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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2020**

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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

### Opinion

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, 2020, and the statements of changes in net assets, revenues and expenses 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, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### 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. We are independent of the College in accordance with 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 ASNPO, 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.

### 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.

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## INDEPENDENT AUDITORS' REPORT

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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 auditors' 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.

*Manning Elliott LLP*

Chartered Professional Accountants  
Vancouver, British Columbia  
June 26, 2020

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND  
ACUPUNCTURISTS OF BRITISH COLUMBIA  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2020**

	2020	2019
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 4,688,103	\$ 4,582,764
Accounts receivable	35,527	41,852
Prepaid expenses and deposits	13,495	29,746
	<b>4,737,125</b>	4,654,362
OFFICE EQUIPMENT (Note 4)	18,225	23,577
OFFICIAL MARKS	8,000	8,000
	<b>\$ 4,763,350</b>	<b>\$ 4,685,939</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 266,556	\$ 216,677
Government remittances payable	19,179	14,502
Vacation payable	33,356	19,075
Deferred revenue (Note 5)	1,501,950	1,598,923
	<b>1,821,041</b>	1,849,177
COMMITMENT (Note 6)		
<b>NET ASSETS</b>		
INTERNALLY RESTRICTED NET ASSETS (Note 1(a)(iii))	2,779,948	2,761,645
UNRESTRICTED NET ASSETS	162,361	75,117
	<b>2,942,309</b>	2,836,762
	<b>\$ 4,763,350</b>	<b>\$ 4,685,939</b>

Approved by the Board:

  
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Director

  
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Director

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND  
ACUPUNCTURISTS OF BRITISH COLUMBIA  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2020**

	Internally Restricted Net Assets	Unrestricted Net Assets	<b>2020</b>	2019
Balance, beginning of year	\$ 2,761,645	\$ 75,117	<b>\$ 2,836,762</b>	\$ 2,790,643
Excess of revenues over expenses for the year	-	105,547	<b>105,547</b>	46,119
Transfer to internally restricted	18,303	(18,303)	-	-
Balance, end of year	\$ 2,779,948	\$ 162,361	<b>\$ 2,942,309</b>	\$ 2,836,762

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND  
ACUPUNCTURISTS OF BRITISH COLUMBIA  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2020**

	2020	2019
<b>REVENUES</b>		
Registration fees	\$ 1,810,674	\$ 1,628,233
Examinations	295,394	272,315
Interest income	72,054	62,249
Courses	12,310	13,650
Expense recovery	9,404	8,213
Training program review	3,056	-
Safety program	476	1,268
Tariffs and fines	268	1,462
	<b>2,203,636</b>	<b>1,987,390</b>
<b>EXPENSES</b>		
Wages and benefits	786,876	591,721
Examinations	373,688	308,184
Operations (Note 7)	344,948	224,052
Registrant services	124,663	179,478
Data quality project	106,956	53,060
Committee: operations	106,704	142,292
Legal fees	88,219	129,855
Board operations	80,497	103,981
Committee: inquiry, discipline and insurance	29,951	141,565
Annual general meeting	22,718	30,707
Professional fees	22,249	19,216
Training program review	7,845	4,893
Safety program	2,775	12,267
	<b>2,098,089</b>	<b>1,941,271</b>
<b>EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>\$ 105,547</b>	<b>\$ 46,119</b>

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND  
ACUPUNCTURISTS OF BRITISH COLUMBIA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	\$ 105,547	\$ 46,119
Item not affecting cash:		
Amortization	6,207	23,503
	<b>111,754</b>	<b>69,622</b>
Changes in non-cash working capital:		
Accounts receivable	6,325	(18,694)
Prepaid expenses and deposits	16,251	(10,818)
Accounts payable and accrued liabilities	49,879	7,072
Government remittances payable	4,677	2,560
Vacation payable	14,281	4,661
Deferred revenue	(96,973)	156,548
	<b>106,194</b>	<b>210,951</b>
<b>INVESTING ACTIVITY</b>		
Purchase of office equipment, net	(855)	(4,331)
<b>CHANGE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>		
	<b>105,339</b>	<b>206,620</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>4,582,764</b>	<b>4,376,144</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 4,688,103</b>	<b>\$ 4,582,764</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, 2020**

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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 revenues 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 revenues and expenses in the period in which it is determined.

