



# College of Veterinarians of British Columbia

# ANNUAL REPORT



2018

## Contents

President’s Report.....	2
Treasurer’s Report.....	2
Registrar’s Report.....	3
Complaints Report.....	4
Continuing Competence Report.....	6
Discipline Report.....	6
Practice Facility Report.....	7
Registration Report.....	9
Financial Statements.....	10

# President's Report

Dr. Brendan Matthews



The CVBC Council's role is to provide vision, advice and support for the College and the Registrar. During my three years as President of the Council I have seen many positive changes. Our policies and procedures continue to evolve to meet the mandate of serving the public interest in a fair, decisive and transparent manner. Of course, some topics by their nature must remain confidential. Further, the CVBC continues to seek cost saving solutions while increasing productivity. We are now better able to manage challenges than ever before.

The College is maintaining good communication with our oversight body, the Ministry of Agriculture as well as other important groups such as the Society of Veterinarians of BC, the BCSPCA and other regulators of veterinarians across Canada.

Setting clear common-sense Practice Standards is an important aid to practice. With input invited from all veterinarians, Council continues to develop standards such as the ban on the declawing of cats to join ear cropping and tail docking bans. We now have Practice Standards on defining requirements for medical record keeping and the use of thermoregulatory devices. Additionally, the College is developing standards in several other areas.

The College still has much work to do. We must continue to engage and communicate better with veterinarians. The College is working towards finishing the drafting of the final two parts of the new Bylaws, and we will be including the Certified Veterinary Technicians under the CVBC umbrella.

Self-regulation means we, the veterinarians of BC, have the privilege and responsibility of governing ourselves. It is inappropriate to leave this duty to a select few. You represent a huge pool of knowledge and experience, and your College needs your support. Now. Join a Committee, read the College newsletters, get involved.

# Treasurer's Report

Mr. Jeremy Pierce



In my fourth year as treasurer I have witnessed further improvements in the overall financial health of the College. With the gain realized on the disposal of the North Vancouver office space the College has a healthy cash reserve. There are no plans to spend the proceeds from the sale of the property.

As at June 30, 2018 the College had net assets of \$2,657,755, an increase of close to \$2,000,000 from the year prior. The College realized a gain of \$1,541,142 from the disposal of its property and an overall net income of \$1,964,782. With management's very hard work we have been able to reduce legal fees and other overhead costs which have traditionally resulted in the College realizing a loss. All-in-all I am very pleased with the current financial stability of the College and thank Luisa and her team for all the hard work.

**Council Members:** Dr. Brendan Matthews (President), Dr. Joanne Weetman (Vice-President), Mr. Jeremy Pierce (Treasurer), Dr. Maarten Hart, Ms. Linda Wong (public member), Ms. Lori Charvat (public member), Dr. Sergije Prostran and Hon. Wally Oppal (public member).

# Registrar's Report

Ms. Luisa Hlus



It has been another busy year of challenges and accomplishments taking place in the CVBC's new premises.

We have focussed on building our staff and committee teams, along with reinforcing old relationships and building new ones. Over the past year, we have collaborated with our fellow veterinary regulators across Canada, pooling resources as we resolve common issues and strive toward a uniform approach whenever possible. We have also renewed our commitment to collaborate with the Society of BC Veterinarians for common projects and goals, leveraging each other's strengths.

Like all self-regulated professions, we rely on the expertise and goodwill of volunteers who commit their time and effort to serve the veterinarians of this province. We are grateful for the new volunteers who have joined our committees, and we thank the outgoing committee members who have served conscientiously for many years.

In keeping with a theme of continual improvement of our processes, we have provided tailored training sessions for Council, inspectors and staff. We also provided training to committee members dealing with investigation, registration, continuing competence and discipline.

In her first year with us, the Deputy Registrar has been very diligent in providing advice, updating our website content, drafting professional practice standards and contributing to the functioning of the office, the committees and Council.

The past year has also seen a proliferation of professional practice standards. Council considers all relevant stakeholders before passing new standards. The development of standards is a collaborative effort led by the Deputy Registrar and Council and includes input from the profession, our committees, the public and other regulators. Proposed standards that might be considered controversial are disseminated to the profession for a confidential poll with the opportunity for comments. The importance of standards cannot be overstated. They serve to set expectations for the profession, inform both new and seasoned veterinarians, provide clarity to the public, and support a uniform regulatory response to complaints and concerns.

We value your input. It is our aim to engage you without inundating you, to notify you of new developments and to provide materials which will improve your services to patients and clients.

For the seventh year, we have been able to avoid an increase in your registration fees and your facility inspection costs. Other veterinary regulators in Canada have felt the need to increase fees over the past few years. As a result, BC no longer has the highest fees in Canada.

