

**CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

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**CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE**

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## INDEPENDENT AUDITOR'S 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 Association"), which comprise the statement of financial position as at December 31, 2023, the statement of operations and changes in fund balances - unrestricted fund, the statement of operations and changes in fund balances - capital asset fund, statement of cash flows 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 Association, as at December 31, 2023 and its financial performance 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 Association 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 qualified 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the the Association'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 judgement 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 Association'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 the Association'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 Association 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.

### **Other Matter**

The financial statements of the Association for the year ended December 31, 2022, were audited by another firm of Chartered Professional Accountant's who expressed an unqualified opinion on those statements on April 20, 2023.

Whitby, Ontario

Chartered Professional Accountants  
Licensed Public Accountants

**CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE**

**STATEMENT OF FINANCIAL POSITION**

(see accompanying notes) as at December 31  
2023 2022

**ASSETS**

**CURRENT**

Cash	\$ 120,865	\$ 224,085
Accounts receivable	578	-
Government remittances receivable	8,065	1,536
Investments (Note 2)	293,490	277,802
Prepaid expenses	<u>30,144</u>	<u>26,556</u>

453,142 529,979

**CAPITAL ASSETS (Note 3)**

1,400 9,800

\$ 454,542 \$ 539,779

**LIABILITIES**

**CURRENT**

Accounts payable and accrued liabilities	\$ 8,041	\$ 8,946
Deferred revenue (Note 4)	86,031	138,161
Government remittances payable	-	<u>5,546</u>

94,072 152,653

**NET ASSETS**

**UNRESTRICTED FUND**

359,070 377,326

**CAPITAL ASSET FUND**

1,400 9,800

360,470 387,126

\$ 454,542 \$ 539,779

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ Director

**CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE**

**STATEMENT OF OPERATIONS AND NET ASSETS - UNRESTRICTED FUND**

(see accompanying notes)	for the year ended December 31	
	2023	2022
<b>REVENUE</b>		
Symposium	\$ 282,113	\$ 202,744
Memberships	153,670	154,058
Exams	14,335	18,676
Advertising	15,316	12,951
Investment income (Note 5)	10,489	8,876
Manuals	8,407	6,466
Other	7,384	7,701
Webinars	3,957	6,260
	<b>495,671</b>	<b>417,732</b>
<b>EXPENSES</b>		
Symposium	249,226	160,780
Management fees	154,510	150,256
Membership database	26,434	26,047
Directors' meetings	17,527	2,487
Interest and bank charges	14,437	14,557
Scholarships, fellowships, and awards	12,561	9,709
Professional fees	8,665	8,665
Website	8,288	-
Newsletter	7,192	5,396
Insurance	6,237	9,701
Chapter rebates	5,049	840
Certifications and education	5,015	6,449
Portfolio management fees	4,013	3,590
Travel	2,309	777
Advertising	1,952	2,175
Telephone	1,490	1,360
Office and general	1,241	1,572
Translations services	955	1,376
	<b>527,101</b>	<b>405,737</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE UNDERNOTED ITEMS</b>	<b>(31,430)</b>	<b>11,995</b>
<b>OTHER INCOME (EXPENSE)</b>		
Unrealized fair value gain (loss) on investments, net	9,674	(37,056)
Foreign exchange translation gain, net	3,500	1,037
	<b>13,174</b>	<b>(36,019)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>(18,256)</b>	<b>(24,024)</b>
<b>NET ASSETS, beginning of the year</b>	<b>377,326</b>	<b>401,350</b>
<b>NET ASSETS, end of year</b>	<b>\$ 359,070</b>	<b>\$ 377,326</b>

**CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE**

**STATEMENT OF OPERATIONS AND NET ASSETS - CAPITAL ASSET FUND**

(see accompanying notes)

	for the year ended December 31	
	2023	2022
<b>REVENUE</b>	\$ -	\$ -
<b>EXPENSES</b>		
Amortization	<u>8,400</u>	<u>8,400</u>
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<b>(8,400)</b>	<b>(8,400)</b>
<b>NET ASSETS, beginning of the year</b>	<u>9,800</u>	<u>18,200</u>
<b>NET ASSETS, end of year</b>	<u><u>\$ 1,400</u></u>	<u><u>\$ 9,800</u></u>

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**CANADIAN ASSOCIATION FOR LABORATORY ANIMAL SCIENCE**

**STATEMENT OF CASH FLOWS**

(see accompanying notes)	for the year ended December 31	
	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses - unrestricted fund	\$ (18,256)	\$ (24,024)
Excess (deficiency) of revenues over expenses - capital asset fund	<u>(8,400)</u>	<u>(8,400)</u>
	<u>(26,656)</u>	<u>(32,424)</u>
Add (deduct) charges to income (loss) not involving cash:		
Investment income	(10,489)	(8,876)
Portfolio management fees	4,013	3,590
Harmonized sales taxes on Portfolio management fees	462	392
Unrealized fair value loss (gain) on investments	(9,674)	37,056
Amortization of property and equipment	<u>8,400</u>	<u>8,400</u>
	<u>(33,944)</u>	8,138
Net change in non-cash working capital balances (Note 6)	<u>(69,276)</u>	<u>51,331</u>
<b>NET CHANGE IN CASH POSITION</b>	<b>(103,220)</b>	59,469
CASH POSITION, beginning of year	<u>224,085</u>	<u>164,616</u>
<b>CASH POSITION, end of year</b>	<b><u>\$ 120,865</u></b>	<b><u>\$ 224,085</u></b>

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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 inhumane and unnecessary use of animals in research and to the improvement of their standard of care.

