

**Canadian Council on Animal Care / Conseil
canadien de protection des animaux**

**Financial Statements
March 31, 2023**

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Independent Auditor's Report

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

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Opinion

We have audited the financial statements of Canadian Council on Animal Care / Conseil canadien de protection des animaux (hereafter "the Council"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to 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 the Council as at March 31, 2023, 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 "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Council 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.

Other matter – Comparative information audited by a predecessor auditor

The financial statements of the Council for the year ended March 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on June 2, 2022.

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 the Council'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 the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's 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 auditor's 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 the Council'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 the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Council 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.

Raymond Chabot Grant Thornton LLP

Chartered Professional Accountants,
Licensed Public Accountants

Ottawa, Canada
April 28, 2023

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Operations

Year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
Revenue		
Grants (Note 9)	1,750,000	1,750,000
Program participation fees	1,443,318	1,342,611
Workshops	37,375	52,830
Interest and dividend income (Note 4)	23,332	22,577
Miscellaneous	2,631	1,404
	<u>3,256,656</u>	<u>3,169,422</u>
Expenses		
Salaries and benefits (Note 12)	2,243,120	2,290,893
Rent	173,625	172,129
IT maintenance	89,715	87,789
Travel	144,686	268
Office and administration	93,064	60,035
Bad debt expense		46,557
Professional fees	236,134	197,973
Legal and audit	23,199	20,407
Committee (recovery)	36,340	(109)
Board and AGM	56,578	
Finance service charges	60,009	44,272
Amortization of tangible capital assets and intangible assets	21,431	27,146
	<u>3,177,901</u>	<u>2,947,360</u>
	78,755	222,062
Other revenues (expenses)		
Changes in fair value of investments	<u>(51,235)</u>	<u>(22,453)</u>
Excess of revenue over expenses	<u>27,520</u>	<u>199,609</u>

The accompanying notes are an integral part of the financial statements.

**Canadian Council on Animal Care / Conseil canadien de protection
des animaux**
Changes in Net Assets

Year ended March 31, 2023

				<u>2023</u>	<u>2022</u>
	<u>Unrestricted</u>	<u>Internally restricted</u>	<u>Invested in tangible capital assets and intangible assets</u>	<u>Total</u>	<u>Total</u>
	\$	\$	\$	\$	\$
Net assets, beginning of year	1,561,985	337,742	68,832	1,968,559	1,768,950
Excess of revenue over expenses	27,520			27,520	199,609
Purchases of tangible capital assets and intangible assets	(14,002)		14,002		
Amortization of tangible capital assets and intangible assets	21,431		(21,431)		
Net assets, end of year	<u>1,596,934</u>	<u>337,742</u>	<u>61,403</u>	<u>1,996,079</u>	<u>1,968,559</u>

The accompanying notes are an integral part of the financial statements.

**Canadian Council on Animal Care / Conseil canadien de protection
des animaux**
Cash Flows

Year ended March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	27,520	199,609
Non-cash items		
Amortization of tangible capital assets and intangible assets	21,431	27,146
Net change in fair value of investments	51,235	22,453
Changes in working capital items		
Trade and other receivables	93,657	(117,599)
Prepaid expenses	30,906	(2,296)
Accounts payable and accrued liabilities	23,759	16,898
Deferred revenue	30,529	
Cash flows from operating activities	<u>279,037</u>	<u>146,211</u>
INVESTING ACTIVITIES		
Acquisition of investments	(43,007)	(12,596)
Disposal of investments	37,428	
Acquisition of tangible capital assets	<u>(14,002)</u>	<u>(3,811)</u>
Cash flows from investing activities	<u>(19,581)</u>	<u>(16,407)</u>
Net increase in cash	259,456	129,804
Cash, beginning of year	<u>912,390</u>	<u>782,586</u>
Cash, end of year	<u><u>1,171,846</u></u>	<u><u>912,390</u></u>

The accompanying notes are an integral part of the financial statements.

