

Financial Statements of

COLLEGE OF APPLIED BIOLOGY

And Independent Auditors' Report thereon

Year ended December 31, 2020



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INDEPENDENT AUDITORS' REPORT

To the Members of College of Applied Biology

Opinion

We have audited the financial statements of College of Applied Biology (the Entity), which comprise:

- the balance sheet as at December 31, 2020
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Auditors' 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 auditors' 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 the 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.

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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.



- 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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada

March 22, 2021

COLLEGE OF APPLIED BIOLOGY

Balance Sheet

December 31, 2020, with comparative information for 2019

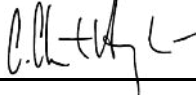
	2020	2019
Assets		
Current assets:		
Cash	\$ 631,036	\$ 489,026
Short-term investments (note 2)	791,018	772,487
Accounts receivable	170,234	169,963
Prepaid expenses and deposits	27,851	27,661
	<u>1,620,139</u>	<u>1,459,137</u>
Tangible capital assets (note 3)	22,224	31,933
Intangible assets (note 4)	53,925	-
	<u>\$ 1,696,288</u>	<u>\$ 1,491,070</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 45,102	\$ 58,863
Deferred revenue (note 6)	760,780	702,914
	<u>805,882</u>	<u>761,777</u>
Net assets:		
Operating fund	189,066	83,155
Capital fund	76,149	31,933
Contingency fund	204,358	201,420
Legal contingency fund	420,833	412,785
	<u>890,406</u>	<u>729,293</u>
Commitments (note 8)		
	<u>\$ 1,696,288</u>	<u>\$ 1,491,070</u>

See accompanying notes to financial statements.

On behalf of the Board:





COLLEGE OF APPLIED BIOLOGY

Statement of Operations and Changes in Net Assets

Year ended December 31, 2020, with comparative information for 2019

	Operating fund	Capital fund	Contingency fund	Legal contingency fund	Total 2020	Total 2019
Revenue:						
Annual dues	\$ 863,795	\$ -	\$ -	\$ -	\$ 863,795	\$ 761,497
Application	88,439	-	-	-	88,439	69,039
Course fees	65,400	-	-	-	65,400	61,400
Other income	18,330	-	-	-	18,330	28,155
Interest income	2,212	-	2,938	8,048	13,198	16,127
Sponsorships	-	-	-	-	-	7,500
Conference	-	-	-	-	-	41,055
	1,038,176	-	2,938	8,048	1,049,162	984,773
Expenses:						
Advertising	3,320	-	-	-	3,320	10,803
Amortization	-	14,338	-	-	14,338	10,175
Conference expenses	7,066	-	-	-	7,066	59,881
Council and committee meetings	31,012	-	-	-	31,012	137,972
Database and website (note 7)	32,400	-	-	-	32,400	2,357
Insurance	7,253	-	-	-	7,253	5,596
Interest and bank charges	32,878	-	-	-	32,878	28,832
Office and general	64,612	-	-	-	64,612	72,142
Professional fees	52,859	-	-	-	52,859	35,738
Rent	39,585	-	-	-	39,585	35,953
Salaries and benefits	601,043	-	-	-	601,043	542,511
Training	1,683	-	-	-	1,683	2,527
	873,711	14,338	-	-	888,049	944,487
Excess (deficiency) of revenues over expenses	164,465	(14,338)	2,938	8,048	161,113	40,286
Net assets, beginning of year	83,155	31,933	201,420	412,785	729,293	689,007
Interfund transfers	(58,554)	58,554	-	-	-	-
Net assets, end of year	\$ 189,066	\$ 76,149	\$ 204,358	\$ 420,833	\$ 890,406	\$ 729,293

See accompanying notes to financial statements.

COLLEGE OF APPLIED BIOLOGY

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 161,113	\$ 40,286
Item not involving cash:		
Amortization	14,338	10,175
Increase in accounts receivable	(271)	(15,233)
Increase in prepaid expenses and deposits	(190)	(10,581)
Increase (decrease) in accounts payable and accrued liabilities	(13,761)	14,376
Increase in deferred revenue	57,866	148,814
	219,095	187,837
Investing:		
Increase in short-term investments	(18,531)	(102,399)
Purchase of tangible capital assets	(1,749)	(17,554)
Purchase of intangible assets	(56,805)	-
	(77,085)	(119,953)
Increase in cash	142,010	67,884
Cash, beginning of year	489,026	421,142
Cash, end of year	\$ 631,036	\$ 489,026

See accompanying notes to financial statements.

COLLEGE OF APPLIED BIOLOGY

Notes to Financial Statements

Year ended December 31, 2020

Nature of operations:

College of Applied Biology (the "College", or the "College") was created under the College of Applied Biology Act that was signed into law by the Provincial Legislature of British Columbia (the "Act"). 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 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 the Act and the rules; and (v) cooperating with other bodies on matters relevant to applied biology. The College is exempt from income taxes under the Income Tax Act.

The *Professional Governance Act* ("PGA") took effect on February 5, 2021 after receiving Royal Assent on November 27, 2018. The PGA provides a consistent governance framework for self-regulating professions that incorporates best practices of professional governance. The PGA currently governs the five regulatory bodies overseeing agrologists, applied biologists, applied science technologists and technicians, engineers and geoscientists, and forest professionals. The College is a regulatory body included under the PGA.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The College's significant accounting policies are as follows:

(a) Fund accounting:

The College follows the restricted fund method of accounting using the following funds:

- Operating Fund: this fund reports the revenues and expenses related to administrative and operational activities;
- Capital Fund: this fund reports the revenues and expenses related to tangible and intangible assets;
- Contingency Fund: this is an internally restricted fund that has been established to finance any deficiencies in operations and is the resource before raising member dues; and
- Legal Contingency Fund: this is an internally restricted fund that has been established to finance legal costs that may be incurred on behalf of the College.

