

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

FINANCIAL STATEMENTS

FEBRUARY 28, 2022

HILBORNLLP

Independent Auditor's Report

To the Council of College of Respiratory Therapists of Ontario

Opinion

We have audited the financial statements of College of Respiratory Therapists of Ontario (the "College"), which comprise the balance sheet as at February 28, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at February 28, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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.

In preparing the financial statements, management is responsible for assessing the ability of the College to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the College.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the College.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the College to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
May 27, 2022

Chartered Professional Accountants
Licensed Public Accountants

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Balance Sheet

February 28	2022 \$	2021 \$
ASSETS		
Current assets		
Cash	1,987,584	1,861,867
Investments held for operating (note 3)	243,493	237,614
Prepaid expenses	70,966	95,988
	2,302,043	2,195,469
Non-current assets		
Investments held for reserves (note 3)	1,280,000	1,030,000
Capital assets (note 4)	99,491	148,443
	1,379,491	1,178,443
	3,681,534	3,373,912
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	88,797	143,339
Deferred revenue - registration fees (note 1)	2,127,500	1,820,400
Obligation under a capital lease - current portion (note 7)	7,959	7,636
	2,224,256	1,971,375
Non-current liability		
Obligation under a capital lease - non-current portion (note 7)	28,900	39,870
	2,253,156	2,011,245
NET ASSETS		
Internally restricted		
Abuse therapy fund	80,000	80,000
General contingency reserve fund	500,000	500,000
General investigations and hearings fund	150,000	150,000
Special projects reserve	300,000	208,334
Fees stabilization reserve	250,000	-
Unrestricted		
Operating fund	148,378	424,333
	1,428,378	1,362,667
	3,681,534	3,373,912

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Council:

President

Member

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Statement of Operations

Year ended February 28	2022 \$	2021 \$
Revenues		
Registration and renewal fees	2,383,657	2,341,030
Application fees (note 9)	6,750	-
Investment income (note 6)	12,548	23,172
	2,402,955	2,364,202
Expenses		
Salaries and benefits	1,286,064	1,190,961
Office operations		
Rent	209,565	210,253
All other - operations	145,055	198,569
Quality assurance portfolio and standards assessment	63,168	43,795
Depreciation (note 4)	57,135	49,610
Professional fees	276,319	132,525
Bank, credit card charges and interest (note 7)	80,237	76,935
Staff travel	2,090	3,207
Stationery and office supplies	14,262	12,761
Equipment maintenance and rental	1,753	1,985
Telephone	13,133	13,638
Postage and delivery	5,826	8,616
Minor equipment and software purchases	18,139	25,442
Printing	2,984	9,239
Insurance	5,787	5,556
	895,453	792,131
Council and committee		
Travel, accommodation and meals	1,247	3,437
Per diem	47,872	28,348
Other meeting expenses	4,113	290
Education and training	17,881	100
	71,113	32,175
Special Projects		
Scope of practice	84,614	91,666
Total operating expenses	2,337,244	2,106,933
Excess of revenues over expenses for the year	65,711	257,269

The accompanying notes are an integral part of these financial statements

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Statement of Changes in Net Assets

Year ended February 28

	Abuse Therapy Fund	General Contingency Reserve Fund	General Investigations and Hearings Fund	Special Projects Reserve	Fees Stabilization Reserve	Operating Fund	2022 Total
Balance - at beginning of year	\$ 80,000	\$ 500,000	\$ 150,000	\$ 208,334	\$ -	\$ 424,333	\$ 1,362,667
Excess of revenues over expenses for the year	-	-	-	-	-	65,711	65,711
	80,000	500,000	150,000	208,334	-	490,044	1,428,378
Inter-fund transfers representing Special projects expenses during the year	-	-	-	(84,614)	-	84,614	-
Allocation from Operating fund	-	-	-	176,280	250,000	(426,280)	-
Balance - at end of year	\$ 80,000	\$ 500,000	\$ 150,000	\$ 300,000	\$ 250,000	\$ 148,378	\$ 1,428,378

	Abuse Therapy Fund	General Contingency Reserve Fund	General Investigations and Hearings Fund	Special Projects Reserve	Fees Stabilization Reserve	Operating Fund	2021 Total
Balance - at beginning of year	\$ 80,000	\$ 500,000	\$ 150,000	\$ 300,000	\$ -	\$ 75,398	\$ 1,105,398
Excess of revenues over expenses for the year	-	-	-	-	-	257,269	257,269
	80,000	500,000	150,000	300,000	-	332,667	1,362,667
Inter-fund transfers representing Special projects expenses during the year	-	-	-	(91,666)	-	91,666	-
Balance - at end of year	\$ 80,000	\$ 500,000	\$ 150,000	\$ 208,334	\$ -	\$ 424,333	\$ 1,362,667

