

**COLLEGE OF RESPIRATORY
THERAPISTS OF ONTARIO**
FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 28, 2011

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of College of Respiratory Therapists of Ontario, which comprise the balance sheet as at February 28, 2011, and the 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of College of Respiratory Therapists of Ontario as at February 28, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Clarke Henning LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
April 29, 2011

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

BALANCE SHEET

AS AT FEBRUARY 28, 2011

	2011	2010
ASSETS		
Current assets		
Cash	\$ 1,134,186	\$ 1,002,549
Sundry receivables and prepaid expenses	24,802	9,410
	1,158,988	1,011,959
Marketable securities - at fair value (<i>note 3</i>)	1,499,850	1,449,623
Capital assets (<i>note 4</i>)	113,684	131,636
	2,772,522	2,593,218
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	68,772	86,404
Deferred revenue - Registration fees (<i>note 5</i>)	1,187,201	1,099,651
- HealthForceOntario (<i>note 6</i>)	-	88,380
- Gap Analysis (<i>note 7</i>)	-	26,990
	1,255,973	1,301,425
NET ASSETS		
Abuse therapy fund	20,000	20,000
General contingency reserve fund	500,000	500,000
General investigations and hearings fund	150,000	140,000
Special projects reserve	400,000	232,549
Fees stabilization reserve	150,000	142,550
Invested in furniture and equipment	113,684	131,636
Operating - unrestricted	182,865	125,058
	1,516,549	1,291,793
	\$ 2,772,522	\$ 2,593,218

Approved on behalf of the Council:

_____, President _____, Member

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF OPERATIONS

YEAR ENDED FEBRUARY 28, 2011

	2011	2010
Revenues		
Registration and renewal fees	\$ 1,349,126	\$ 1,300,526
Application fees	13,725	14,775
Investment and sundry income (note 8)	74,332	72,244
HealthForceOntario project funding (note 6)	92,209	121,317
Gap analysis funding (note 7)	36,990	53,010
	1,566,382	1,561,872
Expenses		
Salaries and benefits	672,378	657,445
Office operations		
Rent	84,195	74,042
Professional fees	73,933	81,891
Printing	19,529	40,442
Postage and delivery	14,029	18,776
Stationery and office supplies	18,104	18,832
Bank and credit card charges	29,802	27,537
Telephone	8,620	13,745
Equipment maintenance and rental	17,587	15,051
Insurance	3,647	13,744
Minor equipment and software purchases	10,418	6,288
Staff travel	8,333	17,631
Depreciation	47,541	42,296
All other - operations	74,766	70,936
	410,504	441,211
Council and committee		
Travel, accommodation and meals	51,108	51,141
Per diem	30,634	27,553
Other meeting expenses	5,685	9,764
Education and training	-	7,603
	87,427	96,061
Special Projects		
Patient relations	1,144	4,980
Quality assurance portfolio and standards assessment	33,132	62,740
Registration audit	-	16,538
Gap analysis project (note 7)	41,299	70,427
HealthForceOntario project (note 6)	95,742	121,317
	171,317	276,002
Total operating expenses	1,341,626	1,470,719
Excess of revenues over expenses for the year	\$ 224,756	\$ 91,153

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED FEBRUARY 28, 2011

	2011							2010	
	<i>Abuse Therapy Fund</i>	<i>General Contingency Reserve Fund</i>	<i>General Investigations and Hearings Fund</i>	<i>Special Projects Reserve</i>	<i>Fee Stabilization Reserve</i>	<i>Invested In Furniture and Equipment</i>	<i>Operating Fund</i>	<i>Total</i>	<i>Total</i>
Balance - at beginning of year	\$ 20,000	\$ 500,000	\$ 140,000	\$ 232,549	\$ 142,550	\$ 131,636	\$ 125,058	\$ 1,291,793	\$ 1,200,640
Excess of revenues over expenses for the year	-	-	-	-	-	-	224,756	224,756	91,153
	20,000	500,000	140,000	232,549	142,550	131,636	349,814	1,516,549	1,291,793
Inter-fund transfers									
Depreciation expense	-	-	-	-	-	(47,541)	47,541	-	-
Purchase of furniture and equipment	-	-	-	-	-	29,589	(29,589)	-	-
Other	-	-	10,000	167,451	7,450	-	(184,901)	-	-
Balance - at end of year	\$ 20,000	\$ 500,000	\$ 150,000	\$ 400,000	\$ 150,000	\$ 113,684	\$ 182,865	\$ 1,516,549	\$ 1,291,793

