



College of Veterinarians of British Columbia

ANNUAL REPORT



2019

Contents

President’s Report	2
Treasurer’s Report	2
Registrar’s Report.....	3
Complaints Report.....	5
Continuing Competence Report	7
Discipline Report.....	7
Practice Facility Report	8
Registration Report.....	9
Financial Statements.....	10

President's Report

Dr. Joanne Weetman



The CVBC has been a busy place in 2019. Five new Council members joined the table in spring, two veterinarians and three public members. The result is fresh ideas and vigorous discussion while the College reviews standards and bylaws.

The Small Animal Anesthetic Standard and the Small Animal Dental Standard are now in line with current best veterinary practices. The bylaws are being reviewed and updated in preparation for inclusion of the Animal Health Technologists in the CVBC.

My time with the CVBC and Council has been a fascinating experience and I strongly encourage all registrants to consider involvement in the affairs of the CVBC. The more varied and passionate the views of the Council and Committee members, the more able the CVBC is to reflect the breadth of the veterinary profession and protect the public.

Treasurer's Report

Ms. Lori Charvat



Overall, the financial position of the College remains solid. The June 30, 2019 consolidated statements reflect prudent financial management by the College. Going forward, these gains will be dedicated to improving our IT systems, refining programs and ensuring we have sufficient reserves for uninsured claims.

Compared to last year, non-building related total revenue increased this year by \$139,000 or 5.7%, of which 4.2% was due to an increase in registration numbers. Expenses increased as well, by \$234,000 or 12%. Salaries and benefits costs were up this year, indicative of a return to previous staffing levels, as 2018 saw many vacant positions. External professional services costs were down, particularly legal fees, which are less than a quarter of what they were in 2016. This trend of bringing services in house will continue, reflecting the hiring of professional staff capable of meeting our regulatory mandate, including the managing of claims and complaints in a timely fashion.

Cash on hand was reduced this year as these funds have now been invested in term deposits. We have approximately \$4M in conservative, cashable term deposits that yield about \$40,000 of annual interest income. Again, this move is a reflection of the savvy financial staff we are fortunate to have at the College.

As of June 30, 2019, the College had net assets of \$2,976,539, an increase of \$318,784 over last year. I am confident that the College is currently in a financially stable position, and appreciate the diligence that the Registrar Luisa Hlus and her team apply to running the College efficiently to serve the public interest.

Council Members (Current): Dr. Joanne Weetman (President), Dr. Sergije Prostran (Vice-President), Ms. Lori Charvat (Treasurer), Dr. Maarten Hart, Dr. Doris Leung, Mr. Christopher Finding (public member), Mr. Gian Sihota (public member), Dr. Josh Waddington and Ms. Dulce Cuenca (public member).

Registrar's Report

Ms. Luisa Hlus



October 2019

New Council and Staff Members

This year the B.C. Minister of Agriculture appointed three new public members to our Council, each with a unique skill set and perspective to add value to our discussions. We have also welcomed two new elected veterinarian Council members, rounding out the practice experience at the table. The nine members of Council represent a well diversified group of thoughtful professionals exhibiting a dedication to regulatory matters and a solid working relationship with the Registrar.

An election will soon be underway for three upcoming veterinarian vacancies on Council. I encourage you to consider contributing your time to this important group.

