

**COLLEGE OF APPLIED BIOLOGY
FINANCIAL STATEMENTS**

December 31, 2014

**COLLEGE OF APPLIED BIOLOGY
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Year ended December 31, 2014

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INDEPENDENT AUDITOR'S REPORT

To: The Members of College of Applied Biology

We have audited the accompanying financial statements of the College of Applied Biology, which comprise the statement of financial position as at December 31, 2014, 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, 2014, 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 27, 2015



Chartered Accountants

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

December 31 **2014** **2013**

ASSETS

Current

Cash and cash equivalents			
Operating fund	\$ 226,967	\$	354,556
Scholarship fund	-		10,000
Prepaid expenses	8,709		10,103

235,676 **374,659**

Investments - Legal Contingency Fund	351,832		351,324
Investments - Contingency Fund	214,716		96,364
Tangible capital assets (note 4)	4,682		4,873
Leased furniture (note 5)	17,693		22,117

\$ 824,599 **\$ 849,337**

LIABILITIES AND NET ASSETS

Current

Accounts payable and accrued liabilities	\$ 32,252	\$	17,730
Deferred revenue	295,006		250,455

327,258 **268,185**

Obligation for capital lease (note 6)	16,664		21,462
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343,922 **289,647**

Net Assets

Operating Fund	(85,871)		112,002
Contingency Fund	214,716		96,364
Legal Contingency Fund	351,832		351,324

480,677 **559,690**

\$ 824,599 **\$ 849,337**

APPROVED BY THE BOARD

_____ Executive _____ Councillor
Director

See accompanying notes

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

Year ended December 31, 2014

	Operating Fund	Contingency Fund	Legal Contingency Fund	Total 2014	Total 2013
Balance, beginning of year	\$ 112,002	\$ 96,364	\$ 351,324	\$ 559,690	\$ 460,503
Excess (deficiency) of revenues over expenditures for the year	(86,744)	2,352	5,379	(79,013)	99,187
Interfund transfers (note 8)	(111,129)	116,000	(4,871)	-	-
Balance, end of year	\$ (85,871)	\$ 214,716	\$ 351,832	\$ 480,677	\$ 559,690

See accompanying notes

**COLLEGE OF APPLIED BIOLOGY
STATEMENT OF OPERATIONS**

Year ended December 31	Operating Fund	Contingency Fund	Legal Contingency Fund	2014	2013
REVENUE					
Membership dues and application fees	\$ 647,942			647,942	\$ 613,905
Assessment for professional seals	4,735			4,735	4,130
Conference	31,180			31,180	19,226
Interest	-	2,352	5,379	7,731	6,522
Reinstatement and late payment fees	9,474			9,474	8,834
Grants	-			-	81,000
	693,331	2,352	5,379	701,062	733,617
EXPENDITURES					
Administration and Executive					
Amortization	7,530			7,530	5,421
Bad debts	17,460			17,460	7,420
Bank and credit card charges	20,114			20,114	19,001
Computer database	8,758			8,758	8,318
Council expenses	32,353			32,353	37,137
Courses offered	5,975			5,975	-
Donations	15,000			15,000	-
Insurance office	1,429			1,429	1,076
Inter-professional liaison	20,179			20,179	10,993
Lapel pins members	3,679			3,679	-
Legal and audit	16,760			16,760	11,733
Office equipment and supplies	37,879			37,879	18,184
Postage	8,667			8,667	3,343
Prior year expenses	-			-	(1,290)
Publications and College Matters	28,568			28,568	33,507
Publicity and public relations	13,197			13,197	5,909
Rent	26,571			26,571	25,437
Salaries and benefits	371,503			371,503	298,316
Staff training	3,169			3,169	4,195
Telephone and internet	4,861			4,861	6,927
Web development	27,589			27,589	29,481
	671,241	-	-	671,241	525,108
Committees					
AGM and conference	55,127			55,127	35,358
Audit Committee	13,059			13,059	7,823
Biologists Canada Committee	88			88	-
Communications Committee	6,470			6,470	5,730
Credentials	11,926			11,926	49,003
Discipline	830			830	1,826
Editorial Board	2,136			2,136	-
Ethics Committee	5,240			5,240	452
Executive Committee	354			354	2,302
Finance and Budget Committee	8,420			8,420	6,828
Right to Practice	5,184			5,184	-
	108,834	-	-	108,834	109,322
	780,075	-	-	780,075	634,430
Excess (deficiency) of revenues over expenses	(86,744)	2,352	5,379	(79,013)	99,187