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 28, 2011

	2011	2010
Cash flows from operating activities		
Cash received from registration and application fees	\$ 1,450,401	\$ 1,435,527
Interest received	16,378	6,596
Cash paid to employees and suppliers	(1,327,109)	(1,404,304)
Other income received	19,390	8,364
Cash received from HealthForceOntario	3,829	100,000
Cash received from Ministry of Citizenship and Immigration	10,000	80,000
	<u>172,889</u>	<u>226,183</u>
Cash flows from investing activities		
Redemption (purchase) of marketable securities, net	(11,663)	466,799
Purchase of furniture and equipment	(29,589)	(51,221)
Capital contribution received	-	8,183
	<u>(41,252)</u>	<u>423,761</u>
Change in cash during the year	<u>131,637</u>	<u>649,944</u>
Cash - at beginning of year	<u>1,002,549</u>	<u>352,605</u>
Cash - at end of year	<u>\$ 1,134,186</u>	<u>\$ 1,002,549</u>

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2011

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 generally exempt from income taxes.

2. SUMMARY OF 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) 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.
- (b) 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.
- (c) General Investigations and Hearings Fund is designated to provide for unanticipated legal and committee costs resulting from complaints, investigations, fitness to practice and discipline processes, which may exceed the allocated budget.
- (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, relocation expenses, etc..
- (e) The Fees Stabilization Reserve is specific for the purpose of subsidizing registration fees.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets and Liabilities

Financial assets and liabilities include cash, sundry receivable, marketable securities and accounts payable and accrued liabilities. Cash and marketable securities are classified as held for trading and are stated at fair value. Sundry receivables are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

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.

Capital Assets

Capital assets 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 ¹ / ₃ %
Database	- 20%
Leasehold Improvements	- over the term of the lease

Revenue Recognition

Registration fees are billed on a fiscal year basis from March 1 to February 28 and recognized as income on a fiscal year basis.

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

The College follows the deferral method of accounting for contributions which include government grants and other contributions. Operating grants are recorded as revenue in the year to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Investment 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.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2011

3. MARKETABLE SECURITIES

Details of marketable securities recorded at fair value are as follows:

	<i>2011</i>	<i>2010</i>
Provincial government bond coupons at varying rates between 4.08% to 4.64%, maturing from 2014 to 2017	\$ 877,786	\$ 839,222
Canadian Imperial Bank of Commerce Guaranteed Investment certificate at 1.50%, due April 28, 2011	318,751	310,000
B2B Trust High Interest Investment Account	101,116	100,140
Dundee Investment Savings Account	101,126	100,127
Renaissance High Interest Savings Account	101,071	100,134
	\$ 1,499,850	\$ 1,449,623

Market Risk

The College is exposed to market risk, that is the potential loss that the College may incur with respect to the changes in fair value of the investments.

Interest Rate Risk

The College is exposed to interest rate risk from the possibility that changes in interest rates will affect the value of the investments and income.

The College mitigates the above risks by monitoring the types of investments it makes, which are generally corporate discount notes and guaranteed investment certificates, market conditions and investments are made on the advice of an investment manager.

4. CAPITAL ASSETS

Details of capital assets are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			<i>2011</i>	<i>2010</i>
Office furniture and equipment	\$ 23,839	\$ 20,871	\$ 2,968	\$ 6,056
Computer equipment and software	18,156	16,416	1,740	5,219
Database	216,431	113,919	102,512	120,361
Leasehold improvements	6,464	-	6,464	-
	\$ 264,890	\$ 151,206	\$ 113,684	\$ 131,636

Subsequent to the year end, the College has completed leasehold improvements to its premises at a total cost of \$95,000 of which \$6,464 we incurred in the current year and the balance in the 2011/2012 fiscal year.

