

Financial Statements of

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

Year ended March 31, 2016



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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, 2016, 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, 2016, 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

A handwritten signature in black ink that reads 'KPMG LLP'. The letters are slanted and connected, with a long horizontal stroke underneath the entire signature.

Chartered Professional Accountants, Licensed Public Accountants

May 17, 2016

Ottawa, Canada

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

Financial Statements

Year ended March 31, 2016

Financial Statements

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

Statement of Financial Position

March 31, 2016, with comparative information for 2015


	2016	2015
Assets		
Current assets:		
Cash	\$ 1,162,590	\$ 1,025,372
Accounts receivable	166,931	96,626
Prepaid expenses	103,273	108,517
	<u>1,432,794</u>	<u>1,230,515</u>
Tangible capital and intangible assets (note 3)	124,686	101,711
	<u>\$ 1,557,480</u>	<u>\$ 1,332,226</u>


Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 137,642	\$ 184,032
Deferred contributions (note 5)	6,828	8,103
	<u>144,470</u>	<u>192,135</u>
Net assets (note 7):		
Invested in tangible capital and intangible assets	124,686	101,711
Unrestricted	1,288,324	1,038,380
	<u>1,413,010</u>	<u>1,140,091</u>
Economic dependence (note 1)		
Commitments (note 6)		
	<u>\$ 1,557,480</u>	<u>\$ 1,332,226</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, 2016, with comparative information for 2015

	2016	2015
Revenue:		
Grants (note 1)	\$ 1,750,000	\$ 2,627,913
Program participation fees	899,792	626,766
Workshops	38,040	10,446
Interest	306	360
Miscellaneous	454	1,390
	<u>2,688,592</u>	<u>3,266,875</u>
Expenses:		
Salaries and benefits (note 8)	1,697,991	1,777,293
Rent	176,349	161,722
Professional fees	75,617	136,406
Travel	131,421	133,225
IT maintenance	80,801	88,590
Office and administration	74,304	88,746
Board and AGM	42,460	37,820
Committee	14,831	16,286
Legal and audit	16,909	7,459
Finance service charges	38,496	36,459
Consulting fees	38,718	75,850
	<u>2,387,897</u>	<u>2,559,856</u>
Excess of revenue over expenses before amortization of tangible capital and intangible assets	300,695	707,019
Amortization of tangible capital and intangible assets (note 2(c))	27,776	32,714
Excess of revenue over expenses	\$ 272,919	\$ 674,305

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, 2016, with comparative information for 2015

	Invested in tangible capital and intangible assets	Unrestricted	2016 Total	2015 Total
Net assets, beginning of year	\$ 101,711	\$ 1,038,380	\$ 1,140,091	\$ 465,786
Excess of revenue over expenses	(27,776)	300,695	272,919	674,305
Purchases of tangible capital and intangible assets	50,751	(50,751)	-	-
Net assets, end of year	\$ 124,686	\$ 1,288,324	\$ 1,413,010	\$ 1,140,091

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, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 272,919	\$ 674,305
Amortization of tangible capital and intangible assets, which does not involve cash	27,776	32,714
Net change in operating working capital:		
Accounts receivable	(70,305)	(34,314)
Prepaid expenses	5,244	4,005
Accounts payable and accrued liabilities	(46,390)	20,452
Deferred contributions	(1,275)	8,103
	187,969	705,265
Financing activities:		
Obligation under capital lease	-	(10,260)
Investing activities:		
Additions to tangible capital and intangible assets	(50,751)	(34,663)
Increase in cash	137,218	660,342
Cash, beginning of year	1,025,372	365,030
Cash, end of year	\$ 1,162,590	\$ 1,025,372

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, 2016

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 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 \$1,750,000 (2015 - \$2,627,913).

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

Notes to Financial Statements (continued)

Year ended March 31, 2016

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) Revenue recognition:

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

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.

(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.

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

Notes to Financial Statements (continued)

Year ended March 31, 2016

2. Significant accounting policies (continued):

(b) Financial instruments (continued):

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:	
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) 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, 2016

2. Significant accounting policies (continued):

(e) 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:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Tangible capital assets:				
Furniture and fixtures	\$ 111,258	\$ 82,817	\$ 28,441	\$ 33,401
Computer equipment	242,690	165,445	77,245	42,332
Leasehold improvements	20,547	8,219	12,328	16,438
Intangible assets:				
Computer software	59,749	53,077	6,672	9,540
	\$ 434,244	\$ 309,558	\$ 124,686	\$ 101,711

Cost and accumulated amortization at March 31, 2015 amounted to \$383,494 and \$281,783, respectively.

4. Accounts payable and accrued liabilities:

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

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

Notes to Financial Statements (continued)

Year ended March 31, 2016

5. Deferred contributions:

Deferred contributions relate to workshop registration fees received for workshops taking place after year-end. In 2015, 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:

	2016	2015
Balance, beginning of year	\$ 8,103	\$ -
Received during the year	-	8,103
Recognized during the year	(1,275)	-
Balance, end of year	\$ 6,828	\$ 8,103

6. Commitments:

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

The future minimum payments for the next three years are as follows:

2017	\$ 180,416
2018	180,416
2019	180,416
	\$ 541,248

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

Notes to Financial Statements (continued)

Year ended March 31, 2016

7. 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 reviewed the 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, 2015.

8. 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 \$99,296 (2015 - \$105,418) and are recorded in salaries and benefits expense.

9. Financial risk management:

(a) Liquidity risk:

Liquidity risk is the risk that the Council will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Council manages its liquidity risk by monitoring its operating requirements. The Council prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

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

Notes to Financial Statements (continued)

Year ended March 31, 2016

9. Financial risk management (continued):

(b) 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.

(c) Interest rate and currency risks:

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

There has been no change to the risk exposures from 2015.