

**COLLEGE OF RESPIRATORY
THERAPISTS OF ONTARIO
FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 28, 2010**

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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, 2010 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, 2010 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 9, 2010

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

BALANCE SHEET

AS AT FEBRUARY 28, 2010

	2010	2009
ASSETS		
Current assets		
Cash	\$ 1,002,549	\$ 352,605
Sundry receivables and prepaid expenses	9,410	4,354
	1,011,959	356,959
Marketable securities - at fair value (note 3)	1,449,623	1,857,502
Furniture and equipment (note 4)	131,636	134,711
	2,593,218	2,349,172
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	86,404	61,046
Deferred revenue - Registration fees (note 5)	1,099,651	979,425
- HealthForceOntario (note 6)	88,380	108,061
- Gap Analysis (note 7)	26,990	-
	1,301,425	1,148,532
NET ASSETS		
Abuse therapy fund	20,000	20,000
General contingency reserve fund	500,000	500,000
General investigations and hearings fund	140,000	135,000
Special projects reserve	232,549	187,549
Fees stabilization reserve	142,550	102,550
Invested in furniture and equipment	131,636	134,711
Operating - unrestricted	125,058	120,830
	1,291,793	1,200,640
	\$ 2,593,218	\$ 2,349,172

Approved on behalf of the Council:

_____, President _____, Member

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF OPERATIONS

YEAR ENDED FEBRUARY 28, 2010

	2010	2009
Revenues		
Registration and renewal fees	\$ 1,300,526	\$ 1,247,305
Application fees	14,775	16,400
Patient Relations Joint Communications Plan with RTSO	-	5,035
Investment and sundry income (note 8)	72,244	61,116
HealthForceOntario project funding (note 6)	121,317	17,523
Gap analysis funding (note 7)	53,010	-
	1,561,872	1,347,379
Expenses		
Salaries and benefits	657,445	606,750
Office operations		
Rent	74,042	72,204
Professional fees	81,891	84,082
Printing	40,442	72,227
Postage and delivery	18,776	32,396
Stationery and office supplies	18,832	21,548
Bank and credit card charges	27,537	26,685
Telephone	13,745	13,937
Equipment maintenance and rental	15,051	15,108
Insurance	13,744	13,051
Minor equipment and software purchases	6,288	6,428
Staff travel	17,631	22,188
Depreciation	42,296	33,653
All other - operations	70,936	73,061
	441,211	486,568
Council and committee		
Travel, accommodation and meals	51,141	45,055
Consulting	-	7,708
Per diem	27,553	27,605
Other meeting expenses	9,764	13,924
Education and training	7,603	-
	96,061	94,292
Special Projects		
Patient Relations	4,980	6,158
Quality Assurance Portfolio and Standards Assessment	62,740	25,760
Registration Audit	16,538	-
Degree Entry Consulting	-	309
Gap Analysis Project (note 7)	70,427	-
HealthForceOntario project (note 6)	121,317	17,523
	276,002	49,750
Total operating expenses	1,470,719	1,237,360
Excess of revenues over expenses for the year	\$ 91,153	\$ 110,019

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED FEBRUARY 28, 2010

	2010							2009	
	<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	\$ 135,000	\$ 187,549	\$ 102,550	\$ 134,711	\$ 120,830	\$ 1,200,640	\$ 1,090,621
Excess of revenues over expenses for the year	-	-	-	-	-	-	91,153	91,153	110,019
	20,000	500,000	135,000	187,549	102,550	134,711	211,983	1,291,793	1,200,640
Inter-fund transfers									
Depreciation expense	-	-	-	-	-	(42,296)	42,296	-	-
Purchase of furniture and equipment	-	-	-	-	-	39,221	(39,221)	-	-
Other	-	-	5,000	45,000	40,000	-	(90,000)	-	-
Balance - at end of year	\$ 20,000	\$ 500,000	\$ 140,000	\$ 232,549	\$ 142,550	\$ 131,636	\$ 125,058	\$ 1,291,793	\$ 1,200,640