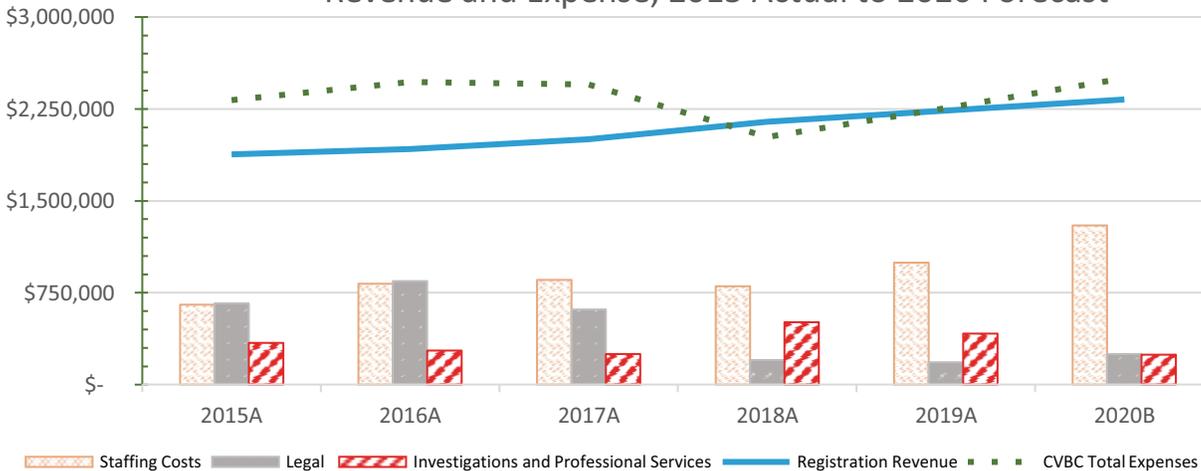
A staff Registered Veterinary Technician recently joined our office team, and a new staff Veterinarian will be with us next month. A database is being redesigned for the new year, to facilitate better execution of our various core functions. Bylaw re-drafting is in progress.

Financial Update

Earlier this year, the proposed increases to annual registration and licensure fees were rejected by a very narrow majority vote, with 39% voter turnout, so the status quo for the past eight years continues. Since expenses such as salaries, outside professional services, and office supplies have climbed steadily through both inflation and an increase in the number of registrants during that time, we anticipate our budget will call for using past surpluses and net assets to augment revenues from fees.

As you will see in the chart below covering 2015 through 2019 and estimates for 2020, the College has stabilized its expenses after several challenging years during which there were significant legal costs. By reducing external professional and legal fees through use of more efficient and effective in-house staff resources, we have both cut costs and ensured knowledge continuity and increased capacity.

Revenue and Expense, 2015 Actual to 2020 Forecast



This chart compares Total Expenses with (only) Registration Revenue to demonstrate the relationship. Key Summary expense categories relating to human capital area also displayed.

Registrar's Report continued...

Regulatory Issues

It is important to remember that the College is a regulatory body which needs to provide oversight to ensure the public is served by competent and ethical professionals. Some veterinarians still call us the “Association” and ask what they get for their “dues”. Others continue to reference the College with highly regrettable events from the last decade, unfortunately threatening or even choosing to pursue complaints through litigation despite the enormous changes that were rightly made as a result of those past events.

Newer registrants may not be aware that nearly 10 years ago, the government, acting on behalf of all British Columbians, enacted the *Veterinarians Act*. It transformed the B.C. Veterinary Medical Association into the College of Veterinarians of B.C., to regulate this profession expressly in the public interest. As a result, the CVBC assumed all regulatory functions, as well as significant assets, sizeable liabilities, all judicial and government scrutiny, exposure to present and future risks and the ongoing negative legacy of a severely damaged organizational reputation.

In the past four years, the College has made significant improvements which many have recognized and acknowledged, both within and outside the organization.

I recommend reading the Harry Cayton Report, commissioned by the Ministry of Health in 2018 and released in April 2019 regarding regulating all medical health professions. Virtually all recommendations have been accepted by all three parties represented in the B.C. Legislature.

The report has repercussions for the entire regulatory community in British Columbia, and our Ministry is aware of it. Mr. Cayton points out that regulators belong not to their respective professions but to the B.C. public. Accountability and trust are achieved and maintained by exhibiting integrity, ethics and competency, as well as accepting that practising a profession is considered a privilege, not an entitlement. This is the social contract under which the government delegates regulation and governance to professions while maintaining oversight.

External Organizations

The Society of BC Veterinarians (SBCV) became the provincial chapter of the CVMA, the national membership association advocating on behalf of its veterinarian members providing member services and educating the profession. This includes lobbying stakeholders to address region-specific shortages of veterinarians and RVTs, pushing for more or less stringent professional standards and publicly promoting the value of the profession.

