

College of Medical Laboratory Technologists of Manitoba
Financial Statements
December 31, 2018

Independent Auditor's Report

To the Members of College of Medical Laboratory Technologists of Manitoba:

Opinion

We have audited the financial statements of College of Medical Laboratory Technologists of Manitoba (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 Organization'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 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Winnipeg, Manitoba

May 23, 2019

MNP LLP

Chartered Professional Accountants

College of Medical Laboratory Technologists of Manitoba
Statement of Financial Position

As at December 31, 2018

	2018	2017
Assets		
Current		
Cash	360,547	377,738
Portfolio investments (Note 3)	180,146	190,411
Prepaid expenses	-	4,376
	540,693	572,525
Capital assets (Note 4)	669,282	703,946
	1,209,975	1,276,471
Liabilities		
Current		
Accounts payable and accruals	21,898	28,251
Unearned member fees	443,560	437,483
Current portion of term loan due on demand (Note 5)	25,200	24,200
	490,658	489,934
Term loan due on demand (Note 5)	351,122	374,772
	841,780	864,706
Net Assets		
Unrestricted	(171,766)	(140,209)
Invested in capital assets	292,961	304,974
Internally restricted (Note 6)	247,000	247,000
	368,195	411,765
	1,209,975	1,276,471

Approved on behalf of the Board of Directors

"Brad Collignon"

Director

The accompanying notes are an integral part of these financial statements

College of Medical Laboratory Technologists of Manitoba

Statement of Operations

For the year ended December 31, 2018

	2018	2017
Revenue		
Member fees	451,521	456,405
Expenses		
Accounting fees	21,074	17,204
Advertising	27,312	26,654
Amortization	34,664	42,910
Audit fees	913	1,697
Bank charges and interest	13,106	12,710
Committee and program expense	43,338	37,853
Database and website costs	11,646	21,870
Interest on term loan due on demand	17,859	16,036
Jurisprudence costs	13,075	-
Legal fees	9,697	21,908
MAHRC projects	-	2,275
Membership fees - Canadian Alliance	294	1,881
Membership fees - Council on Licensure	705	346
Membership fees - Health Standards Organization	2,835	4,484
Membership fees - Other	6,240	4,306
Membership fees - Patient Safety	500	500
Rental	28	152
Office	33,178	22,840
Postage	2,448	2,588
Professional development	13,528	23,928
Professional fees - Other	4,065	225
Property taxes	15,225	12,056
Repairs and maintenance	13,754	8,357
Staff and contractors	183,568	196,447
Telephone, internet, and fax	6,540	13,934
Utilities	9,137	8,105
	484,729	501,266
Deficiency of revenue over expenses before other items	(33,208)	(44,861)
Other items		
Gain on disposal of capital assets	400	-
Investment fees	(3,305)	(1,995)
Investment income (loss)	(8,430)	16,300
Other income	973	2,577
	(10,362)	16,882
Deficiency of revenue over expenses	(43,570)	(27,979)

The accompanying notes are an integral part of these financial statements

College of Medical Laboratory Technologists of Manitoba
Statement of Changes in Net Assets
For the year ended December 31, 2018

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	<i>Internally restricted</i>	2018	2017
Net assets (deficit), beginning of year	(140,209)	304,974	247,000	411,765	439,744
Excess (deficiency) of revenue over expenses	8,952	(52,522)	-	(43,570)	(27,979)
Payment of interest and principal on term loan	(40,509)	40,509	-	-	-
Net assets (deficit), end of year	(171,766)	292,961	247,000	368,195	411,765

The accompanying notes are an integral part of these financial statements

College of Medical Laboratory Technologists of Manitoba

Statement of Cash Flows

For the year ended December 31, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenue over expenses	(43,570)	(27,979)
Amortization	34,664	42,910
Gain on disposal of capital assets	(400)	-
Change in fair value of marketable securities	10,078	(13,771)
Gain on disposal of marketable securities	(4,876)	(8,008)
	(4,104)	(6,848)
Changes in working capital accounts		
Accounts receivable	-	1,660
Prepaid expenses	4,376	3,075
Accounts payable and accruals	(6,353)	(26,317)
Unearned member fees	6,077	1,593
	(4)	(26,837)
Financing		
Repayments of term loan due on demand	(22,650)	(24,473)
Investing		
Proceeds on disposal of capital assets	400	-
Change in portfolio investments	5,063	39,459
Decrease in cash resources	(17,191)	(11,851)
Cash resources, beginning of year	377,738	389,589
Cash resources, end of year	360,547	377,738

The accompanying notes are an integral part of these financial statements

College of Medical Laboratory Technologists of Manitoba

Notes to the Financial Statements

For the year ended December 31, 2018

1. Nature of the organization

The College of Medical Laboratory Technologists of Manitoba (the “Organization”) was created by act of Legislature through Bill 13 of the 37th Legislature and is a not-for-profit organization and thus is exempt from income taxes under the Income Tax Act.

