

**COLLEGE OF RESPIRATORY
THERAPISTS OF ONTARIO**

FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2009

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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 balance sheet of College of Respiratory Therapists of Ontario /Ordre des Therapeutes Respiratoires de l'Ontario as at February 28, 2009 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, 2009 and the results of its operations 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 13, 2009

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

BALANCE SHEET

AS AT FEBRUARY 28, 2009

	2009	2008
ASSETS		
Current assets		
Cash	\$ 352,605	\$ 592,742
Prepaid expenses and sundry receivable	4,354	3,773
	356,959	596,515
Marketable securities - at fair value (<i>note 3</i>)	1,857,502	1,165,864
Furniture and equipment (<i>note 4</i>)	134,711	115,230
	2,349,172	1,877,609
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	61,046	48,858
Deferred revenue - Registration fees (<i>note 5</i>)	979,425	738,130
- HealthForceOntario (<i>note 6</i>)	108,061	-
	1,148,532	786,988
NET ASSETS		
Abuse therapy fund	20,000	20,000
General contingency reserve fund	500,000	500,000
General investigations and hearings fund	135,000	100,000
Special projects reserve	187,549	112,549
Fees stabilization reserve	102,550	102,550
Invested in furniture and equipment	134,711	115,230
Operating - unrestricted	120,830	140,292
	1,200,640	1,090,621
	\$ 2,349,172	\$ 1,877,609

Approved on behalf of the Council:

_____, President _____, Member

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF OPERATIONS

YEAR ENDED FEBRUARY 28, 2009

	2009	2008
Revenues		
Registration and renewal fees	\$ 1,247,305	\$ 1,181,075
Application fees	16,400	14,427
Patient Relations Joint Communications Plan with RTSO	5,035	7,361
Investment and sundry income (note 9)	61,116	12,742
HealthForceOntario project funding (note 6)	17,523	-
	1,347,379	1,215,605
Expenses		
Salaries and benefits	606,750	534,200
Office operations		
Rent	72,204	67,801
Professional fees	84,082	91,244
Printing	72,227	31,252
Postage and delivery	32,396	20,882
Stationery and office supplies	21,548	18,196
Bank and credit card charges	26,685	21,063
Telephone	13,937	10,719
Equipment maintenance and rental	15,108	11,845
Insurance	13,051	13,384
Minor equipment and software purchases	6,428	6,459
Staff travel	22,188	14,055
Depreciation	33,653	17,505
All other - operations	73,061	41,239
	486,568	365,644
Council and committee		
Travel, accommodation and meals	45,055	45,297
Consulting	7,708	2,655
Per diem	27,605	29,047
Other meeting expenses	13,924	14,055
Strategic Planning	7,708	2,655
	94,292	91,054
Special Projects		
Patient Relations Joint Communications Plan with RTSO	5,367	7,361
Patient Relations Public Awareness	791	743
Quality Assurance Portfolio and Standards Assessment	25,760	31,497
Clinical Practice Guidelines	-	4,624
Degree Entry Consulting	309	15,102
Infection Control Project	-	281
HealthForceOntario project (note 6)	17,523	-
	49,750	59,608
Total operating expenses	1,237,360	1,050,506
Excess of revenues over expenses for the year	\$ 110,019	\$ 165,099

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED FEBRUARY 28, 2009

	2009							2008	
	<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	\$ 112,549	\$ 102,550	\$ 115,230	\$ 140,292	\$ 1,090,621	\$ 817,296
Change in accounting policy	-	-	-	-	-	-	-	-	108,226
	20,000	500,000	100,000	112,549	102,550	115,230	140,292	1,090,621	925,522
Excess of revenues over expenses for the year	-	-	-	-	-	-	110,019	110,019	165,099
	20,000	500,000	100,000	112,549	102,550	115,230	250,311	1,200,640	1,090,621
Inter-fund transfers									
Depreciation expense	-	-	-	-	-	(33,653)	33,653	-	-
Purchase of furniture and equipment	-	-	-	-	-	53,134	(53,134)	-	-
Other	-	-	35,000	75,000	-	-	(110,000)	-	-
Balance - at end of year	\$ 20,000	\$ 500,000	\$ 135,000	\$ 187,549	\$ 102,550	\$ 134,711	\$ 120,830	\$ 1,200,640	\$ 1,090,621