Transaction costs

The College recognizes its transaction costs in income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND  
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**NOTES TO FINANCIAL STATEMENTS**  
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1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) Cash and cash equivalents

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

(d) Office equipment

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

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

(e) Impairment

Effective April 1, 2019 the College adopted Section 4433 'Tangible capital assets held by not-for-profit organizations'. Under the new section, the College's policy is to record a write-down to a capital asset's fair value or replacement cost when conditions indicate that a capital asset is impaired. Such conditions include when the capital asset no longer contributes to the College's ability to provide goods and services or when the value of future economic benefits or service potential associated with the capital asset is less than its net carrying amount. Write-downs are recognized as an expense in the statement of revenues and expenses and are not reversed.

(f) 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.

(g) 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 credit, liquidity, market, currency, interest rate and other price risks arising from these financial instruments. In addition, the College is not exposed to any material concentrations of risk and there has been no significant change in risk exposures from the prior year.

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**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND  
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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2020**

2. FINANCIAL INSTRUMENTS RISKS (*continued*)

Credit risk

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The College is exposed to credit risk through its accounts receivable. The College mitigates risk by maintaining a low balance of accounts receivable.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty meeting obligations associated with financial liabilities. The College is exposed to this risk mainly in respect of its receipt of funds from registrants and other related sources in order to meet its obligations associated with its accounts payable. The College mitigates its exposure to liquidity risk by ensuring that it documents when authorized payments become due and monitors its cash balances and cash flows generated from operations against its anticipated, committed and contemplated outflows.

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 mainly exposed to interest rate risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The College is exposed to interest rate risk through its GICs. The College mitigates risk by investing in fixed rate GICs with minimal risk.

3. CASH AND CASH EQUIVALENTS

	2020	2019
Cash on deposit	\$ 838,103	\$ 517,764
Cashable Guaranteed Investment Certificates due within one year and bearing interest at rates between 1.75% and 1.85% (2019 - 1.66% and 2.00%)	3,850,000	4,065,000
	<b>\$ 4,688,103</b>	<b>\$ 4,582,764</b>

4. OFFICE EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer hardware	\$ 62,919	\$ 59,740	\$ 3,179	\$ 4,057
Furniture and equipment	86,398	71,352	15,046	19,520
	<b>\$ 149,317</b>	<b>\$ 131,092</b>	<b>\$ 18,225</b>	<b>\$ 23,577</b>

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND  
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NOTES TO FINANCIAL STATEMENTS  
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5. DEFERRED REVENUE

	<b>2020</b>	2019
Balance, beginning of year	\$ 1,598,923	\$ 1,442,375
Cash received	1,501,950	1,598,923
Amount recognized as revenue	<b>(1,598,923)</b>	<b>(1,442,375)</b>
	<b>\$ 1,501,950</b>	<b>\$ 1,598,923</b>

6. COMMITMENT

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

2021	\$ 142,466
2022	143,584
2023	144,701
2024	145,818
	<u>\$ 576,569</u>

7. OPERATIONS EXPENSE

	<b>2020</b>	2019
Rent	\$ 134,110	\$ 60,412
General administration and office	81,008	42,564
Computer maintenance and supplies	65,226	39,780
Credit card processing fees	46,647	45,344
Telephone and utilities	9,708	7,833
Amortization of office equipment	6,207	5,863
Postage and courier	2,042	4,616
Amortization of membership management system	-	17,640
	<b>\$ 344,948</b>	<b>\$ 224,052</b>

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**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND  
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8. COVID-19 RISK

In March 2020, a global pandemic was declared due to the COVID-19 virus, which has had a significant impact on not-for-profit organizations through the restrictions put in place by the Canadian and U.S. governments regarding travel, business operations and isolation and quarantine orders. At this time, the extent of the impact that the COVID-19 pandemic may have on the College is unknown as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put in place by Canada, U.S. and other countries to fight the virus. The College continues to monitor its assets and assess the impact COVID-19 will have on its operations. The extent of the effect of the COVID-19 pandemic on the College is uncertain.