

**COLLEGE OF RESPIRATORY
THERAPISTS OF ONTARIO**

FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2007

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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 28, 2007 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 28, 2007 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 13, 2007

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COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT FEBRUARY 28, 2007

	2007	2006
ASSETS		
Current assets		
Cash	\$ 355,867	\$ 418,391
Accounts receivable	1,250	12,050
Prepaid expenses	3,509	2,539
	360,626	432,980
Marketable securities (note 3)	973,578	863,861
Furniture and equipment (note 4)	14,354	16,448
	1,348,558	1,313,289
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	76,512	24,083
Deferred revenue (note 5)	454,750	590,150
	531,262	614,233
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	20,000
Invested in furniture and equipment	14,354	16,448
Operating - unrestricted	132,942	12,608
	817,296	699,056
	\$ 1,348,558	\$ 1,313,289

Approved on behalf of the Council:

_____, President _____, Member

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF OPERATIONS

YEAR ENDED FEBRUARY 28, 2007

	2007	2006
Revenues		
Registration and renewal fees	\$ 1,144,400	\$ 1,087,725
Application fees	11,500	12,450
Patient Relations Joint Communications Plan with RSTO	10,000	9,000
Investment and sundry income	12,255	44,594
Expense recoveries - discipline hearings	-	4,500
	1,178,155	1,158,269
Expenses		
Salaries and benefits	521,912	550,076
Office operations		
Rent	69,231	67,230
Professional fees	95,439	72,688
Printing	43,323	63,356
Postage and delivery	36,888	35,411
Stationery and office supplies	21,993	21,087
Bank and credit card charges	14,685	15,309
Telephone	14,573	11,800
Equipment maintenance and rental	18,903	15,172
Insurance	12,672	12,626
Minor equipment and software purchases	826	6,247
Staff travel	11,512	14,079
Depreciation	5,592	2,966
All other - operations	37,418	61,967
	383,055	399,938
Council and committee		
Travel, accommodation and meals	52,014	48,229
Per diem	31,314	31,438
Meeting room rentals	3,826	3,656
	87,154	83,323
Special Projects		
Patient Relations Joint Communications Plan with RTSO	13,937	23,428
Patient Relations Public Awareness	5,105	5,000
National Competency Profile	3,703	8,643
Quality Assurance Portfolio and Standards Assessment	30,466	44,885
Degree Entry Consulting	3,964	32,442
Controlled Acts and Authorizing Mechanisms Project	-	7,000
Infection Control Project	10,619	-
	67,794	121,398
Total operating expenses	1,059,915	1,154,735
Excess of revenues over expenses for the year	\$ 118,240	\$ 3,534

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED FEBRUARY 28, 2007

	2007						2006	
	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
Balance - at beginning of year	\$ 20,000	\$ 500,000	\$ 100,000	\$ 30,000	\$ 20,000	\$ 16,448	\$ 12,608	\$ 699,056
Excess of revenues over expenses for the year	-	-	-	-	-	-	118,240	3,534
Inter-fund transfers	20,000	500,000	100,000	30,000	20,000	16,448	130,848	699,056
Depreciation expense	-	-	-	-	-	(5,592)	5,592	-
Purchase of furniture and equipment	-	-	-	-	-	3,498	(3,498)	-
Balance - at end of year	\$ 20,000	\$ 500,000	\$ 100,000	\$ 30,000	\$ 20,000	\$ 14,354	\$ 132,942	\$ 817,296
								\$ 699,056

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 28, 2007

	2007	2006
Cash flows from operating activities		
Cash received from registration and application fees	\$ 1,030,500	\$ 1,149,375
Interest received	12,046	40,190
Cash paid to employees and suppliers	(994,855)	(1,149,689)
Other income received	3,000	250
	<u>50,691</u>	<u>40,126</u>
Cash flows from investing activity		
Purchase of marketable securities (net)	(109,717)	(58,810)
Purchase of furniture and equipment	(3,498)	(17,623)
	<u>(113,215)</u>	<u>(76,433)</u>
Change in cash during the year	(62,524)	(36,307)
Cash - at beginning of year	418,391	454,698
Cash - at end of year	<u>\$ 355,867</u>	<u>\$ 418,391</u>

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2007

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 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, 2007

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 $\frac{1}{3}$ %

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 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. MARKETABLE SECURITIES

Details of marketable securities are as follows:

	2007		2006	
	Cost	Market Value	Cost	Market Value
Cost plus accrued interest				
Provincial government bond coupons at varying rates between 3.95% to 4.99%, maturing from 2010 to 2018	\$ 705,034	\$ 703,931	\$ 516,109	\$ 508,851
Common shares	268,544	377,872	347,752	400,331
	\$ 973,578	\$ 1,081,803	\$ 863,861	\$ 909,182

4. FURNITURE AND EQUIPMENT

Details of furniture and equipment are as follows:

	Cost	Accumulated Depreciation	Net Book Value	
			2007	2006
Office furniture and equipment	\$ 16,846	\$ 6,352	\$ 10,494	\$ 10,015
Computer equipment and software	7,720	3,860	3,860	6,433
	\$ 24,566	\$ 10,212	\$ 14,354	\$ 16,448

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2007

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.

6. FINANCIAL INSTRUMENTS

The College's financial instruments consist of cash, marketable securities, accounts receivable 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.

The fair values of cash, accounts receivable 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 2011 and 2015 respectively as follows:

		<i>Equipment</i>	<i>Premises</i>
Fiscal year February 28,	2008	\$ 10,154	\$ 26,510
	2009	10,154	27,313
	2010	10,154	31,330
	2011	7,615	31,330
	2012	-	31,330
	2013 and thereafter	-	88,768
		\$ 38,077	\$ 236,581

In addition, the College is responsible for its share of annual operating costs and realty taxes on premises which in 2007 amount to \$42,721 (2006 - \$40,720).

8. 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.