

**COLLEGE OF APPLIED BIOLOGY
FINANCIAL STATEMENTS**

December 31, 2018

COLLEGE OF APPLIED BIOLOGY INDEX TO FINANCIAL STATEMENTS

Year ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To: The Members of College of Applied Biology

Opinion

We have audited the financial statements of College of Applied Biology (the College), which comprise the statement of financial position as at December 31, 2018, and the statements of changes in net assets, operations, and cash flow for the year then ended, and notes to the 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 College as at December 31, 2018, 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 College 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.

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

Those charged with governance are responsible for overseeing the College'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.

INDEPENDENT AUDITOR'S REPORT, continued

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 College'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 College'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 College 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.

Victoria, British Columbia
March 29, 2019

A handwritten signature in black ink that reads "Hutchison & Co LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

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

December 31

2018

2017

ASSETS


Current

Cash and cash equivalents		
Operating Fund	\$ 421,142	\$ 436,147
Short term investments		
Operating Fund	155,187	152,737
Contingency Fund	197,394	193,767
Legal Contingency Fund	317,507	242,389
Accounts receivable	154,730	129,635
Prepaid expenses	17,080	9,925
	1,263,040	1,164,600
Investments - Legal Contingency Fund	-	168,808
Tangible capital assets (note 3)	24,554	5,168
Leased furniture (note 4)	-	9,065
	\$ 1,287,594	\$ 1,347,641

APPROVED BY THE BOARD



Chief Executive Officer



Councillor

See accompanying notes

COLLEGE OF APPLIED BIOLOGY
STATEMENT OF FINANCIAL POSITION, continued

December 31	2018	2017
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 44,487	\$ 36,011
Deferred revenue	483,635	501,885
Deferred revenue-special levy (note 5)	70,465	-
	598,587	537,896
Obligation for capital lease	-	745
	598,587	538,641
Net Assets		
Operating Fund	174,105	204,037
Contingency Fund	197,395	193,766
Legal Contingency Fund	317,507	411,197
	689,007	809,000
	\$ 1,287,594	\$ 1,347,641

See accompanying notes

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

Year ended December 31, 2018

	Operating Fund	Contingency Fund	Legal Contingency Fund	Total 2018	Total 2017
Balance, beginning of year	\$ 204,037	\$ 193,766	\$ 411,197	\$ 809,000	\$ 659,171
Excess (deficiency) of revenues over expenses for the year	(130,815)	3,629	7,193	(119,993)	149,829
Interfund transfers (note 2a)	100,883	-	(100,883)	-	-
Balance, end of year	\$ 174,105	\$ 197,395	\$ 317,507	\$ 689,007	\$ 809,000

See accompanying notes

COLLEGE OF APPLIED BIOLOGY
STATEMENT OF OPERATIONS

Year ended December 31	Operating Fund	Contingency Fund	Legal Contingency Fund	Total 2018	Total 2017
REVENUE					
Membership dues and application fees	\$ 696,201			\$ 696,201	\$ 672,616
Course fees	44,147			44,147	78,200
Conference	35,457			35,457	33,685
Reinstatement and late payment fees	10,825			10,825	11,867
Interest	2,451	3,629	7,193	13,273	11,776
Job postings	10,500			10,500	7,900
Assessment for professional seals	4,340			4,340	3,550
Grants	3,004			3,004	-
	806,925	3,629	7,193	817,747	819,594
EXPENSES					
Administration and Executive					
Amortization	6,604			6,604	4,785
Bad debts	19,700			19,700	13,300
Bank and credit card charges	26,257			26,257	21,599
Computer database	39,473			39,473	3,093
Council expenses	60,217			60,217	41,142
Courses offered	1,050			1,050	1,207
Disciplinary investigations	5,901			5,901	3,281
Donations	1,790			1,790	733
Insurance office	1,438			1,438	1,211
Legal and audit	179,930			179,930	28,008
Office equipment and supplies	16,942			16,942	20,330
Outreach expenses	25,106			25,106	16,201
Postage	3,702			3,702	5,694
Publications and College Matters	16,734			16,734	10,144
Publicity and public relations	1,255			1,255	8,404
Rent	29,714			29,714	28,753
Salaries and benefits	395,597			395,597	376,716
Staff training	3,602			3,602	495
Telephone and internet	6,623			6,623	5,104
Web and online course development	7,758			7,758	9,253
	849,393	-	-	849,393	599,453
Committees					
AGM and conference	51,536			51,536	49,260
Audit and Practice Review Committee	16,019			16,019	5,885
Biologists Canada Committee	-			-	14
Communications Committee	-			-	1,169
Credentials Committee	12,234			12,234	659
Discipline Committee	1,022			1,022	2,483
Editorial Board	63			63	3,862
Ethics Committee	13			13	8
Executive Committee	4,373			4,373	65
Finance and Budget Committee	2,055			2,055	4,539
Right to Practice Committee	1,032			1,032	2,368
	88,347	-	-	88,347	70,312
	937,740	-	-	937,740	669,765
Excess of revenues over expenses	\$ (130,815)	\$ 3,629	\$ 7,193	\$ (119,993)	\$ 149,829