Through sound financial management, we have been able to upgrade our website, obtain reasonable insurance in the open market, create the Continuing Competence Committee, pay our committee members for both in person and teleconference meeting attendance, plan for upgrades to our database and provide a full-time job opportunity. All of that while maintaining a fair fee structure.

Council has worked diligently to oversee the office to ensure we regulate the profession in accordance with our resources and to the best of our ability. We all are committed and confident that we will meet new challenges as they arise.



*Max, CVBC Office Dog*

# Complaints Report

## **Report from the Chair of the Investigation Committee, Dr. Cathy Wilkie:**

Every Investigation Committee meeting highlights issues within the profession that need to be addressed in order to protect the public and to help registrants avoid future complaints. There has been a fairly heavy complaint load this year. Fairness and equal treatment of all registrants is a subject of constant focus in our decision making.

### *Standards*

The IC is sometimes hampered in reaching decisions aligned with our stated purpose (public protection) due to a lack of clearly enunciated and applicable standards.

The College has already adopted standards around medical records. We are now able to specifically point out deficiencies and how they diverge from the standards required of all members. There is more work needed. The most common and urgently needed standards revolve around:

Anesthetic monitoring and monitoring records. We currently have no specific requirement for the type of monitoring and anesthetic record keeping for a patient that is sedated or under general anesthesia. An Anesthetic Monitoring Standard is currently under development.

Dental radiology. In the last two years we have seen a surge in cases that specifically revolve around the lack of radiographs. Clients are increasingly expecting veterinarians to display the same level of care and attention to their pets' teeth as human dentists do to theirs. A lack of dental radiography is not something that owners expect, particularly once they understand that incomplete extractions are not evident to the naked eye. There is no formal requirement for a complete, documented dental examination by a veterinarian when a pet is presented for a dental procedure. Some facilities delegate this to technicians. Because diagnosis and treatment planning are involved, such delegation is not supported by the current bylaws. A Veterinary Dentistry Standard encompassing dental radiography as well as examination and charting is also currently under development.

### *"Veterinarian in charge" concept*

The IC is aware of facilities with multiple veterinarians side-stepping who is ultimately in charge of handling a case. Particularly in facilities with "24 hour" staffing, an animal is admitted, a treatment plan set up, and then the pet is not properly managed or re-evaluated on subsequent shifts. In the cases we saw, this was obviously to the detriment of the patients. We find that veterinarians on the following shifts tend to say, "Well, it wasn't my case, I just followed orders," while the admitting vet says, "Of course they should have done something! I wasn't even there!"

The College of Physicians and Surgeons of BC has the concept of the "most responsible doctor". This is a person (usually the GP or the admitting doctor) designated with the responsibility for overseeing that patient's care. The designation can be shifted to another doctor, but both physicians are accountable for the transfer and sign off on it. It would behoove the CVBC to adopt a similar standard of the "veterinarian in charge", so that the client, the staff, the veterinarians involved, and the CVBC know exactly who is/was responsible for a case at any point in time.

### *Final Thoughts*

The members of the IC deserve a shout-out for their dedication. We have thankfully, a low turnover rate even though these people take 10-20 purely volunteer hours out of their regular lives in preparation for each meeting, every 6 weeks or so. They consider each case thoughtfully and professionally. We need a few more of them.

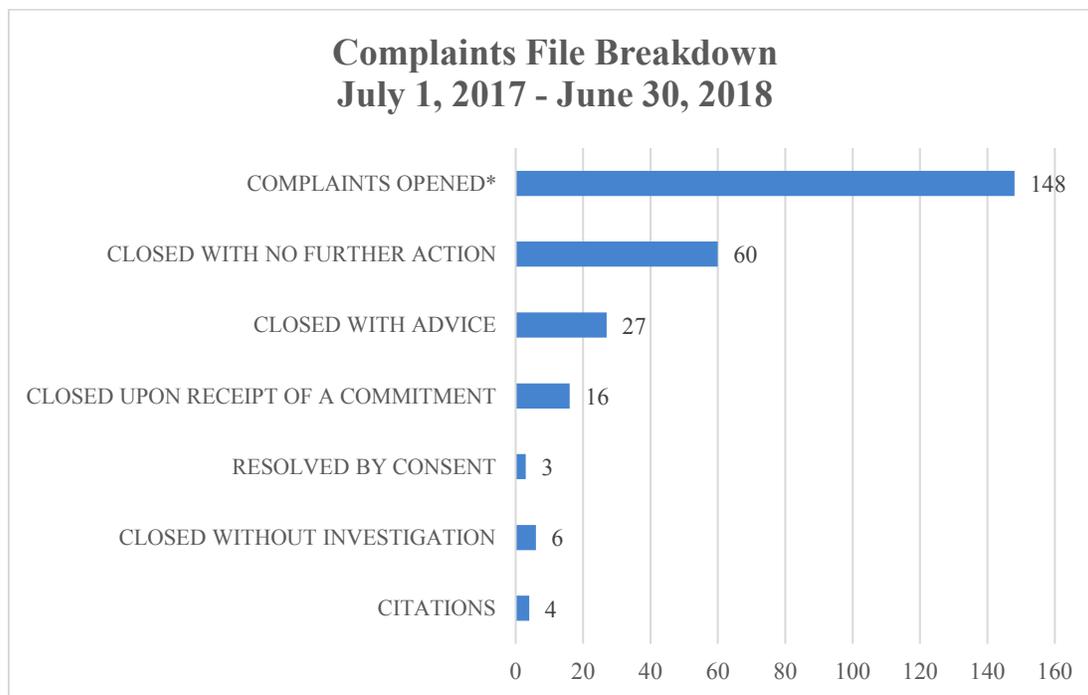
# Complaints Report continued...

