

**MEDICAL DEVICE REPROCESSING ASSOCIATION OF ONTARIO**

**FINANCIAL STATEMENTS**

**YEAR ENDED MAY 31, 2019**

**UNAUDITED**

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board Members of  
**Medical Device Reprocessing Association of Ontario**

I have reviewed the accompanying financial statements of **Medical Device Reprocessing Association of Ontario** that comprise the statement of financial position as at May 31, 2019, and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

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

### *Practitioner's Responsibility*

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require me to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued**

*Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of **Medical Device Reprocessing Association of Ontario** as at May 31, 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.



**CHARTERED PROFESSIONAL  
ACCOUNTANT  
LICENSED PUBLIC ACCOUNTANT**

**Uxbridge Ontario Canada**  
February 19, 2021

# MEDICAL DEVICE REPROCESSING ASSOCIATION OF ONTARIO

## Statement of Financial Position

May 31, 2019

Unaudited

	2019	2018
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 248,857	\$ 154,113
Investments (note 3)	837,488	948,613
Accounts receivable	54,526	2,431
HST receivable	14,987	11,350
	<u>\$ 1,155,858</u>	<u>\$ 1,116,507</u>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 186,262	\$ 77,604
Deferred revenue (note 4)	29,639	-
Government remittances payable	-	1,660
	<u>215,901</u>	<u>79,264</u>
<b>FUND BALANCES</b>		
Unrestricted net assets	<u>939,957</u>	<u>1,037,243</u>
	<u>\$ 1,155,858</u>	<u>\$ 1,116,507</u>

Alleged fraud and subsequent event (note 5)

**APPROVED ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

# MEDICAL DEVICE REPROCESSING ASSOCIATION OF ONTARIO

## Statement of Changes in Net Assets

Year ended May 31, 2019

Unaudited

	2019	2018
<b>Balance - beginning of year</b>	<b>\$ 1,037,243</b>	<b>\$ 1,290,468</b>
Deficiency of revenue over expenses	<u>(97,286)</u>	<u>(253,225)</u>
<b>Balance - end of year</b>	<b><u>\$ 939,957</u></b>	<b><u>\$ 1,037,243</u></b>

# MEDICAL DEVICE REPROCESSING ASSOCIATION OF ONTARIO

Statement of Operations  
Year ended May 31, 2019  
Unaudited

	2019	2018
<b>Revenue</b>		
Education revenue	\$ 231,893	\$ 303,694
Manual workbook	68,088	66,518
Refresher course	32,026	38,234
Membership fees	16,771	11,095
Investment	15,419	10,678
Miscellaneous revenue	889	2,486
Conference revenue	-	124,435
Distance course	-	15,096
	<u>365,086</u>	<u>572,236</u>
<b>Expenses</b>		
Printing	168,536	88,317
Professional, website and course development fees	140,027	333,480
Education	67,234	85,648
Chapter refunds	30,000	30,000
Management fees	27,792	-
Administrative coordinator	19,103	61,420
Executive expenses	19,686	16,713
Legal and accounting fees	18,375	-
Postage and courier	15,517	23,062
Interest and bank charges	15,384	17,845
Office supplies	4,876	37,424
Communication	3,020	3,339
Conference expense	2,500	148,751
	<u>532,050</u>	<u>845,999</u>
<b>Deficiency of revenue over expenses before the undernoted item</b>	<b>(166,964)</b>	<b>(273,763)</b>
<b>Unrealized and realized investment value gain</b>	<b>69,678</b>	<b>20,538</b>
<b>Deficiency of revenue over expenses</b>	<b>\$ (97,286)</b>	<b>\$ (253,225)</b>

# MEDICAL DEVICE REPROCESSING ASSOCIATION OF ONTARIO

Statement of Cash Flows  
Year ended May 31, 2019  
Unaudited

	2019	2018
<b>Cash flows from operating activities</b>		
Deficiency of revenue over expenses	\$ (97,286)	\$ (253,225)
Adjustments for		
Realized and unrealized gain (loss) on investments	<u>(69,678)</u>	<u>(20,538)</u>
	<b>(166,964)</b>	<b>(273,763)</b>
Changes in non-cash working capital		
Accounts receivable	(52,095)	(73)
HST receivable	(3,637)	(11,350)
Accounts payable and accrued liabilities	108,657	65,097
Deferred revenue	29,639	(45,426)
Government remittances payable	(1,660)	(1,593)
Prepaid expenses	<u>-</u>	<u>7,701</u>
	<b>(86,060)</b>	<b>(259,407)</b>
<b>Cash flows from investing activity</b>		
Sale (purchase) of investments	<u>180,804</u>	<u>(34,139)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>94,744</b>	<b>(293,546)</b>
<b>Cash and cash equivalents - beginning of year</b>	<u>154,113</u>	<u>447,659</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 248,857</u>	<u>\$ 154,113</u>