5. 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.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2011

6. HEALTHFORCEONTARIO FUNDING

HealthForceOntario has approved a grant to the College in the amount of \$250,000 for optimizing use of health providers' competencies. Revenues and expenses related to this grant are as follows:

	2011	2010
Funding received	\$ 3,829	\$ 100,000
Interest income	-	1,636
	3,829	101,636
Deferred revenue - at beginning of year	88,380	108,061
- at end of year	-	(88,380)
Revenue for the year	92,209	121,317
Expenses for the year	\$ 95,742	\$ 121,317

7. GAP ANALYSIS PROJECT

The Gap Analysis project is a partnership between the College, educational and other organizations, intended to identify the learning needs of internationally educated applicants and to develop a model to meet those needs. The Ministry of Citizenship and Immigration has approved a grant in the amount of \$90,000 for the implementation of this project for one year which ended on June 30, 2010.

Revenues and expenses related to this grant are as follows:

	2011	2010
Funding received	\$ 10,000	\$ 80,000
Deferred revenue - beginning of year	26,990	-
- end of year	-	(26,990)
Revenue for the year	36,990	53,010
Expense for the year	\$ 41,299	\$ 53,010

8. INVESTMENT AND SUNDRY INCOME

Investment and sundry income is comprised of the following:

	2011	2010
Investment income		
Interest income	\$ 16,378	\$ 4,960
Unrealized gain on investments	38,564	58,920
	54,942	63,880
Sundry income	19,390	8,364
	\$ 74,332	\$ 72,244

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2011

9. CREDIT FACILITIES

The College has a credit facility with CIBC - Canadian Imperial Bank of Commerce in the amount of \$25,000 for corporate Visa cards. This credit facility is secured by a general security agreement covering all assets of the College.

10. FINANCIAL INSTRUMENTS

The College's financial instruments consist of cash, marketable securities, sundry receivables and accounts payable and accrued liabilities. It is management's opinion that the College is not exposed to significant currency or credit risks arising from these financial instruments. Market and interest rate risks are detailed in note 3.

Management estimates that the fair value of these financial instruments approximates their carrying values.

11. CAPITAL MANAGEMENT

The College considers its capital to be its net assets. The College's objective when managing capital is to safeguard its ability to continue as a going concern and to ensure that it has sufficient resources to properly regulate the practice of respiratory therapy in Ontario.

The College manages and adjusts its capital in response to general economic conditions, the risk characteristics of the underlying assets, working capital requirements and budgets its operations on a break-even basis so as to preserve its capital base. In addition, the Executive Committee and Council reviews the annual budget and quarterly financial information compared to budget.

12. COMMITMENTS

The College is committed to annual rental payments under leases for office equipment and premises (excluding operating costs), expiring 2016 and 2015 as follows:

		<i>Equipment</i>	<i>Premises</i>
Fiscal year February 28,	2012	\$ 14,718	\$ 44,455
	2013	14,718	47,299
	2014	14,718	47,561
	2015	14,718	42,602
	2016	14,718	-
		\$ 73,590	\$ 181,917

In addition, the College is responsible for its share of annual operating costs and realty taxes on premises which in 2011 amount to \$52,865 (2010 - \$46,728).

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2011

13. 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.

14. RECENT CANADIAN ACCOUNTING PRONOUNCEMENTS

The Accounting Standards Board of the Canadian Institute of Chartered Accountants (CICA) has approved the incorporation of the standards set out in Part III of the CICA Handbook (Handbook) as the accounting standards applicable to not-for-profit organizations. First-time adoption of this Part of the Handbook is mandatory for annual financial statements relating to fiscal years beginning on or after January 1, 2012. A not-for-profit organization that prepares its financial statements in accordance with this Part of the Handbook states that they have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. A not-for-profit organization applying this Part of the Handbook also applies the standards for private enterprises in Part II of the Handbook to the extent that the Part II standards address topics not addressed in this Part.

Management is in the process of assessing the impact of adopting the new standards.