The accompanying notes are an integral part of these financial statements

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Statement of Cash Flows

Year ended February 28	2022 \$	2021 \$
Cash flows from operating activities		
Cash received from registration and application fees	2,697,507	2,205,164
Interest received	15,522	28,911
Cash paid to employees and suppliers	(2,308,234)	(2,032,799)
Interest paid on capital lease obligation	(1,396)	(1,710)
	<u>403,399</u>	<u>199,566</u>
Cash flows from financing activities		
Repayment of capital lease obligation	(10,647)	(13,345)
	<u>(10,647)</u>	<u>(13,345)</u>
Cash flows from investing activities		
Redemption/disposal of investments	645,613	1,094,054
Purchase of investments	(904,466)	(1,122,272)
Purchase of furniture and equipment	(8,182)	(7,382)
	<u>(267,035)</u>	<u>(35,600)</u>
Change in cash during the year	125,717	150,621
Cash - at beginning of year	1,861,867	1,711,246
Cash - at end of year	<u>1,987,584</u>	<u>1,861,867</u>

The accompanying notes are an integral part of these financial statements

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements

February 28, 2022

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 ensuring 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 corporate body without share capital and, as such, is generally exempt from income taxes.

1. **Summary of significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) **Basis of Presentation**

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 Council of the College has internally restricted net assets to be used for specific purposes. These funds are not available for unrestricted purposes without approval of the Council. The details of internally restricted net assets 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 counseling 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.
- (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 for the specific purpose of minimizing or delaying the impact of year-over-year changes in revenues and expenses on membership renewal fees.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

February 28, 2022

1. Significant accounting policies (continued)

(b) Revenue recognition

The College's principal source of revenue is registration and renewal fees which are recognized as revenue in the year 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 recognized in income in the year to which they pertain.

Investment income consists of interest and realized and unrealized gains and losses from investment transactions. Interest income is 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 recognized when services have been performed or goods have been delivered.

(c) Financial instruments

(i) Measurement of financial assets and liabilities

The College initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The College subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in marketable securities, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations.

Financial assets and financial liabilities measured at amortized cost include cash, accounts payable and accrued liabilities and obligation under a capital lease.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset, a write-down is recognized in net income.

The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by holding the financial asset discounting using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial at the balance sheet date.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

February 28, 2022

1. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Impairment (continued)

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment. The amount of the reversal is recognized in income in the period that the reversal occurs.

(d) Investments

Investments are recorded at fair value. Unrealized holding gains and losses are included in investment income. The quoted market price of investments is used to estimate the fair value. For investments in guaranteed investment certificates, fair value is estimated at the cost of investments adjusted with the interest earned but not received.

(e) 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%
Software - mobile app	33 1/3%
Database	20%
Equipment under capital lease	20%
Leasehold improvements	over the term of the lease

The above rates are reviewed annually to assess ongoing appropriateness. Any changes are adjusted on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2022 or 2021.

(f) Equipment under capital lease

The College leases equipment on terms which transfer substantially all of the benefits and risks of the ownership to the College. The lease is accounted for as a capital lease as though an asset has been purchased and a liability incurred.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

February 28, 2022

1. Significant accounting policies (continued)

(g) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. These estimates are based on information available as of the date of issuance of the financial statements. Actual results may differ materially from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. Financial instruments and risk exposure

The College is exposed to various risks through its financial instruments. The following analysis provides information to assist users of the financial statements in assessing the extent of risk related to the College's financial instruments.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The College is exposed to credit risk with respect to cash and investments.

The credit risk with respect to cash is minimized by maintaining cash accounts in reputable financial institutions with high quality credit ratings. The credit risk with respect to the investments is disclosed in note 3.

Liquidity risk

Liquidity risk is the risk that the College cannot repay its obligations when they become due to its creditors. The College is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, obligation under capital lease and lease commitments. The College expects to meet these obligations as they come due by generating sufficient cash flow from operations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The College is not exposed to significant currency risk.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

February 28, 2022

2. Financial instrument risk management (continued)

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The value of fixed income instruments will generally rise if interest rates falls and decrease if interest rates rise. The College is exposed to interest rate risk with respect to its investment holdings in Guaranteed Investment Certificates ("GIC"). Details of investment holdings are disclosed in note 3.

ii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The College is exposed to other price risk with respect to its investments in mutual funds. Details of investment holdings are disclosed in note 3.