COLLEGE OF APPLIED BIOLOGY

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash, bank overdrafts and investments in money market or other short-term instruments or investments with an original maturity of less than 90 days.

(c) Short-term investments:

Short-term investments consist of term deposits maturing within one year and are stated at cost, which together with accrued interest income approximates fair value given the short-term nature of these investments.

(d) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized on following methods and annual rates:

Asset	Method	Rate
Computer equipment	Straight-line	3 years
Furniture and fixtures	Declining balance	20%
Leasehold improvements	Straight-line	5 years
Equipment	Declining balance	20%
Computer software	Straight-line	3 years

The estimated useful lives of assets are reviewed by management and adjusted if necessary.

COLLEGE OF APPLIED BIOLOGY

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(e) Intangible assets:

The carrying amount of an intangible asset, whose life is determined to be indefinite, is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may exceed its fair value. An impairment loss is recognized when the asset's carrying amount exceeds its fair value. Impairment losses are not subsequently reversed.

Intangible assets are amortized on following methods and annual rates:

- Registrants database - Straight-line over 10 years
- Ethics course - Straight-line over 3 years

(f) Revenue recognition:

Annual dues and application fees are recognized as revenue in the Operating Fund when received or receivable. Annual dues and application fees received in advance of the year to which they relate are recorded as deferred revenue.

Course fees are recognized as revenue in the Operating Fund at the time the services are provided or the products are delivered, and collection is reasonably assured.

Other income is are recognized as revenue in the Operating Fund in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted revenue related to operations other than endowment contributions is recognized as revenue in the Operating Fund in the year in which the related expenses are recognized. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable.

Investment income is recognized as revenue in the appropriate fund when earned.

(g) Government assistance:

Government assistance related to current expenses and revenue is included in the determination of excess (deficiency) of revenues over expenses for the period. Government assistance related to capital expenditures is recorded as reduction of the cost of the related item of capital assets.

COLLEGE OF APPLIED BIOLOGY

Notes to Financial Statements (continued)

Year ended December 31, 2020

1. Significant accounting policies (continued):

(h) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Investments 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.

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 straight-line 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 Institute 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 Institute 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 carrying value.

(i) 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 which 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 revenues and expenses during the period. Actual results could differ from those estimates.

(j) Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year. The comparative figures have been audited by another firm of chartered professional accountants.

COLLEGE OF APPLIED BIOLOGY

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Short-term investments:

Short-term investments consist of redeemable guaranteed investment certificates with interest rates ranging from 0.65% to 2.12% maturing between February 16, 2021 and September 10, 2021.

The short-term investments are separated into the following funds:

	2020		2019	
Operating Fund	\$	160,008	\$	156,632
Legal Fund		420,178		404,585
Contingency Fund		202,724		198,867
		782,910		760,084
Accrued interest		8,108		12,403
	\$	791,018	\$	772,487

3. Tangible capital assets:

			2020		2019	
	Cost	Accumulated amortization	Net book value	Net book value		
Computer equipment	\$ 30,746	\$ 22,306	\$ 8,440	\$ 14,537		
Furniture and fixtures	30,127	22,664	7,463	9,328		
Leasehold improvements	7,187	2,276	4,911	6,349		
Equipment	1,984	574	1,410	1,719		
Computer software	818	818	-	-		
	\$ 70,862	\$ 48,638	\$ 22,224	\$ 31,933		

COLLEGE OF APPLIED BIOLOGY

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Intangible assets:

	2020
Registration database	\$ 49,665
Ethics course content	7,140
	<u>56,805</u>
Accumulated amortization	(2,880)
	<u>\$ 53,925</u>

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at December 31, 2020 are government remittances payable of \$12,188 (2019 – \$12,542) relating to federal and provincial sales taxes, payroll taxes, health taxes and workers' safety insurance.

6. Deferred revenue:

Deferred revenue represents funds received in advance for 2021 annual dues and application fees. The amounts will be recognized as revenue in 2021.

7. Government assistance:

During the year, the College recognized \$27,112 (2019 - \$nil) of government grants which have been recorded as a reduction of database and website costs.

8. Lease commitments:

The College is committed to minimum annual lease payments under various operating leases as follows:

2021	\$ 24,638
2022	24,638
2023	24,638
2024	9,405
2025	1,788
Thereafter	894
	<u>86,001</u>

COLLEGE OF APPLIED BIOLOGY

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Financial risks and concentration of risk:

The maximum credit risk exposure for the College's financial assets is the carrying value of those assets. To reduce credit risk, cash and cash equivalents and short-term investments are only held at major financial institutions.

It is management's opinion that the Institute is not exposed to significant interest rate or foreign exchange risk.

On March 11, 2020, COVID-19 outbreak was declared a pandemic by the World Health Organization, and has had a significant financial market impact globally, domestically and locally in jurisdictions in which the College operates, which has continued subsequent to December 31, 2020. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on its operations is not known at this time. These impacts could include decreases in revenue or increases in expense.