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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**MARCH 31, 2019**

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## **INDEPENDENT AUDITORS' REPORT**

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To the Members of College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia

We have audited the financial statements of College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia (the "College"), which comprise the statement of financial position as at March 31, 2019, and the statements of revenue 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 March 31, 2019, 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 Auditors' 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 those 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 College's ability to continue as a going concern, disclosing, as applicable, matters relating 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.



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## **INDEPENDENT AUDITORS' REPORT (continued)**

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### **Auditors' 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 auditors' 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 auditors' 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.



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**INDEPENDENT AUDITORS' REPORT (continued)**

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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.

*Manning Elliott LLP*

Chartered Professional Accountants

Vancouver, British Columbia

July 3, 2019

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

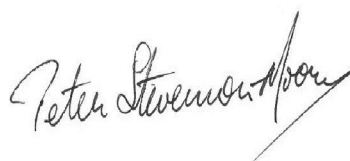
**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2019**

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	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents (Note 3)	\$ 4,582,764	\$ 4,376,144
Accounts receivable	41,852	23,158
Prepaid expenses and deposits	29,746	18,928
	<hr/> 4,654,362	<hr/> 4,418,230
OFFICE EQUIPMENT (Note 4)	23,577	25,109
OFFICIAL MARKS (Note 5)	8,000	8,000
MEMBERSHIP MANAGEMENT SYSTEM (Note 5)	-	17,640
	<hr/> \$ 4,685,939	<hr/> \$ 4,468,979
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 216,677	\$ 209,605
Government remittances payable	14,502	11,942
Vacation payable	19,075	14,414
Deferred revenue (Note 6)	1,598,923	1,442,375
	<hr/> 1,849,177	<hr/> 1,678,336
<b>COMMITMENTS (Note 7)</b>		
<b>INTERNALLY RESTRICTED NET ASSETS</b>		
(Note 1(a)(ii))	2,761,645	2,694,839
<b>UNRESTRICTED NET ASSETS</b>	<hr/> 75,117	<hr/> 95,804
	<hr/> 2,836,762	<hr/> 2,790,643
	<hr/> \$ 4,685,939	<hr/> \$ 4,468,979

Approved by the Board:



Peter Stevenson-Moore  
Board Chairman



Edwin Liu  
Chairman of Finance Committee

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

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2019**

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			<b>2019</b>	<b>2018</b>
	Internally restricted net assets (Note 1(a)(ii))	Unrestricted net assets	Total	Total
Balance, beginning of year	\$ 2,694,839	\$ 95,804	\$ 2,790,643	\$ 2,470,326
Excess of revenue over expenses for the year	-	46,119	46,119	320,317
Transfer to internally restricted	66,806	(66,806)	-	-
<b>Balance, end of year</b>	<b>\$ 2,761,645</b>	<b>\$ 75,117</b>	<b>\$ 2,836,762</b>	<b>\$ 2,790,643</b>

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

**STATEMENT OF REVENUE AND EXPENSES**

**FOR THE YEAR ENDED MARCH 31, 2019**

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	<b>2019</b>	<b>2018</b>
<b>REVENUE</b>		
Registration fees	\$ 1,628,233	\$ 1,658,408
Examinations	272,315	298,927
Interest income	62,249	27,588
Courses	13,650	14,175
Expense recovery	8,213	8,504
Tariffs and fines	1,462	-
Safety program	1,268	1,920
Training program review	-	4,000
	<hr/> 1,987,390	<hr/> 2,013,522
<b>EXPENSES</b>		
Wages and benefits	591,721	589,029
Examinations	308,184	261,329
Operations (Note 8)	224,052	204,280
Registrant services	179,478	171,948
Committee: operations	142,292	115,291
Committee: inquiry, discipline and insurance	141,565	81,269
Legal fees	129,855	65,329
Board operations	103,981	78,689
Data quality project	53,060	17,882
Annual general meeting	30,707	33,312
Professional fees	19,216	20,215
Safety program expenses	12,267	39,807
Training program review	4,893	14,825
	<hr/> 1,941,271	<hr/> 1,693,205
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<hr/> \$ 46,119	<hr/> \$ 320,317

