

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO
FINANCIAL STATEMENTS
YEAR ENDED FEBRUARY 29, 2012

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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 29, 2012, 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 29, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Clarke Henning LLP

Toronto, Ontario
May 25, 2012

CHARTERED ACCOUNTANTS
Licensed Public Accountants

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

BALANCE SHEET

AS AT FEBRUARY 29, 2012

	2012	2011
ASSETS		
Current assets		
Cash	\$ 1,336,633	\$ 1,134,186
Sundry receivables and prepaid expenses	21,526	24,802
	1,358,159	1,158,988
Marketable securities - at fair value (note 3)	1,287,038	1,499,850
Capital assets (note 4)	159,196	113,684
	2,804,393	2,772,522
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	56,594	68,772
Deferred revenue - Registration fees (note 5)	1,271,775	1,187,201
	1,328,369	1,255,973
NET ASSETS		
Abuse therapy fund	20,000	20,000
General contingency reserve fund	500,000	500,000
General investigations and hearings fund	150,000	150,000
Special projects reserve	400,000	400,000
Fees stabilization reserve	150,000	150,000
Invested in capital assets	159,196	113,684
Operating - unrestricted	96,828	182,865
	1,476,024	1,516,549
	\$ 2,804,393	\$ 2,772,522

Approved on behalf of the Council:

_____, President _____, Member

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF OPERATIONS

YEAR ENDED FEBRUARY 29, 2012

	2012	2011
Revenues		
Registration and renewal fees	\$ 1,385,126	\$ 1,349,126
Application fees	13,725	13,725
Investment and sundry income (note 8)	94,498	74,332
HealthForceOntario project funding (note 6)	-	92,209
Gap analysis funding (note 7)	-	36,990
	1,493,349	1,566,382
Expenses		
Salaries and benefits	770,276	672,378
Office operations		
Rent	123,685	84,195
Professional fees	47,027	73,933
Printing	18,947	19,529
Postage and delivery	12,644	14,029
Stationery and office supplies	18,168	18,104
Bank and credit card charges	35,178	29,802
Telephone	9,256	8,620
Equipment maintenance and rental	16,319	17,587
Insurance	7,066	3,647
Minor equipment and software purchases	6,634	10,418
Staff travel	14,959	8,333
Depreciation	78,253	47,541
All other - operations	119,039	70,795
	507,175	406,533
Council and committee		
Travel, accommodation and meals	47,195	51,108
Consulting	14,732	-
Per diem	31,247	30,634
Other meeting expenses	5,474	5,685
Education and training	3,290	-
	101,938	87,427
Special Projects		
Patient relations	-	1,144
Quality assurance portfolio and standards assessment	65,234	33,132
Scope of practice	33,108	3,971
Refresh/Retrain modules	50,000	-
HealthForceOntario project (note 6)	85	95,742
Gap analysis project (note 7)	553	41,299
Other	5,505	-
	154,485	175,288
Total operating expenses	1,533,874	1,341,626
Excess (deficiency) of revenues over expenses for the year	\$ (40,525)	\$ 224,756

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED FEBRUARY 29, 2012

	2012								2011
	<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 Capital Assets</i>	<i>Operating Fund</i>	<i>Total</i>	<i>Total</i>
Balance - at beginning of year	\$ 20,000	\$ 500,000	\$ 150,000	\$ 400,000	\$ 150,000	\$ 113,684	\$ 182,865	\$ 1,516,549	\$ 1,291,802
Excess (deficiency) of revenues over expenses for the year	-	-	-	-	-	-	(40,525)	(40,525)	224,756
	20,000	500,000	150,000	400,000	150,000	113,684	142,340	1,476,024	1,516,558
Inter-fund transfers									
Depreciation expense	-	-	-	-	-	(78,253)	78,253	-	-
Purchase of furniture and equipment	-	-	-	-	-	123,765	(123,765)	-	-
Balance - at end of year	\$ 20,000	\$ 500,000	\$ 150,000	\$ 400,000	\$ 150,000	\$ 159,196	\$ 96,828	\$ 1,476,024	\$ 1,516,558