**Investigation Committee Members:** Drs. Cathy Wilkie (Chair), Avtar Ubi, Bettina Bobsien (until Oct 2017), Brendan Matthews, Clare Tompkins, Douglas Casey (until Dec 2017), Farshad Maloufi (effective May 2018), Geoff Gaunt, Jim Snyder (until May 2018), Joan Stogryn (public member), and Ruth Kennedy.

**Investigation Committee Meetings:** The Committee held 8 in person meetings in the 2017/2018 year, as well as several teleconference meetings.

**Complaint Resolution:** The Investigation Committee received 148 new complaints and closed 116 as follows:

- Pursuant to s.57(2)(c) of the *Veterinarians Act*:
  - 60 complaints were closed with no further action.
  - 27 complaints were closed with a letter of advice for the registrant.
  - 16 complaints were closed upon receipt of a confidential commitment from the registrant.
- 3 complaints were resolved by negotiated consent agreement pursuant to s.57(1)(c) of the *Veterinarians Act*.
- 6 complaints were dismissed without investigation pursuant to s.51 of the *Veterinarians Act*.
- 4 citations were authorized.



\*Complaints made against 2 or more registrants are counted as multiple files.

# Continuing Competence Report

## Report from the Chair of the Continuing Competence Committee, Dr. Sergije Prostran:

The role of the Committee is to design, administer and enforce continuing competence program for the registrants of the College; monitor and propose revisions to the College's Code of Ethics and any Practice Standards in order to promote high standards for the practice of Veterinary Medicine, and prepare policies and procedures for approval by the Council for the effective administration of the CC program provisions.

At present we decided not to pursue the role of assessing the competence of registrants until we have more solid work done in areas of CC programs and Practice Standards.

### Issues

- CE cycle and requirements
- Establishing rules for types of CE
- Procedure for auditing CE

### Accomplishments

- Definition of the 2-Year CE Cycle Policy
- Acceptable CE Program Formats Policy

### Focus for the Future

- Establishing mandatory CE for all registrants i.e. record keeping and responsible use of antimicrobials
- Approach SVBC to assess their potential to design and administer said courses
- Practice standards

**Continuing Competence Committee Members:** Drs. Sergije Prostran (Chair), Emma Turner, Jason McGillivray, Lisa Yee and Nick Kleider. *All effective May 2018.*

# Discipline Report

## Report from the Chair of the Discipline Committee, Dr. Suann Hosie:

The role of the Committee is to hear and determine a complaint or other matter set for hearing by citation issued under section 58 of the *Veterinarians Act*. The process is outlined in Division 3 of Part 4 of the Act. The 2017-2018 year has seen the addition of 3 Registrants to the committee.

### Accomplishments

On April 5, 2018, committee members participated in a training program. Several teleconferences, two of which were classed as pre-hearing teleconferences, were held. Currently, one panel has been assigned to a matter to be heard in October. Additional panels are being assigned to upcoming hearings.

### Focus for the Future

Creation of a Policy and Procedure manual for the committee by the CVBC, with input from the committee and continued training for new committee members

**Discipline Committee Members:** Dr. Suann Hosie (Chair), Dr. Al Runnells, Dr. Alan Hoey, Dr. Carsten Bandt (effective Sep 2018), Dr. Dalwinder Toor, Mr. Doug Potentier (public member), Ms. Gail Graham (public member – until Sep 2018), Dr. Ian Welch (effective Sep 2018), Ms. Jean Whittow (public member), Dr. Parmjit Dhillon (effective Sep 2018), Dr. Paul Kennedy and Ms. Maureen Baird (public member).

# Practice Facility Report

## **Report from the Chair of the Practice Facility Accreditation Committee, Dr. Trevor Reeves:**

The role of the Committee is to assess existing, new or renovated Veterinary Practice Facilities to ensure all Facilities meet the current minimum standards for operation as set out in the current CVBC standards. The PFAC meets exclusively by teleconference.

