

College of Medical Laboratory Technologists of Manitoba
Financial Statements
December 31, 2021

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the College of Medical Laboratory Technologists of Manitoba (the "Organization"), which comprise the statement of financial position as at December 31, 2021, 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, 2021, 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

June 8, 2022

MNP LLP

Chartered Professional Accountants

College of Medical Laboratory Technologists of Manitoba

Statement of Financial Position

As at December 31, 2021

	2021	2020
Assets		
Current		
Cash	585,776	560,527
Accounts receivable	-	6,888
Portfolio investments (Note 3) (Note 7)	435,411	285,025
Prepaid expenses	17,724	4,741
	1,038,911	857,181
Capital assets (Note 4)	643,833	673,445
	1,682,744	1,530,626
Liabilities		
Current		
Accounts payable and accruals	42,766	37,742
Unearned member fees	563,928	542,025
Current portion of term loan due on demand (Note 5)	28,600	27,400
	635,294	607,167
Term loan due on demand (Note 5)	267,976	298,904
	903,270	906,071
Canada Emergency Business Account (Note 6)	40,000	40,000
	943,270	946,071
Net Assets (Deficit)		
Unrestricted (deficit)	22,217	(32,586)
Invested in capital assets	347,257	347,141
Internally restricted (Note 7)	370,000	270,000
	739,474	584,555
	1,682,744	1,530,626

Approved on behalf of the Council

"Signed by Sajjid Janjua"

Council Chair

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, 2021

	2021	2020
Revenue		
Member fees	468,045	461,242
Special levy	98,600	98,900
	566,645	560,142
Expenses		
Accounting and audit fees	17,915	17,133
Advertising	5,240	2,759
Amortization	29,612	36,627
Bank charges and interest	12,059	13,937
Committee and program expense	26,867	13,179
Database and website costs	54,283	31,786
Interest on term loan due on demand	10,781	12,887
Jurisprudence recovery	-	(1,009)
Legal fees	10,918	21,958
Manitoba Alliance of Health Regulatory Colleges projects	-	318
Membership fees - CAMLPR	1,500	1,924
Membership fees - CLEAR	323	861
Membership fees - HSO EQual	1,890	1,890
Membership fees - MAHRC	762	-
Membership fees - Other	117	146
Office	6,469	7,964
Postage	580	1,150
Professional development	5,993	1,125
Property taxes	15,620	16,666
Rental	28	28
Repairs and maintenance	22,998	2,701
Staff and contractors (Note 6)	230,331	212,034
Telecommunication	7,025	7,506
Utilities	8,489	7,996
	469,800	411,566
Excess of revenue over expenses before other items	96,845	148,576
Other items		
Foreign exchange loss	(313)	(401)
Gain on disposal of capital assets	-	200
Government assistance (Note 6)	-	20,000
Investment fees	(6,840)	(4,378)
Investment income	65,227	11,298
	58,074	26,719
Excess of revenue over expenses	154,919	175,295

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, 2021

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	<i>Internally restricted</i>	2021	2020
Net assets (deficit), beginning of year	(32,586)	347,141	270,000	584,555	409,260
Excess (deficiency) of revenue over expenses	195,312	(40,393)	-	154,919	175,295
Payment of interest and principal on term loan due on demand	(40,509)	40,509	-	-	-
Internal restriction <i>(Note 7)</i>	(100,000)	-	100,000	-	-
Net assets, end of year	22,217	347,257	370,000	739,474	584,555

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, 2021

	2021	2020
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	154,919	175,295
Amortization	29,612	36,627
Gain on disposal of capital assets	-	(200)
Change in fair value of portfolio investments	(57,400)	(5,766)
Loss (gain) on disposal of portfolio investments	(3,881)	1,183
Forgivable portion of Canada Emergency Business Account	-	(20,000)
	123,250	187,139
Changes in working capital accounts		
Accounts receivable	6,888	(1,075)
Prepaid expenses	(12,983)	(544)
Accounts payable and accruals	5,024	16,270
Unearned member fees	21,903	902
	144,082	202,692
Financing		
Repayments of term loan due on demand	(29,728)	(27,621)
Proceeds from Canada Emergency Business Account	-	60,000
	(29,728)	32,379
Investing		
Purchase of capital assets	-	(73,832)
Proceeds on disposal of capital assets	-	200
Change in portfolio investments	(89,105)	(75,384)
	(89,105)	(149,016)
Increase in cash resources	25,249	86,055
Cash resources, beginning of year	560,527	474,472
Cash resources, end of year	585,776	560,527

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, 2021

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 Organization 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.

2. Significant accounting policies *(Continued from previous page)*

Government assistance

Claims for assistance under various government grant programs are netted with the corresponding expense and government assistance in the period in which eligible expenditures are incurred.

