
**COLLEGE OF TRADITIONAL CHINESE MEDICINE
PRACTITIONERS AND ACUPUNCTURISTS OF
BRITISH COLUMBIA**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2018





INDEPENDENT AUDITORS' REPORT

To the Members of:

College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia

We have audited the accompanying financial statements of the College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia (the "College") which comprise the statement of financial position as at March 31, 2018, and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended, and the related notes comprising 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 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.

Auditors' 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 our 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, we consider 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 in our audit 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 the College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia as at March 31, 2018, 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.

Manning Elliott LLP

Chartered Professional Accountants

Vancouver, British Columbia

July 9, 2018

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF
BRITISH COLUMBIA**

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash and equivalents (Note 3)	\$ 4,376,144	\$ 4,003,512
Accounts receivable	23,158	15,679
Prepaid expenses and deposits	18,928	8,472
	<hr/> 4,418,230	<hr/> 4,027,663
OFFICE EQUIPMENT (Note 4)	25,109	32,064
OFFICIAL MARKS (Note 5)	8,000	8,000
MEMBERSHIP MANAGEMENT SYSTEM (Note 5)	17,640	35,280
	<hr/> \$ 4,468,979	<hr/> \$ 4,103,007
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 209,605	\$ 108,580
Government remittances payable	11,942	8,894
Vacation payable	14,414	24,428
Deferred revenue (Note 6)	1,442,375	1,490,779
	<hr/> 1,678,336	<hr/> 1,632,681
COMMITMENTS (Note 7)		
INTERNALLY RESTRICTED NET ASSETS		
(Note 1(a)(ii))	2,694,839	2,205,263
UNRESTRICTED NET ASSETS	95,804	265,063
	<hr/> 2,790,643	<hr/> 2,470,326
	<hr/> \$ 4,468,979	<hr/> \$ 4,103,007

Approved by the Board:



Ben Cao
Board Chairman



Edwin Liu
Chairman of Finance Committee



**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF
BRITISH COLUMBIA**

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2018**

			2018		2017	
	Internally restricted net assets (Note 1(a)(ii))	Unrestricted net assets	Total	Total	Total	Total
Balance, beginning of year	\$ 2,205,263	\$ 265,063	\$ 2,470,326	\$ 2,337,646		
Excess of revenue over expenses for the year	-	320,317	320,317	132,680		
Transfer to internally restricted	489,576	(489,576)	-	-		
Balance, end of year	\$ 2,694,839	\$ 95,804	\$ 2,790,643	\$ 2,470,326		



**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF
BRITISH COLUMBIA**

STATEMENT OF REVENUE AND EXPENSES

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
REVENUE		
Registration fees	\$ 1,658,408	\$ 1,552,525
Examinations	298,927	255,964
Tariffs and fines	-	39,792
Interest income	27,588	21,318
Courses	14,175	15,600
Training program review	4,000	12,330
Expense recovery	8,504	8,374
Safety program	1,920	1,738
	<hr/> 2,013,522	<hr/> 1,907,641
EXPENSES		
Wages and benefits	589,029	487,326
Committee: operations	277,488	397,942
Examinations	261,329	159,949
Operations (Note 8)	204,280	202,521
Committee: inquiry, discipline and insurance	81,269	162,566
Board operations	78,689	40,880
Legal fees	65,329	132,637
Safety program expenses	39,807	104,306
Annual general meeting	33,312	30,714
Professional fees	20,215	19,635
Data quality project	17,882	11,934
Training program review	14,825	10,232
Registrant services	9,751	14,319
	<hr/> 1,693,205	<hr/> 1,774,961
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<hr/> \$ 320,317	<hr/> \$ 132,680



**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF
BRITISH COLUMBIA**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	2018	2017
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 320,317	\$ 132,680
Items not involving cash:		
Amortization	24,595	27,153
	<hr/> 344,912	<hr/> 159,833
Change in non-cash working capital items:		
Accounts receivable	(7,479)	51,896
Prepaid expenses and deposits	(10,456)	(5,508)
Accounts payable and accrued liabilities	101,025	(10,059)
Government remittances payable	3,048	(317)
Vacation payable	(10,014)	13,134
Deferred revenue	(48,404)	97,991
	<hr/> 372,632	<hr/> 306,970
INVESTING ACTIVITIES		
Purchase of office equipment	-	(748)
	<hr/>	<hr/>
INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR	372,632	306,222
CASH AND EQUIVALENTS, BEGINNING OF YEAR	4,003,512	3,697,290
	<hr/>	<hr/>
CASH AND EQUIVALENTS, END OF YEAR	\$ 4,376,144	\$ 4,003,512