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

STATEMENT OF CASH FLOWS

YEAR ENDED FEBRUARY 29, 2012

	2012	2011
Cash flows from operating activities		
Cash received from registration and application fees	\$ 1,483,425	\$ 1,450,401
Interest received	16,397	16,378
Cash paid to employees and suppliers	(1,464,523)	(1,327,109)
Other income received	1,925	19,390
Cash received from HealthForceOntario	-	3,829
Cash received from Ministry of Citizenship and Immigration	-	10,000
	<u>37,224</u>	<u>172,889</u>
Cash flows from investing activities		
Redemption (purchase) of marketable securities, net	288,988	(11,663)
Purchase of furniture and equipment	(123,765)	(29,589)
	<u>165,223</u>	<u>(41,252)</u>
Change in cash during the year	202,447	131,637
Cash - at beginning of year	1,134,186	1,002,549
Cash - at end of year	<u>\$ 1,336,633</u>	<u>\$ 1,134,186</u>

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2012

1. PURPOSE AND ORGANIZATION

The College of Respiratory Therapists of Ontario/Ordre des Therapeutes Respiratoires de l'Ontario (the "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) The 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 29, 2012

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

The College's principal source of revenue is registration fees which are recognized as revenue in the period to which the fees relate. Registration fees received in the current year, applicable to a subsequent year are recorded as deferred revenue on the balance sheet and will be accounted for in income in the year to which they pertain.

Investment income consists of interest, dividends and realized and unrealized gains and losses from investment transactions. Interest income and dividends are recorded when earned. Realized gains and losses are recognized as income when the transactions occur. Unrealized gains and losses which reflect the changes in fair value during the period are recognized at each reporting date and are included in current period income.

All other sources of revenue are recorded in the accounts when services have been performed or goods have been delivered.

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 in which the related expenses are incurred. 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.

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, the impact of which will be recorded in future periods.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2012

3. MARKETABLE SECURITIES

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

	2012	2011
Provincial government bond coupons at varying rates between 4.08% to 4.64%, maturing from 2014 to 2017	\$ 953,844	\$ 877,786
Canadian Imperial Bank of Commerce Guaranteed Investment certificate at 1.95%, due April 30, 2012 (1.5% in 2010, due April 28, 2011)	324,734	318,751
B2B Trust High Interest Investment Account	2,261	101,116
Dundee Investment Savings Account	-	101,126
Renaissance High Interest Savings Account	6,199	101,071
	\$ 1,287,038	\$ 1,499,850

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the College's activities and operations. Investments are primarily exposed to interest rate risk. The College has formal policies and procedures for investment transactions and investments are made on the advice of the portfolio manager.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the College and future investment income.

4. CAPITAL ASSETS

Details of capital assets are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			<i>2012</i>	<i>2011</i>
Office furniture and equipment	\$ 23,838	\$ 22,619	\$ 1,219	\$ 2,968
Computer equipment and software	18,157	18,157	-	1,740
Database	231,937	158,756	73,181	102,512
Leasehold improvements	114,724	29,928	84,796	6,464
	\$ 388,656	\$ 229,460	\$ 159,196	\$ 113,684

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 29, 2012

6. HEALTHFORCEONTARIO FUNDING

HealthForceOntario had 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:

	2012	2011
Revenue for the year	\$ -	\$ 92,209
Expenses for the year	\$ 85	\$ 95,742

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 had 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:

	2012	2011
Revenue for the year	\$ -	\$ 36,990
Expense for the year	\$ 553	\$ 41,299

8. INVESTMENT AND SUNDRY INCOME

Investment and sundry income is comprised of the following:

	2012	2011
Investment income		
Interest income	\$ 53,775	\$ 52,169
Unrealized gain on investments	38,798	2,773
	92,573	54,942
Sundry income	1,925	19,390
	\$ 94,498	\$ 74,332

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.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2012

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, credit, liquidity or market risks arising from these financial instruments. Interest rate risk is 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 December 2014 to March 2016 as follows:

		<i>Equipment</i>	<i>Premises</i>
Fiscal year February 28,	2013	\$ 14,718	\$ 47,299
	2014	14,718	47,561
	2015	14,718	39,846
	2016	14,718	-
	2017	1,227	-
		<u>\$ 60,099</u>	<u>\$ 134,706</u>

In addition, the College is responsible for its share of annual operating costs and realty taxes on premises which in 2012 amount to \$76,605 (2011 - \$52,865).

The College is also committed to consulting services in the amount of \$17,640 for Phase 1 of the College Respiratory Therapy Scope of Practice Review.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED FEBRUARY 29, 2012

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 in which they are sued as a result of their involvement with the College, if they acted honestly and in good faith with a view to the best interest of the College. The College has purchased directors' and officers' liability insurance with respect to this indemnification. The maximum amount of any potential future payment cannot be reasonably estimated.

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 terms of these indemnities are not explicitly defined and 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 on its financial statements.