Your association, the SBCV, is well positioned to fulfill your membership needs, and we encourage you to exercise your choice to join. The College values its continuing collaboration with the SBCV, most recently working together on antimicrobial stewardship workshops and important animal welfare issues. By maintaining an independent but synergistic relationship, the two organizations serve both the public and the profession in distinct ways.

The College also liaises with other organizations, such as the British Columbia Veterinary Technologists Association (BCVTA), the Canadian Council of Veterinary Registrars (CCVR), the American Association of Veterinary State Boards (AAVSB) and other regulators within the province as we strive for continual improvements in our processes. Lastly and importantly, our Ministry provides oversight and is a sounding board for issues facing the College and the veterinary community.

In Conclusion

Our wonderful staff, supported by dedicated Committee and Council members, will continue to move forward in licensing and regulating to maintain an ethical profession competently serving both clients and patients, so that the public and the profession can trust that the College is fulfilling its mandate with the resources we hold. We deeply appreciate the role that registrants play in supporting our mandate.

Complaints Report

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

The Investigation Committee continues to evolve its practices and procedures to improve efficiency and ensure that policies are applied systematically and fairly to all registrants. We are in a state of continual improvement.

There is one ongoing area of evolution and one main area of concern that remains for me, as the Chair of the committee, as follows:

1. Professional standards

The passing of standards on medical records, dental radiography, and anesthetic monitoring have been extremely helpful for the IC in adjudicating complaints, and the standards in these areas have clarified the CVBC's expectations of veterinarians. These were the main areas of focus for us, and the "core standards" that we needed.

Based on common themes emerging from complaint investigations, we are looking at developing further very basic standards in the area of antibiotic stewardship. We will see what the next year brings as far as identifying other areas of concern.

2. Skill, knowledge, and competence assessment

An ongoing problem for the Investigation Committee (and for the profession as a whole, it could be argued) is the lack of a reliable method to assess the knowledge and skill of registrants with competence issues of significant concern. In tandem with that, we lack methods, beyond typical CE, to rehabilitate registrants with significant gaps in skill or knowledge. These gaps can either grow over time or result from the chosen practice area being incongruent with previous training and/or experience.

The IC's options in these cases tend to lack much nuance, restricted as they are by current resources and the provisions of the *Veterinarians Act*. The IC can close a complaint, seek agreement for remediation or run a discipline hearing. Interim licence suspension or practice restriction is a tool available in serious cases.

BC does not have a veterinary medicine school and the CVBC is not resourced to perform global veterinary competence rehabilitation.

In the spirit of offering a solution to the identified problem, I suggest a system of mentorship similar to that found on the human medicine side in BC. A clinical mentor (volunteer) would undertake an on site skills and knowledge assessment and make recommendations.

With mentorship, we could also take advantage of technology, perhaps having mentors check in via Facetime or Skype or other video chat application, in addition to hands-on interaction. This might help our colleagues in more remote areas if there is no clinical mentor available locally.

While this problem doesn't involve a large number of registrants, the IC does see a small number of cases of wide scope incompetence, and a few more cases every year that have more focal areas of concern (often anesthesia). Most practitioners really want to remediate their deficiencies and are eager to learn. Standard CE isn't the right solution, generally, although it's often the only option we have. Most registrants would learn far more and benefit greatly by having a clinical mentor. This would be a large undertaking, but if we can tap into the clinical acumen of the talented practitioners in this province, we could develop a very valuable resource.

