
COLLEGE OF VETERINARIANS OF ONTARIO

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

INDEPENDENT AUDITOR'S REPORT

To the Members,
College of Veterinarians of Ontario

Opinion

We have audited the financial statements of the College of Veterinarians of Ontario which comprise the statement of financial position as at September 30, 2022, and the statements of changes in net assets, operations, and 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 College of Veterinarians of Ontario as at September 30, 2022 and the 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization 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 College of Veterinarians of Ontario'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 College of Veterinarians of Ontario or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College of Veterinarians of Ontario'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.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities (continued)

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 College of Veterinarians of Ontario'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 College of Veterinarians of Ontario's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 College of Veterinarians of Ontario 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.

Mehta Professional Corporation

Chartered Professional Accountants

Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

December 7, 2022

Toronto, Ontario

COLLEGE OF VETERINARIANS OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2022

	2022	2021
ASSETS		
Current assets		
Cash	\$ 254,801	\$ 463,469
Accounts receivable	64,616	74,527
Investments (note 3)	3,851,336	973,352
Prepaid expenses	<u>263,183</u>	<u>145,898</u>
	<u>4,433,936</u>	<u>1,657,246</u>
Investments - long term (note 3)	<u>3,253,517</u>	<u>2,562,000</u>
Capital assets		
Tangible (note 5)	169,074	774,328
Intangible (note 6)	<u>-</u>	<u>60,018</u>
	<u>169,074</u>	<u>834,346</u>
	<u>\$ 7,856,527</u>	<u>\$ 5,053,592</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 372,675</u>	<u>\$ 356,054</u>
Net assets		
Invested in capital assets	169,074	834,346
Unrestricted	<u>7,314,778</u>	<u>3,863,192</u>
	<u>7,483,852</u>	<u>4,697,538</u>
	<u>\$ 7,856,527</u>	<u>\$ 5,053,592</u>

Approved on behalf of the Council:



_____, Member



_____, Member

see accompanying notes

COLLEGE OF VETERINARIANS OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

			2022	2021
	Invested in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 834,346	\$ 3,863,192	\$ 4,697,538	\$ 4,058,574
Excess of revenue over expenses for the year	-	2,786,314	2,786,314	638,964
Disposal of capital assets	(641,962)	641,962	-	-
Purchase of capital assets	83,149	(83,149)	-	-
Amortization	<u>(106,459)</u>	<u>106,459</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 169,074</u>	<u>\$ 7,314,778</u>	<u>\$ 7,483,852</u>	<u>\$ 4,697,538</u>

see accompanying notes

COLLEGE OF VETERINARIANS OF ONTARIO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>2022</u>	<u>2021</u>
REVENUE		
Registration fees	\$ 5,323,080	\$ 5,173,594
Premises inspection fees	233,333	41,324
Corporate registration fees	197,200	177,000
Application and examination fees	128,429	85,325
Interest	100,976	66,587
Penalties and other	<u>60,243</u>	<u>149,443</u>
	<u>6,043,261</u>	<u>5,693,273</u>
EXPENSES		
Staffing and related	2,749,238	2,400,506
Legal	821,858	888,250
Council and committees	439,883	256,403
Information management system	296,193	337,058
Office facilities	216,937	126,120
Bank and credit card charges	172,479	173,727
Special projects	161,025	21,624
Policy development	103,282	105,647
Insurance	103,214	85,735
Premises inspections	85,348	25,043
Investigations and hearings	66,044	76,249
Office and general	62,634	66,593
Communication	55,517	52,161
Exam administration	52,506	112,197
Networking and representation	45,971	6,996
Accounting and audit	42,000	44,845
Professional health program	40,618	58,056
Quality assurance	33,779	27,007
Amortization	<u>106,459</u>	<u>190,092</u>
	<u>5,654,985</u>	<u>5,054,309</u>
Excess of revenue over expenses from operations	388,276	638,964
Gain on sale of land and building (note 4)	<u>2,398,038</u>	<u>-</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 2,786,314</u>	<u>\$ 638,964</u>

see accompanying notes

COLLEGE OF VETERINARIANS OF ONTARIO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	2022	2021
CASH INFLOW (OUTFLOWS)		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 2,786,314	\$ 638,964
Adjustments for		
Gain on sale of land and building	(2,398,038)	-
Amortization	106,459	190,092
Change in accrued interest on investments	(18,057)	(850)
Net changes in non-cash working capital items (below)	<u>(90,753)</u>	<u>12,489</u>
Cash provided from operations	<u>385,925</u>	<u>840,695</u>
INVESTING ACTIVITIES		
Purchases of capital assets	(83,149)	(81,028)
Purchases of investments	(6,598,926)	(3,563,375)
Withdrawals from investments	3,047,482	2,975,000
Net proceeds on sale of land and building	<u>3,040,000</u>	<u>-</u>
Cash used in investing activities	<u>(594,593)</u>	<u>(669,403)</u>
NET CASH ACTIVITY FOR THE YEAR	(208,668)	171,292
CASH, BEGINNING OF YEAR	<u>463,469</u>	<u>292,177</u>
CASH, END OF YEAR	<u>\$ 254,801</u>	<u>\$ 463,469</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ 9,911	\$ 14,492
Prepaid expenses	(117,285)	(42,712)
Accounts payable and accrued liabilities	<u>16,621</u>	<u>40,709</u>
	<u>\$ (90,753)</u>	<u>\$ 12,489</u>

see accompanying notes

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

The College of Veterinarians of Ontario (the College) was established in 1874 and incorporated on March 11, 1879 under The Veterinarians Act of the Province of Ontario and continued under The Veterinarians Act, 1989, proclaimed April 4, 1990.

