

Financial Statements of

**BRITISH COLUMBIA INSTITUTE
OF AGROLOGISTS**

And Independent Auditors' Report thereon

Year ended December 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the of British Columbia Institute of Agrologists

Opinion

We have audited the financial statements of British Columbia Institute of Agrologists (the Entity), which comprise:

- the balance sheet as at December 31, 2019
- the statement of earnings for the year then ended
- the statement of 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, 2019 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for profit organization.

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 organization, 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.
- 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

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 horizontal line that starts under the 'K' and ends under the 'P', with a small arrowhead pointing to the right.

Chartered Professional Accountants

Victoria, Canada

April 14, 2020

BRITISH COLUMBIA INSTITUTE OF AGROLOGISTS

Balance Sheet

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 165,393	\$ 125,213
Short-term investments (note 2)	625,000	625,000
Accrued interest receivable	1,599	2,630
Accounts receivable	-	10,390
Prepaid expenses	19,233	7,086
	<u>811,225</u>	<u>770,319</u>
Capital assets (note 3)	4,861	4,767
	<u>\$ 816,086</u>	<u>\$ 775,086</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 27,276	\$ 40,159
Deferred revenue (note 5)	125,424	116,340
	<u>152,700</u>	<u>156,499</u>
Net assets:		
Internally restricted (note 6)	225,000	225,000
Unrestricted	438,386	393,587
	<u>663,386</u>	<u>618,587</u>
Commitments (note 7)		
Subsequent events (note 9)		
	<u>\$ 816,086</u>	<u>\$ 775,086</u>

See accompanying notes to financial statements.

Approved by Council:



Treasurer



Executive Director

BRITISH COLUMBIA INSTITUTE OF AGROLOGISTS

Statement of Earnings

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Membership dues	\$ 641,803	\$ 518,806
AGM's and conference revenue	25,750	50,565
Application and other fees	25,608	25,520
Professional development revenue	19,027	18,605
Other income	13,315	8,715
Interest income	8,171	8,446
	<u>733,674</u>	<u>630,657</u>
General and administrative expenses:		
Salaries and benefits	336,141	283,148
Office and general	58,623	53,348
Council and executive expenses	46,227	56,176
Executive director expenses	41,470	32,617
AGM's and conference expenses	40,996	66,509
Professional development	35,697	48,928
Professional fees	29,917	13,775
Communications and memberships	23,795	25,641
Bank charges and credit card fees	21,348	17,987
Rent	20,645	16,443
Committee expenses	13,964	20,083
Other	7,177	15,177
Discipline process	6,589	12,666
Amortization of capital assets	3,252	3,438
Professional Governance Act	3,034	8,626
	<u>688,875</u>	<u>674,562</u>
Net earnings (loss)	\$ 44,799	\$ (43,905)

See accompanying notes to financial statements.

BRITISH COLUMBIA INSTITUTE OF AGROLOGISTS

Statement of

Year ended December 31, 2019, with comparative information for 2018

	Internally restricted	Unrestricted	Total 2019	Total 2018
Balance, beginning of year	\$ 225,000	\$ 393,587	\$ 618,587	\$ 662,492
Excess (deficiency) of revenues over expenses	-	44,799	44,799	(43,905)
Balance, end of year	\$ 225,000	\$ 438,386	\$ 663,386	\$ 618,587

See accompanying notes to financial statements.

BRITISH COLUMBIA INSTITUTE OF AGROLOGISTS

Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ 44,799	\$ (43,905)
items not involving cash:		
Amortization of capital assets	3,252	3,438
	48,051	(40,467)
Changes in non-cash operating working capital:		
Decrease in accrued interest receivable	1,031	782
Decrease (increase) in accounts receivable	10,390	(9,792)
Increase in prepaid expenses	(12,147)	(813)
Increase (decrease) in accounts payable and accrued liabilities	(12,883)	15,755
Increase (decrease) in deferred revenue	9,084	28,065
	43,526	(6,470)
Investing:		
Purchase of capital assets	(3,346)	(3,380)
Redemption of short-term investments	-	97,176
	(3,346)	93,796
Increase in cash and cash equivalents	40,180	87,326
Cash and cash equivalents, beginning of year	125,213	37,887
Cash and cash equivalents, end of year	\$ 165,393	\$ 125,213

See accompanying notes to financial statements.

BRITISH COLUMBIA INSTITUTE OF AGROLOGISTS

Notes to Financial Statements

Year ended December 31, 2019

The British Columbia Institute of Agrologists (the 'Institute') is incorporated under the B.C. Agrologists Act. The Institute's purpose is to govern the professional conduct of its members in support of the public interest. The Institute is a non-profit organization and is not subject to income taxation.

1. Significant accounting policies:

These financial statements present the assets, liabilities, revenues and expenses of the Institute's head office and its eight branches.

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

(a) 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.

(b) 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.

(c) 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.

BRITISH COLUMBIA INSTITUTE OF AGROLOGISTS

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

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.

(d) Revenue recognition:

Membership dues are recorded when received or receivable. Membership dues received in advance of the year to which they relate are recorded as deferred revenue.

The Institute follows the deferral method of accounting for contributions. Unrestricted funding is recognized as revenue when received or receivable if the amount to be received can be reasonably established and collection is reasonably assured. Externally restricted funding is recognized as revenue in the year in which the related expenses are recognized.

(e) Capital assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight line basis using the following annual rates:

Asset	Rate
Computer hardware and software	2 years
Furniture and equipment	5 years

When a capital asset no longer contributes to the Institute's ability to provide services its carrying value is written down to its residual value.

(f) Contributed services:

The Institute and its members benefit from contributed services in the form of volunteer time. Because of the difficulty in determining fair value, contributed services are not recognized in the financial statements.

BRITISH COLUMBIA INSTITUTE OF AGROLOGISTS

Notes to Financial Statements (continued)

Year ended December 31, 2019

1. Significant 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 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.

2. Short-term investments:

Short-term investments consist of two redeemable guaranteed investment certificates. The guaranteed investment certificate for \$225,000 has an interest rate of 1.35% and maturing on July 25, 2020. The guaranteed investment certificate for \$400,000 has an interest rate 2.10% maturing on June 22, 2020.

3. Capital assets:

				2019	2018
	Cost	Accumulated amortization		Net book value	Net book value
Furniture and equipment	\$ 13,142	\$ 11,628	\$	1,514	\$ 2,014
Computer hardware and software	11,437	8,090		3,347	2,753
	\$ 24,579	\$ 19,718	\$	4,861	\$ 4,767

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$10,183 (2018 - \$8,089), which includes amounts payable for payroll remittances and workers' safety insurance.

5. Deferred revenue:

Deferred revenue represents funds received in advance for 2020 membership fees. The amounts will be recognized as revenue in 2020.

BRITISH COLUMBIA INSTITUTE OF AGROLOGISTS

Notes to Financial Statements (continued)

Year ended December 31, 2019

6. Internally restricted:

The Board has internally restricted a reserve to a maximum of \$225,000 for potential legal and other costs that may arise in overseeing and administering professional conduct related issues of the Institute's members.

7. Commitments:

The Institute is committed to base rental payments for office premises and office equipment as follows:

2020	\$	33,271
2021		33,271
2022		33,271
2023		25,634
2024		2,042
	\$	127,489

8. Financial risks and concentration of risk:

The maximum credit risk exposure for the Institute'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.

9. Subsequent events:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on our operations is not known at this time. These impacts could include decreases in revenue or increases in expense.