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**COLLEGE OF VETERINARIANS OF ONTARIO**

**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020**

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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, 2020, 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, 2020 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 9, 2020  
Toronto, Ontario

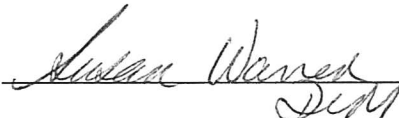
# COLLEGE OF VETERINARIANS OF ONTARIO


## STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	2020	2019
<b>ASSETS</b>		
Current assets		
Cash (note 3)	\$ 292,177	\$ 151,990
Investments (note 4)	1,128,127	817,591
Accounts receivable	89,019	60,366
Prepaid expenses	<u>103,186</u>	<u>58,425</u>
	<u>1,612,509</u>	<u>1,088,372</u>
Other assets		
Investments - long term (note 4)	<u>1,818,000</u>	<u>1,818,000</u>
Capital assets		
Tangible (note 5)	785,064	848,502
Intangible (note 6)	<u>158,346</u>	<u>323,334</u>
	<u>943,410</u>	<u>1,171,836</u>
	<u>\$ 4,373,919</u>	<u>\$ 4,078,208</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 315,345	\$ 227,381
Capital lease obligation (note 7)	<u>                    </u>	<u>78,063</u>
	<u>315,345</u>	<u>305,444</u>
Net assets		
Invested in capital assets	943,410	1,093,773
Unrestricted	<u>3,115,164</u>	<u>2,678,991</u>
	<u>4,058,574</u>	<u>3,772,764</u>
	<u>\$ 4,373,919</u>	<u>\$ 4,078,208</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, 2020

			2020	2019
	<u>Invested in capital assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ 1,093,773	\$ 2,678,991	\$ 3,772,764	\$ 3,480,713
Excess of revenue over expenses for the year		285,810	285,810	292,051
Purchase of capital assets	36,462	(36,462)		
Amortization	(264,888)	264,888		
Repayment of capital lease obligations	<u>78,063</u>	<u>(78,063)</u>		
Balance, end of year	<u>\$ 943,410</u>	<u>\$ 3,115,164</u>	<u>\$ 4,058,574</u>	<u>\$ 3,772,764</u>

see accompanying notes

# COLLEGE OF VETERINARIANS OF ONTARIO

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2020	2019
<b>REVENUE</b>		
Registration fees	\$ 5,056,783	\$ 4,946,908
Premises inspection fees	140,531	142,059
Corporate registration fees	105,900	100,600
Penalties and other	102,589	109,408
Interest	91,121	83,573
Application and examination fees	<u>74,688</u>	<u>96,375</u>
	<u>5,571,612</u>	<u>5,478,923</u>
<b>EXPENSES</b>		
Staffing and related	2,299,760	2,224,527
Legal	1,083,462	901,320
Information management system	328,347	299,765
Council and committees	289,730	392,795
Bank and credit card charges	158,897	161,591
Office facilities	140,977	164,933
Investigations and hearings	95,890	117,662
Office and general	85,654	97,899
Insurance	83,371	81,236
Professional health program	78,248	86,890
Special projects	77,219	41,438
Policy development	65,314	62,138
Communication	63,951	58,088
Accounting and audit	46,785	45,125
Quality assurance	42,044	77,213
Premises inspections	40,302	54,616
Networking and representation	28,031	61,211
Exam administration	12,932	19,980
Amortization	<u>264,888</u>	<u>238,445</u>
	<u>5,285,802</u>	<u>5,186,872</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 285,810</u>	<u>\$ 292,051</u>