### *Issues*

- Set a rational and reasonable protocol for annual self-assessment of veterinary facilities. Prior to 2017/2018 this had been a thorn in the side of the committee and the Registrar as a large percent of the committee's time was spent on policing this issue
- Dealt with several practices that had major noncompliance issues with the Facility Standards. In most cases these were dealt with by cooperation between the Designated Registrant, the practice inspectors and the PFAC. In one case a practice had accreditation revoked; the practice is currently on provisional accreditation: compliance is being monitored
- A number of practices did not receive accreditation certificates in a timely fashion despite being inspected as usual. This was discovered by the Practice Facility Coordinator and PFAC is working as quickly as possible to issue certificates.

### *Accomplishments*

- Finally, hopefully, have the annual self-assessment process resolved. We will see if it truly functions smoothly in January 2019
- Despite ongoing problems with achieving committee quorum, we managed to get the work of the PFAC accomplished in a relatively timely fashion
- The process of self-inspection and onsite inspection does seem to be working to raise the overall tenor of veterinary practice in BC. The majority of issues are associated with records (medical records, controlled drug logs and other logs). Rarely is there a major issue requiring the PFAC and/or the inspectors to intervene.

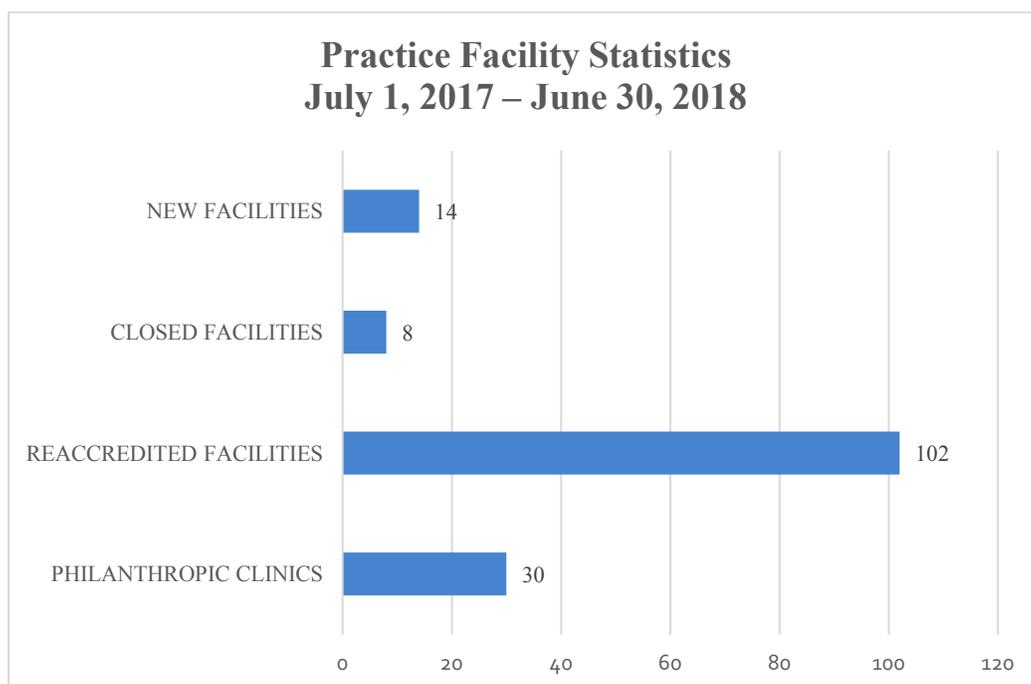
### *Focus for the Future*

- Continue to work through the five-year inspection cycle for currently accredited practices.
- Assess and accredit new, renovated and philanthropic practices as need arises and in a timely fashion.
- Work with the Registrar and Council to establish Facility Standards that are better aligned with the current state of veterinary medicine.
- Have enough committed members of the PFAC for quorum at each meeting. We had to cancel and reschedule too many meetings in the past year as not enough committee members were available.

## Practice Facility Report continued...

**Practice Facility Accreditation Committee Members:** Dr. Trevor Reeves (Chair), Dr. Amit Ranjan, Dr. Ian Welch (effective May 2018), Dr. Joanne Weetman, Ms. Kim Holbrow (public member – effective Jan 2018), Dr. Kuldeip Sekhon and Dr. Parmjit Dhillon.

**Practice Facility Accreditation Committee Meetings:** The Committee held 12 meetings via teleconference in the 2017/2018 year.



# Registration Report

**Registration Committee Role:** To consider applications for registration referred by the Registrar and to oversee the Bylaw and Ethics Exam process.

