
COLLEGE OF VETERINARIANS OF ONTARIO

FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of Council,
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, 2015, 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, 2015, 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 Accountants
Licensed Public Accountants

December 1, 2015
Toronto, Ontario

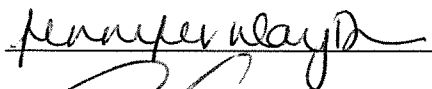
COLLEGE OF VETERINARIANS OF ONTARIO


STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2015

	2015	2014
ASSETS		
Current assets		
Cash (note 3)	\$ 226,366	\$ 187,610
Investments (note 4)	521,433	397,794
Accounts receivable	76,384	86,703
Prepaid expenses	<u>97,163</u>	<u>84,654</u>
	<u>921,346</u>	<u>756,761</u>
Long-term investments (note 4)	<u>1,088,000</u>	<u>988,000</u>
Capital assets (note 5)	<u>1,055,507</u>	<u>1,094,450</u>
	<u><u>\$ 3,064,853</u></u>	<u><u>\$ 2,839,211</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 241,606	\$ 295,414
Capital lease obligations (note 6)	<u>23,890</u>	<u>6,451</u>
	<u>265,496</u>	<u>301,865</u>
Capital lease obligations - long term (note 6)	<u>102,399</u>	<u>23,760</u>
	<u>367,895</u>	<u>325,625</u>
Net assets		
Capital reserve (note 7)		242,678
Systems information reserve (note 7)		44,834
Invested in capital assets	929,218	1,064,239
Unrestricted	<u>1,767,740</u>	<u>1,161,835</u>
	<u>2,696,958</u>	<u>2,513,586</u>
	<u><u>\$ 3,064,853</u></u>	<u><u>\$ 2,839,211</u></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, 2015

	2015			2014	
	Capital reserve	Systems information reserve	Invested in capital assets	Unrestricted	Total
Balance, beginning of year	\$ 242,678	\$ 44,834	\$ 1,064,239	\$ 1,161,835	\$ 2,513,586
Excess (deficiency) of revenue over expenses for the year				183,372	183,372
Appropriations (note 7)	(242,678)	(44,834)		287,512	(2,935)
Purchase of capital assets			183,845	(183,845)	
Amortization			(222,788)	222,788	
Receipt of capital lease financing			(102,529)	102,529	
Decrease in obligation under capital lease			6,451	(6,451)	
Balance, end of year	\$ Nil	\$ Nil	\$ 929,218	\$ 1,767,740	\$ 2,696,958

see accompanying notes

COLLEGE OF VETERINARIANS OF ONTARIO

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2015	2014
REVENUE		
Registration fees	\$ 4,147,264	\$ 3,808,889
Premises inspection fees	130,907	130,341
Corporate registration	106,000	68,133
Application and examination fees	54,770	44,550
Penalties and other	52,127	56,961
Interest	43,954	36,799
Grants	<u>26,400</u>	<u>9,900</u>
	<u>4,561,422</u>	<u>4,155,573</u>
EXPENSES		
Staffing and related	1,625,008	1,679,721
Legal	937,487	672,923
Council and committees	289,356	293,581
Information management system	176,921	185,776
Investigations and hearings	155,074	74,259
Bank and credit card charges	148,806	121,868
Office and general	125,697	177,725
Policy development	125,675	96,335
Office facilities	124,287	143,541
Quality assurance	110,004	79,876
Insurance	71,409	66,395
Professional health program	71,200	73,457
Premises inspections	53,519	49,135
Networking and representation	49,794	65,246
Communication	41,051	40,247
Accounting and audit	35,592	35,925
Exam administration	11,862	
Interest on capital leases	2,520	1,493
Amortization	<u>222,788</u>	<u>301,005</u>
	<u>4,378,050</u>	<u>4,158,508</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 183,372</u>	<u>\$ (2,935)</u>

see accompanying notes

COLLEGE OF VETERINARIANS OF ONTARIO

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2015	2014
CASH INFLOW (OUTFLOWS)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 183,372	\$ (2,935)
Adjustments for		
Amortization	222,788	301,005
Change in accrued interest on investments	(6,109)	(2,025)
Net changes in non-cash working capital items	<u>(55,998)</u>	<u>34,230</u>
Cash provided from operations	<u>344,053</u>	<u>330,275</u>
FINANCING ACTIVITIES		
Receipt of capital lease financing	102,529	34,350
Principal repayments of capital lease	<u>(6,451)</u>	<u>(4,139)</u>
Cash provided from financing activities	<u>96,078</u>	<u>30,211</u>
INVESTING ACTIVITIES		
Purchases of capital assets	(183,845)	(80,948)
Purchases of investments	(3,337,530)	(3,012,501)
Proceeds of withdrawals from investments	<u>3,120,000</u>	<u>2,850,000</u>
Cash used in investing activities	<u>(401,375)</u>	<u>(243,449)</u>
NET CASH ACTIVITY FOR THE YEAR	38,756	117,037
CASH, BEGINNING OF YEAR	<u>187,610</u>	<u>70,573</u>
CASH, END OF YEAR	<u>\$ 226,366</u>	<u>\$ 187,610</u>
Net change in non-cash working capital items:		
Accounts receivable	\$ 10,319	\$ (31,739)
Prepaid expenses	(12,509)	3,666
Accounts payable and accrued liabilities	<u>(53,808)</u>	<u>62,303</u>
	<u>\$ (55,998)</u>	<u>\$ 34,230</u>

