

**COLLEGE OF APPLIED BIOLOGY  
FINANCIAL STATEMENTS**

**December 31, 2016**

# COLLEGE OF APPLIED BIOLOGY INDEX TO FINANCIAL STATEMENTS

Year ended December 31, 2016

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## INDEPENDENT AUDITOR'S REPORT

To: The Members of College of Applied Biology

We have audited the accompanying financial statements of College of Applied Biology, which comprise the statement of financial position as at December 31, 2016, and the statements of changes in net assets, operations, and cash flow for the year then ended, and 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.

### *Auditor's 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 the auditor's 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, the auditor considers internal control relevant to the management'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 management'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 College of Applied Biology as at December 31, 2016, 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.

Victoria, British Columbia  
February 16, 2017

*Hutchesson & Co LLP*  
Chartered Professional Accountants

**COLLEGE OF APPLIED BIOLOGY  
STATEMENT OF FINANCIAL POSITION**

<b>December 31</b>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents		
Operating Fund	\$ 283,361	\$ 298,177
Contingency Fund	-	34,000
Legal Contingency Fund	-	362,000
Short term investments		
Operating Fund	150,833	-
Contingency Fund	191,234	99,863
Legal Contingency Fund	136,642	-
Accounts receivable	83,495	119,145
Prepaid expenses	5,652	5,668
	<b>851,217</b>	<b>918,853</b>
<b>Long term investments - Legal Contingency Fund</b>	<b>267,215</b>	<b>-</b>
<b>Tangible capital assets (note 3)</b>	<b>4,631</b>	<b>2,883</b>
<b>Leased furniture (note 4)</b>	<b>11,322</b>	<b>14,153</b>
	<b>\$ 1,134,385</b>	<b>\$ 935,889</b>

APPROVED BY THE BOARD

\_\_\_\_\_  
Executive Director

\_\_\_\_\_  
Councillor

See accompanying notes

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**COLLEGE OF APPLIED BIOLOGY  
STATEMENT OF FINANCIAL POSITION**

<b>December 31</b>	<b>2016</b>	<b>2015</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 50,586	\$ 33,937
Deferred revenue	<b>418,310</b>	401,545
	<b>468,896</b>	435,482
<b>Obligation for capital lease (note 5)</b>	<b>6,318</b>	11,620
	<b>475,214</b>	447,102
<b>Net Assets</b>		
Operating Fund	<b>64,080</b>	(7,076)
Contingency Fund	<b>191,234</b>	133,863
Legal Contingency Fund	<b>403,857</b>	362,000
	<b>659,171</b>	488,787
	<b>\$ 1,134,385</b>	\$ 935,889

See accompanying notes

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**COLLEGE OF APPLIED BIOLOGY  
STATEMENT OF CHANGES IN NET ASSETS**

**Year ended December 31, 2016**

	<b>Operating Fund</b>	<b>Contingency Fund</b>	<b>Legal Contingency Fund</b>	<b>Total 2016</b>	<b>Total 2015</b>
<b>Balance, beginning of year</b>	\$ (7,076)	\$ 133,863	\$ 362,000	\$ <b>488,787</b>	\$ 480,677
Excess of revenues over expenses for the year	161,156	2,371	6,857	<b>170,384</b>	8,110
Interfund transfers (note 2a)	(90,000)	55,000	35,000	-	-
<b>Balance, end of year</b>	\$ <b>64,080</b>	\$ <b>191,234</b>	\$ <b>403,857</b>	\$ <b>659,171</b>	\$ 488,787