Changes in risk

There have been no changes in the College's risk profile from the prior year.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

February 28, 2022

3. Investments

Details of investments are as follows:

	2022 \$	2021 \$
<i>Guaranteed Investment Certificates</i>		
Equitable Bank - Guaranteed Investment Certificate at 1.25%, due December 11, 2023	100,508	100,276
Canadian Western Bank - Guaranteed Investment Certificate at 1.25%, due December 9, 2023	100,509	100,276
Haventree Bank - Guaranteed Investment Certificate at 0.97%, due October 31, 2022	47,619	47,467
Home Trust - Guaranteed Investment Certificate at 0.90%, due October 31, 2022	36,819	36,710
Industrial and Commercial Bank of China - Guaranteed Investment Certificate at 0.85%, due October 31, 2022	46,241	46,111
Home Trust - Guaranteed Investment Certificate at 1.18%, due June 30, 2022	63,649	63,649
Vancity Savings Credit Union - Guaranteed Investment Certificate at 0.80%, due June 8, 2022	51,296	
Effort Trust Company - Guaranteed Investment Certificate at 0.80%, due May 3, 2022	100,660	
Haventree Bank - Guaranteed Investment Certificate at 2.34%, due June 7, 2021		53,087
HSBC - Guaranteed Investment Certificate at 1.75%, due April 30, 2021		101,458
Canadian Imperial Bank of Commerce - Guaranteed Investment Certificate at 0.45%, due April 26, 2022 (0.75%, due April 26, 2021 - 2021)	500,236	497,747
	1,047,537	1,046,781
<i>Mutual funds</i>		
Renaissance High Interest Savings Account	373,360	118,495
CIBC High Interest Savings Account	102,596	102,338
	475,956	220,833
	1,523,493	1,267,614

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

February 28, 2022

3. Investments (continued)

	2022 \$	2021 \$
Investments held for operating	243,493	237,614
Investments held for reserves	1,280,000	1,030,000
	<u>1,523,493</u>	<u>1,267,614</u>

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 credit risk, interest rate and other price risks. The College has formal policies and procedures for investment transactions and the majority of investments are made on the advice of the portfolio manager. Credit risk, interest rate and other price risks are disclosed in note 2.

4. Capital assets

Details of capital assets are as follows:

	2022		
	Cost \$	Accumulated Amortization \$	Net Book Value \$
Office furniture and equipment	70,808	68,938	1,870
Office equipment under capital lease	60,850	18,255	42,595
Computer equipment and software	44,607	35,304	9,303
Database	459,128	413,405	45,723
Software - mobile app	84,433	84,433	-
Leasehold improvements	153,876	153,876	-
	<u>873,702</u>	<u>774,211</u>	<u>99,491</u>
	2021		
	Cost \$	Accumulated Amortization \$	Net Book Value \$
Office furniture and equipment	70,808	68,095	2,713
Office equipment under capital lease	60,850	6,085	54,765
Computer equipment and software	36,425	31,814	4,611
Database	459,128	372,774	86,354
Software - mobile app	84,433	84,433	-
Leasehold improvements	153,876	153,876	-
	<u>865,520</u>	<u>717,077</u>	<u>148,443</u>

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

February 28, 2022

4. Capital assets (continued)

Total depreciation of \$57,134 (\$49,610 - 2021) was included in the Statement of Operations. Depreciation of the office equipment under capital lease was \$12,170 (\$6,085 - 2021).

In the prior year, the College wrote off a scrapped upgrade of the software - mobile app with an original cost of \$7,797 and recognized a loss of \$7,797. There were no capital assets disposed in the current year.

5. Credit facility

The College has a credit facility with the Canadian Imperial Bank of Commerce in the amount of \$25,000 for corporate Visa cards. This credit facility is secured by a security agreement granting a first security interest in all present and after acquired personal property of the College.

6. Investment income

Investment income is comprised of the following:

	2022 \$	2021 \$
Interest income	11,593	22,181
Distributions from mutual funds	955	991
	<u>12,548</u>	<u>23,172</u>

7. Obligation under capital lease

The College has signed an agreement for a capital lease of equipment expiring August 2025. The future minimum lease payments, payable at \$3,010.85 per quarter, are as follows:

	2022 \$	2021 \$
Opening balance	51,185	66,239
Less: payments made during the year	(12,043)	(15,054)
	39,142	51,185
Less: amount representing future interest rate at 3%	(2,283)	(3,679)
Balance of obligation	36,859	47,506
Current portion	7,959	7,636
Long term portion	<u>28,900</u>	<u>39,870</u>

During the year, interest paid on the capital lease obligation was \$1,396 (\$1,710 - 2021).

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

February 28, 2022

8. Lease commitment

The College is committed to annual minimum payments under an operating lease for office premises expiring December 31, 2024. The minimum lease payments over the remaining lease term is as follows:

	\$
2023	113,463
2024	114,664
2025	100,556
	<u>328,683</u>

In addition, the College is responsible for its share of annual operating costs and realty taxes on the premises, which in 2022 amounted to approximately \$85,000 (\$86,000 - 2021).

9. Impact of the global pandemic

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. During the year, the College waived the application fees and also offered the members to defer the payments of registration fees. Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the financial effect on the College.

HILBORN

LISTENERS. THINKERS. DOERS.