The College protects and serves the public interest through the regulation of the practice of veterinary medicine. Accordingly, veterinarians are licensed, facilities are accredited, standards and policies are developed and maintained, and an investigations and resolutions process is available. The College licenses more than 5,300 veterinarians and accredits over 2,300 veterinary facilities in Ontario.

The College is exempt from income taxes as a not-for-profit organization.

1. SIGNIFICANT ACCOUNTING POLICIES

In preparing its financial statements, the College follows Canadian accounting standards for not-for-profit organizations, which is one of the financial reporting frameworks included in Canadian generally accepted accounting principles. The significant accounting policies used are as follows:

Revenue recognition

The College follows the deferral method of accounting for contributions. Contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Registration fees and corporate registration fees, which are non-refundable, are recognized as revenue in the year the licence is renewed. Premises inspection fees are recognized in the period that the inspection takes place. Application fees are recognized when received and examination fees are recognized in the period the exam takes place. Penalties and recovered costs are recognized in the period received. Interest and other revenue is recognized when earned.

Prepaid expenses

Prepaid expenses are recorded for goods and services which have been paid for but which will not be received until a future period. Prepaid expenses are composed of deposits for new furniture and premises rent, and prepaid insurance and service contracts.

Financial instruments

The College initially measures its financial assets and liabilities at fair value. The College subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, investment savings accounts, guaranteed investment certificates, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

Capital assets

Capital assets are reported at acquisition cost less accumulated amortization. The cost of the assets is amortized over the estimated useful lives of the assets as follows:

Building	40 years straight line
Building improvements	10 years straight line
Furniture and fixtures	10 years straight line
Office equipment	3 years straight line
Software	3 years straight line
Leasehold improvements	Straight-line over the 15-year lease

Amortization of software begins after it is implemented. Any further enhancements to the software are expensed as incurred, unless they are betterments which increase the service potential of the software.

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 with its replacement cost. If such an asset is considered impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value. Any impairment results in a write-down of the asset and a charge to income during the year. There were no indicators of impairment in the current year.

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Examples of estimates are the useful life of capital assets and accrued liabilities. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

2. FINANCIAL INSTRUMENTS RISK EXPOSURE

The College is exposed to various risks through its financial instruments. The following analysis provides a measure of the College's risk exposures at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The College is exposed to this risk mainly in respect of its accounts payable. The College expects to meet obligations as they come due primarily from cash flow from operations.

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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 College's main credit risk relates to its accounts receivable. The College's losses due to credit historically have been minimal.

Periodically, the College assesses the collectibility of its accounts receivable and provides an allowance for doubtful accounts as appropriate. At September 30, 2022, the allowance for doubtful accounts was nil (nil in 2021).

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The College is exposed to some interest rate risk on its investment savings accounts which have a floating interest rate.

3. INVESTMENTS

Details of investments held at RBC Dominion Securities are as follows:

	<u>2022</u>	<u>2021</u>
Guaranteed investment certificates at face value with interest rates of 0.60% to 3.47% (2021 - 0.60% to 3.47%) with maturity dates up to December 2026	\$ 4,887,331	\$ 3,181,000
Investment savings accounts	2,153,102	307,989
Accrued interest	<u>64,420</u>	<u>46,363</u>
	7,104,853	3,535,352
Investments - current	<u>3,851,336</u>	<u>973,352</u>
Investments - long term	<u>\$ 3,253,517</u>	<u>\$ 2,562,000</u>

4. SALE AND LEASEBACK OF LAND AND BUILDING

Effective December 1, 2021, the College sold the land, building and most chattels at 2016 Gordon Street, Guelph.

The College arranged to lease the premises back from the purchaser for one year, at a net cost of approximately \$9,300 per month.

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

5. TANGIBLE CAPITAL ASSETS

Tangible capital assets, recorded at cost, are as follows:

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2022 Net</u>	<u>2021 Net</u>
Tangible capital assets:				
Land	\$ -	\$ -	\$ -	\$ 209,358
Building	-	-	-	375,951
Building improvements	-	-	-	64,488
Office equipment	106,827	43,177	63,650	84,364
Furniture and fixtures	39,377	27,568	11,809	15,745
Leasehold improvements	<u>93,615</u>	<u>-</u>	<u>93,615</u>	<u>24,422</u>
	<u>\$ 239,819</u>	<u>\$ 70,745</u>	<u>\$ 169,074</u>	<u>\$ 774,328</u>

6. INTANGIBLE CAPITAL ASSETS

Intangible capital assets, recorded at cost, are as follows:

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2022 Net</u>	<u>2021 Net</u>
Intangible capital assets:				
Software	<u>\$ 495,000</u>	<u>\$ 495,000</u>	<u>\$ -</u>	<u>\$ 60,018</u>

7. LEASE COMMITMENT

The College has entered into a fifteen-year lease for office space at 71 Hanlon Creek Blvd. in Guelph Ontario, with a possession date of December 1, 2022. The College's obligations per fiscal year under this operating lease, including estimated additional rent for property taxes and operating costs, are as follows:

2023	\$ 348,960
2024	468,346
2025	471,473
2026	474,662
2027	477,915
Thereafter	<u>5,534,108</u>
	<u>\$ 7,775,464</u>