

**COLLEGE OF RESPIRATORY
THERAPISTS OF ONTARIO
FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 28, 2005**

Auditors' Report	Page 1
Statement of Financial Position	2
Statement of Operations	3
Statement of Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 to 8

Clarke
Henning
LLP

Chartered Accountants

10 Bay Street, Suite 801
Toronto, Ontario
Canada M5J 2R8
Tel: (416) 364-4421
Fax: (416) 367-8032
www.ch@clarkehenning.com



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 28, 2005 and the statements of operations, 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 28, 2005 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

Toronto, Ontario
April 15, 2005

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT FEBRUARY 28, 2005

	2005	2004
ASSETS		
Current assets		
Cash	\$ 454,698	\$ 1,073,485
Marketable securities (note 3)	805,051	-
Prepaid expenses	2,539	3,618
	1,262,288	1,077,103
Furniture and equipment (note 4)	1,791	2,480
	1,264,079	1,079,583
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	18,607	9,467
Deferred revenue (note 5)	549,950	403,600
	568,557	413,067
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	30,000	30,000
Fees stabilization reserve	20,000	-
Invested in furniture and equipment	1,791	2,480
Operating - unrestricted	23,731	14,036
	695,522	666,516
	\$ 1,264,079	\$ 1,079,583

Approved on behalf of the Council:

_____, President _____, Member

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF OPERATIONS

YEAR ENDED FEBRUARY 28, 2005

	<i>2005</i>	<i>2004</i>
Revenue		
Registration and renewal fees	\$ 1,048,500	\$ 1,006,225
Examination fees	-	55,990
Application fees	13,800	11,675
Patient Relations Joint Communications Plan with RSTO	10,000	10,000
Investment and sundry income	30,162	33,080
	1,102,462	1,116,970
Expenses		
Salaries and benefits	524,586	463,306
Office operations		
Rent	61,072	58,259
Professional fees	78,851	70,896
Printing	61,434	48,132
Postage and delivery	34,410	29,630
Stationery and office supplies	17,414	17,058
Bank and credit card charges	16,667	11,847
Telephone	11,975	12,696
Equipment maintenance and rental	14,781	12,148
Insurance	13,597	10,336
Minor equipment and software purchases	21,849	11,491
Staff travel	13,044	15,915
Depreciation	689	620
All other - operations	39,870	38,253
	385,653	337,281
Council and committee		
Travel, accommodation and meals	41,371	48,852
Per diem	32,048	30,913
Meeting room rentals	1,412	3,194
	74,831	82,959
Special Projects		
CCE examination costs	-	84,608
Patient Relations Joint Communications Plan with RSTO	11,435	20,050
Patient Relations Public Awareness	10,897	-
National Competency Profile	4,923	-
Quality Assurance Portfolio Reviewers	14,625	-
Quality Assurance On-line Professional Standards Assessment	13,100	-
Professional Standards Assessment - Consulting	22,457	-
Professional Standards Assessment - Working Group	10,949	-
	88,386	104,658
Total operating expenses	1,073,456	988,204
Excess of revenues over expenses for the year	\$ 29,006	\$ 128,766

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF NET ASSETS

YEAR ENDED FEBRUARY 28, 2005

	2005							2004	
	<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	\$ 100,000	\$ 30,000	\$ -	\$ 2,480	\$ 14,036	\$ 666,516	\$ 537,750
Excess of revenues over expenses for the year	-	-	-	-	-	-	29,006	29,006	128,766
	20,000	500,000	100,000	30,000	-	2,480	43,042	695,522	666,516
Inter-fund transfers									
Depreciation expense	-	-	-	-	-	(689)	689	-	-
Other	-	-	-	-	20,000	-	(20,000)	-	-
Balance - at end of year	\$ 20,000	\$ 500,000	\$ 100,000	\$ 30,000	\$ 20,000	\$ 1,791	\$ 23,731	\$ 695,522	\$ 666,516

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 28, 2005

	2005	2004
Cash flows from operating activities		
Cash received from registration and application fees	\$ 1,219,362	\$ 987,114
Interest received	29,451	29,581
Cash paid to employees and suppliers	(1,062,549)	(1,016,564)
	186,264	131
Cash flows from investing activity		
Purchase of marketable securities	(805,051)	-
Change in cash during the year	(618,787)	131
Cash - at beginning of year	1,073,485	1,073,354
Cash - at end of year	\$ 454,698	\$ 1,073,485

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2005

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 for the specific purpose of covering operating expenses in the event of unanticipated financial expenditures or occurrences.
- (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 recorded at cost, except where a decline in market value is deemed to be permanent, in which case the investment is written down to recognize the loss.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2005

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 ¹ / ₃ %

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 income are recognized as revenue when the services are provided or earned.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the College's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. Actual results may differ from these estimates.

3. MARKETABLE SECURITIES

Details of marketable securities are as follows:

	<i>Cost</i>	<i>Market Value</i>
Cost plus accrued interest		
Provincial government bond coupons at varying rates between 3.9% to 5.1%, maturing from 2010 to 2018	\$ 555,132	\$ 547,688
Common shares	249,919	255,744
	\$ 805,051	\$ 803,432

4. FURNITURE AND EQUIPMENT

Details of furniture and equipment are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			<i>2005</i>	<i>2004</i>
Office furniture and equipment	\$ 3,444	\$ 1,653	\$ 1,791	\$ 2,480

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, 2005

6. 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 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 are disclosed in note 3.

7. LEASE COMMITMENTS

The College is committed to annual rental payments under leases for office equipment and premises (excluding operating costs), expiring 2007 and 2015 respectively as follows:

	<i>Equipment</i>	<i>Premises</i>
Fiscal year February 28, 2006	\$ 11,578	\$ 24,301
2007	11,578	26,510
2008	7,719	26,510
2009	-	27,313
2010	-	31,330
2011 and thereafter	-	151,428
	<u>\$ 30,875</u>	<u>\$ 287,392</u>

In addition, the College is responsible for its share of annual operating costs and realty taxes on premises which in 2005 amount to \$34,352 (2004 - \$40,184).