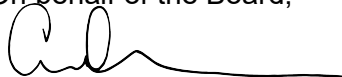
**Canadian Council on Animal Care / Conseil canadien de protection
des animaux**
Financial Position

March 31, 2023

	<u>2023</u>	<u>2022</u>
	\$	\$
ASSETS		
Current		
Cash	1,171,846	912,390
Trade and other receivables (Note 3)	154,215	247,872
Prepaid expenses	<u>144,251</u>	<u>175,157</u>
	1,470,312	1,335,419
Long-term		
Investments (Note 5)	705,198	750,854
Tangible capital assets and intangible assets (Note 6)	<u>61,403</u>	<u>68,832</u>
	<u><u>2,236,913</u></u>	<u><u>2,155,105</u></u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 7)	210,305	186,546
Deferred revenues (Note 8)	<u>30,529</u>	<u> </u>
	<u>240,834</u>	<u>186,546</u>
NET ASSETS (NOTE 11)		
Unrestricted	1,596,934	1,561,985
Internally restricted	337,742	337,742
Invested in tangible capital assets and intangible assets	<u>61,403</u>	<u>68,832</u>
	<u>1,996,079</u>	<u>1,968,559</u>
	<u><u>2,236,913</u></u>	<u><u>2,155,105</u></u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,



Director



Director

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2023

1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

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 (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 the Council's guidelines and sharing best practices in the oversight of animal ethics and care in science.

2 - SUMMARY OF ACCOUNTING POLICIES

Basis of presentation

The Council's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions the Council may undertake in the future. Actual results may differ from these estimates.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2023

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue recognition

Contributions

The Council follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program participation fees and workshops

Program participation fees and workshops are recognized as revenue in accordance with the agreement between the parties, when the event takes place, fees are fixed or determinable and collection is reasonably assured. The liability relating to the received but unearned portion of revenues from program participation fees and workshops is recognized in the statement of financial position as deferred revenues.

Net investment income

Investment transactions are recorded on the transaction date and resulting revenues are recognized using the accrual method of accounting.

Net investment income includes interest income, dividend income and changes in fair value.

Interest income is recognized on a time apportionment basis. Dividend income is recognized as of the ex-dividend date. Changes in fair value are recognized when they occur.

With respect to investments measured at fair value, the Council has elected to exclude from changes in fair value interest income and dividend income.

Net investment income that is not subject to externally imposed restrictions is recognized in the statement of operations while net investment income subject to externally imposed restrictions is recognized as other deferred contributions.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Council's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.

Transaction costs relating to financial assets and liabilities that will be measured subsequently at fair value are recognized in operations in the year they are incurred.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2023

2 - SUMMARY OF ACCOUNTING POLICIES (Continued)

Subsequent measurement

At each reporting date, the Council measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets), except for investments in equities, preferred shares and mutual funds which are measured at fair value and bond investments which the Council has elected to measure at fair value by designating that fair value measurement shall apply.

With respect to financial assets measured at amortized cost, the Council assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Council determines that during the year there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

Tangible capital assets and intangible assets

Tangible capital assets and intangible assets acquired are recorded at cost. When the Council receives contributions of tangible capital assets and/or intangible assets, their cost is equal to their fair value at the contribution date plus all costs directly attributable to the acquisition of the tangible capital assets and intangible assets, or at a nominal value if fair value cannot be reasonably determined.

Amortization

Tangible capital assets as well and intangible assets are amortized over their estimated useful lives according to the diminishing balance method at the following annual rates:

	<u>Rates</u>
Furniture and fixtures	20%
Computer equipment	30%
Computer software	30%

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

Write-down

When conditions indicate that a tangible capital asset or an intangible asset is impaired, the net carrying amount of the tangible capital asset and intangible asset is written down to the tangible capital asset's or intangible asset's fair value or replacement cost. The write-down is accounted for in the statement of operations and cannot be reversed.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2023

3 - TRADE AND OTHER RECEIVABLES

	<u>2023</u>	<u>2022</u>
	\$	\$
Trade accounts receivable (a)	116,353	213,379
Accrued receivable	15,861	15,315
Indirect taxes receivable	22,001	19,178
	<u>154,215</u>	<u>247,872</u>

(a) As at March 31, 2023, the credit concentration is \$NIL (\$NIL in 2022).

