
COLLEGE OF VETERINARIANS OF ONTARIO

FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members,
College of Veterinarians of Ontario

Report on the Financial Statements

We have audited the accompanying financial statements of the College of Veterinarians of Ontario, which comprise the statement of financial position as at September 30, 2018, and the statements of changes in net assets, operations, 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the College of Veterinarians of Ontario as at September 30, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cowperthwaite Mehta

Chartered Professional Accountants
Licensed Public Accountants

December 4, 2018
Toronto, Ontario

COLLEGE OF VETERINARIANS OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2018

| | 2018 | 2017 |
|---|---------------------|---------------------|
| ASSETS | | |
| Current assets | | |
| Cash (note 3) | \$ 114,275 | \$ 69,188 |
| Investments (note 4) | 454,895 | 866,580 |
| Accounts receivable | 79,269 | 104,914 |
| Prepaid expenses | <u>92,105</u> | <u>101,321</u> |
| | <u>740,544</u> | <u>1,142,003</u> |
| Investments - long term (note 4) | <u>1,968,000</u> | <u>1,568,000</u> |
| Capital assets (note 5) | <u>1,219,334</u> | <u>1,235,958</u> |
| | <u>\$ 3,927,878</u> | <u>\$ 3,945,961</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | \$ 269,001 | \$ 223,231 |
| Capital lease obligations - short term (note 6) | <u>100,101</u> | <u>114,212</u> |
| | <u>369,102</u> | <u>337,443</u> |
| Capital lease obligations - long term (note 6) | <u>78,063</u> | <u>178,164</u> |
| | <u>447,165</u> | <u>515,607</u> |
| Net assets | | |
| Invested in capital assets | 1,041,170 | 943,582 |
| Unrestricted | <u>2,439,543</u> | <u>2,486,772</u> |
| | <u>3,480,713</u> | <u>3,430,354</u> |
| | <u>\$ 3,927,878</u> | <u>\$ 3,945,961</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, 2018

| | | | 2018 | 2017 |
|---|----------------------------------|---------------------|---------------------|---------------------|
| | Invested in capital assets | Unrestricted | Total | Total |
| Balance, beginning of year | \$ 943,582 | \$ 2,486,772 | \$ 3,430,354 | \$ 3,058,482 |
| Excess of revenue over expenses for the year | | 50,359 | 50,359 | 371,872 |
| Purchase of capital assets | 188,296 | (188,296) | | |
| Amortization | (204,920) | 204,920 | | |
| Repayment of capital lease obligations | <u>114,212</u> | <u>(114,212)</u> | | |
| Balance, end of year | <u>\$ 1,041,170</u> | <u>\$ 2,439,543</u> | <u>\$ 3,480,713</u> | <u>\$ 3,430,354</u> |

see accompanying notes

COLLEGE OF VETERINARIANS OF ONTARIO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | 2018 | 2017 |
|---|------------------|-------------------|
| REVENUE | | |
| Registration fees | \$ 4,803,394 | \$ 4,660,315 |
| Premises inspection fees | 117,945 | 126,025 |
| Penalties and other | 100,281 | 73,927 |
| Corporate registration fees | 92,550 | 125,150 |
| Application and examination fees | 90,475 | 72,781 |
| Interest | 66,113 | 53,148 |
| Grants | <u>36,292</u> | <u>36,292</u> |
| | <u>5,270,758</u> | <u>5,147,638</u> |
| EXPENSES | | |
| Staffing and related | 2,101,162 | 1,975,245 |
| Legal | 1,089,982 | 984,951 |
| Council and committees | 339,140 | 301,886 |
| Information management system | 226,074 | 172,529 |
| Office facilities | 189,458 | 163,132 |
| Bank and credit card charges | 153,968 | 153,661 |
| Investigations and hearings | 127,981 | 123,811 |
| Policy development | 113,770 | 111,530 |
| Office and general | 107,241 | 134,755 |
| Professional health program | 98,110 | 104,694 |
| Exam administration | 92,478 | 19,321 |
| Insurance | 81,381 | 75,805 |
| Networking and representation | 71,489 | 60,493 |
| Communication | 61,288 | 66,231 |
| Premises inspections | 57,108 | 68,287 |
| Quality assurance | 47,396 | 74,014 |
| Accounting and audit | 40,290 | 41,685 |
| Interest on capital leases | 17,163 | 12,544 |
| Amortization | <u>204,920</u> | <u>131,192</u> |
| | <u>5,220,399</u> | <u>4,775,766</u> |
| EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR | <u>\$ 50,359</u> | <u>\$ 371,872</u> |

see accompanying notes

COLLEGE OF VETERINARIANS OF ONTARIO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2018

