



Financial Statements

Genome Atlantic

March 31, 2018

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## Independent auditor's report

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To the directors of  
**Genome Atlantic**

We have audited the accompanying financial statements of Genome Atlantic, which comprise the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of matter**

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The schedule on page 11 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied to the period ended March 31, 2018, only to the extent necessary to express an opinion, on the audit of the financial statements taken as a whole.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Genome Atlantic as at March 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.

**Other matter**

The financial statements of Genome Atlantic for the year ended March 31, 2017 were audited by another auditor.

Halifax, Canada  
June 15, 2018



Chartered Professional Accountants  
Licensed Public Accountants

**Genome Atlantic**  
**Statement of financial position**

March 31 2018 2017

**Assets**

Current

Cash and cash equivalents	\$	51,604	\$	59,178
Short-term investments (note 3)		890,578		1,081,683
Receivables (note 4)		138,134		159,965
Receivable from Genomics Research Projects		92,138		108,750
Prepaid expenses		<u>45,573</u>		<u>49,675</u>
		<b>1,218,027</b>		<b>1,459,251</b>

Capital assets (note 5)		<u>138,805</u>		<u>169,031</u>
	\$	<u><b>1,356,832</b></u>	\$	<u><b>1,628,282</b></u>

**Liabilities**

Current

Payables and accruals	\$	99,988	\$	48,278
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Deferred contributions (note 6)		273,922		398,725
Deferred contributions - capital assets (note 6)		<u>138,805</u>		<u>169,031</u>
		<b>512,715</b>		<b>616,034</b>

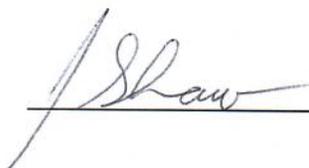
Net assets

Internally restricted (note 7)		375,000		375,000
Unrestricted		<u>469,117</u>		<u>637,248</u>
		<b>844,117</b>		<b>1,012,248</b>

	\$	<u><b>1,356,832</b></u>	\$	<u><b>1,628,282</b></u>
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Commitment (note 8)  
 Research commitments (Schedule 1)

On behalf of the Board

 <hr style="width: 100%;"/>	Director	 <hr style="width: 100%;"/>	Director
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**Genome Atlantic****Statement of operations and changes in net assets**

Year ended March 31

2018

2017

**Revenues**

Amortized contributions (note 6)	\$ 2,576,879	\$ 2,578,835
Amortization of deferred contributions related to capital assets (note 6)	36,335	21,395
Investment income	<u>13,927</u>	<u>15,279</u>
	<u>2,627,141</u>	<u>2,615,509</u>

**Expenses**

Depreciation	36,335	18,188
General and administrative	1,287,445	1,202,850
Genomics Research Projects	<u>1,471,492</u>	<u>1,384,986</u>
	<u>2,795,272</u>	<u>2,606,024</u>

(Deficiency) excess of revenues over expenses  
before undernoted (168,131) 9,485

Loss on abandonment of capital assets - 3,207

(Deficiency) excess of revenues over expenses \$ (168,131) \$ 6,278

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Unrestricted net asset, beginning of year \$ 637,248 \$ 630,970

(Deficiency) excess of revenues over expenses (168,131) 6,278

Unrestricted net assets, end of year \$ 469,117 \$ 637,248

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# Genome Atlantic

## Statement of cash flows

Year ended March 31

2018

2017

Increase (decrease) in cash and cash equivalents

### Operating

(Deficiency) excess of revenues over expenses	\$ (168,131)	\$ 6,278
Items not involving cash:		
Amortized contributions	(2,576,879)	(2,578,835)
Amortization of deferred contributions related to capital assets	(36,335)	(21,395)
Recoverable project expenditures	-	13,191
Depreciation	36,335	18,188
Loss on abandonment of capital assets	-	3,207
	<u>(2,745,010)</u>	<u>(2,559,366)</u>

Change in non-cash operating working capital

Receivables	21,831	(4,646)
Prepaid expenses	4,102	(3,370)
Payables and accruals	51,710	(63,424)
Receivable from Genomics Research Projects	16,612	(59,698)
	<u>(2,650,755)</u>	<u>(2,690,504)</u>

### Financing

Deferred funding contributions received	<u>2,458,185</u>	<u>2,950,599</u>
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### Investing

Change in short-term investments	191,105	(120,250)
Additions to capital assets	<u>(6,109)</u>	<u>(161,098)</u>
	<u>184,996</u>	<u>(281,348)</u>

Decrease in cash and cash equivalents (7,574) (21,253)

Cash and cash equivalents,

Beginning of year	<u>59,178</u>	<u>80,431</u>
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End of year	\$ <u>51,604</u>	\$ <u>59,178</u>
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# Genome Atlantic

## Notes to the financial statements

March 31, 2018

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### 1. Nature of business

Genome Atlantic (the Organization) is a not-for-profit organization established in 2000 with a mission to lead a program of genomics research and development that delivers economic, social and environmental benefits to Atlantic Canada.