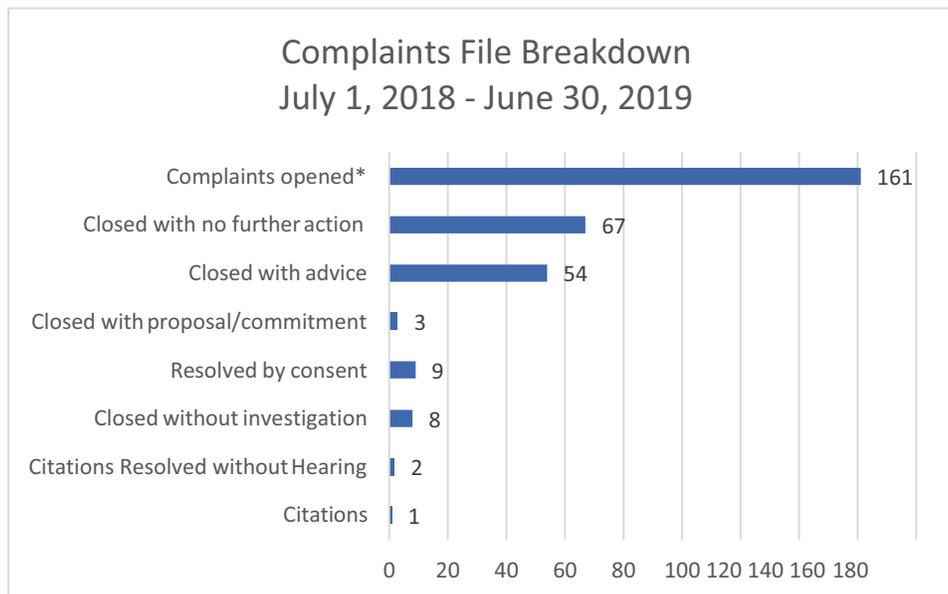
Investigation Committee Members (Current): Dr. Cathy Wilkie (Chair), Dr. Clare Tompkins, Dr. Geoff Gaunt, Dr. Joanne Weetman, Mr. Gian Sihota (public member), Dr. John Bratty, Dr. Saman Moaveni, Dr. Parmjit Dhillon and Dr. Janet MacLean.

Investigation Committee Meetings: The Committee held 8 in person meetings in the 2018/2019 year, as well as several teleconference meetings.

Complaints Report continued...

Complaint Resolution: The Investigation Committee received 161 new complaints and closed 144 as follows:

- Pursuant to s.57(2)(c) of the *Veterinarians Act*:
 - 66 complaints were closed with no further action (conduct or competency satisfactory pursuant to s. 57(2)(c)).
 - 1 complaint was closed with no further action (dealt with in another proceeding pursuant to s. 57(2)(b)).
 - 54 complaints were closed with a letter of advice for the registrant.
 - 3 complaints were closed upon receipt of an acceptable proposal from the registrant.
 - 16 complaints were closed upon receipt of a confidential commitment from the registrant.
- Pursuant to s. 57(1)(c) of the *Veterinarians Act*:
 - 8 complaints were resolved by negotiated consent agreement.
 - 1 complaint was resolved by consent to a reprimand.
- 8 complaints were dismissed without investigation pursuant to s. 51 of the *Veterinarians Act*.
- 1 citation was authorized.
- 2 prior citations were resolved without a hearing.



*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; to 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; to assess the professional performance of registrants; to prepare policies and procedures for approval by Council for the effective administration of the continuing competence program provisions of Part 4 of the Bylaws and to undertake any other function of the project as may be directed by the Council that is not inconsistent with the above. The Committee reports to the Registrar and Council.

Highlights

1. The Committee reviewed CE Format Policy language and further refined it in order to align it with current Bylaws.
2. The Committee approved SVBC developed Antimicrobial Stewardship Course which will be offered to BC registrants in 2019/2020.
3. The Committee adopted CE Program Content Position Statement.

Focus for the Future

1. The Committee will finalize Approval Policy draft and submit it to the Council for approval.
2. The Committee will dedicate time to develop the audit process.
3. Practice Standards.

Continuing Competence Committee Members (Current): Dr. Sergije Prostran (Chair), Dr. Emma Turner, Dr. Lisa Yee, Dr. Nick Kleider, Mr. Christopher Finding (public member), Dr. Theresa Burns and Dr. Laura Sitter.

