

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Financial Statements

February 29, 2024

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Financial Statements

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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 29, 2024, and the statements of revenues and expenses, 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 29, 2024, 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.

Other Matter

The financial statements for the year ended February 28, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 26, 2023.

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 College's ability 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 College's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

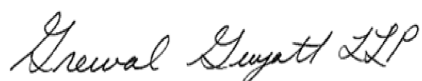
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 these financial statements.

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 College's internal control.
- 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 College's ability 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.



Grewal Guyatt LLP
Chartered Professional Accountants, Licensed Public Accountants

Richmond Hill, Ontario
June 7, 2024

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Balance Sheet
As at February 29, 2024

	2024	2023
Assets		
Current assets		
Cash	\$ 2,056,898	\$ 2,004,732
Investments held for operating (Note 3)	658,568	271,527
Prepaid expenses	28,414	53,734
	<u>2,743,880</u>	<u>2,329,993</u>
Investments held for reserves (Note 3)	1,120,000	1,280,000
Capital assets (Note 4)	95,829	69,344
	<u>\$ 3,959,709</u>	<u>\$ 3,679,337</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	\$ 105,592	\$ 82,448
Deferred revenue	2,337,076	2,158,400
Current portion of obligations under capital leases (Note 6)	17,597	8,292
	<u>2,460,265</u>	<u>2,249,140</u>
Obligations under capital leases (Note 6)	-	17,597
	<u>2,460,265</u>	<u>2,266,737</u>
Net assets (Note 7)		
Abuse therapy fund	20,000	80,000
General contingency reserve fund	500,000	500,000
General investigations and hearings fund	150,000	150,000
Special projects reserve	300,000	300,000
Fees stabilization reserve	150,000	250,000
Unrestricted - operating fund	379,444	132,600
	<u>1,499,444</u>	<u>1,412,600</u>
	<u>\$ 3,959,709</u>	<u>\$ 3,679,337</u>

Commitments (Note 8)

Approved on behalf of the Board:

_____, Director

_____, Director

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Statement of Revenues and Expenses

Year Ended February 29, 2024

	2024	2023
Revenue		
Registration and renewal fees	\$ 2,510,988	\$ 2,416,788
Investment income	183,043	47,584
Application fees	16,725	16,500
	<u>2,710,756</u>	<u>2,480,872</u>
Operating expenses		
Salaries and benefits	1,523,652	1,363,599
Office operations		
Occupancy	239,239	209,880
Professional fees	216,626	329,833
Information technology	188,905	179,358
Bank and credit card charges	105,080	82,389
Memberships, subscriptions and dues	76,331	29,735
Quality assurance portfolio and standards	58,573	61,725
Depreciation	39,701	47,067
Office and general	30,902	29,128
Minor equipment and software purchases	25,890	29,673
Telephone	19,867	17,591
Staff travel	18,187	11,098
Office supplies	7,907	9,825
Insurance	4,687	6,547
Equipment maintenance and rental	4,655	1,831
Postage and delivery	1,096	1,622
Printing	1,048	2,507
	<u>1,038,694</u>	<u>1,049,809</u>
Council and committee		
Per diem	43,450	46,361
Other meeting expenses	12,745	9,399
Travel, accommodation and meals	5,371	7,380
Education and training	-	6,000
	<u>61,566</u>	<u>69,140</u>
Special projects	-	14,102
Total operating expenses	\$ 2,623,912	\$ 2,496,650
Excess (deficiency) of revenues over expenses	\$ 86,844	\$ (15,778)

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Changes in Net Assets
Year Ended February 29, 2024

								2024	2023
	Abuse therapy fund	General contingency reserve fund	General investigations and hearings fund	Special projects reserve	Fee stabilization reserve	Operating fund	Total	Total	
Balance, beginning of year	\$ 80,000	\$ 500,000	\$ 150,000	\$ 300,000	\$ 250,000	\$ 132,600	\$ 1,412,600	\$ 1,428,378	
Excess (deficiency) of revenues over expenses	-	-	-	-	-	86,844	86,844	(15,778)	
Interfund transfer (Note 7)	(60,000)	-	-	-	(100,000)	160,000	-	-	
Balance, end of year	\$ 20,000	\$ 500,000	\$ 150,000	\$ 300,000	\$ 150,000	\$ 379,444	\$ 1,499,444	\$ 1,412,600	

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Statement of Cash Flows
Year Ended February 29, 2024

	2024	2023
Operating activities		
Excess (deficiency) of revenues over expenses	\$ 86,844	\$ (15,778)
Non-cash item:		
Amortization of capital assets	39,701	47,067
	<u>126,545</u>	<u>31,289</u>
Net change in non-cash items related to operating activities:		
Prepaid expenses	25,320	17,232
Accounts payable and accrued liabilities	23,144	(18,373)
Deferred revenue	178,676	30,900
	<u>227,140</u>	<u>29,759</u>
	<u>353,685</u>	<u>61,048</u>
Financing activity		
Repayment of obligations under capital leases	(8,292)	(10,967)
Investing activities		
Net change in investments	(227,041)	(16,011)
Purchase of capital assets	(66,186)	(16,922)
	<u>(293,227)</u>	<u>(32,933)</u>
Increase in cash	52,166	17,148
Cash, beginning of year	2,004,732	1,987,584
Cash, end of year	\$ 2,056,898	\$ 2,004,732

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements
February 29, 2024

1. Nature of Operations

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 on December 31, 1993 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.