see accompanying notes

# COLLEGE OF VETERINARIANS OF ONTARIO

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2020	2019
<b>CASH INFLOW (OUTFLOWS)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 285,810	\$ 292,051
Adjustments for		
Amortization	264,888	238,445
Change in accrued interest on investments	(358)	(3,433)
Net changes in non-cash working capital items (below)	<u>14,550</u>	<u>10,963</u>
Cash provided from operations	<u>564,890</u>	<u>538,026</u>
<b>FINANCING ACTIVITIES</b>		
Principal repayment of capital leases	<u>(78,063)</u>	<u>(100,101)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of capital assets	(36,462)	(190,947)
Purchases of investments	(3,285,178)	(3,272,871)
Proceeds of withdrawals from investments	<u>2,975,000</u>	<u>3,063,608</u>
Cash used in investing activities	<u>(346,640)</u>	<u>(400,210)</u>
<b>NET CASH ACTIVITY FOR THE YEAR</b>	140,187	37,715
<b>CASH, BEGINNING OF YEAR</b>	<u>151,990</u>	<u>114,275</u>
<b>CASH, END OF YEAR</b>	<u>\$ 292,177</u>	<u>\$ 151,990</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ (28,653)	\$ 18,903
Prepaid expenses	(44,761)	33,680
Accounts payable and accrued liabilities	<u>87,964</u>	<u>(41,620)</u>
	<u>\$ 14,550</u>	<u>\$ 10,963</u>

see accompanying notes

# COLLEGE OF VETERINARIANS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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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 5,000 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.

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 prepaid insurance and service contracts.



# COLLEGE OF VETERINARIANS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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### 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
Office equipment under capital lease	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.

Capital assets that were obtained under a capital lease are reported separately. Once the capital lease obligation has been repaid, the asset is then included with the assets not under capital lease.

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 2020 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 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.

# COLLEGE OF VETERINARIANS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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### **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.

### **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.

# COLLEGE OF VETERINARIANS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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### 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, 2020, the allowance for doubtful accounts was nil (nil in 2019).

### 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. 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>2020</u>	<u>2019</u>
Guaranteed investment certificates with interest rates of 1.86% to 3.47% (2019 - 1.86% to 3.47%) with maturity dates up to December 2024	\$ 2,318,000	\$ 2,318,000
Investment savings account	318,795	272,435
Fixed income mutual fund	263,819	
Accrued interest	<u>45,513</u>	<u>45,156</u>
	2,946,127	2,635,591
Current portion	<u>1,128,127</u>	<u>817,591</u>
Investments - long term	<u>\$ 1,818,000</u>	<u>\$ 1,818,000</u>

# COLLEGE OF VETERINARIANS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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### 5. TANGIBLE CAPITAL ASSETS

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

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2020 Net</u>	<u>2019 Net</u>
Tangible capital assets:				
Land	\$ 209,358		\$ 209,358	\$ 209,358
Building	1,277,523	\$ 869,628	407,895	439,839
Building improvements	150,722	71,162	79,560	60,176
Furniture and fixtures	109,889	89,632	20,257	1,143
Office equipment	<u>334,807</u>	<u>266,813</u>	<u>67,994</u>	<u>79,905</u>
	<u>2,082,299</u>	<u>1,297,235</u>	<u>785,064</u>	<u>790,421</u>
Tangible capital assets under capital lease:				
Building improvements				34,456
Furniture and fixtures				<u>23,625</u>
				<u>58,081</u>
	<u>\$ 2,082,299</u>	<u>\$ 1,297,235</u>	<u>\$ 785,064</u>	<u>\$ 848,502</u>

### 6. INTANGIBLE CAPITAL ASSETS

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

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2020 Net</u>	<u>2019 Net</u>
Intangible capital assets:				
Software	\$ 495,000	\$ 336,654	\$ 158,346	\$ 265,001
Intangible capital assets under capital lease:				
Software				<u>58,333</u>
	<u>\$ 495,000</u>	<u>\$ 336,654</u>	<u>\$ 158,346</u>	<u>\$ 323,334</u>

### 7. CAPITAL LEASE OBLIGATIONS

The College had an obligation for building improvements and furniture acquired in 2015 under a capital lease at 4.59%, and an obligation for software developed in 2016 and 2017 under a capital lease at 4.015%, both of which matured in fiscal 2020.

# COLLEGE OF VETERINARIANS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

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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, 2020 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.