Discipline Report

Report from the Chair of the Discipline Committee, Dr. Al Runnells:

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 process is further clarified in the CVBC bylaws Part 5 Division 5.2 and 5.3. Five new members (two public and three veterinarians) have joined the committee this year.

Accomplishments

Several teleconferences were held to appoint hearing panels and conduct other business. Five citations were received from the Investigation Committee this year. One citation was rescinded by the Investigation Committee after an expert report made the case unprovable. One citation was resolved by consent. Three citations remain before the DC and are proceeding.

Discipline Committee Members (Current): Dr. Al Runnells (Chair), Ms. Maureen Baird, QC (public member), Dr. Carsten Bandt, Mr. Keith Bracken, Dr. Alan Hoey, Dr. Paul Kennedy, Dr. Dalwinder Toor, Mr. Herman Van Ommen, QC (public member) Dr. Ian Welch, Dr. Ruth Kennedy, Dr. Brendan Matthews and Dr. Maarten Hart.

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, philanthropic and renovated Veterinary Practice Facilities to ensure all Facilities meet the current minimum standards for operations as set out in the current CVBC standards. The PFAC meets exclusively by teleconference.

Issues

- Annual self-assessment monitoring and compliance is under the purview of the CVBC office. This delegation has freed the Committee to perform its core function in a timely and more effective manner.
- PFAC has dealt with a number of compliance issues with several practices over the last year. Most have been dealt with by cooperation with the practices. The Committee is dealing with ongoing monitoring of one practice on provisional accreditation until the PFAC is convinced there is no longer an issue with compliance. One practice had the accreditation revoked for severe noncompliance issues the Designated Registrant would not correct. Another practice had accreditation revoked for protracted noncompliance and nonresponsiveness on the part of the Designated Registrant. One practice had accreditation revoked as the Designated Registrant was judged to be in harm's way due to health issues.
- Several practices that failed to receive their accreditation certificates in a timely fashion, despite being inspected and having no compliance issues, were issued certificates after review by the PFAC. This was a hold over issue from last year and was dealt with as expeditiously as possible.

Accomplishments

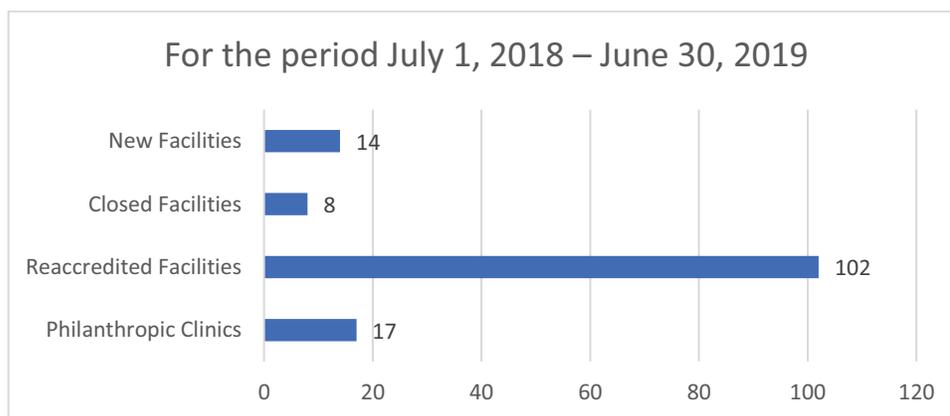
- The profession, as reflected by adherence to the Practice Standards, has overall done a stellar job of self-regulation and steady improvement. The majority of issues the PFAC has dealt with are medical record related, radiation / anesthetic equipment certification, drug storage issues and monitoring of controlled drugs. While not an insignificant issue, the quick and readily undertaken resolution by the vast majority of practices was indicative of a high self-enforced standard.
- The Committee members are to be commended for ensuring we have quorum at meetings. The CVBC office has taken a proactive role in timing meetings and communicating with members to ensure the PFAC has quorum. Quorum was a major problem in the past, but no longer.