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 28, 2009

	2009	2008
Cash flows from operating activities		
Cash received from registration and application fees	\$ 1,505,000	\$ 1,478,882
Interest received	24,724	55,893
Cash paid to employees and suppliers	(1,192,100)	(1,148,214)
Other income received	5,385	1,250
Cash received from HealthForceOntario	125,000	-
	468,009	387,811
Cash flows from investing activities		
Purchase of marketable securities, net	(655,012)	(32,555)
Purchase of furniture and equipment	(53,134)	(118,381)
	(708,146)	(150,936)
Change in cash during the year	(240,137)	236,875
Cash - at beginning of year	592,742	355,867
Cash - at end of year	\$ 352,605	\$ 592,742

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2009

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. 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 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, 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, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

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 receivable 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.

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 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.

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, 2009

3. MARKETABLE SECURITIES

Details of marketable securities are as follows:

	2009		2008	
	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	\$ 764,602	\$ 778,977	\$ 732,234	\$ 742,065
Canadian Imperial Bank of Commerce GTD Investment certificate at 1.1%, due April 1, 2009	450,000	450,000	-	-
Canadian Imperial Bank of Commerce Bankers Acceptance, due March 03, 2009	527,941	527,941	423,799	423,799
Canadian Imperial Bank of Commerce Flexible GIC at 1.95%, due November 10, 2009	100,584	100,584	-	-
	\$ 1,843,127	\$ 1,857,502	\$ 1,156,033	\$ 1,165,864

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 investment manager.

4. FURNITURE AND EQUIPMENT

Details of furniture and equipment are as follows:

	Cost	Accumulated Depreciation	Net Book Value	
			2009	2008
Office furniture and equipment	\$ 22,538	\$ 13,833	\$ 8,705	\$ 12,524
Computer equipment and software	18,156	9,459	8,697	1,287
Database	155,385	38,076	117,309	101,419
	\$ 196,079	\$ 61,368	\$ 134,711	\$ 115,230

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2009

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. HEALTHFORCEONTARIO FUNDING

HealthForceOntario has approved a grant to the College in the amount of \$250,000 for optimizing use of health providers' competencies for a one year ending on September 30, 2009.

Revenues and expenses related to this grant are as follows:

	<i>2009</i>	<i>2008</i>
Funding received	\$ 125,000	\$ -
Interest income	584	-
	125,584	-
Deferred revenue - beginning of year	-	-
- end of year	(108,061)	-
Revenue for the year	17,523	-
Expenses for the year	\$ 17,523	\$ -

7. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

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

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

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.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2009

8. LEASE COMMITMENTS

The College is committed to annual rental payments under leases for office equipment and premises (excluding operating costs), expiring 2013 and 2014 as follows:

		<i>Equipment</i>	<i>Premises</i>
Fiscal year February 28,	2010	\$ 13,048	\$ 31,330
	2011	13,048	31,330
	2012	13,048	31,330
	2013	13,048	31,330
	2014	3,262	31,330
	2015	-	26,108
		\$ 55,454	\$ 182,758

In addition, the College is responsible for its share of annual operating costs and realty taxes on premises which in 2009 amount to \$45,694 (2008 - \$41,291).

9. INVESTMENT AND SUNDRY INCOME

Investment and sundry income is comprised of the following:

	<i>2009</i>	<i>2008</i>
Investment income		
Interest income	\$ 24,140	\$ 55,893
Realized gain on sale of investments	-	45,632
Unrealized gain (loss) on investments	36,626	(89,053)
	60,766	12,472
Sundry income	350	270
	\$ 61,116	\$ 12,742

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.