

**COLLEGE OF RESPIRATORY
THERAPISTS OF ONTARIO
FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 29, 2008**

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AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL
COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO
/ORDRE DES THERAPEUTES RESPIRATOIRES DE L'ONTARIO

We have audited the statement of financial position of College of Respiratory Therapists of Ontario /Ordre des Therapeutes Respiratoires de l'Ontario as at February 29, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at February 29, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. In accordance with The Corporations Act (Ontario), we report that these principles have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
April 11, 2008

Member:



COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT FEBRUARY 29, 2008

	2008	2007
ASSETS		
Current assets		
Cash	\$ 592,742	\$ 355,867
Accounts receivable	-	1,250
Prepaid expenses	3,773	3,509
	596,515	360,626
Marketable securities (note 4)		
At fair value	1,165,864	-
At cost	-	973,578
Furniture and equipment (note 5)	115,230	14,354
	1,877,609	1,348,558
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	48,858	76,512
Deferred revenue (note 6)	738,130	454,750
	786,988	531,262
NET ASSETS		
Abuse therapy fund	20,000	20,000
General contingency reserve fund	500,000	500,000
General investigations and hearings fund	100,000	100,000
Special projects reserve	112,549	30,000
Fees stabilization reserve	102,550	20,000
Invested in furniture and equipment	115,230	14,354
Operating - unrestricted	140,292	132,942
	1,090,621	817,296
	\$ 1,877,609	\$ 1,348,558

Approved on behalf of the Council:

_____, President _____, Member

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF OPERATIONS

YEAR ENDED FEBRUARY 29, 2008

	2008	2007
Revenues		
Registration and renewal fees	\$ 1,181,075	\$ 1,144,400
Application fees	14,427	11,500
Patient Relations Joint Communications Plan with RSTO	7,361	10,000
Investment and sundry income (note 9)	12,742	12,255
	1,215,605	1,178,155
Expenses		
Salaries and benefits	534,200	521,912
Office operations		
Rent	67,801	69,231
Professional fees	91,244	95,439
Printing	31,252	43,323
Postage and delivery	20,882	36,888
Stationery and office supplies	18,196	21,993
Bank and credit card charges	21,063	14,685
Telephone	10,719	14,573
Equipment maintenance and rental	11,845	18,903
Insurance	13,384	12,672
Minor equipment and software purchases	6,459	826
Staff travel	14,055	11,512
Depreciation	17,505	5,592
All other - operations	41,239	37,418
	365,644	383,055
Council and committee		
Travel, accommodation and meals	45,297	52,014
Per diem	29,047	31,314
Meeting room rentals	16,710	3,826
	91,054	87,154
Special Projects		
Patient Relations Joint Communications Plan with RTSO	7,361	13,937
Patient Relations Public Awareness	743	5,105
National Competency Profile	-	3,703
Quality Assurance Portfolio and Standards Assessment	31,497	30,466
Clinical Practice Guidelines	4,624	-
Degree Entry Consulting	15,102	3,964
Infection Control Project	281	10,619
	59,608	67,794
Total operating expenses	1,050,506	1,059,915
Excess of revenues over expenses for the year	\$ 165,099	\$ 118,240

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED FEBRUARY 29, 2008

	2008					2007			
	Abuse Therapy Fund	General Contingency Reserve Fund	General Investigations and Hearings Fund	Special Projects Reserve	Fee Stabilization Reserve	Invested In Furniture and Equipment	Operating Fund	Total	Total
Balance - at beginning of year	\$ 20,000	\$ 500,000	\$ 100,000	\$ 30,000	\$ 20,000	\$ 14,354	\$ 132,942	\$ 817,296	\$ 699,056
Change in accounting policy (note 3)	-	-	-	-	-	-	108,226	108,226	-
Excess of revenues over expenses for the year	-	-	-	-	-	-	165,099	165,099	118,240
Inter-fund transfers	20,000	500,000	100,000	30,000	20,000	14,354	406,267	1,090,621	817,296
Depreciation expense	-	-	-	-	-	(17,505)	17,505	-	-
Purchase of furniture and equipment	-	-	-	-	-	118,381	(118,381)	-	-
Other	-	-	-	82,549	82,550	-	(165,099)	-	-
Balance - at end of year	\$ 20,000	\$ 500,000	\$ 100,000	\$ 112,549	\$ 102,550	\$ 115,230	\$ 140,292	\$ 1,090,621	\$ 817,296

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 29, 2008

	2008	2007
Cash flows from operating activities		
Cash received from registration and application fees	\$ 1,478,882	\$ 1,030,500
Interest received	55,893	45,297
Cash paid to employees and suppliers	(1,148,214)	(994,855)
Other income received	1,250	3,000
	<u>387,811</u>	<u>83,942</u>
Cash flows from investing activity		
Sale (Purchase) of marketable securities, net	(32,555)	(142,968)
Purchase of furniture and equipment	(118,381)	(3,498)
	<u>(150,936)</u>	<u>(146,466)</u>
Change in cash during the year	236,875	(62,524)
Cash - at beginning of year	355,867	418,391
Cash - at end of year	<u>\$ 592,742</u>	<u>\$ 355,867</u>

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2008

1. PURPOSE AND ORGANIZATION

The College of Respiratory Therapists of Ontario /Ordre des Therapeutes Respiratoires de l'Ontario ("College"), through its administration of the Regulated Health Professions Act and the Respiratory Therapy Act is dedicated to ensure that respiratory care services provided to the public by its members are delivered in a safe and ethical manner.

