition.

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Notes to Financial Statements (continued)

Year ended March 31, 2015

2. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. These estimates are reviewed annually and, as adjustments become necessary, they are recognized in the financial statements in the period they become known.

3. Tangible capital and intangible assets:

			2015	2014
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital assets:				
Furniture and fixtures	\$ 109,506	\$ 76,105	\$ 33,401	\$ 32,884
Computer equipment	162,912	133,739	29,173	36,311
Computer equipment under capital lease	30,780	17,621	13,159	16,927
Leasehold improvements	20,547	4,109	16,438	8
Intangible assets:				
Computer software	59,749	50,209	9,540	13,632
	\$ 383,494	\$ 281,783	\$ 101,711	\$ 99,762

Cost and accumulated amortization at March 31, 2014 amounted to \$437,519 and \$337,757, respectively.

During the year, the Council disposed of leasehold improvements with a cost of \$88,688 (2014 - \$Nil) and accumulated amortization of \$88,680 (2014 - \$Nil). The resulting loss of \$8 was charged to amortization of tangible capital and intangible assets on the statement of operations.

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Notes to Financial Statements (continued)

Year ended March 31, 2015

4. Accounts payable and accrued liabilities:

At year-end, there were no amounts payable for government remittances, which include HST and payroll-related taxes.

5. Deferred contributions:

Deferred contributions relate to workshop registration fees received for workshops taking place after year-end. In 2014, deferred contributions consisted of project amounts received from the external funders for which project expenses had not been incurred. The changes in the deferred contributions balance are as follows:

	2015	2014
Balance, beginning of year	\$ -	\$ 35,469
Received during the year	8,103	-
Recognized during the year	-	(35,469)
Balance, end of year	\$ 8,103	\$ -

6. Obligation under capital lease:

The Council has acquired tangible capital assets through capital lease agreements for which long-term debt has been recorded.

	2015	2014
Obligation under capital lease	\$ -	\$ 10,260
Less: current portion of obligation under capital lease	-	(10,260)
Balance, end of year	\$ -	\$ -

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Notes to Financial Statements (continued)

Year ended March 31, 2015

7. Commitments:

The Council leases its office space under an operating lease that expires March 31, 2019.

The future minimum payment for the next four years are as follows:

2016	\$	179,840
2017		180,416
2018		180,416
2019		180,416
	\$	721,088

8. Net assets:

The Council considers its capital to consist of its net assets. The objective of the Council with respect to unrestricted net assets is to fund ongoing operations, tangible capital and intangible assets acquisition and future projects. The unrestricted net assets are also considered a reserve in case of a short-term operating shortfall during the transition from a primarily grant-based funding model to a combination of grant and fees-based funding. During the year, the Board approved a net asset reserve policy to document the nature and purpose of the net assets, as well as its assessment of the appropriate amount of net assets required by the Council to help address its risks.

The objective of the Council with respect to its net assets invested in tangible capital and intangible assets is to fund the past acquisition of tangible capital and intangible assets required for operational purposes.

The Council is not subject to externally imposed capital requirements and its overall strategy with respect to capital remains unchanged from the year ended March 31, 2014.

CANADIAN COUNCIL ON ANIMAL CARE/CONSEIL CANADIEN DE PROTECTION DES ANIMAUX

Notes to Financial Statements (continued)

Year ended March 31, 2015

9. Pension plan:

All employees hired since January 1, 1989 are required to participate in the Council's money-purchase defined contribution pension plan administered by Universities Canada and registered with the Financial Services Commission of Ontario. The Council's contributions to the plan are based on participants' earnings up to a maximum of 7% and are expensed as incurred. Expenses for the year were \$105,418 (2014 - \$88,907) and are recorded in salaries and benefits expense.

10. Financial risk management:

Interest rate, currency and credit risk:

The Council is exposed to credit risk on its accounts receivable. The Council assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. At year end, there were no amounts allowed for in accounts receivable.

The Council is not exposed to significant interest rate or currency risk arising from its financial instruments.