Genome Atlantic is part of the Genome Canada Enterprise which includes a network of independent Genome Centres operating in various parts of the country all funded (at least in part) by the Government of Canada via Genome Canada. Under its funding agreement with Genome Canada, Genome Atlantic received approximately 57% of its funding for Centre operations for the year ending March 31, 2018 (2017 – 61%), and this same dollar amount of annual funding has been committed through to the year ending March 31, 2020.

In addition to providing funding for Centre operations, Genome Canada also participated, with other funding parties, in providing funding through Genome Atlantic for Genomics Research Projects as detailed in Schedule 1.

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### 2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant policies are detailed as followed:

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

#### Revenue recognition

The Organization follows the deferral method of accounting for contributions from Genome Canada, ACOA and other funding agencies. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. All funds received with a restricted purpose are expended for the purpose for which they are provided. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a declining balance basis at a rate corresponding with the depreciation rate for the related capital assets.

Investment income is recognized in revenue when earned.

#### Use of estimates

The preparation of the financial statements in conformity with ASNPO requires the Organization's management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenue and expenditures during the year. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known. Certain of these estimates require subjective judgments by management that may be uncertain, such as the allowance for doubtful accounts. Actual results could differ from those reported.

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# Genome Atlantic

## Notes to the financial statements

March 31, 2018

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### 2. Summary of significant accounting policies (continued)

#### Short-term investments

Short-term investments represent cash and investments which are valued at amortized cost, being cost plus accrued interest. The funds consist of an investment savings account and various redeemable term investments.

#### Capital assets

Purchased capital assets are recorded at cost and subsequently at cost less accumulated depreciation. Contributed capital assets are not recorded in the accounts of the Organization. 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 Organization's ability to provide services, its carrying value is written down to its residual value. Depreciation is provided for using the declining balance method using the following annual rates:

Equipment, large scale projects	20%
Computer hardware, software and furniture	30%

#### Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. Any impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

#### Defined contribution plan

The Organization maintains a defined contribution plan in which the Organization contributes a percentage of gross wages to employee RRSP plans.

#### Income taxes

Genome Atlantic was incorporated under the Canada Corporations Act. Genome Atlantic is a not-for-profit organization and therefore is not subject to either federal or provincial income taxes under subsection 149(1)(l) of the Income Tax Act.

#### Financial instruments

##### *Measurement of financial instruments*

The Organization initially measures its financial assets and liabilities at fair value and subsequently at amortized cost. Financial assets measured at amortized cost include cash and cash equivalents, short-term investments, receivables and amounts receivable from Genomics Research Projects. Financial liabilities measured at amortized cost include payables and accrued liabilities.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down, if any, is recognized in the statement of operations. Previously recognized impairment loss, if any, may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in the statement of operations.

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# Genome Atlantic

## Notes to the financial statements

March 31, 2018

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments (continued)

##### *Transaction costs*

The Organization recognizes its transaction costs, if any, in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

##### *Risks and concentrations*

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at year end.

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relate to its cash and short-term investments and accounts receivable. The Organization limits the amount of credit exposure with its cash and short-term investment balances by only maintaining cash and short-term investments with major Canadian financial institutions. Credit exposure is minimized by dealing only with credit worthy counterparties. The Organization does not have a significant exposure to any individual counterpart. There has been no significant change in this risk from the prior year.

##### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk.

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its short-term investments. There has been no significant change in this risk from the prior year.

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### 3. Short-term investments

2018

2017

Short-term investments consist of the following:

Royal Bank investment savings – mutual funds	\$ 177,112	\$ 273,877
Various redeemable guaranteed investment certificates bearing interest at 1.45% to 2.15%, maturing October 2018 and October 2019, respectively	700,000	800,000
Accrued interest	<u>13,466</u>	<u>7,806</u>
	<u>\$ 890,578</u>	<u>\$ 1,081,683</u>

# Genome Atlantic

## Notes to the financial statements

March 31, 2018

4. Receivables	<u>2018</u>	<u>2017</u>
Accruals	\$ 108,515	\$ 123,376
HST receivable	29,619	23,398
Recoverable project expenditures	<u>-</u>	<u>13,191</u>
	<u>\$ 138,134</u>	<u>\$ 159,965</u>

5. Capital assets			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	Accumulated <u>Amortization</u>	<u>Net Book Value</u>	Net Book <u>Value</u>
Equipment, large scale projects	\$ 172,897	\$ 49,103	\$ 123,794	\$ 154,743
Computer hardware, software and furniture	<u>84,205</u>	<u>69,194</u>	<u>15,011</u>	<u>14,288</u>
	<u>\$ 257,102</u>	<u>\$ 118,297</u>	<u>\$ 138,805</u>	<u>\$ 169,031</u>

### 6. Deferred contributions

#### *Deferred contributions related to expenses of future periods*

The Organization received contributions from Genome Canada and other parties to be held, invested, administered and disbursed in accordance with the terms and conditions of the related funding agreements between Genome Atlantic and other parties.