Focus for the Future

- Now that the self-assessment issues no longer take an excessive amount of time, the PFAC has been able to, and will continue to, spend the majority of its time aiding the CVBC in the role of regulating the profession.
- We will continue working through the inspection cycle for existing practices, as well as assessing new and philanthropic practices as needs arise.

Practice Facility Accreditation Committee Members: Dr. Trevor Reeves (Chair), Dr. Parmjit Dhillon, Ms. Kim Holbrow (Public Member), Dr. Kuldeip Sekhon, Dr. Ian Welch, Dr. Josh Waddington, and Dr. Megan Broschak.

Practice Facility Accreditation Committee Meetings: The Committee held 13 meetings via teleconference in the 2018/2019 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

- Developing policies for applications who do not qualify for full registration

Highlights (or Decisions):

- The Committee met 7 times last year by telephone conference
- The Committee reviewed and discussed 9 registration applications which the Registrar referred to the Registration Committee
- The Committee made 9 registration decisions during the last year

Focus for the Future

- Aligning registration decisions with national trends
- Improving exam accessibility

Registration Committee Members (Current): Dr. Carsten Bandt (Chair), Dr. Ricardo Bonafine, Dr. Brendan Matthews, Dr. Denise Phipps, Dr. Trevor Reeves, Ms. Jean Whittow, QC (public member), Dr. Doris Leung and Dr. Tejpaul Bhatia.

Registration Committee Meetings: As needed, by teleconference.

	New (as of Sep. 19, 2019)	Total	New (2018)
Private Practice	119	1,621	113
Specialty Private Practice	0	22	4
Public Sector	1	24	1
Non-Practicing	0	17	0
Temporary	4	10	12
Retired		324	
Life		5	
Total number of Registrants	124	2,023	130

Class Changes

From Inactive to Active	32
From Active to Inactive	72
Total number of class changes	104

Financial Statements

**College of Veterinarians of
British Columbia**
Consolidated Financial Statements
For the year ended June 30, 2019

	Contents
Independent Auditor's Report	2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations	5
Consolidated Statement of Changes in Net Assets	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 15



Independent Auditor's Report

To the Council of the College of Veterinarians of British Columbia

Opinion

We have audited the accompanying consolidated financial statements of the College of Veterinarians of British Columbia (the Entity), which comprise the Consolidated Statement of Financial Position as at June 30, 2019 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.

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, 2019 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.

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 Entity in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 Consolidated 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.

In preparing the consolidated financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.



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 consolidated 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

September 17, 2019

College of Veterinarians of British Columbia
Consolidated Statement of Financial Position

As at June 30 2019 2018

Assets

Current

Cash (Note 2)	\$ 299,455	\$ 925,342
Accounts receivable	16,157	22,543
Claims recoverable	10,257	49,158
Provision for unpaid and future claims recoverable (Note 6)	228,308	192,689
Prepaid expenses	26,310	35,634
Income taxes recoverable	899	9,313

581,386 1,234,679

Portfolio investments (Note 3)	3,923,337	3,043,461
Property and equipment (Note 4)	138,209	73,797

\$ 4,642,932 \$ 4,351,937

Liabilities and Net Assets

Liabilities

Current

Accounts payable and accrued liabilities	\$ 282,196	\$ 387,223
Deferred registration fees	1,135,194	1,078,713
Provision for unpaid and future claims (Note 6)	249,003	228,246

1,666,393 1,694,182

Net assets

Unrestricted	2,849,233	2,591,471
Invested in property and equipment	138,209	73,797
Deficit of Captive Insurance fund	(10,903)	(7,513)

2,976,539 2,657,755

\$ 4,642,932 \$ 4,351,937

Approved on behalf of the Council:


 _____ Signature President _____ Title

Lori Charvat
 _____ Signature Treasurer _____ Title

College of Veterinarians of British Columbia
Consolidated Statement of Operations