## *Issues*

- Improving exam accessibility
- Developing policies for applications who do not qualify for full registration

## *Accomplishments*

- In-person training
- Negotiating a return to practice without a hearing

## *Focus for the Future*

- Aligning registration decisions with national trends

**Registration Committee Members:** Dr. Carsten Bandt (Chair), Dr. Brendan Matthews (effective Jul 2018), Dr. Christine Smetschka, Dr. Denise Phipps, Ms. Jean Whittow (public member), Dr. Ricardo Bonafine and Dr. Trevor Reeves (effective Sep 2018).

**Registration Committee Meetings:** As needed, by teleconference.

	New (as of Sep. 21, 2018)	Total	New (2017)
Private Practice	92	1,533	114
Specialty Private Practice	2	22	2
Public Sector	1	22	3
Non-Practicing	0	33	1
Temporary	10	17	4
Retired		267	
Life		5	
<b>Total number of Registrants</b>	<b>105</b>	<b>1,899</b>	<b>124</b>

## *Class Changes*

From Inactive to Active	36
From Active to Inactive	56
<b>Total number of class changes</b>	<b>92</b>

# Financial Statements

**College of Veterinarians of  
British Columbia**  
Consolidated Financial Statements  
For the year ended June 30, 2018

---

	<b>Contents</b>
<b>Independent Auditor's Report</b>	<b>2</b>
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position	<b>3</b>
Consolidated Statement of Operations	<b>4</b>
Consolidated Statement of Changes in Net Assets	<b>5</b>
Consolidated Statement of Cash Flows	<b>6</b>
Notes to the Consolidated Financial Statements	<b>7 - 14</b>



---

## Independent Auditor's Report

---

### To the Members of the College of Veterinarians of British Columbia

We have audited the accompanying consolidated financial statements of the College of Veterinarians of British Columbia, which comprise the Consolidated Statement of Financial Position as at June 30, 2018 and the Consolidated Statements of Operations, Changes in Net Assets 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the College of Veterinarians of British Columbia as at June 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
September 7, 2018

**College of Veterinarians of British Columbia**  
**Consolidated Statement of Financial Position**

	June 30, 2018	June 30, 2017
<b>Assets</b>		
<b>Current</b>		
Cash (Note 2)	\$ 925,342	\$1,215,498
Accounts receivable	22,543	10,986
Claims recoverable	49,158	-
Provision for unpaid and future claims recoverable	192,689	-
Prepaid expenses	35,634	52,339
Income taxes recoverable (Note 5)	9,313	-
Restricted cash (Note 4)	-	200,000
Assets held for sale (Note 4)	-	402,885
	1,234,679	1,881,708
Portfolio investments (Note 3)	3,043,461	1,458,265
Property and equipment (Note 4)	73,797	77,205
	\$4,351,937	\$3,417,178
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 365,350	\$ 617,325
Income taxes payable (Note 5)	-	4,401
Provision for unpaid and future claims (Note 6)	228,246	50,000
Deferred registration fees	1,100,586	1,052,771
Deposits (Note 4)	-	200,000
Current portion of mortgage payable (Note 7)	-	796,124
Current portion of obligation under capital lease	-	3,584
	1,694,182	2,724,205
<b>Net assets</b>		
Unrestricted	2,591,471	568,029
Invested in property and equipment	73,797	77,205
Equity in Captive Insurance Fund	(7,513)	47,739
	2,657,755	692,973
	\$4,351,937	\$3,417,178

Contingent Liabilities (Note 9)

Approved on behalf of the Council:

\_\_\_\_\_ Signature \_\_\_\_\_ Title

\_\_\_\_\_ Signature \_\_\_\_\_ Title

**College of Veterinarians of British Columbia**  
**Consolidated Statement of Operations**

<b>For the year ended June 30</b>	<b>2018</b>	<b>2017</b>
<b>Revenue</b>		
Registration fees	\$2,145,127	\$2,003,926
Inspections	123,950	103,149
Registration	73,700	78,800
Interest	40,499	56,487
Examinations	44,050	50,450
Other	10,083	5,631
Gain on sale of fixed asset (Note 4)	1,541,142	-
Website advertising	-	2,380
	<u>3,978,551</u>	<u>2,300,823</u>
<b>Expenses</b>		
Salaries and benefits	723,104	934,987
Legal	200,712	613,219
Professional services	205,839	163,186
Regulatory investigations	128,611	87,381
Computer services	202,848	98,528
Office and other	293,105	189,966
Meetings	126,287	217,421
Amortization	21,061	52,912
Interest on long-term debt and capital lease	10,079	37,695
Public relations	4,626	19,342
Staff development	6,678	16,865
Captive management fees	8,750	12,600
Paid claims and provision for unpaid and future claims	89,249	5,000
	<u>2,020,949</u>	<u>2,449,102</u>
<b>Excess (deficiency) of revenues over expenses before income taxes</b>	<b>1,957,602</b>	<b>(148,279)</b>
<b>Income tax recovery (expense) (Note 5)</b>	<b>7,180</b>	<b>(5,055)</b>
<b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$1,964,782</b>	<b>\$(153,334)</b>