## 1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and are in accordance with Canadian generally accepted accounting principles (GAAP).

### 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:

#### 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.

#### 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.

### 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.

### Revenue recognition

The Association follows the deferral method of accounting for contributions which include 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.

NOTES TO THE FINANCIAL STATEMENTS

(UNAUDITED)

December 31, 2023

1. **SIGNIFICANT ACCOUNTING POLICIES** (continued)

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 the sale of manuals prior to the exams is recognized in the period in which the sale occurs. Webinar revenue is recognized upon the completion of the webinar. Sponsorship revenue and other revenue is recorded when received.

Dividends are recognized as income when the right to receive is established. Interest is recognized as income on an accrual basis.

**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.

**Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate at the statement of financial position date. Revenues and expenses arising from transactions denominated in foreign currencies are translated into Canadian dollars at the ending rate prevailing at the transaction date.

**Use of estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the useful life of capital assets and completeness of accounts payable and accrued liabilities. Actual results could differ from those estimates.

**Financial instruments**

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures its financial assets and liabilities at amortized costs, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations and changes in net assets in the year incurred.

Financial assets measured at amortized cost include cash and amounts receivable.

Financial liabilities measured at amortized cost include 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 judgement and therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Transaction costs are recognized in the statement of operations in the year incurred, except for financial instruments that will be subsequently measured at amortized cost.

## NOTES TO THE FINANCIAL STATEMENTS

(UNAUDITED)

December 31, 2023

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

**Impairment**

[i] Long-lived amortizing assets

Capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Impairment is assessed by comparing the carrying amount of an asset to be held and used with the total of the undiscounted cash flows expected from its use and disposition. If the asset is impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value, generally determined on a discounted cash flow basis. Any impairment results in a write-down of the asset and a charge to revenue and expenses during the year. An impairment loss is not reversed if the fair value of the related long-lived asset subsequently increases.

[ii] Financial assets measured at amortized cost

When there are indications of possible impairment, the Association determines if there has been a significant adverse change to the expected timing or amounts of future cash flows expected from the financial asset. The amount of any impairment loss is determined by comparing the carrying amount of the financial asset with the highest of three amounts:

- i. The present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to that asset;
- ii. The amount that could be realized by selling the asset at the date of the balance sheet; and,
- iii. The amount expected to be realized by the Alliance in exercising its rights to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

Reversals are permitted, but the adjusted carrying amount of the financial asset shall be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized.

## 2. INVESTMENTS

Investments comprise of publicly traded investment funds and fixed income and securities. Investments includes cash of \$149 (2022 - \$257).

## 3. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2023</u>	<u>2022</u>
Members database	<u>\$ 42,000</u>	<u>\$ 40,600</u>	<u>\$ 1,400</u>	<u>\$ 9,800</u>

## 4. DEFERRED REVENUE

	<u>2023</u>	<u>2022</u>
Memberships	<u>\$ 71,010</u>	\$ 71,936
Symposium	-	54,148
Exams	<u>15,021</u>	<u>12,077</u>
	<u>\$ 86,031</u>	<u>\$ 138,161</u>

## NOTES TO THE FINANCIAL STATEMENTS

(UNAUDITED)

December 31, 2023

**5. INVESTMENT INCOME**

	<u>2023</u>	<u>2022</u>
Dividend income	\$ 9,054	\$ 7,462
Interest income	<u>1,435</u>	<u>1,414</u>
	<u>\$ 10,489</u>	<u>\$ 8,876</u>

**6. CHANGES IN NON-CASH WORKING CAPITAL**

Cash otherwise available from operating activities is influenced by increases and decreases in the following items:

	<u>2023</u>	<u>2022</u>
Amounts receivable	\$ (578)	\$ -
Government remittances receivable/payable	(12,075)	8,381
Prepaid expenses	(3,588)	(2,697)
Accounts payable and accrued liabilities	(905)	7,461
Deferred revenue	<u>(52,130)</u>	<u>38,186</u>
	<u>\$ (69,276)</u>	<u>\$ 51,331</u>

**7. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES**

The following table shows the carrying amounts of the indicated financial assets:

	<u>2023</u>	<u>2022</u>
Financial assets measured at amortized cost:		
Cash	\$ 120,865	\$ 224,085
Amounts receivable	<u>8,065</u>	<u>1,536</u>
	<u>\$ 128,930</u>	<u>\$ 225,621</u>

Financial assets measured at fair market value are investments of \$293,490\$ (2022 - \$277,802)

It is management's opinion that the Association is exposed to credit risk, foreign currency risk, liquidity risk, and market risk.

**Credit risk**

The Association is exposed to credit risk through its 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 transaction with reputable financial institutions.

**7. FINANCIAL INSTRUMENTS - RISKS AND UNCERTAINTIES** (continued)

**Foreign currency risk**

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

**Liquidity risk**

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

**Market risk**

Market risk is the risk that changes in market prices and interest rates will affect the Association's excess of revenues 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.

**8. 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 management company on November 1st of each year and any increase will not exceed 5%.