Deferred contributions related to expenses of future periods represent the unspent externally restricted funding for the purposes of providing project funding to eligible recipients and to pay project and Centre operating and capital expenditures in future periods. In the event that deferred contributions are not required to fund specific expenses of future periods, the amounts will be refunded to the funding parties or recognized as unrestricted revenue. Investment income is unrestricted and may be used to pay a portion of the Centre operating costs.

The changes in balances of the deferred contributions related to expenses of future periods are as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 398,725	\$ 174,868
Contributions received in the year	2,458,185	2,950,599
Recoverable project expenditures	<u>-</u>	<u>13,191</u>
	<u>2,856,910</u>	3,138,658
Amortized contributions	<u>(2,576,879)</u>	(2,578,835)
Amount transferred to deferred contributions, capital assets	<u>(6,109)</u>	<u>(161,098)</u>
	<u>\$ 273,922</u>	<u>\$ 398,725</u>

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# Genome Atlantic

## Notes to the financial statements

March 31, 2018

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### 6. Deferred contributions (continued)

#### *Deferred contributions related to capital assets*

Deferred contributions related to capital assets represent the unamortized amount of contributions received for the purchase of capital assets. The amortization of such contributions is recorded as revenue in the statement of operations.

The changes in the balances of the deferred contributions related to capital assets are as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 169,031	\$ 29,328
Allocation of funding for capital asset purchases	6,109	161,098
Amount amortized to revenues (including loss on abandonment in 2018 of \$nil; 2017 - \$3,207)	<u>(36,335)</u>	<u>(21,395)</u>
	<u>\$ 138,805</u>	<u>\$ 169,031</u>

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### 7. Internally restricted net assets

In 2009, the Organization's Board of Directors internally restricted an amount of \$375,000 from the unrestricted net assets, to provide a reserve for Centre operations.

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### 8. Commitment

The Organization is renting its office premises under a lease which expires in February 2019. The minimum lease payments required on the lease are as follows:

2019	\$35,723
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## Genome Atlantic Schedule 1 to the financial statements – Research commitments

March 31, 2018

The Organization has committed to the following Genomics Research Projects:

	Developing Camelina as the next Canadian oilseed	Salmon & Chips GAPP Project	EWOS GAPP Project	Hubert MacDonald GAPP Project	IPMC (EWOS 2) GAPP Project	Beiko BCB2	Corrosion Project (LSARP)	2018 Total	2017 Total
Genome Canada	\$ -	\$ 1,265,930	\$ 1,093,988	\$ 1,597,843	\$ 1,509,113	\$ 116,660	\$ 650,315	\$ 6,233,849	\$ 6,284,290
ACOA (AIF)	2,813,185	-	-	-	-	-	-	2,813,185	2,813,185
Nova Scotia	50,000	-	-	-	-	-	-	50,000	50,000
New Brunswick	147,502	-	-	-	-	-	-	147,502	147,502
Other	111,383	259,044	-	-	-	-	-	370,427	264,580
	<u>3,122,070</u>	<u>1,524,974</u>	<u>1,093,988</u>	<u>1,597,843</u>	<u>1,509,113</u>	<u>116,660</u>	<u>650,315</u>	<u>9,614,963</u>	<u>9,559,557</u>
Expenditures incurred	3,086,684	1,514,831	1,093,992	865,768	594,863	100,948	101,037	7,358,123	5,886,630
Advances (payable)	-	(40,634)	11,164	13,627	153,347	(70,854)	25,488	92,138	108,750
	<u>3,086,684</u>	<u>1,474,197</u>	<u>1,105,156</u>	<u>879,395</u>	<u>748,210</u>	<u>30,094</u>	<u>126,525</u>	<u>7,450,261</u>	<u>5,995,380</u>
Residual commitment	\$ <u>35,386</u>	\$ <u>50,777</u>	\$ <u>(11,168)</u>	\$ <u>718,448</u>	\$ <u>760,903</u>	\$ <u>86,566</u>	\$ <u>523,790</u>	\$ <u>2,164,702</u>	\$ <u>3,564,177</u>

In addition to the residual commitments noted above, there is an additional \$2,247,768 of funding committed for the above noted projects that flows directly to the research partners from third party funders.