**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF
BRITISH COLUMBIA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

PURPOSE OF THE COLLEGE

The College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia (the "College") is provincially incorporated under the Health Professions Act of British Columbia to govern, control and administer the affairs of its registrants. The College is a not-for-profit organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

a) Basis of presentation

i) Unrestricted net assets consists of surplus funds from general activities of the College.

ii) Internally restricted net assets consists of funds which have been designated for extraordinary risk management expenditures, unanticipated contingencies and special projects as approved by the board of directors, and includes one year of operating costs.

b) Financial instruments

Measurement

The College's financial instruments consist of cash and equivalents, accounts receivable and accounts payable.

The College initially measures all of its financial assets and liabilities at fair value. The College subsequently measures all of its financial assets and liabilities at amortized cost.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of revenue and expenses. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenue and expenses in the period in which it is determined.

c) Cash and equivalents

Cash and equivalents consists of funds held on deposit and cashable Guaranteed Investment Certificates ("GICs").



**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF
BRITISH COLUMBIA**

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Office equipment

Office equipment is stated at cost less accumulated amortization which is recorded over the useful lives of the assets on the declining balance basis, at the following annual rates:

Computer hardware	45-55%
Computer software	100%
Furniture and equipment	20%

e) Intangible assets

Intangible assets are measured at cost and amortized on the basis of their useful lives using the straight-line method, except for the official marks which are not amortized as they have an indefinite life. Currently, the College's only intangible asset subject to amortization is its membership management system, which is being amortized on a straight-line basis over five years.

f) Impairment

The College monitors the recoverability of capital assets and intangible assets based on their long-term service potential. When the assets no longer have any long-term service potential to the College, the excess of their net carrying amount over any residual value is recognized as an expense in the statement of revenue and expenses. Write-downs recognized under this policy are not reversed.

g) Revenue recognition

The College follows the deferral method of accounting for contributions. License and registration fees are recognized as revenue in the year to which they relate. Course and examination fees are recognized as revenue when the courses or examinations are taken. Other restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

h) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of or during the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of assets for computing amortization, recognition of deferred revenue, and the amounts recorded as accrued liabilities.

2. FINANCIAL INSTRUMENTS RISKS

The College's financial instruments are described in Note 1(b). In management's opinion, the College is not exposed to significant currency, credit, liquidity, interest rate, market or other price risks. In addition, the College is not exposed to any material concentrations of risk and there has been no change in the risk exposures from the prior year.



**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

3. CASH AND EQUIVALENTS

	2018	2017
Cash on deposit	\$ 686,144	\$ 687,842
Cashable Guaranteed Investment Certificates due within one year and bearing interest at rates between 1.00% and 1.38% (2017 - 0.50% and 0.60%)	3,690,000	3,315,670
	\$ 4,376,144	\$ 4,003,512

4. OFFICE EQUIPMENT

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 57,020	\$ 56,311	\$ 709	\$ 1,564
Furniture and equipment	87,110	62,710	24,400	30,500
	\$ 144,130	\$ 119,021	\$ 25,109	\$ 32,064

5. MEMBERSHIP MANAGEMENT SYSTEM AND OFFICIAL MARKS

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Membership management system	\$ 88,200	\$ 70,560	\$ 17,640	\$ 35,280
Official marks	8,000	-	8,000	8,000
	\$ 96,200	\$ 70,560	\$ 25,640	\$ 43,280

6. DEFERRED REVENUE

	2018	2017
Balance, beginning of year	\$ 1,490,779	\$ 1,392,788
Cash received	1,442,375	1,490,779
Amount recognized as revenue	(1,490,779)	(1,392,788)
	\$ 1,442,375	\$ 1,490,779



**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF
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NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2018

7. COMMITMENTS

The College has entered into various agreements that expire at varying dates to August 2020. The anticipated payments during the next three years are estimated as follows:

2019	\$	55,666
2020		56,000
2021		23,333
	\$	<u>134,999</u>

8. OPERATIONS EXPENSE

	2018		2017	
Rent	\$	55,365	\$	50,364
Credit card processing fees		42,222		40,938
General administration and office		35,382		37,650
Computer maintenance and supplies		29,992		31,910
Amortization of membership management system		17,640		17,640
Postage and courier		10,029		6,532
Amortization of office equipment		6,955		9,513
Telephone and utilities		6,695		7,974
	\$	<u>204,280</u>	\$	<u>202,521</u>