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 financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length 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 and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, 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 excess of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc.. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

With the exception of related party debt instruments and related party equity instruments initially measured at cost, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

College of Medical Laboratory Technologists of Manitoba

Notes to the Financial Statements

For the year ended December 31, 2021

2. Significant accounting policies *(Continued from previous page)*

For related party debt instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the highest of: the undiscounted cash flows expected to be generated by holding the asset, or group of similar assets, excluding the interest and dividend payments of the instrument; the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets at the statement of financial position date; and the amount expected to be realized by exercising any rights to collateral held against those assets.

For related party equity instruments initially measured at cost, the Organization reduces the carrying amount of the asset (or group of assets), to the amount that could be realized by selling the asset(s) at the statement of financial position date.

Any impairment, which is not considered temporary, is included in current year excess of revenue over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses in the year the reversal occurs.

3. Portfolio investments

	2021	2020
Measured at cost:		
Redeemable GIC, earning interest at 0.40% (2020 - 1.50%), maturing May 12, 2022	10,000	10,000
Measured at fair value:		
Fixed income and equity investments	425,411	275,025
	435,411	285,025

The change in fair value of portfolio investments during the year was a gain of \$57,400 (2020 - \$5,766).

4. Capital assets

	Cost	Accumulated amortization	2021 Net book value
Land	100,000	-	100,000
Buildings	593,486	93,944	499,542
Computer equipment	8,563	8,563	-
Office equipment	18,802	18,372	430
Database	195,773	151,912	43,861
	916,624	272,791	643,833

	Cost	Accumulated amortization	2020 Net book value
Land	100,000	-	100,000
Buildings	593,486	79,107	514,379
Computer equipment	8,563	8,563	-
Office equipment	18,802	18,228	574
Database	195,773	137,281	58,492
	916,624	243,179	673,445

College of Medical Laboratory Technologists of Manitoba
Notes to the Financial Statements
For the year ended December 31, 2021

5. Term loan due on demand

	2021	2020
Term loan due on demand bearing interest at prime plus 1.00% (2020 - prime plus 1.00%) payable in monthly instalments of \$3,375 (2020 - \$3,375), maturing May 2028, and is secured with property, having a net book value of \$499,542 (2020 - \$514,379), pledged as collateral as well as a general security agreement.	296,576	326,304
Less: current portion of term loan due on demand	(28,600)	(27,400)
	267,976	298,904

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

2022	28,600
2023	29,800
2024	31,100
2025	32,400
2026	33,800
2027 and thereafter	140,876
	296,576

6. Government assistance

During the year, the Organization received \$nil (2020 - \$4,125) of the Temporary Wage Subsidy Program from the Government of Canada as part of Canada's COVID-19 Economic Response Plan to support Canadians and protect jobs during the global COVID-19 pandemic. This amount has been recorded as part of staff and contractors.

During the prior year, the Organization received the Canada Emergency Business Account (CEBA) line of credit in the amount of \$60,000 funded by the Government of Canada. Until December 31, 2023, no repayment is required and the annual interest rate is 0%. If repayment of 75% of the total debt is made on or before December 31, 2023, for the first \$40,000 loan, the repayment of the remaining 25% (\$10,000) of such term debt shall be forgiven. If the repayment of 50% of the total debt for the second loan of \$20,000 is made on or before December 31, 2023, the repayment of the remaining 50% (\$10,000) of such debt will be forgiven. The forgivable amounts of \$20,000 have been included in income in the prior year. In the event that the total debt is not repaid by this date, the total debt has an interest rate of 5% and must be repaid in full.

7. Internally restricted net assets

The Council (governing body) of the Organization had allocated \$270,000 of net assets for the purpose of establishing a legal fund to be used for future legal expenses. During the year a further \$100,000 was internally restricted for this purpose. The Organization may not use these internally restricted amounts for any other purposes without the approval of the Council. At year end the legal fund was at \$370,000 (2020 - \$270,000).

8. Bank credit facility

The Organization has a credit facility for an operating demand loan in the amount of \$150,000 with interest at prime plus 1.00%, a demand loan non-revolving in the amount of \$35,000 with interest at prime plus 1.00%. The facility was not used at December 31, 2021. The Organization also has a commercial credit card in the amount of \$10,000.

9. 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.

10. 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.

11. Contingencies

The Organization, in the normal course of operations, is subject to lawsuits. The Organization will accrue for losses in instances where it is probable that liabilities will be incurred and where such liabilities can be reasonably estimated.

12. Significant event

The novel Coronavirus or COVID-19 was declared a pandemic by the World Health Organization on March 12, 2020. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.