See accompanying notes

**COLLEGE OF APPLIED BIOLOGY  
STATEMENT OF OPERATIONS**

Year ended December 31	Operating Fund	Contingency Fund	Legal Contingency Fund	Total 2016	Total 2015
<b>REVENUE</b>					
Membership dues and application fees	\$ 692,321			\$ 692,321	\$ 668,217
Course fees	48,400			48,400	18,130
Grants	29,500			29,500	86,000
Conference	25,230			25,230	28,085
Interest	833	2,371	6,857	10,061	6,334
Reinstatement and late payment fees	10,002			10,002	10,205
Job postings	6,200			6,200	700
Assessment for professional seals	4,540			4,540	5,600
Gain on disposal of capital assets	630			630	-
	817,656	2,371	6,857	826,884	823,271
<b>EXPENSES</b>					
<b>Administration and Executive</b>					
Amortization	6,090			6,090	6,522
Bad debts	27,905			27,905	22,130
Bank and credit card charges	20,002			20,002	19,187
Computer database	12,490			12,490	11,302
Council expenses	35,669			35,669	52,687
Courses offered	3,366			3,366	11,972
Disciplinary investigations	11,105			11,105	-
Insurance office	1,170			1,170	1,381
Legal and audit	18,526			18,526	19,969
Office equipment and supplies	16,210			16,210	22,776
Outreach expenses	30,009			30,009	54,915
Postage	6,206			6,206	10,555
Publications and College Matters	10,708			10,708	11,260
Publicity and public relations	1,070			1,070	20,780
Rent	27,663			27,663	26,788
Salaries and benefits	360,239			360,239	393,411
Staff training	1,001			1,001	4,728
Telephone and internet	4,839			4,839	6,171
Web and online course development	12,023			12,023	38,196
	606,291	-	-	606,291	734,730
<b>Committees</b>					
AGM and conference	26,524			26,524	37,508
Audit Committee	5,159			5,159	13,253
Biologists Canada Committee	818			818	601
Communications Committee	618			618	2,855
Credentials	7,242			7,242	13,340
Discipline	840			840	4,344
Editorial Board	301			301	290
Ethics Committee	29			29	155
Executive Committee	3,057			3,057	1,018
Finance and Budget Committee	5,007			5,007	5,602
Right to Practice	614			614	1,465
	50,209	-	-	50,209	80,431
	656,500	-	-	656,500	815,161
<b>Excess of revenues over expenses</b>	<b>\$ 161,156</b>	<b>\$ 2,371</b>	<b>\$ 6,857</b>	<b>\$ 170,384</b>	<b>\$ 8,110</b>

See accompanying notes

# COLLEGE OF APPLIED BIOLOGY

## CASH FLOW STATEMENT

Year ended December 31	2016	2015
<b>Operating activities</b>		
Dues, fees and assessments received	\$ 690,331	\$ 659,981
Interest received	2,493	7,506
Other revenue received	94,372	62,720
Grants received	56,000	59,500
Administrative and executive expenses paid	(549,825)	(706,395)
Committee expenses paid	(61,315)	(80,431)
	<b>232,056</b>	<b>2,881</b>
<b>Investing activities</b>		
Purchase of tangible capital assets	(6,028)	(1,183)
Proceeds on disposal of tangible capital assets	1,650	-
Net redemption (purchase) of investments	(638,494)	465,512
	<b>(642,872)</b>	<b>464,329</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(410,816)</b>	<b>467,210</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>694,177</b>	<b>226,967</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 283,361</b>	<b>\$ 694,177</b>
<b>Cash and cash equivalents consist of:</b>		
Operating Fund and petty cash	\$ 283,361	\$ 298,177
Contingency Fund	-	34,000
Legal Contingency Fund	-	362,000
	<b>\$ 283,361</b>	<b>\$ 694,177</b>

See accompanying notes

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# COLLEGE OF APPLIED BIOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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### 1. Purpose of the Organization

The College of Applied Biology was created under the College of Applied Biology Act, and its purpose is to uphold and protect the public interest by (i) preserving and protecting the scientific methods and principles that are the foundation of the applied biological sciences, (ii) upholding the principles of stewardship of aquatic and terrestrial ecosystems and biological resources, (iii) ensuring the integrity, objectivity and expertise of its members, (iv) governing its members in accordance with this Act and the rules, and (v) cooperating with other bodies on matters relevant to applied biology. The College is an exempt entity under the Income Tax Act.

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### 2. Accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

#### (a) Fund accounting

The Operating Fund reports the revenues and expenses related to administrative and operational activities.

The Contingency Fund is an internally restricted fund that has been established to finance any deficiencies in operations and is the resource before raising member dues.

The Legal Contingency Fund is an internally restricted fund that has been established to finance legal costs that may be incurred on behalf of the College.

#### (b) Cash and cash equivalents

Cash and cash equivalents consist principally of cash held at financial institutions and any guaranteed investment certificates with a term of 90 days or less.

