

Financial Statements of

**CANADIAN  
ASSOCIATION FOR  
LABORATORY ANIMAL  
SCIENCE**

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Association for Laboratory Animal Science

### ***Opinion***

We have audited the financial statements of Canadian Association for Laboratory Animal Science (the Entity), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations - unrestricted fund for the year then ended
- the statement of operations - capital asset fund for the year then ended
- the statement of 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, 2022 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 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 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.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

### ***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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly wavy line that serves as a decorative underline.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

April 20, 2023

# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

## Statement of Financial Position

December 31, 2022, with comparative information for 2021

	2022	2021
<b>Assets</b>		
Current assets:		
Cash	\$ 224,085	\$ 164,616
Government remittances receivable	1,536	4,371
Investments (note 2)	277,802	309,964
Prepaid expenses	26,556	23,859
	<u>529,979</u>	<u>502,810</u>
Capital assets (note 3)	9,800	18,200
	<u>\$ 539,779</u>	<u>\$ 521,010</u>

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,946	\$ 1,485
Deferred revenue (note 4)	138,161	99,975
Government remittances payable	5,546	-
	<u>152,653</u>	<u>101,460</u>
Net assets:		
Unrestricted fund	377,326	401,350
Capital asset fund	9,800	18,200
	<u>387,126</u>	<u>419,550</u>
Commitments (note 6)		
	<u>\$ 539,779</u>	<u>\$ 521,010</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

Statement of Operations - Unrestricted Fund

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
<b>Revenue:</b>		
Symposium	\$ 202,744	\$ 125,352
Memberships	154,058	147,382
Exams	18,676	15,828
Advertising	12,951	22,765
Investment income (note 5)	8,876	4,928
Other	7,701	8,937
Manuals	6,466	8,249
Webinars	6,260	9,690
	<u>417,732</u>	<u>343,131</u>
<b>Expenses:</b>		
Symposium	160,780	34,980
Management fees	150,256	163,528
Membership database	26,047	18,590
Interest and bank charges	14,557	10,145
Scholarships, fellowships and awards	9,709	6,399
Insurance	9,701	5,293
Professional fees	8,665	8,250
Certifications and education	6,449	5,530
Newsletter	5,396	9,013
Portfolio management fees	3,590	3,822
Directors' meetings	2,487	1,059
Advertising	2,175	1,344
Office and general	1,572	467
Translation services	1,376	3,557
Telephone	1,360	1,373
Chapter rebates	840	400
Travel	777	268
Website	-	311
	<u>405,737</u>	<u>274,329</u>
Excess of revenues over expenses before the undernoted items	11,995	68,802
<b>Other income (expense):</b>		
Unrealized fair value gain (loss) on investments, net	(37,056)	4,228
Foreign exchange translation gain, net	1,037	222
	<u>(36,019)</u>	<u>4,450</u>
<b>Excess (deficiency) of revenues over expenses</b>	<b>\$ (24,024)</b>	<b>\$ 73,252</b>

See accompanying notes to financial statements.

# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

Statement of Operations - Capital Asset Fund

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Revenue	\$ -	\$ -
Expenses:		
Amortization	8,400	8,400
Deficiency of revenues over expenses	\$ (8,400)	\$ (8,400)

See accompanying notes to financial statements.

# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

## Statement of Changes in Net Assets

Year ended December 31, 2022, with comparative information for 2021

	Unrestricted fund	Capital asset fund	Total net assets
Balance - January 1, 2022	\$ 401,350	\$ 18,200	\$ 419,550
Deficiency of revenues over expenses	(24,024)	(8,400)	(32,424)
<b>Balance - December 31, 2022</b>	<b>\$ 377,326</b>	<b>\$ 9,800</b>	<b>\$ 387,126</b>

	Unrestricted fund	Capital asset fund	Total net assets
Balance - January 1, 2021	\$ 328,098	\$ 26,600	\$ 354,698
Excess (deficiency) of revenues over expenses	73,252	(8,400)	64,852
<b>Balance - December 31, 2021</b>	<b>\$ 401,350</b>	<b>\$ 18,200</b>	<b>\$ 419,550</b>

See accompanying notes to financial statements.



# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

## Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses - unrestricted fund	\$ (24,024)	\$ 73,252
Deficiency of revenues over expenses - capital asset fund	(8,400)	(8,400)
Items not involving cash:		
Investment income	(8,876)	(4,928)
Portfolio management fees	3,590	3,822
Harmonized sales taxes on portfolio management fees	392	471
Unrealized fair value loss (gain) on investments	37,056	(4,228)
Amortization	8,400	8,400
Changes in non-cash operating working capital:		
Government remittances receivable/payable	8,381	3,534
Prepaid expenses	(2,697)	(1,501)
Accounts payable and accrued liabilities	7,461	(525)
Deferred revenue	38,186	(14,120)
Increase in cash	59,469	55,777
Cash, beginning of year	164,616	108,839
Cash, end of year	\$ 224,085	\$ 164,616

See accompanying notes to financial statements.

# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

Notes to Financial Statements

Year ended December 31, 2022

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## **Nature of operations:**

Canadian Association for Laboratory Animal Science (the "Association") is registered as a not-for-profit organization under the provisions of the Income Tax Act ("the Act") and as such is exempt from income taxes. It is composed of a multidisciplinary group of individuals and institutions concerned with the care and use of laboratory animals in research, teaching and testing. The Association is dedicated to the elimination of both the inhumane and unnecessary use of animals in research and to the improvement of their standard of care.

## **1. Significant accounting policies:**

### **(a) Basis of accounting:**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

### **(b) Fund accounting:**

The accounts of the Association are maintained in accordance with the principles of fund accounting in order to observe the limitations and restrictions placed on the use of available resources. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into separate funds in accordance with specified activities or objectives. For financial reporting purposes, the Association has combined funds with similar characteristics into two major fund groups as follows:

#### **(i) Unrestricted fund:**

The unrestricted fund accounts for current operations and programs as well as the Association's general operations. Unrestricted contributions and restricted contributions to be used for operations are reported in this fund. Revenues and expenses for service delivery activities and administration are also reported in this fund.

#### **(ii) Capital asset fund:**

The unamortized cost of capital assets and any loans to finance the acquisition of capital assets are reported in the capital asset fund.

# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (c) Revenue recognition:

The Association follows the deferral method of accounting for contributions which includes donations, grants, bequests and other receivables. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Any restricted contributions not yet expended are recorded as deferred contributions in these financial statements. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Symposium revenue is recognized upon the completion of the symposium. Membership dues and advertising revenue are accounted for as unearned revenue when they are collected, and are amortized to income over the membership term or advertising period. Exam fees received before the date of the exam are recorded as deferred revenue until the exam is held. Revenue from sale of manuals prior to the exams is recognized in the period in which sale occurs. Webinar revenue is recognized upon the completion of the webinar.

Dividends are recognized as income when the right to receive is established. Interest is recognized as income on an accrual basis. Sponsorship revenue and other revenue is recorded when received.

### (d) Contributed services:

Volunteers contribute time to assist the Association in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (e) Financial instruments:

#### (i) Measurement of financial instruments:

Financial instruments are financial assets or liabilities of the Association where the Association has the right to receive cash or another financial asset from another party or has the obligation to pay cash or other financial assets to another party or equity instruments of another entity.

The Association initially measures its financial instruments at fair value, except for certain non-arm's length transactions that are measured at the exchange amount. Investments in equity instruments that are quoted in an active market are subsequently measured at fair value, with changes in fair value being recognized in income at each balance sheet date. The Association's financial instruments that are measured at cost or amortized cost, are cash, and accounts payable and accrued liabilities.

Fair value estimates, where applicable, are made at a specific point in time, based on relevant cash flows, market discount rates and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and significant matters of judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

#### (ii) Impairment:

Financial assets that are measured at cost or amortized cost are tested for impairment when there are indicators that the asset may be impaired. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account. The reversal may be recorded provided it is no greater than the amount that had been previously reported as a reduction in the asset and it does not exceed original cost. The amount of the write-down and reversal, if any, are recognized in net income in the year in which these occur.

# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (f) Capital assets:

Capital assets represents member database and member portal, and are initially recorded at cost, which comprises any directly attributable cost of preparing the asset for its intended use. Capital assets are amortized on the straight-line basis over five years.

### Impairment of capital assets:

The amortization method and the estimate of the useful life of the capital assets are reviewed annually. Capital assets are tested for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment is recognized in an amount equal to the difference between the carrying value and the fair value, calculated based on the present value of undiscounted future cash flows expected to be generated, of the related asset. An impairment charge is recorded in net income. Impairment charges are not reversed if there is a subsequent increase in its fair value.

### (g) Foreign currency translation:

Monetary assets and liabilities of the Association that are denominated in foreign currencies are translated into Canadian dollars at rates of exchange in effect at the date of the balance sheet. Non-monetary assets, liabilities and other items recorded in income from transactions denominated in foreign currencies are translated at the rates of exchange in effect at the date of the transaction. Revenues and expenses are translated at rates of exchange in effect at the time of the transactions, except to the extent they relate to items translated at historical rates, in which case, historical rates are applied. Exchange gains and losses on current items are included in income for the year.

### (h) Measurement uncertainty:

The preparation of the 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Estimates are used when accounting for items and matters such as: useful life of capital assets, and provisions and contingencies. Actual results could differ from these estimates.

# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 2. Investments:

Investments comprise of publicly traded investment funds and fixed income and securities. Investments includes cash of \$294 (2021 - \$257).

## 3. Capital assets:

			2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value		
Members database	\$ 42,000	\$ 32,200	\$ 9,800	\$ 18,200		

## 4. Deferred revenue:

			2022		2021	
Exams		\$ 12,077	\$ 12,077	\$ 15,670		
Memberships		71,936	71,936	63,835		
Symposium		54,148	54,148	20,470		
		\$ 138,161	\$ 138,161	\$ 99,975		

## 5. Investment income:

			2022		2021	
Dividend income		\$ 7,462	\$ 7,462	\$ 3,878		
Interest income		1,414	1,414	1,050		
		\$ 8,876	\$ 8,876	\$ 4,928		

# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 6. Commitments:

The Association has entered into a management services agreement for the period of November 1, 2022 to October 31, 2025 for a monthly amount of \$12,833. The monthly fee is reviewed by the Association and the management company on November 1st of each year and any increase will not exceed 5%.

## 7. Financial instrument risks and uncertainties:

The main risks the Association's financial instruments are exposed to are credit risk, foreign exchange risk, liquidity risk, and market risk, each of which is discussed below.

### (a) Credit risk:

The financial instrument that potentially subjects the Association to credit risk is cash and investments. The Association maintains cash balances with Canadian chartered banks and investments with a federally regulated investment dealer, which from time to time, exceed the federally insured limits and expose the Association to credit risk from concentration of cash and investments. The Association limits this risk by transacting with reputable financial institutions.

### (b) Foreign currency risk:

The Association incurs certain revenue and expenses transactions and holds cash in United States ("US") dollars and is therefore subject to gains or losses due to fluctuations in the US dollar relative to the Canadian dollar. The Association does not use derivative instruments to reduce its exposure to foreign exchange risk.

The Association is exposed to currency risk through the following asset denominated in US dollars:

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		2022		2021
Cash	US\$	988	US\$	8,298

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# CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE

Notes to Financial Statements (continued)

Year ended December 31, 2022

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## 7. Financial instrument risks and uncertainties (continued):

### (c) Liquidity risk:

Liquidity risk is the risk that the Association will encounter difficulty in meeting its obligations associated with financial liabilities. The financial liabilities on its statement of financial position consist of accounts payable and accrued liabilities. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.

### (d) Market risk:

Market risk is the risk that changes in market prices and interest rates will affect the Association's excess of revenue over expenses or the value of financial instruments. These risks are generally outside the control of the Association. The objective of the Association is to mitigate market risk exposures within acceptable limits, while maximizing returns.