**College of Veterinarians of British Columbia**  
**Consolidated Statement of Changes in Net Assets**

	Unrestricted Fund	Invested Property and Equipment	Captive Insurance Fund	2018	2017
Balance, June 30, 2017	\$ 568,029	\$ 77,205	\$ 47,739	\$ 692,973	\$ 846,307
Excess (deficiency) of revenues over expenses	2,023,442	(3,408)	(55,252)	1,964,782	(153,334)
<b>Balance, June 30, 2018</b>	<b>\$ 2,591,471</b>	<b>\$ 73,797</b>	<b>\$ (7,513)</b>	<b>\$ 2,657,755</b>	<b>\$ 692,973</b>

The accompanying notes form an integral part of these financial statements.

**College of Veterinarians of British Columbia**  
**Consolidated Statement of Cash Flows**

For the year ended June 30	2018	2017
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses	\$ 1,964,782	\$ (153,334)
Item not involving cash		
Amortization	21,061	52,912
Provision for unpaid and future claims net of recoveries	(14,443)	5,000
Gain on sale of fixed assets	(1,541,142)	-
	430,258	(95,422)
Changes in non-cash working capital balances		
Portfolio investments - accrued income	14,804	(14,421)
Accounts receivable	(11,557)	18,726
Claims recoverable	(49,158)	-
Prepaid expenses	16,705	(25,354)
Accounts payable and accrued liabilities	(251,975)	83,386
Income taxes payable	(13,714)	2,296
Deferred registration fees	47,815	79,497
	183,178	48,708
<b>Investing activities</b>		
Purchase of property and equipment	(17,654)	(63,416)
Proceeds on disposal of property and equipment	1,944,028	-
(Purchase) redemption of short-term investments	(1,600,000)	920,000
	326,374	856,584
<b>Financing activities</b>		
Repayment of mortgage payable	(796,124)	(22,716)
Repayment of obligation under capital lease	(3,584)	(13,718)
	(799,708)	(36,434)
<b>(Decrease) increase in cash during the year</b>	<b>(290,156)</b>	<b>868,858</b>
Cash, beginning of year	1,215,498	346,640
<b>Cash, end of year</b>	<b>\$ 925,342</b>	<b>\$ 1,215,498</b>

---

# College of Veterinarians of British Columbia

## Notes to the Consolidated Financial Statements

June 30, 2018

---

### 1. Nature of Operations and Summary of Significant Accounting Policies

#### Purpose of the College

The College of Veterinarians of British Columbia (the "College") is a statutory self-governing professional regulatory body created and empowered by the Veterinarians Act SBC 2010 c.15 (the "Act") of the Province of British Columbia. Its statutory mandate is to serve the public interest by regulating and upholding the standard of the practice of veterinary medicine in B.C. It does so by setting and enforcing standards of ethical and competent behaviour on the part of its members.

The Act and College By-laws including the Code of Ethics are the means by which the registrants of the College are licensed and regulated. The Act clarifies the public interest mandate and registration, complaint and discipline processes.

The College is a tax-exempt body under Section 149(1)(l) of the Income Tax Act.

The BC Veterinary Captive Insurance Co. Ltd. (the "Captive") is a subsidiary of the College. The College holds 10,266 (100%) of the common shares of the Captive. The Captive issues a directors' and officers' liability insurance policy covering the College and the Captive directors and officers and a comprehensive general liability policy covering the College's general operations. The Captive is incorporated under the Insurance (Captive Company) Act of British Columbia and is governed by the provisions of that Act and related Regulations which require the Captive to maintain a minimum shareholders equity of \$300,000. The Captive was in compliance with the \$300,000 requirement throughout the year ended June 30, 2018.

The College and Captive directors and officers are provided with liability insurance through the Captive while providing their services. Coverage is limited to \$2,000,000 per claim and \$2,000,000 per policy period, with no deductible for each claim.

The College's general operations are provided with liability insurance through the Captive. Coverage is limited to \$5,000,000 inclusive each occurrence and \$5,000,000 in the aggregate, with no deductible for each occurrence, with respect to bodily injury and property damage liability, products and completed operations liability, personal and advertising injury liability, employee benefits, tenants legal liability, and medical payments.

---

# College of Veterinarians of British Columbia

## Notes to the Consolidated Financial Statements

June 30, 2018

---

### 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

**Basis of Accounting** These consolidated financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

The consolidated financial statements include the accounts of the College and the Captive. The Captive is wholly owned subsidiary of the College and intercompany balances and transactions have been eliminated upon consolidation. The results of the Captive are consolidated into the College as of June 30.