See accompanying notes

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COLLEGE OF APPLIED BIOLOGY

CASH FLOW STATEMENT

Year ended December 31	2018	2017
Operating activities		
Dues, fees and assessments received	\$ 703,621	\$ 696,751
Interest received	12,024	10,280
Other revenue received	105,269	135,202
Grants received	3,004	-
Administrative and executive expenses paid	(822,514)	(605,790)
Committee expenses paid	(88,347)	(70,312)
	(86,943)	166,131
Investing activities		
Purchase of tangible capital assets	(16,924)	(3,065)
Net redemption (purchase) of investments	88,862	(10,280)
	71,938	(13,345)
Increase (decrease) in cash and cash equivalents	(15,005)	152,786
Cash and cash equivalents, beginning of year	436,147	283,361
Cash and cash equivalents, end of year	\$ 421,142	\$ 436,147
Cash and cash equivalents consist of:		
Operating Fund and petty cash	\$ 421,142	\$ 436,147

See accompanying notes

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COLLEGE OF APPLIED BIOLOGY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

1. Purpose of the Organization

The College of Applied Biology (the "College") was created under the College of Applied Biology Act which was signed into law by the Provincial Legislature of British Columbia. 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

These financial statements are 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, 2018

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, 2018

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, 2018

3. Tangible capital assets

	Cost	Accumulated amortization	2018 Net	2017 Net
Computer equipment	\$ 24,620	\$ 11,727	\$ 12,893	\$ 4,306
Computer software	818	818	-	-
Office furniture	30,127	18,466	11,661	862
	\$ 55,565	\$ 31,011	\$ 24,554	\$ 5,168

4. Leased furniture

	2018	2017
Cost	\$ -	\$ 24,575
Accumulated amortization	-	(15,510)
	\$ -	\$ 9,065

The lease obligation was settled during 2018, at which point ownership of the furniture was transferred to the College. The cost and accumulated amortization of the leased furniture is recorded in tangible capital assets (see note 3).

5. DEFERRED REVENUE-SPECIAL LEVY

During the year, the College assessed a special 2019 levy for the purpose of replenishing the Legal Contingency Fund. During the year, the College transferred \$100,883 from the Legal Contingency Fund to the Operating Fund to finance legal costs incurred as a result of a disciplinary hearing against a member.

Special levies received are expected to be transferred to the Legal Contingency Fund in 2019.

COLLEGE OF APPLIED BIOLOGY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

6. Government remittances payable

Included in accounts payable and accrued liabilities are government remittances of \$7,505 (2017 - \$10,819) which consist of payroll withholdings and WCB payable.

7. Related party balances and transactions

Related parties include the Registrar and the Chief Executive Officer, 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.

8. Financial instruments

The College's financial instruments consist of cash and cash equivalents, short term investments, accounts receivable, 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 June 19, 2019 and have an average interest rate of 2.04%.

COLLEGE OF APPLIED BIOLOGY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

9. COMMITMENTS

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

2019	\$	30,810
2020		26,290
2021		22,850
2022		22,850
2023		22,850
Subsequent years		7,617
		<hr/>
		\$ 133,267

10. Subsequent events

Subsequent to year-end, the College surrendered its lease agreement for its office space and entered into a new five year lease agreement, which takes effect May 1, 2019. Rent payments required under the new lease are reflected in note 9.