2. Significant accounting policies

These financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook. The College's significant accounting policies are as follows:

Revenue recognition

The College follows the deferral method of accounting for registration fees. 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.

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.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements
February 29, 2024

2. Significant accounting policies (continued)

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their estimated useful lives using the straight-line method over the following periods:

Database	5 years
Office furniture and equipment	5 years
Computer equipment and software	3 years
Website	3 years
Office equipment under capital lease	5 years
Software - mobile application	3 years
Leasehold improvements	Over the term of the lease

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.

Impairment of long-lived assets

Long-lived assets, including capital assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by a comparison of the asset's carrying amount to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated future cash flows, an impairment charge is recognized for the amount by which the carrying amount of the asset exceeds the fair value of the asset. When quoted market prices are not available, the College uses the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset as an estimate of fair value.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the amounts recognized as revenues and expenses for the periods covered. Actual results may differ from these estimates. The critical estimates relate to the useful lives of capital assets and accrued liabilities.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements
February 29, 2024

2. Significant accounting policies (continued)

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The College has not elected to carry any such financial instruments at fair value.

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

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the College determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the College expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements
February 29, 2024

3. Investments

	2024	2023
Guaranteed investment certificates ("GIC's")	\$ 751,064	\$ 1,017,508
Common shares	579,093	-
High interest savings account	448,411	534,019
	<u>1,778,568</u>	<u>1,551,527</u>
Investments held for operations	658,568	271,527
Investments held for reserves	1,120,000	1,280,000
	<u>\$ 1,778,568</u>	<u>\$ 1,551,527</u>

The GIC's have an effective interest rate of 0.25% to 5.44% (2023 - 0.45% to 4.37%) and mature between April 2024 to June 2029 (2023 - May 2022 to July 2024).

4. Capital assets

	2024		2023	
	Cost	Accumulated amortization	Net book value	Net book value
Database	\$ 515,800	\$ 453,641	\$ 62,159	\$ 18,190
Office equipment under capital lease	60,850	42,595	18,255	30,425
Computer equipment and software	55,036	48,117	6,919	12,762
Website	8,496	-	8,496	-
Office furniture and equipment	78,319	78,319	-	7,967
Software - mobile application	84,433	84,433	-	-
Leasehold improvements	153,876	153,876	-	-
	<u>\$ 956,810</u>	<u>\$ 860,981</u>	<u>\$ 95,829</u>	<u>\$ 69,344</u>

During the year, the College incurred \$65,168 (2023 - nil) in development costs which have been capitalized under Database and Website. Depreciation will commence in the year the new database and website are launched.

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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. Obligations under capital leases

	2024	2023
Obligations under capital leases	\$ 17,597	\$ 25,889
Current portion of obligations under capital leases	17,597	8,292
	\$ -	\$ 17,597

Future minimum lease payments of obligation under capital lease for the next year are as follows:

2025	\$ 18,065
Interest included in instalments	468
	\$ 17,597

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements
February 29, 2024

7. Net assets

The financial statements have been prepared in a manner which segregates net assets balances and have been allocated by Council.

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 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.

During the year, the Council approved the transfer of \$60,000 from the Abuse Therapy Fund and \$100,000 from the Fees Stabilization Reserve to the Operating Fund.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements
February 29, 2024

8. Commitments

The commitment of the College under a lease agreement aggregates to \$100,556. The instalments over the next year are the following:

2025	\$ 100,556
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9. Financial instruments

Liquidity risk

Liquidity risk is the risk that the College will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The College manages its liquidity risk by monitoring its operating requirements. The College prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The College deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The College does not have significant exposure to credit risk since all revenue is generated from members and received in advance of the fiscal year.

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 College is exposed to interest rate risk with respect to its investment holdings in GIC's.

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 mainly exposed to other price risk through its investments in mutual funds and quoted shares for which the value fluctuates with the quoted market price.

COLLEGE OF RESPIRATORY THERAPISTS OF ONTARIO

Notes to Financial Statements

February 29, 2024

10. Comparative figures

Certain figures for 2023 have been reclassified to conform to the presentation adopted in 2024.