

Financial Statements of

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

Year ended March 31, 2014



**KPMG LLP**  
150 Elgin Street, Suite 1800  
Ottawa Ontario K2P 2P8  
Canada

Telephone (613) 212-5764  
Fax (613) 212-2896  
Internet [www.kpmg.ca](http://www.kpmg.ca)

## **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, 2014, 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, 2014, 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

September 26, 2014

Ottawa, Canada

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

Financial Statements

Year ended March 31, 2014

## Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5

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

Statement of Financial Position

March 31, 2014, with comparative information for 2013


	2014	2013
<b>Assets</b>		
Current assets:		
Cash	\$ 365,030	\$ 182,603
Accounts receivable	62,312	54,901
Prepaid expenses	112,522	102,858
	<u>539,864</u>	<u>340,362</u>
Tangible capital and intangible assets (note 3)	99,762	101,031
	<u>\$ 639,626</u>	<u>\$ 441,393</u>


## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 163,580	\$ 238,754
Deferred project contributions (note 5)	-	35,469
Current portion of obligation under capital lease (note 6)	10,260	10,260
	<u>173,840</u>	<u>284,483</u>
Obligation under capital lease (note 6)	-	10,260
Net assets (note 8):		
Invested in tangible capital and intangible assets	89,502	80,511
Unrestricted	376,284	66,139
	<u>465,786</u>	<u>146,650</u>
Economic dependence (note 1)		
Commitments (note 7)		
	<u>\$ 639,626</u>	<u>\$ 441,393</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, 2014, with comparative information for 2013

	2014	2013
<b>Revenue:</b>		
Projects (note 5):		
Fisheries and Oceans	\$ 35,469	\$ 599
Transitional studies and consultations	245,000	-
Less: direct project expenses:		
Fisheries and Oceans	35,469	599
Net project contributions	245,000	-
Grants (note 1)	2,570,000	2,570,000
Non-academic participant fees	233,808	248,186
Workshops	-	49,500
Interest	42	1,425
Miscellaneous	2,566	4,828
	<u>3,051,416</u>	<u>2,873,939</u>
<b>Expenses:</b>		
Salaries and benefits (note 9)	1,701,924	1,854,182
Travel	173,905	157,099
Rent	239,599	245,043
IT maintenance	88,450	110,623
Professional fees	77,630	109,007
Committee	14,689	34,858
Finance service charges	36,380	37,161
Council	21,614	37,917
Office and administration	84,862	115,985
Legal and audit	6,940	6,236
Transitional studies and consultations	245,703	-
	<u>2,691,696</u>	<u>2,708,111</u>
Excess of revenue over expenses before amortization of tangible capital and intangible assets	359,720	165,828
Amortization of tangible capital and intangible assets	40,584	41,202
Excess of revenue over expenses	<u>\$ 319,136</u>	<u>\$ 124,626</u>

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, 2014, with comparative information for 2013

	Invested in tangible capital and intangible assets	Unrestricted	2014 Total	2013 Total
Net assets, beginning of year	\$ 80,511	\$ 66,139	\$ 146,650	\$ 22,024
Excess of revenue over expenses	(40,584)	359,720	319,136	124,626
Purchases of tangible capital and intangible assets	39,315	(39,315)	-	-
Decrease in obligation under capital lease	10,260	(10,260)	-	-
<b>Net assets, end of year</b>	<b>\$ 89,502</b>	<b>\$ 376,284</b>	<b>\$ 465,786</b>	<b>\$ 146,650</b>

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, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 319,136	\$ 124,626
Amortization of tangible capital and intangible assets, which does not involve cash	40,584	41,202
Net change in operating working capital:		
Accounts receivable	(7,411)	126,112
Prepaid expenses	(9,664)	(65,394)
Accounts payable and accrued liabilities	(75,174)	(47,138)
Deferred project contributions	(35,469)	(40,560)
	232,002	138,848
Financing activities:		
Obligation under capital lease	(10,260)	20,520
Investing activities:		
Additions to tangible capital and intangible assets	(39,315)	(34,471)
Increase in cash	182,427	124,897
Cash, beginning of year	182,603	57,706
Cash, end of year	\$ 365,030	\$ 182,603

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, 2014

---

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 has continued its incorporation under the Canada Not-For-Profit Corporations Act.

The Council's mandate is to work for the improvement of animal care and use on a Canadawide basis.

## **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 \$2,815,000 (2013 - \$2,570,000).

## **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 elected to carry its investments at fair value.

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

Notes to Financial Statements (continued)

Year ended March 31, 2014

---

## 2. Significant accounting policies (continued):

### (b) Financial instruments (continued):

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.

### (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:	
Office equipment	20%
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.

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

Notes to Financial Statements (continued)

Year ended March 31, 2014

---

## 2. Significant accounting policies (continued):

### (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.

Non-academic participant 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 workshops and 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.

### (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.

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

Notes to Financial Statements (continued)

Year ended March 31, 2014

### 3. Tangible capital and intangible assets:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital assets:				
Office equipment	\$ -	\$ -	\$ -	7,454
Furniture and fixtures	102,084	69,200	32,884	15,071
Computer equipment	156,218	119,907	36,311	27,839
Computer equipment under capital lease	30,780	13,853	16,927	22,315
Leasehold improvements	88,688	88,680	8	8,876
Intangible assets:				
Computer software	59,749	46,117	13,632	19,476
	\$ 437,519	\$ 337,757	\$ 99,762	\$ 101,031

Cost and accumulated amortization at March 31, 2013 amounted to \$398,204 and \$297,173 respectively.

### 4. Accounts payable and accrued liabilities:

At March 31, 2014 and 2013, there were no amounts payable for government remittances, which include HST and payroll taxes.

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

Notes to Financial Statements (continued)

Year ended March 31, 2014

## 5. Deferred project contributions:

Deferred project contributions consist of project amounts received from the external funders for which project expenses have not been incurred. The changes in deferred project contributions balance are as follows:

	2014	2013
Balance, beginning of year	\$ 35,469	\$ 76,029
Recognized during the year	(35,469)	(40,560)
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$ 35,469</b>

The balance at the end of the year is comprised of the following:

	2014	2013
Fisheries and Oceans	\$ -	\$ 35,469
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$ 35,469</b>

## 6. Obligation under capital lease:

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

	2014	2013
Obligation under capital lease	\$ 10,260	\$ 20,520
Less: current portion of obligation under capital lease	(10,260)	(10,260)
<b>Balance, end of year</b>	<b>\$ -</b>	<b>\$ 10,260</b>

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

Notes to Financial Statements (continued)

Year ended March 31, 2014

---

## 7. Commitments:

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

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

---

2015	\$	84,690
2016		84,690
2017		85,200
2018		85,200
2019		85,200
	\$	424,980

---

## 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. The unrestricted net assets represent less than two months operating expenses which the Board considers to be low, based on the risks currently facing the Council. The Board will undertake a risk assessment evaluation to determine the appropriate amount of unrestricted net assets required for the Council.

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, 2013.

## 9. Pension plan:

All employees hired since January 1, 1989 are required to participate in the Council's money-purchase defined contribution pension plan managed by AUCC. 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 \$88,907 (2013 - \$98,117) and are recorded in salaries and benefits expense

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

Notes to Financial Statements (continued)

Year ended March 31, 2014

---

## **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.