For the year ended June 30	2019	2018
Revenue		
Registration fees	\$ 2,235,589	\$ 2,145,127
Registration	107,100	73,700
Inspections	80,879	123,950
Interest	62,468	40,499
Examinations	54,950	44,050
Fines and penalties	30,696	9,583
Other	4,829	500
Gain on sale of fixed asset-----		1,541,142
	2,576,511	3,978,551
Expenses		
Salaries and benefits	994,383	723,104
Office and other	315,124	293,105
Professional consulting services	265,823	210,465
Legal services	182,709	200,712
Regulatory investigations	149,772	128,611
Meetings	145,914	126,287
Computer services	129,810	202,848
Amortization	57,483	21,061
Staff development	15,735	6,678
Captive management fees	13,387	8,750
Interest on long-term debt and capital lease	1,811	10,079
Paid claims and provision for unpaid and future claims	(14,243)	89,249
	2,257,708	2,020,949
Excess of revenues over expenses before income taxes	318,803	1,957,602
Income tax recovery (expense) (Note 5)	(19)	7,180
Excess of revenues over expenses	\$ 318,784	\$ 1,964,782

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

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

	Unrestricted	Invested in Property and Equipment	Captive Insurance Fund	2019	2018
Balance, June 30, 2018	\$ 2,591,471	\$ 73,797	\$ (7,513)	\$ 2,657,755	\$ 692,973
Excess (deficiency) of revenues over expenses	379,657	(57,483)	(3,390)	318,784	1,964,782
Interfund transfers	(121,895)	121,895	-	-	-
Balance, June 30, 2019	\$ 2,849,233	\$ 138,209	\$ (10,903)	\$ 2,976,539	\$ 2,657,755

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

College of Veterinarians of British Columbia
Consolidated Statement of Cash Flows

For the year ended	2019	2018
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ 318,784	\$ 1,964,782
Items not involving cash		
Amortization	57,483	21,061
Provision for unpaid and future claims	(14,862)	(14,443)
Gain on sale of fixed assets-----		(1,541,142)
	361,405	430,258
Changes in non-cash working capital balances		
Portfolio investments - accrued income	(29,876)	14,804
Accounts receivable	6,386	(11,557)
Claims recoverable	38,901	(49,158)
Prepaid expenses	9,324	16,705
Accounts payable and accrued liabilities	(105,027)	(230,102)
Income taxes recoverable	8,414	(13,714)
Deferred registration fees	56,481	25,942
	346,008	183,178
Investing activities		
Purchase of property and equipment	(121,895)	(17,654)
Proceeds on disposal of short-term investments	350,000	1,944,028
Purchase of short-term investments	(1,200,000)	(1,600,000)
	(971,895)	326,374
Financing activities		
Repayment of mortgage payable	-	(796,124)
Repayment of obligation under capital lease	-	(3,584)
	-	(799,708)
Decrease in cash during the year	(625,887)	(290,156)
Cash, beginning of year	925,342	1,215,498
Cash, end of year	\$ 299,455	\$ 925,342

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

College of Veterinarians of British Columbia

Notes to the Consolidated Financial Statements

June 30, 2019

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 registrants.

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 has historically issued 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 up until June 30, 2018. 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, 2019.

The College and Captive directors and officers are provided with liability insurance while providing their services.

The College's general operations are provided with liability insurance 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, 2019

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

Revenue

The College follows the deferral method of accounting for contributions. 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, 2019

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

Financial Instruments

Financial instruments acquired or issued in an arms-length transaction are recorded at fair value upon initial recognition. Any equity instruments quoted in an active market are subsequently measured at fair value, with all other financial assets being subsequently measured at cost less any impairment. All financial liabilities are subsequently measured at amortized cost. 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, except in the case of financial instruments measured at amortized cost where they are charged to the financial instrument.

Donated Services The College and its members benefit greatly from donated services in the form of volunteer time for various committees in excess of per diems. The value of donated services is not recognized in these consolidated financial statements.

Discipline Matters 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, the fine or penalty has been levied and the amounts are deemed to be collectible.

Use of Estimates 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 collectability of fines and penalties for disciplinary matters provisions and recovery of legal costs from third parties.

Employee Future

Benefits Policy 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, 2019

2. Cash

The College and Captive's cash accounts are held at a credit union within British Columbia and bear interest at market rates.