**Property and Equipment** Property and equipment are carried at cost less accumulated amortization. Amortization is calculated using the following annual rates:

Furniture and fixtures	- 20% declining balance basis
Computer hardware	- 20% declining balance basis
Computer software	- 20% declining balance basis
Office equipment	- 20% declining balance basis
Equipment under capital lease	- Straight line over lease term

**Assets held for Sale** Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

**Revenue** The College follows the deferral method of accounting for revenues. Registration fees are deferred and recognized over the registration year of January 1 to December 31.

Special levies are recognized as revenue when approved by Council and collectability is reasonably assured.

Advertising revenues are recognized upon publication. Examination, registration and inspection revenues are recognized when earned.

Interest and other revenue is recognized in the year when earned.

**Income Taxes** The Captive is a taxable entity and accounts for income taxes using the taxes payable method. The taxes payable basis is a method of accounting under which the Captive reports as an expense (income) of the year only the cost (benefit) of current income taxes for that year, determined in accordance with the rules established by the taxation authorities.

**Provision for Unpaid and Future Claims** The College records a provision for claims incurred during a particular fiscal year but not reported (unpaid claims) and any future claims based on amounts determined in accordance with accepted actuarial standards in Canada by qualified, independent actuaries. This reserve consists of discounted unpaid claims and loss adjustment expenses, estimated Provision for Adverse Deviation and policy liabilities in connection with unearned premiums.

---

**College of Veterinarians of British Columbia**  
**Notes to the Consolidated Financial Statements**

**June 30, 2018**

---

**1. Nature of Operations and Summary of Significant Accounting Policies (Continued)**

<b>Financial Instruments</b>	Financial instruments are recorded at fair value when acquired or issued. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.
<b>Donated Services</b>	The College and its members benefit greatly from donated services in the form of volunteer time for various committees. The value of donated services is not recognized in these consolidated financial statements.
<b>Discipline Matters</b>	The College records legal fees related to disciplinary actions as they are incurred. Recoveries of fines and costs are recognized as revenue when all matters relating to their realization have been resolved and the amounts are deemed to be collectible.
<b>Use of Estimates</b>	The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The preparation of consolidated financial statements in conformity with these standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The most significant areas for estimates relate to legal contingencies, the provision for claims and collectibility of fines and penalties for disciplinary matters provisions and recovery of legal costs from third parties.
<b>Equipment Under Capital Lease</b>	Equipment under capital lease are leases that transfer the benefits of ownership and are recorded at the present value of the minimum lease payments at the inception of the lease.
<b>Premium Taxes</b>	The Captive is subject to insurance premium tax equal to 4% of gross premiums received or receivable.
<b>Employee Future Benefits Policy</b>	The College has an RRSP contribution plan. The plan is a defined contribution plan and contributions are expensed as entitlement occurs. All individuals who have been employed by the College for a term longer than six months are entitled to a contribution by the College to their RRSP in the amount of 4% of their annual earnings.

**College of Veterinarians of British Columbia**  
**Notes to the Consolidated Financial Statements**

**June 30, 2018**

**2. Cash**

The College and Captive's cash accounts are held at two credit unions and bear interest at market rates.

**3 Portfolio Investments**

	2018	2017
Operating term deposit - Vancity		
- Matures on December 11, 2018 at 1.40%	\$ 300,000	\$ -
Operating term deposit - Vancity		
Matures on January 30, 2020 at 1.50% (2017 - 1.10%)	225,000	225,000
Operating term deposit - Vancity		
- Matures on December 11, 2020 at 2.10%	1,100,000	-
Operating term deposit - Vancity		
- Matures on October 10, 2018 at 1.20%	1,400,000	-
Operating term deposits - Vancity		
- Matured on October 10, 2017 at 3.05% (2017 - 3.05%)	-	1,200,000
Accrued Interest	11,588	26,355
Vancity shares	6,873	6,910
	\$ 3,043,461	\$ 1,458,265

The College's investment policy is to invest conservatively with highly-rated counter-parties with the objective of preserving capital while earning a reasonable rate of return.

**College of Veterinarians of British Columbia**  
Notes to the Consolidated Financial Statements

June 30, 2018

**4. Property and Equipment**

	<u>2018</u>			<u>2017</u>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 22,011	\$ 4,417	\$ 17,594	\$ 4,357
Computer hardware	128,915	104,866	24,049	30,061
Computer software	85,566	64,900	20,666	25,832
Office equipment	47,909	36,421	11,488	14,360
Equipment under capital lease	61,802	61,802	-	2,595
	<u>\$ 346,203</u>	<u>\$ 272,406</u>	<u>\$ 73,797</u>	<u>\$ 77,205</u>

Amortization expense of equipment under capital lease in current year is \$2,595 (2017 - \$15,551).

In March of 2017, the College committed to a plan to dispose of its building along with the building improvements. As such, the building and building improvements were presented as assets held for sale as of fiscal 2017.

The building and improvements with a net book value of \$402,885 were sold for net proceeds of \$1,944,028 resulting in a gain of \$1,541,142 during fiscal 2018.

