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**COLLEGE OF VETERINARIANS OF ONTARIO**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2021**

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# Mehtha Professional Corporation

CHARTERED PROFESSIONAL ACCOUNTANTS

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## 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, 2021, 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, 2021 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.

*Mehta Professional Corporation*

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

December 1, 2021  
Toronto, Ontario

COLLEGE OF VETERINARIANS OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

	2021	2020
<b>ASSETS</b>		
Current assets		
Cash	\$ 463,469	\$ 292,177
Accounts receivable	74,527	89,019
Investments (note 3)	973,352	1,128,127
Prepaid expenses	<u>145,898</u>	<u>103,186</u>
	<u>1,657,246</u>	<u>1,612,509</u>
Other assets		
Investments - long term (note 3)	<u>2,562,000</u>	<u>1,818,000</u>
Capital assets		
Tangible (note 4)	774,328	785,064
Intangible (note 5)	<u>60,018</u>	<u>158,346</u>
	<u>834,346</u>	<u>943,410</u>
	<u>\$ 5,053,592</u>	<u>\$ 4,373,919</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$ 356,054</u>	<u>\$ 315,345</u>
Net assets		
Invested in capital assets	834,346	943,410
Unrestricted	<u>3,863,192</u>	<u>3,115,164</u>
	<u>4,697,538</u>	<u>4,058,574</u>
	<u>\$ 5,053,592</u>	<u>\$ 4,373,919</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, 2021

			2021	2020
	<u>Invested in capital assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 943,410	\$ 3,115,164	\$ 4,058,574	\$ 3,772,764
Excess of revenue over expenses for the year		638,964	638,964	285,810
Purchase of capital assets	81,028	(81,028)		
Amortization	<u>(190,092)</u>	<u>190,092</u>		
Balance, end of year	<u>\$ 834,346</u>	<u>\$ 3,863,192</u>	<u>\$ 4,697,538</u>	<u>\$ 4,058,574</u>

see accompanying notes

# COLLEGE OF VETERINARIANS OF ONTARIO

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2021	2020
<b>REVENUE</b>		
Registration fees	\$ 5,173,594	\$ 5,056,783
Corporate registration fees	177,000	105,900
Penalties and other	149,443	102,589
Application and examination fees	85,325	74,688
Interest	66,587	91,121
Premises inspection fees	<u>41,324</u>	<u>140,531</u>
	<u>5,693,273</u>	<u>5,571,612</u>
<b>EXPENSES</b>		
Staffing and related	2,400,506	2,299,760
Legal	888,250	1,083,462
Information management system	337,058	328,347
Council and committees	256,403	289,730
Bank and credit card charges	173,727	158,897
Office facilities	126,120	140,977
Exam administration	112,197	12,932
Policy development	105,647	65,314
Insurance	85,735	83,371
Investigations and hearings	76,249	95,890
Office and general	66,593	85,654
Professional health program	58,056	78,248
Communication	52,161	63,951
Accounting and audit	44,845	46,785
Quality assurance	27,007	42,044
Premises inspections	25,043	40,302
Special projects	21,624	77,219
Networking and representation	6,996	28,031
Amortization	<u>190,092</u>	<u>264,888</u>
	<u>5,054,309</u>	<u>5,285,802</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 638,964</u>	<u>\$ 285,810</u>

see accompanying notes

# COLLEGE OF VETERINARIANS OF ONTARIO

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	2021	2020
<b>CASH INFLOW (OUTFLOWS)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 638,964	\$ 285,810
Adjustments for		
Amortization	190,092	264,888
Change in accrued interest on investments	(850)	(358)
Net changes in non-cash working capital items (below)	<u>12,489</u>	<u>14,550</u>
Cash provided from operations	<u>840,695</u>	<u>564,890</u>
<b>FINANCING ACTIVITIES</b>		
Principal repayment of capital leases	<u>                    </u>	<u>(78,063)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of capital assets	(81,028)	(36,462)
Purchases of investments	(3,563,375)	(3,285,178)
Proceeds of withdrawals from investments	<u>2,975,000</u>	<u>2,975,000</u>
Cash used in investing activities	<u>(669,403)</u>	<u>(346,640)</u>
<b>NET CASH ACTIVITY FOR THE YEAR</b>	171,292	140,187
<b>CASH, BEGINNING OF YEAR</b>	<u>292,177</u>	<u>151,990</u>
<b>CASH, END OF YEAR</b>	<u>\$ 463,469</u>	<u>\$ 292,177</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ 14,492	\$ (28,653)
Prepaid expenses	(42,712)	(44,761)
Accounts payable and accrued liabilities	<u>40,709</u>	<u>87,964</u>
	<u>\$ 12,489</u>	<u>\$ 14,550</u>

see accompanying notes

# COLLEGE OF VETERINARIANS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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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 5,200 veterinarians and accredits over 2,400 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.