The College is the governing body established by the provincial government to regulate the practice of respiratory therapy in Ontario under the Regulated Health Professions Act and was enacted by statute under the Respiratory Therapy Act (1991). The College is a not-for-profit organization incorporated without share capital under the laws of Ontario and, as such, is exempt from income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

General

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the accrual method of accounting. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Operations

The operating fund reflects the day-to-day activities of the College which are financed generally by registration, renewal and application fees. All interest income earned is allocated to the operating fund.

The designated funds account for specific purpose activities and are financed by appropriations from the operating fund. The details of designated funds are as follows:

- (a) General Investigations and Hearings Fund to provide for unanticipated legal and committee costs resulting from complaints, investigations, fitness to practice and discipline processes, which may exceed the allocated budget.
- (b) In accordance with the Regulated Health Professions Act, the College has set up the Abuse Therapy Fund to provide therapy and counselling for persons who, while patients, were sexually abused by a member(s). This fund will be expended on persons who satisfy the College's eligibility criteria.
- (c) The General Contingency Reserve Fund is designated to provide for extraordinary expenses that exceed or fall outside of the College's operating budget and to fund the College's obligations in extreme circumstances, as determined and approved by Council.
- (d) The Special Projects Reserve is for the specific purpose of meeting unanticipated expenses of the College for special projects, such as standards of practice, quality assurance, communications initiatives, capital assets, etc..
- (e) The Fees Stabilization Reserve is specific for the purpose of subsidizing registration fees.

Marketable Securities

Marketable securities are classified as held for trading and are recorded at fair value. Unrealized holding gains and losses related to held for trading investments are included in investment income. The quoted market price of investments is used to estimate the fair value.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2008

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Office furniture and equipment	- 20%
Computer equipment and software	- 33 $\frac{1}{3}$ %
Database	- 20%

Revenue Recognition

Registration fees are billed on a fiscal year basis from March 1 to February 29 and recognized as income on a fiscal year basis.

All other fees and income are recognized as revenue when the services are provided or earned.

Interest income is recognized as revenue as earned. Investment income is comprised of interest and unrealized and realized gains and losses related to the investments.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

3. CHANGE IN ACCOUNTING POLICY

The College adopted the provisions of CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement on March 1, 2007 which addressed the classification, recognition and measurement of financial instruments in the financial statements. Marketable securities are now recorded at fair value and were previously recorded at cost.

This change in accounting policy has been recognized prospectively. As a result of adopting these new standards, the College recorded a non-cash increase of \$108,226 in its opening balance of marketable securities and net assets.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2008

4. MARKETABLE SECURITIES

Details of marketable securities are as follows:

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
Cost plus accrued interest				
Provincial government bond coupons at varying rates between 3.95% to 4.99%, maturing from 2014 to 2018	\$ 732,234	\$ 742,065	\$ 705,034	\$ 703,931
Common shares	-	-	268,544	377,872
Canadian Imperial Bank of Commerce Bankers Acceptance, due March 27, 2008	423,799	423,799	-	-
	\$ 1,156,033	\$ 1,165,864	\$ 973,578	\$ 1,081,803

5. FURNITURE AND EQUIPMENT

Details of furniture and equipment are as follows:

	Cost	Accumulated Depreciation	Net Book Value	
			2008	2007
Office furniture and equipment	\$ 22,538	\$ 10,014	\$ 12,524	\$ 10,494
Computer equipment and software	7,720	6,433	1,287	3,860
Database	112,688	11,269	101,419	-
	\$ 142,946	\$ 27,716	\$ 115,230	\$ 14,354

6. DEFERRED REVENUE

Deferred revenue represents membership renewal fees received in the current year, applicable to a subsequent year, and will be accounted for as income in the year to which they pertain.

7. FINANCIAL INSTRUMENTS

The College's financial instruments consist of cash, marketable securities and accounts payable. It is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The College is exposed to market risk with respect to its marketable securities. In the event of a severe and sustained market downturn, the College would be exposed to a permanent loss of capital and future income. The College's investment advisor monitors the risk exposure and reports to the College on a regular basis.

The fair values of cash and accounts payable approximates its carrying values due to the short term nature of the instruments. The fair value of marketable securities have been valued by reference to the market prices prevailing at the balance sheet date.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2008

8. LEASE COMMITMENTS

The College is committed to annual rental payments under leases for office equipment and premises (excluding operating costs), expiring 2011 and 2015 respectively as follows:

		<i>Equipment</i>	<i>Premises</i>
Fiscal year February 28,	2009	\$ 13,048	\$ 27,313
	2010	13,048	31,330
	2011	13,048	31,330
	2012	13,048	31,330
	2013	13,048	31,330
	2014 and thereafter	3,262	57,438
		<u>\$ 68,502</u>	<u>\$ 210,071</u>

In addition, the College is responsible for its share of annual operating costs and realty taxes on premises which in 2008 amount to \$41,291 (2007 - \$42,721).

9. INVESTMENT AND SUNDRY INCOME

Investment and sundry income is comprised of the following:

	<i>2008</i>	<i>2007</i>
Investment income		
Interest income	\$ 55,893	\$ 45,297
Realized gain (loss) on sale of investments	45,632	(33,252)
Unrealized gain (loss) on investments	(89,053)	-
	<u>12,472</u>	<u>12,045</u>
Sundry income	270	210
	<u>\$ 12,742</u>	<u>\$ 12,255</u>

10. GUARANTEES AND INDEMNITIES

The College has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The College has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the College has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements and purchase contracts. In these agreements, the College agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the College. The maximum amount of any potential liability cannot be reasonably estimated.