**5. Income Taxes**

	<u>2018</u>	<u>2017</u>
Excess (deficiency) of revenues over expenses before income taxes	\$ 1,957,602	\$ (148,279)
Adjusted for tax differences:		
College amounts not subject to tax	(2,112,691)	185,384
Non-deductible accounting IBNR reserve	89,249	5,000
Non-deductible expenses	-	19
Losses utilized	6,006	-
Refundable (taxable) income for the year	(59,834)	42,124
Statutory rate	12.00%	12.00%
Income tax (recovery) expense	<u>\$ (7,180)</u>	<u>\$ 5,055</u>

**College of Veterinarians of British Columbia**  
**Notes to the Consolidated Financial Statements**

**June 30, 2018**

**6. Provision for Unpaid and Future Claims**

An actuarial valuation of the claim liabilities of the Captive was last performed by an independent actuary in a report completed in 2018 for the year ended April 30, 2018. As at April 30, 2018, the net provision for unpaid and future claims estimated by the actuary was \$30,557. The net provision for unpaid and future claims was recorded at \$30,557. As at June 30, 2018, the net provision for unpaid and future claims was \$35,557 (2017 - \$51,629). The net provision for unpaid and future claims was recorded at \$35,557 (2017 - \$50,000) as an estimate made by management based on reports from the Captive's loss adjuster and actuary.

**7. Credit Facilities**

	2018	2017
Mortgage payable, repayable in monthly installments of \$1,824 including interest at 4.59% per annum until December 2037 <sup>1</sup>	\$ -	\$ 292,884
Mortgage payable, repayable in monthly installments of \$3,133 including interest at 4.59% per annum until December 2037 <sup>1</sup>	-	503,240
	-	796,124
Less: current portion	-	(796,124)
	\$ -	\$ -

In the prior year, the College committed to a plan to sell the building and the associated improvement as described in Note 4. As such, the collateralized mortgage noted in fiscal 2017 was classified as a current liability. In the current year, the building and associated improvements were sold and the corresponding mortgage was repaid.

The College has a business operating line of credit with a limit of \$50,000, due on demand and bearing an interest rate of prime plus 1.50%. As at June 30, 2018 and 2017, the College has not drawn upon these funds.

---

**College of Veterinarians of British Columbia**  
**Notes to the Consolidated Financial Statements**

**June 30, 2018**

---

**8. Employee Future Benefits**

During the year, the College contributed \$20,262 (2017 - \$25,188) to employees' RRSPs.

Depending on their position, an employee is entitled to at least two weeks of annual paid vacation leave which increases depending on the position, length of employment and management discretion. These paid vacation days are accrued on a calendar year basis and are available for use in the following fiscal year. A maximum of ten unused vacation days are permitted to be carried forward to the next calendar year. As at June 30, 2018, the College accrued \$49,212 (2017 - \$34,134) for unused vacation and these amounts are included in accounts payable and accrued liabilities.

---

**9. Contingent Liabilities**

The College is presently involved with a number of legal claims. The College has accrued its best estimate of the costs to conclude such matters and any expected recoveries in the financial statements. Once the College determines the final costs, if any, the differences in the estimates will be recorded.

---

**10. Commitments**

The College entered into a premise lease for 7 years commencing November 1, 2017 and expiring on October 31, 2024. In addition, the College entered into an equipment lease for 5 years commencing July 27, 2017 and expiring on July 26, 2022. The minimum annual lease payments are as follows:

	<u>2018</u>
2019	\$ 66,716
2020	66,716
2021	71,030
2022	73,186
2023	67,631
2024	71,440
2025	24,532
	<u>\$ 441,251</u>

---

**College of Veterinarians of British Columbia**  
**Notes to the Consolidated Financial Statements**

**June 30, 2018**

---

**11. Financial Instruments Risks**

The College through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of those risks as at June 30, 2018. There has been no changes to these risks from the prior year.

(a) Credit Risk

Credit risk is the risk that the College will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the College to significant concentrations of credit risk consist primarily of cash, short-term investments and accounts receivable. The College limits its exposure to credit risk by placing its cash and short-term investments with high quality financial institutions, in accordance with investment policies adopted by Council. Additionally, the College mitigates credit risk related to accounts receivable by billing in advance of services, aggressive penalties on overdue accounts, and a review of overdue accounts on a regular basis.

(b) 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 not exposed to significant interest rate risk as all rates on cash, short-term investments and capital leases are fixed.

(c) Capital Risk Management

As required by the Insurance (Captive Company) Act of British Columbia, the Captive must maintain a minimum shareholder's equity of \$300,000. During the year ended June 30, 2018, the Captive complied with this requirement.

---

**12. Comparative Figures**

Certain comparative figures have been restated to conform to the current year's presentation.