# COLLEGE OF APPLIED BIOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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### 2. Accounting policies, continued

#### (c) Financial instruments

Financial instruments are recorded at fair value on initial recognition and subsequently measured at amortized cost.

Financial instruments measured at amortized cost include cash and cash equivalents, short term investments, accounts receivable, long term investments, and accounts payable and accrued liabilities.

Financial assets are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess (deficiency) of revenues over expenses. The previously recognized impairment loss may be reversed directly or by adjusting the allowance account to the extent of the impairment recognized previously. The amount of reversal is recognized in excess (deficiency) of revenues over expenses.

#### (d) Tangible capital assets

Tangible capital assets, other than leased furniture, are recorded at cost. The College provides for amortization using the following methods at rates designed to amortize the cost over their estimated useful lives. Amortization begins the month following purchase, up to and including the month of disposal. The annual amortization rates are as follows:

Computer equipment	3 years straight-line
Computer software	3 years straight-line
Office furniture	20% declining balance

Leased furniture is recorded at the present value of future lease obligations. The College provides for amortization using the declining balance method at rates designed to amortize the cost of the furniture over its estimated useful life. One half of the year's amortization is recorded in the year of acquisition and disposal. The annual amortization rate is as follows:

Leased furniture	20%
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# COLLEGE OF APPLIED BIOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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### 2. Accounting policies, continued

#### (e) Revenue recognition

The College follows the restricted fund method of accounting for contributions.

Endowment contributions are recognized as revenue of the endowment fund in the current period.

Restricted contributions for which a corresponding restricted fund is presented are recognized as revenue of that fund in the current period.

Restricted contributions for which no corresponding restricted fund is presented are recognized in the general fund in accordance with the deferral method of accounting for contributions. Under the deferral method, restricted contributions are recognized as revenue in the period in which the related expenses are recognized.

Unrestricted contributions are recognized as revenue of the general fund when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership dues and fees are recognized in the year to which they apply. Dues received in the current year that apply to the subsequent year are deferred. Interest revenue is recognized when earned.

Membership dues that are overdue and outstanding at year end are written off as bad debts in the statement of operations.

#### (f) Web and online course development costs

Web and online course development costs are expensed.

#### (g) 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 reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of the revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant.

**COLLEGE OF APPLIED BIOLOGY  
NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2016**

**3. Tangible capital assets**

	Cost	Accumulated amortization	2016 Net	2015 Net
Computer equipment	\$ 11,666	\$ 8,122	\$ 3,544	\$ 2,769
Computer software	818	818	-	114
Office furniture	1,124	37	1,087	-
	<b>\$ 13,608</b>	<b>\$ 8,977</b>	<b>\$ 4,631</b>	<b>\$ 2,883</b>

**4. Leased furniture**

	2016	2015
Cost	\$ 24,575	\$ 24,575
Accumulated amortization	(13,253)	(10,422)
Leased furniture, net	<b>\$ 11,322</b>	<b>\$ 14,153</b>

**5. Obligation for capital lease**

	2016
Capital lease furniture contract, repayable in monthly instalments of \$480, calculated using interest at 5.0% per annum with a maturity date of March 2018 and a buyout option of \$1 at maturity.	<b>\$ 6,318</b>

Estimated lease payments are as follows:

2017	\$ 5,762
2018	1,441
Total future minimum lease payments	7,203
Less amount representing interest	885
Present value of minimum lease payments	<b>\$ 6,318</b>

# COLLEGE OF APPLIED BIOLOGY

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

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### 6. Related party balances and transactions

Related parties include the Registrar and the Executive Director, who are the College's key employees.

Transactions with related parties are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

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### 7. Financial instruments

The College's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, long term investments, and accounts payable and accrued liabilities. It is management's opinion that the College is not exposed to significant price risk, market risk, credit risk, liquidity risk, currency risk, interest rate risk or cash flow risk.

#### Investment risk

All investments are Canadian Guaranteed Investment Certificates, which mature before January 7, 2019 and have an average interest rate of 1.45%.

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### 8. Commitments

The College's total commitments, under various operating lease agreements (including rent) are as follows:

2017	\$	31,656
2018		31,656
2019		31,656
2020		31,656
2021		23,515

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\$ 150,139

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### 9. Comparative amounts

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

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