| | 2018 | 2017 |
|---|-------------------|------------------|
| CASH INFLOW (OUTFLOWS) | | |
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses for the year | \$ 50,359 | \$ 371,872 |
| Adjustments for | | |
| Amortization | 204,920 | 131,192 |
| Change in accrued interest on investments | (6,894) | (2,898) |
| Net changes in non-cash working capital items (below) | <u>80,631</u> | <u>68,704</u> |
| Cash provided from operations | <u>329,016</u> | <u>568,870</u> |
| FINANCING ACTIVITIES | | |
| Principal repayment of capital leases | <u>(114,212)</u> | <u>(51,110)</u> |
| INVESTING ACTIVITIES | | |
| Purchases of capital assets | (188,296) | (108,989) |
| Purchases of investments | (3,356,421) | (3,049,185) |
| Proceeds of withdrawals from investments | <u>3,375,000</u> | <u>2,500,000</u> |
| Cash used in investing activities | <u>(169,717)</u> | <u>(658,174)</u> |
| NET CASH ACTIVITY FOR THE YEAR | 45,087 | (140,414) |
| CASH, BEGINNING OF YEAR | <u>69,188</u> | <u>209,602</u> |
| CASH, END OF YEAR | <u>\$ 114,275</u> | <u>\$ 69,188</u> |
| | | |
| Net change in non-cash working capital items: | | |
| Accounts receivable | \$ 25,645 | \$ 32,229 |
| Prepaid expenses | 9,216 | 3,465 |
| Accounts payable and accrued liabilities | <u>45,770</u> | <u>33,010</u> |
| | <u>\$ 80,631</u> | <u>\$ 68,704</u> |

see accompanying notes

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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 approximately 4,700 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 and corporation 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 are recognized as revenue as 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 prepaid insurance and service contracts.

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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 |
| Building improvements under capital lease | 10 years straight line |
| Furniture and fixtures | 10 years straight line |
| Furniture and fixtures under capital lease | 10 years straight line |
| Office equipment | 3 years straight line |
| Web site | 3 years straight line |
| Software | 3 years straight line |
| Software under capital lease | 3 years straight line |

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.

When a capital asset no longer has any remaining service potential to the College, the excess of its carrying amount over any residual value, if any, is recognized as an expense in the statement of operations.

Investments

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

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.

Capital leases

Leases that transfer substantially all the benefits and risk of ownership of the leased property to the College are considered capital leases. These arrangements are accounted for as the acquisition of the capital asset and the assumption of an obligation.

The capital lease payments are allocated partly to a reduction of the obligation and partly to interest expense, using the interest rate implicit in the lease. The capital asset is amortized over its estimated useful life.

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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.

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, 2018, the allowance for doubtful accounts was nil (nil in 2017).

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.

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

3. CASH

Cash is composed of amounts on deposit at a Canadian bank.

4. INVESTMENTS

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

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| Guaranteed investment certificates with interest rates of 1.45 % to 2.71% (2017 - 1.65% to 2.71%) with maturity dates up to December 2022 | \$ 2,268,000 | \$ 1,868,000 |
| Investment savings account | 113,500 | 532,079 |
| Accrued interest | <u>41,395</u> | <u>34,501</u> |
| | 2,422,895 | 2,434,580 |
| Short-term portion | <u>454,895</u> | <u>866,580</u> |
| Investments - long term | <u>\$ 1,968,000</u> | <u>\$ 1,568,000</u> |

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

5. CAPITAL ASSETS

Capital assets, recorded at cost, are as follows:

| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>2018 Net</u> | <u>2017 Net</u> |
|---|---------------------|-------------------------------------|---------------------|---------------------|
| Tangible: | | | | |
| Land | \$ 209,358 | | \$ 209,358 | \$ 209,358 |
| Building | 1,277,523 | \$ 805,740 | 471,783 | 503,727 |
| Furniture and fixtures | 70,513 | 68,613 | 1,900 | 4,816 |
| Furniture and fixtures under capital lease | 39,376 | 11,813 | 27,563 | 31,503 |
| Office equipment | 211,189 | 85,913 | 125,276 | 92,165 |
| Office equipment under capital lease | 76,209 | 50,806 | 25,403 | 50,805 |
| Building improvements | 53,220 | 8,332 | 44,888 | 50,210 |
| Building improvements under capital lease | <u>97,502</u> | <u>32,686</u> | <u>64,816</u> | <u>74,567</u> |
| | <u>2,034,890</u> | <u>1,063,903</u> | <u>970,987</u> | <u>1,017,151</u> |
| Intangible: | | | | |
| Software | 140,000 | 8,333 | 131,667 | 25,000 |
| Software under capital lease | 175,000 | 58,320 | 116,680 | 175,000 |
| Website | <u>106,417</u> | <u>106,417</u> | | <u>18,807</u> |
| | <u>421,417</u> | <u>173,070</u> | <u>248,347</u> | <u>218,807</u> |
| | <u>\$ 2,456,307</u> | <u>\$ 1,236,973</u> | <u>\$ 1,219,334</u> | <u>\$ 1,235,958</u> |

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

6. CAPITAL LEASE OBLIGATIONS

The College has an obligation for building improvements acquired in 2014 under a capital lease at 4.74%, maturing Jan 12, 2019; an obligation for building improvements and furniture acquired in 2015 under a capital lease at 4.59%, maturing October 15, 2020; an obligation for office equipment acquired in 2016 under a capital lease at 4.25%, maturing June 19, 2019; and an obligation for software developed in 2016 and 2017 under a capital lease at 4.015%, maturing August 28, 2020.

At September 30, 2018, these capital lease obligations totaled \$178,164 (\$292,376 in 2017).

The following are the estimated annual lease payments:

| | |
|--------------------|------------------|
| 2019 | \$ 105,484 |
| 2020 | <u>79,746</u> |
| | 185,230 |
| Less: Interest | (7,066) |
| Short-term portion | <u>(100,101)</u> |
| Long-term portion | <u>\$ 78,063</u> |