Grants and other amounts received for purposes specified by the contributor, if any, are recognized as revenue when the related expenses are incurred. Unspent revenue at the end of the year, if any, is reported as deferred grant revenue.

#### 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 primarily of a premises rent deposit, prepaid insurance and service contracts.

#### 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



# COLLEGE OF VETERINARIANS OF ONTARIO

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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.

The carrying value of the capital assets was assessed for impairment in 2021 because of the pandemic, and no write-down was considered necessary.

### Investments

Guaranteed investment certificates are carried at market value including accrued interest, the investment savings account and the fixed income mutual fund are carried at market value, and interest income is recognized as earned. Guaranteed investment certificates maturing within twelve months, interest receivable within twelve months, the investment savings account and the fixed income mutual fund are classified as current.

Other investments, with maturities greater than twelve months in the future, are classified as long-term due to the College's intention to hold them long term.

### 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 the allocation of certain costs between capital and non-capital. 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

The College's financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities.

### Fair value

Canadian generally accepted accounting principles require that the College disclose information about the fair value of its financial assets and liabilities. Fair value estimates are made at the balance sheet date, based on relevant market information and information about the financial instruments.

The carrying amounts for accounts receivable, accounts payable and accrued liabilities on the balance sheet approximate fair value because of the limited term of these instruments.

# COLLEGE OF VETERINARIANS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

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The investments are carried at market value including accrued interest, which approximates their fair value.

### 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.

### 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, 2021, the allowance for doubtful accounts was nil (nil in 2020).

### 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 account which has a floating interest rate.

## 3. INVESTMENTS

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

	<u>2021</u>	<u>2020</u>
Guaranteed investment certificates with interest rates of 0.60% to 3.47% (2020 - 1.86% to 3.47%) with maturity dates up to December 2025	\$ 3,181,000	\$ 2,318,000
Investment savings account	307,989	318,795
Fixed income mutual fund		263,819
Accrued interest	<u>46,363</u>	<u>45,513</u>
	3,535,352	2,946,127
Investments - current	<u>973,352</u>	<u>1,128,127</u>
Investments - long term	<u>\$ 2,562,000</u>	<u>\$ 1,818,000</u>

# COLLEGE OF VETERINARIANS OF ONTARIO

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### 4. TANGIBLE CAPITAL ASSETS

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

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2021 Net</u>	<u>2020 Net</u>
Tangible capital assets:				
Land	\$ 209,358		\$ 209,358	\$ 209,358
Building	1,277,523	\$ 901,572	375,951	407,895
Building improvements	150,722	86,234	64,488	79,560
Furniture and fixtures	109,889	94,144	15,745	20,257
Office equipment	391,413	307,049	84,364	67,994
Leasehold improvements	24,422		24,422	
	<u>\$ 2,163,327</u>	<u>\$ 1,388,999</u>	<u>\$ 774,328</u>	<u>\$ 785,064</u>

### 5. INTANGIBLE CAPITAL ASSETS

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

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2021 Net</u>	<u>2020 Net</u>
Intangible capital assets:				
Software	<u>\$ 495,000</u>	<u>\$ 434,982</u>	<u>\$ 60,018</u>	<u>\$ 158,346</u>

### 6. LEASE COMMITMENT

The College has entered into a fifteen-year lease for office space at 65 Hanlon Creek Blvd. in Guelph Ontario. This space will be available for occupancy in late fiscal 2022 or early fiscal 2023, depending on when construction is complete. The base rent for this space, excluding property taxes and maintenance charges, for each of the first five years is \$312,000, increasing to \$344,000 per year for each of the second five years, and further increasing to \$376,000 per year for each of the third five years, for a total of \$5,160,000 over the term of the lease.

Additional rent, for property taxes and maintenance charges, is anticipated to be approximately \$153,000 in the first year. This amount is subject to change through the term of the lease.

### 7. SUBSEQUENT EVENT

The College sold the land, building and most chattels at 2106 Gordon Street, Guelph, Ontario, for \$3,200,000, with a closing date of December 1, 2021.

The College arranged to lease the premises back from the purchaser for nine months, extendable on a month-to-month basis for an additional three months, at a net cost of approximately \$9,300 per month.

# COLLEGE OF VETERINARIANS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

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### 8. COVID-19

On March 11, 2020, the World Health Organization declared COVID-19 to be a global pandemic. The College was not negatively impacted in the year ended September 30, 2021 by the emergency measures adopted to combat the spread of COVID-19 and the resulting adverse economic conditions.

The College is an essential service and has continued to provide the majority of its functions throughout the pandemic. While this continues to be the expected path forward, the unpredictability of this global issue indicates that an impact on the operations of the College may occur and could have an unforeseen financial impact.