See accompanying notes

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**COLLEGE OF APPLIED BIOLOGY
CASH FLOW STATEMENT**

Year ended December 31	2014	2013
Operating activities		
Dues, fees and assessments received	\$ 675,019	\$ 606,484
Interest received	7,163	6,443
Other revenue received	45,389	32,190
Grants received	-	81,000
Administrative and executive expenses paid	(634,550)	(514,068)
Committee expenses paid	(108,834)	(117,368)
	(15,813)	94,681
Investing activities		
Net redemption (purchase) of investments	(118,860)	7,308
Purchase of tangible capital assets	(2,916)	(3,211)
	(121,776)	4,097
Increase (decrease) in cash and cash equivalents	(137,589)	98,778
Cash and cash equivalents, beginning of year	364,556	265,778
Cash and cash equivalents, end of year	\$ 226,967	\$ 364,556
Cash and cash equivalents consist of:		
Operating fund and petty cash	\$ 226,967	\$ 354,556
Scholarship fund	-	10,000
	\$ 226,967	\$ 364,556

See accompanying notes

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COLLEGE OF APPLIED BIOLOGY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

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.

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 has been established to finance any deficiencies in operations and is the last resource before raising member dues.

The Legal Contingency Fund 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.

(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, 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.

COLLEGE OF APPLIED BIOLOGY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

2. ACCOUNTING POLICIES, continued

(d) Tangible capital assets

Tangible capital assets, other than leased furniture, are recorded at cost. The College provides for amortization using the straight-line basis designed to amortize the cost over their estimated useful lives. Amortization begins the month following purchase. The annual amortization rates are as follows:

Computer equipment	33%
Computer software	33%

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 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 rates are as follows:

Leased furniture	20%
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(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. Unrestricted contributions are recognized as revenue of the appropriate 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 unrecoverable.

(f) Web development costs

Web development costs are expensed.

COLLEGE OF APPLIED BIOLOGY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

2. ACCOUNTING POLICIES, continued

(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.

3. Scholarship Fund Assets

The Scholarship Fund was established to award scholarships to individuals undertaking postgraduate programs of study focusing on administrative policy and procedures at the provincial, national and international levels in Biological and Natural Resources disciplines within the definition of applied biology in the Act. Students enrolled in postgraduate programs (MBA, MPA, Masters Certificates, Law) would be eligible for the Linda Michaluk Scholarship.

During the year, the College transferred \$12,500 to the Victoria Foundation, which is administering the Linda Michaluk Scholarship Fund. The funds transferred are considered a permanent asset of the Victoria Foundation.

4. Tangible capital assets

	Cost	Accumulated amortization	2014 Net	2013 Net
Computer equipment	\$ 9,180	\$ 4,884	\$ 4,296	\$ 4,214
Computer software	818	432	386	659
	\$ 9,998	\$ 5,316	\$ 4,682	\$ 4,873

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

December 31, 2014

5. Leased furniture

	2014	2013
Cost	\$ 24,575	\$ 24,575
Accumulated amortization	(6,882)	(2,458)
Leased furniture, net	\$ 17,693	\$ 22,117

6. Obligation for capital lease

	2014
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.	\$ 16,664

Estimated lease payments are as follows:

2015	\$ 5,762
2016	5,762
2017	5,762
2018	1,441
Total future minimum lease payments	18,727
Less amount representing interest	2,063
Present value of minimum lease payments	\$ 16,664

7. 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.

COLLEGE OF APPLIED BIOLOGY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

8. Interfund transfers

During the year, the College's council moved that amounts be transferred from the Operating Fund to the Contingency Fund in order to raise the fund to \$300,000.

9. Financial instruments

The College's financial instruments consist of cash and cash equivalents 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 between May 18, 2015 and December 19, 2016 and have an average interest rate of 1.46%.

10. COMMITMENTS

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

2015	\$	31,667
2016		31,869
2017		27,730
2018		27,730
2019		27,730
Subsequent years		50,838
	\$	197,564

11. Fraud investigation

During the year, the fraud investigation was settled with a guilty plea to fraud over \$5,000. The College was awarded restitution of \$100 per month up to the \$60,847 settlement amount. No accounts receivable has been set up for the outstanding settlement amount as it is uncertain if and when this amount will be collected.

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

December 31, 2014

12. 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.