4 - INTEREST AND DIVIDEND INCOME

	<u>2023</u>	<u>2022</u>
	\$	\$
Interest income	9,328	6,009
Dividend income	14,004	16,568
	<u>23,332</u>	<u>22,577</u>

5 - INVESTMENTS

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
	\$	\$	\$	\$
Federal, provincial and corporate bonds, bearing interest at a weighted average rate of 2.40% (2022 - 2.45%), maturing between June 2023 and December 2031	165,527	152,823	164,341	156,174
Preferred shares	71,939	54,248	72,080	75,168
Canadian, International and US equities	98,221	115,257	102,026	121,466
Mutual funds				
Canadian Bond Funds	289,178	257,550	285,963	270,586
Global Bond Funds	123,632	110,443	121,153	112,844
Equity Funds of international companies	14,683	14,877	14,194	14,616
	<u>763,180</u>	<u>705,198</u>	<u>759,757</u>	<u>750,854</u>

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2023

6 - TANGIBLE CAPITAL ASSETS AND INTANGIBLE ASSETS

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2023 Net carrying amount</u>	<u>2022 Net carrying amount</u>
	\$	\$	\$	\$
Tangible capital assets				
Leasehold improvements	20,547	20,547		
Computer equipment	388,422	335,662	52,760	59,200
Furniture and fixtures	114,829	107,011	7,818	8,447
Intangible capital assets				
Computer software	61,038	60,213	825	1,185
	<u>584,836</u>	<u>523,433</u>	<u>61,403</u>	<u>68,832</u>

7 - ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2023</u>	<u>2022</u>
	\$	\$
Accounts payable and accrued liabilities	81,119	61,629
Salaries payable	129,186	124,917
	<u>210,305</u>	<u>186,546</u>

Government remittances is \$NIL as at March 31, 2023 (\$NIL as at March 31, 2022).

8 - DEFERRED REVENUES

Deferred revenues represent the registration fees received for a workshop that will be held in May 2023. Deferred revenues are recognized as revenue in the year in which the event is held.

	<u>2023</u>	<u>2022</u>
	\$	\$
Balance, beginning of the year		
Amounts received relating to the following year	30,529	
Balance, ending of the year	<u>30,529</u>	

9 - ECONOMIC DEPENDANCE

The Council's mandate and operations are dependant on existing grant funding from the Canadian Institutes of Health Research and the Natural Sciences and Engineering Research Council of Canada expiring on March 31, 2026. Revenue includes grants received from these organizations of \$1,750,000 (2022-\$1,750,000). Maximum grant funding to be received under this grant for the next three years are \$1,750,000 in 2024, 2025 and 2026.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2023

10 - COMMITMENTS

The Council has entered into a long-term lease agreement which call for lease payment for the rental of premises.

The lease expires on March 31, 2026.

Minimum lease payments for the next three years are \$170,370 in 2024, \$172,780 in 2025 and \$175,262 in 2026.

11 - NET ASSETS

The Council considers its capital to consist of its net assets. The objectives of the council with respect to unrestricted net assets is to fund ongoing operations and future projects. The unrestricted net assets are also considered a reserve in case of a short-term operating shortfall.

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

In the 2021 fiscal year, the Council established the internally restricted Human Resources Fund. The objective of the fund is to support future expenses associated with succession planning, work-from-home policy implementation, continuing education opportunities and other human resource-related initiatives.

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, 2022.

12 - 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 \$135,652 (2022 - \$136,902) and are recorded in salaries and benefits expense.

13 - FINANCIAL RISKS

Credit risk

The Council is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Council has determined that the financial assets with more credit risk exposure are trade accounts receivable, investments in bonds and in preferred shares since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Council. Investments in mutual funds indirectly exposes the Council to credit risk.

Canadian Council on Animal Care / Conseil canadien de protection des animaux

Notes to Financial Statements

March 31, 2023

13 - FINANCIAL RISKS (Continued)

Market risk

The Council's financial instruments expose it to market risk, in particular, to interest rate risk and other price risk, resulting from its investing activities:

Currency risk

The majority of the Council's transactions are in Canadian dollars. Currency risk results from the Council's investments denominated in foreign currency which are primarily in U.S. dollars. The Council believes it is not subject to significant currency risks.

Interest rate risk

The Council is exposed to interest rate risk with respect to financial assets bearing fixed interest rates.

The investments in bonds and in preferred shares bear interest at a fixed rate and the Council is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. Investments in mutual funds indirectly exposes the Council to interest rate risk.

Other price risk

The Council is exposed to other price risk due to investments in equities and in mutual funds since changes in market prices could result in changes in the fair value of these instruments.

Liquidity risk

The Council's liquidity risk represents the risk that the Council could encounter difficulty in meeting obligations associated with its financial liabilities. The Council is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized on the statement of financial position.