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 28, 2010

	2010	2009
Cash flows from operating activities		
Cash received from registration and application fees	\$ 1,435,527	\$ 1,505,000
Interest received	6,596	24,724
Cash paid to employees and suppliers	(1,404,304)	(1,192,100)
Other income received	8,364	5,385
Cash received from HealthForceOntario	100,000	125,000
Cash received from Ministry of Citizenship and Immigration	80,000	-
	<u>226,183</u>	<u>468,009</u>
Cash flows from investing activities		
Redemption (purchase) of marketable securities, net	466,799	(655,012)
Purchase of furniture and equipment	(51,221)	(53,134)
Capital contribution received	8,183	-
	<u>423,761</u>	<u>(708,146)</u>
Change in cash during the year	<u>649,944</u>	<u>(240,137)</u>
Cash - at beginning of year	352,605	592,742
Cash - at end of year	<u>\$ 1,002,549</u>	<u>\$ 352,605</u>

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2010

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 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, 2010

2. 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.

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 %
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 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, 2010

3. MARKETABLE SECURITIES

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

	2010	2009
Cost plus accrued interest		
Provincial government bond coupons at varying rates between 4.08% to 4.64%, maturing from 2014 to 2017	\$ 839,222	\$ 778,977
Manulife Bank of Canada Guaranteed Investment certificate at 1.55%, due April 28, 2010	310,000	-
B2B Trust High Interest Investment Account	100,140	-
Dundee Investment Savings Account	100,127	-
Renaissance High Interest Savings Account	100,134	-
Canadian Imperial Bank of Commerce GTD Investment certificate at 1.1%, due April 1, 2009	-	450,000
Canadian Imperial Bank of Commerce Bankers Acceptance, due March 3, 2009	-	527,941
Canadian Imperial Bank of Commerce Flexible GIC at 1.95%, due November 10, 2009	-	100,584
	\$ 1,449,623	\$ 1,857,502

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. FURNITURE AND EQUIPMENT

Details of furniture and equipment are as follows:

	Cost	Accumulated Depreciation	Net Book Value	
			2010	2009
Office furniture and equipment	\$ 23,838	\$ 17,782	\$ 6,056	\$ 8,705
Computer equipment and software	18,157	12,938	5,219	8,697
Database	193,306	72,945	120,361	117,309
	\$ 235,301	\$ 103,665	\$ 131,636	\$ 134,711

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2010

5. DEFERRED REVENUE

Deferred revenue represents membership renewal fees and government grants 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. Revenues and expenses related to this grant are as follows:

	<i>2010</i>	<i>2009</i>
Funding received	\$ 100,000	\$ 125,000
Interest income	1,636	584
	101,636	125,584
Deferred revenue - at beginning of year	108,061	-
- at end of year	(88,380)	(108,061)
Revenue for the year	121,317	17,523
Expenses for the year	\$ 121,317	\$ 17,523

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 ending June 30, 2010.

Revenues and expenses related to this grant are as follows:

	<i>2010</i>
Funding received	\$ 80,000
Deferred revenue - beginning of year	-
- end of year	(26,990)
Revenue for the year	53,010
Expense for the year	\$ 53,010

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2010

8. INVESTMENT AND SUNDRY INCOME

Investment and sundry income is comprised of the following:

	<i>2010</i>	<i>2009</i>
Investment income		
Interest income	\$ 4,960	\$ 24,140
Unrealized gain on investments	58,920	36,626
	63,880	60,766
Sundry income	8,364	350
	\$ 72,244	\$ 61,116

9. 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 interest, currency or credit risks arising from these financial instruments.

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

10. 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.

11. 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,		
2011	\$ 13,048	\$ 31,330
2012	13,048	31,330
2013	13,048	31,330
2014	3,262	31,330
2015	-	26,108
	\$ 42,406	\$ 151,428

In addition, the College is responsible for its share of annual operating costs and realty taxes on premises which in 2010 amount to \$46,728 (2009 - \$45,694).

The College is also committed to consulting services in the amount of \$73,800 for the HealthForceOntario and Gap Analysis projects.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 28, 2010

12. 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.