3. Portfolio Investments

	2019	2018
Operating term deposit - Vancity		
- Matures on December 11, 2019 at 1.90%	\$ 154,200	\$ 300,000
Operating term deposit - Vancity		
Matures on January 30, 2020 at 1.50%	225,000	225,000
Operating term deposit - Vancity		
- Matures on December 11, 2020 at 2.25%	1,123,100	1,100,000
Operating term deposit - Vancity		
- Matures on October 10, 2020 at 1.56%	1,400,000	1,400,000
Operating term deposits - Vancity		
- Matures on January 30, 2020 at 2.60%	500,000	-
Operating term deposits - Vancity		
- Matures on July 30, 2020 at 3.00%	500,000	-
Accrued Interest	14,164	11,588
Vancity shares	6,873	6,873
	\$ 3,923,337	\$ 3,043,461

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, 2019

4. Property and Equipment

	<u>2019</u>		<u>2018</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 25,910	\$ 8,719	\$ 17,191	\$ 17,594
Computer hardware	147,160	113,324	33,836	24,049
Computer software	168,316	107,324	60,992	20,666
Office equipment	47,909	38,719	9,190	11,488
Member registration system	17,000	-	17,000	-
	<u>\$ 406,295</u>	<u>\$ 268,086</u>	<u>\$ 138,209</u>	<u>\$ 73,797</u>

A new member registration system is currently under development and not yet ready for use. As a result, no amortization has been recorded on this asset.

5. Income Taxes

	<u>2019</u>		<u>2018</u>	
Excess of revenues over expenses before income taxes	\$ 318,803		\$ 1,957,602	
Adjusted for tax differences:				
College amounts not subject to tax		(322,174)		(2,112,691)
Temporary differences		<u>3,517</u>		<u>95,255</u>
Taxable (refundable) income for the year		146		(59,834)
Statutory rate		<u>13.00%</u>		<u>12.00%</u>
Income tax (recovery) expense	<u>\$ 19</u>		<u>\$ (7,180)</u>	

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

June 30, 2019

6. Provision for Unpaid and Future Claims

	<u>2019</u>	<u>2018</u>
Net liability for unpaid losses (a)	\$ 20,695	\$ 30,557
Unpaid claims - recoverable (b)	228,308	192,689
Unpaid claims - not recoverable	-	5,000
	<u>\$ 249,003</u>	<u>\$ 228,246</u>

- (a) An actuarial valuation of the claim liabilities of the Captive, relating to unfiled claims, was performed by an independent actuary as of April 30 2019 and 2018.
- (b) The Captive has a confidential binding arrangement which indemnifies the Captive against all losses in excess of \$50,000 per policy year pursuant to the policies issued to the CVBC.

The CVBC as sole shareholder of the Captive relies on section 76 of the *Veterinarians Act* and section 1.33(1) of its Bylaws to discuss details of the arrangement only in closed meetings of CVBC's Council in order to maintain confidentiality conferred by its enabling statute.

7. Credit Facilities

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, 2019 and 2018, the College has not drawn upon these funds.

8. Employee Future Benefits

During the year, the College contributed \$21,439 (2018 - \$20,262) 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, 2019, the College accrued \$108,788 (2018 - \$49,212) for unused vacation and these amounts are included in accounts payable and accrued liabilities.

9. Commitments

The College previously entered into a premises lease for 7 years commencing November 1, 2017 and expiring on October 31, 2024. In addition, the College has entered into an equipment lease for 5 years commencing July 27, 2017 and expiring on July 26, 2022. During the year, the College entered into a 12 month contract with Pilotfish Networks for implementation of a new registrant management system. The minimum annual payments relating to these contracts are as follows:

	<u>2019</u>
2020	\$ 253,716
2021	71,029
2022	73,186
2023	67,631
2024	71,440
2025	24,532
	<u>\$ 561,534</u>

10. 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, 2019. 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, and short-term investments 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, 2019, the Captive complied with this requirement.

11. Comparative Figures

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