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

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED MARCH 31, 2019**

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	<b>2019</b>	<b>2018</b>
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 46,119	\$ 320,317
Item not involving cash:		
Amortization	23,503	24,595
	<hr/> 69,622	<hr/> 344,912
Change in non-cash working capital items:		
Accounts receivable	(18,694)	(7,479)
Prepaid expenses and deposits	(10,818)	(10,456)
Accounts payable and accrued liabilities	7,072	101,025
Government remittances payable	2,560	3,048
Vacation payable	4,661	(10,014)
Deferred revenue	156,548	(48,404)
	<hr/> 210,951	<hr/> 372,632
INVESTING ACTIVITIES		
Purchase of office equipment	(4,331)	-
	<hr/> 206,620	<hr/> 372,632
INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR	206,620	372,632
CASH AND EQUIVALENTS, BEGINNING OF YEAR	4,376,144	4,003,512
	<hr/> \$ 4,582,764	<hr/> \$ 4,376,144
CASH AND EQUIVALENTS, END OF YEAR	\$ 4,582,764	\$ 4,376,144



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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

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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").

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

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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 was 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). 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.

Credit risk

Credit risk arises from the potential that a counter party will default on its contractual obligations. The College is not exposed to significant credit risk.

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

2. FINANCIAL INSTRUMENTS RISKS (Continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The College is not exposed to significant liquidity risk.

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 rate risk, interest rate risk and other price risk. The College is not exposed to currency rate risk, interest rate risk and other price risk.

3. CASH AND EQUIVALENTS

	<b>2019</b>	<b>2018</b>
Cash on deposit	\$ 517,764	\$ 686,144
Cashable Guaranteed Investment Certificates due within one year and bearing interest at rates between 1.66% and 2.00% (2018 - 1.00% and 1.38%)	4,065,000	3,690,000
	<b>\$ 4,582,764</b>	<b>\$ 4,376,144</b>

4. OFFICE EQUIPMENT

			<b>2019</b>	<b>2018</b>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer hardware	\$ 61,351	\$ 57,294	\$ 4,057	\$ 709
Furniture and equipment	87,110	67,590	19,520	24,400
	<b>\$ 148,461</b>	<b>\$ 124,884</b>	<b>\$ 23,577</b>	<b>\$ 25,109</b>

5. MEMBERSHIP MANAGEMENT SYSTEM AND OFFICIAL MARKS

			<b>2019</b>	<b>2018</b>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Membership management system	\$ 88,200	\$ 88,200	\$ -	\$ 17,640
Official marks	8,000	-	8,000	8,000
	<b>\$ 96,200</b>	<b>\$ 88,200</b>	<b>\$ 8,000</b>	<b>\$ 25,640</b>

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

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2019**

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6. DEFERRED REVENUE

	<b>2019</b>	<b>2018</b>
Balance, beginning of year	\$ 1,442,375	\$ 1,490,779
Cash received	1,598,923	1,442,375
Amount recognized as revenue	(1,442,375)	(1,490,779)
	<hr/> \$ 1,598,923	<hr/> \$ 1,442,375

7. COMMITMENTS

The College has entered into a rental agreement that expires in July 2024. The anticipated payments during the next five years are estimated as follows:

2020	\$ 126,700
2021	142,466
2022	143,584
2023	144,701
2024	145,818
	<hr/> \$ 703,269

8. OPERATIONS EXPENSE

	<b>2019</b>	<b>2018</b>
Rent	\$ 60,412	\$ 55,365
Credit card processing fees	45,344	42,222
General administration and office	42,564	35,382
Computer maintenance and supplies	39,780	29,992
Amortization of membership management system	17,640	17,640
Telephone and utilities	7,833	6,695
Amortization of office equipment	5,863	6,955
Postage and courier	4,616	10,029
	<hr/> \$ 224,052	<hr/> \$ 204,280

9. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's financial statements. Such reclassification does not have any effect on the assets, net assets or excess of revenue over expenses previously reported.