# MEDICAL DEVICE REPROCESSING ASSOCIATION OF ONTARIO

Notes to Financial Statements

May 31, 2019

Unaudited

## 1. NATURE OF OPERATIONS

Medical Device Reprocessing Association of Ontario (the organization) provides education for its members, conducts research and promotes optimum standards of practice in hospital central service departments conducive to quality patient care. The organization is incorporated under Canada Not-for-profit Corporations Act and is exempt from income tax in Canada as a registered charity under Section 149(1)(f) of the Income Tax Act of Canada.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The organization applies the Canadian accounting standards for not-for-profit organizations.

### (a) 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 can be reasonably estimated and collection is reasonably assured. Membership fees are recognized as revenue over the period to which they relate.

Revenues generated from events are recognized as revenue in the year in which the event is held. Other revenue is recognized in the year in which the revenue is earned.

### (b) Donation of Volunteer Services

Volunteers contribute in assisting the organization in carrying out its service delivery activities. Due to the difficulty of determining the fair market value of volunteer services, they are not recognized in the financial statements.

### (c) Financial instruments

The organization's financial instruments consist of cash, accounts receivable, investments and accounts payable. Unless otherwise noted it is management's opinion that the organization is not exposed to significant interest, currency or credit risks.

### (d) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.



# MEDICAL DEVICE REPROCESSING ASSOCIATION OF ONTARIO

Notes to Financial Statements

May 31, 2019

Unaudited

## 3. INVESTMENTS

Investments consist of:

	2019	2018
Preferred and common shares	\$ 448,485	\$ 555,732
Investment certificates and bonds	389,003	392,881
	<u>\$ 837,488</u>	<u>\$ 948,613</u>

The organization has investment certificates and federal, provincial and corporate bonds that earn interest at annual rates that range from 1.00% to 3.5% and mature between December 2021 and June 2028.

## 4. DEFERRED REVENUE

Deferred revenue consists of payments made during the year for attendance at the biannual conference to be held in the next fiscal year.

## 5. ALLEGED FRAUD AND SUBSEQUENT EVENT

in late 2018, the Board of Directors of the organization became aware of allegations that an employee had been misappropriating organization funds. The Board consequently engaged a firm of forensic accountants (the firm) to investigate these claims. The investigation was to cover the 2017 and 2018 calendar years. The firm preliminarily verified the allegations. The employee was dismissed in January of 2019. The employee then launched a claim for damages in March of 2019 alleging wrongful dismissal. The report of the forensic accountants was released in April detailing alleged misappropriation of funds by the employee.

Subsequent to the end of the year, the organization negotiated an out of court settlement with the employee under which the wrongful dismissal suit was dropped, the employee paid the organization \$50,000 and no criminal charges were laid against the employee. The settlement amount did not cover a significant portion of the alleged misappropriated funds but the board accepted this offer in an effort to resolve the matter as quickly as possible.

In the books of account and these financial statements the \$50,000 settlement was used reduce allegedly fraudulent expenses incurred by the organization between June and December 2018.

# MEDICAL DEVICE REPROCESSING ASSOCIATION OF ONTARIO

Notes to Financial Statements

May 31, 2019

Unaudited

## 6. MANAGEMENT OF NET ASSETS

The objective of organization in managing its net assets is to remain a sustainable operation while fulfilling its overall mandate as stated in note 1 to the financial statements. It achieves its objective by strong day to day management of its cash flows and by regularly monitoring revenues and expenditures against its annual operating and capital budgets. When necessary, organization takes prompt action to raise additional revenues when actual revenues do not meet its budget and to reduce expenditures or curtail programs when alternate sources of revenue can not be found.

## 7. FINANCIAL INSTRUMENTS RISKS AND UNCERTAINTIES

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates.

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At the year-end date, the organization had the Canadian dollar equivalent of \$85,442 in United States dollar investments and cash. It is management's opinion that organization's exposure to currency risk is not material.

(c) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The main market risk is in the organization's investments.

(d) Liquidity risk

Liquidity risk is the risk the organization may not be able to meet its obligations. The organization has a comprehensive plan in place to meet their obligations as they come due which is primarily from cash flow from operations.

(e) Interest rate risk

Interest rate risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its investment certificates and bonds. It is management's opinion that organization's exposure to interest rate risk is not material.

# **MEDICAL DEVICE REPROCESSING ASSOCIATION OF ONTARIO**

Notes to Financial Statements

May 31, 2019

Unaudited

## **8. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements. The reclassifications do not affect the prior year excess of revenues over expenditures.