see accompanying notes

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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 4,500 veterinarians and accredits over 2,100 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 awarded. 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.

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 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

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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, mutual fund investments are carried at market value, and interest income is recognized as earned. Guaranteed investment certificates maturing within twelve months, interest receivable within twelve months and mutual fund investments 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 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. An example of an estimate is the useful life of capital assets. 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, 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.

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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, 2015, the allowance for doubtful accounts was nil (nil in 2014).

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 College is exposed to interest rate risk on its money market mutual fund 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>2015</u>	<u>2014</u>
Guaranteed investment certificates with interest rates of 1.85% to 2.71% (2014 -1.85% to 2.71%) with maturity dates up to December 2019	\$ 1,288,000	\$ 988,000
Money market mutual fund	295,726	378,284
Accrued interest	25,707	19,487
Cash	<u> </u>	<u> </u>
	1,609,433	1,385,794
Short-term portion	<u>521,433</u>	<u>397,794</u>
Long-term investments	<u>\$ 1,088,000</u>	<u>\$ 988,000</u>

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

5. CAPITAL ASSETS

Capital assets, recorded at cost, are as follows:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2015 Net</u>	<u>2014 Net</u>
Tangible:				
Land	\$ 209,358		\$ 209,358	\$ 209,358
Building	1,277,523	\$ 709,913	567,610	599,549
Furniture and fixtures under capital lease	39,376		39,376	
Furniture and fixtures	70,512	57,999	12,513	19,566
Office equipment	134,741	84,123	50,618	85,879
Building improvements under capital lease	<u>97,502</u>	<u>3,435</u>	<u>94,067</u>	<u>34,350</u>
	<u>1,829,012</u>	<u>855,470</u>	<u>973,542</u>	<u>948,702</u>
Intangible:				
Computer software	946,212	920,664	25,548	129,082
Website	<u>106,417</u>	<u>50,000</u>	<u>56,417</u>	<u>16,666</u>
	<u>1,052,629</u>	<u>970,664</u>	<u>81,965</u>	<u>145,748</u>
	<u>\$ 2,881,641</u>	<u>\$ 1,826,134</u>	<u>\$ 1,055,507</u>	<u>\$ 1,094,450</u>

6. CAPITAL LEASE OBLIGATIONS

The College has an obligation for building improvements acquired in 2014 under a capital lease at 4.58%, maturing Jan 12, 2019, and an obligation for building improvements and furniture under a capital lease at 4.44%, maturing October 15, 2020. The following are the annual lease commitments:

2016	\$ 28,691
2017	30,599
2018	30,599
2019	25,466
2020 and thereafter	<u>24,808</u>
	140,163
Less: Interest	(13,874)
Current portion	<u>(23,890)</u>
Long-term portion	<u>\$ 102,399</u>

COLLEGE OF VETERINARIANS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

7. RESERVES

Capital reserve

The internally restricted capital reserve was designed to provide ongoing funds for the maintenance, replacement and updating of all aspects of the building due to weathering and replacement of worn out heating and air conditioning equipment in an organized manner. Insurance coverage is available for unexpected disasters. It was expected that this reserve would continue to grow each year as current expenditures were not expected to exceed the annual contribution from operations. In the event that the reserve fell below the maximum of \$350,000, a contribution could be made to the reserve from the unrestricted net assets.

In 2015, the Council determined that the maintenance, replacement and updating of all aspects of the building were better managed in annual operations than in a separate reserve, and therefore approved the appropriation of the balance in the reserve to the unrestricted net assets.

Systems information reserve

This internally restricted reserve was designed to provide ongoing funds for the development, replacement and updating of software, computer systems and the website. Information is the backbone of the College, and without proper development and maintenance of the infrastructure, the College will fall behind. It was expected that ongoing development costs would be less than or equal to the current year allocation from operations, allowing the fund to grow to a maximum of \$500,000

In 2015, the Council determined that development and maintenance of the infrastructure were better managed in annual operations than in a separate reserve, and therefore approved the appropriation of the balance in the reserve to the unrestricted net assets.

8. COMPARATIVE FIGURES

Certain 2014 comparative figures have been reclassified in order to conform with the financial statement presentation adopted in 2015.