The Organization’s purpose is to serve as the registering and certifying body for medical laboratory technologists in Manitoba in order to serve and protect the public interest.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Portfolio investments

Portfolio investments with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Buildings	40 years
Computer equipment	2-5 years
Office equipment	5 years
Database	10 years

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

Revenue recognition

The College follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Member fees are recognized as revenue in the fiscal period to which they relate.

College of Medical Laboratory Technologists of Manitoba

Notes to the Financial Statements

For the year ended December 31, 2018

2. Significant accounting policies (Continued from previous page)

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

3. Portfolio investments

	2018	2017
Measured at cost:		
Redeemable GIC, earning interest at 0.90%, maturing May 6, 2019	10,000	10,000
Measured at fair value:		
Fixed income and equity investments	170,146	180,411
	180,146	190,411

The change in fair value of portfolio investments during the year was a loss of \$10,078 (2017 - gain of \$13,771).

College of Medical Laboratory Technologists of Manitoba

Notes to the Financial Statements

For the year ended December 31, 2018

4. Capital assets

	Cost	Accumulated amortization	2018 Net book value
Land	100,000	-	100,000
Buildings	593,486	49,432	544,054
Computer equipment	8,563	8,563	-
Office equipment	18,085	18,085	-
Database	122,658	97,430	25,228
	842,792	173,510	669,282

	Cost	Accumulated amortization	2017 Net book value
Land	100,000	-	100,000
Buildings	593,486	34,595	558,891
Computer equipment	10,659	10,659	-
Office equipment	18,085	16,463	1,622
Database	122,658	79,225	43,433
	844,888	140,942	703,946

5. Term loan due on demand

	2018	2017
Term loan due on demand bearing interest at prime plus 1.00% (2017 - prime plus 1.00%) payable in monthly instalments of \$3,375, maturing April 2020, and is secured with property, having a net book value of \$544,054 (2017 - \$558,891), pledged as collateral as well as a general security agreement.	376,322	398,972
<u>Less: current portion of term loan due on demand</u>	<u>(25,200)</u>	<u>(24,200)</u>
	351,122	374,772

Principal repayments on term loan due on demand in each of the next five years, assuming demand is not made and the loan is renewed on similar terms, are estimated as follows:

2019	25,200
2020	26,300
2021	27,400
2022	28,600
2023	29,800
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	137,300

College of Medical Laboratory Technologists of Manitoba

Notes to the Financial Statements

For the year ended December 31, 2018

6. Internally restricted net assets

In 2007, the Council (governing body) of the College allocated \$100,000 of net assets for the purpose of establishing a legal fund to be used for future legal expenses. The fund has now reached the level of \$247,000 as at December 31, 2018 through approved allocations of \$50,000 in 2008, \$20,000 in 2010, \$17,000 in 2012 and \$60,000 in 2013. The College may not use these internally restricted amounts for any other purposes without the approval of the Council. The restricted amounts held by the internally restricted net asset account consist of portfolio investments of \$180,146 and equity in capital assets of \$66,854.

7. Commitments

The Organization as part of an agreement with Accreditation Canada Health Standards Organization Equal program committed to pay a fee of approximately \$1,900 annually for services in the initial and future years. The agreement is based on the initial fee and an increment that reflects the increase in the consumer price index.

8. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. The Organization is exposed to interest rate risk primarily relating to the term loan due on demand and portfolio investments.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization enters into transactions to borrow funds from financial institutions for which repayment is required at various maturity dates.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's investments in publicly-traded securities exposes the Organization to price risk as these investments are subject to price changes in an open market due to a variety of reasons including changes in market rates of interest, general economic indicators and restrictions on credit markets.

9. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.