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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED MARCH 31, 2022**

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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, 2022, 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, 2022, 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.

### 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 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 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.

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:

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## INDEPENDENT AUDITORS' REPORT

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- 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  
July 15, 2022

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS  
AND ACUPUNCTURISTS OF BRITISH COLUMBIA  
STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2022**

	2022	2021
<b>ASSETS</b>		
CURRENT		
Cash and cash equivalents (Note 3)	\$ 5,231,602	\$ 4,949,644
Accounts receivable	3,100	47,983
Prepaid expenses and deposits	5,365	5,579
	<b>5,240,067</b>	5,003,206
OFFICE EQUIPMENT (Note 4)	10,806	14,533
OFFICIAL MARKS	8,000	8,000
	<b>\$ 5,258,873</b>	<b>\$ 5,025,739</b>
<b>LIABILITIES</b>		
CURRENT		
Accounts payable and accrued liabilities	\$ 168,318	\$ 307,818
Government remittances payable	23,694	20,040
Vacation payable	75,204	56,233
Deferred revenue (Note 5)	2,042,175	1,782,575
	<b>2,309,391</b>	2,166,666
COMMITMENT (Note 6)		
<b>NET ASSETS</b>		
INTERNALLY RESTRICTED NET ASSETS (Note 1(a)(ii))	2,781,437	2,816,519
UNRESTRICTED NET ASSETS	168,045	42,554
	<b>2,949,482</b>	2,859,073
	<b>\$ 5,258,873</b>	<b>\$ 5,025,739</b>

Approved by the Board



Director



Director

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS  
AND ACUPUNCTURISTS OF BRITISH COLUMBIA  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2022**

	Internally Restricted Net Assets	Unrestricted Net Assets	<b>2022</b>	2021
Balance, beginning of year	\$ 2,816,519	\$ 42,554	\$ <b>2,859,073</b>	\$ 2,942,309
Excess (deficiency) of revenues over expenses for the year	-	90,409	<b>90,409</b>	(83,236)
Transfer to internally restricted ( <i>Note 1a</i> )	(35,082)	35,082	-	-
Balance, end of year	\$ 2,781,437	\$ 168,045	\$ <b>2,949,482</b>	\$ 2,859,073

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS  
AND ACUPUNCTURISTS OF BRITISH COLUMBIA  
STATEMENT OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2022**

	2022	2021
<b>REVENUES</b>		
Registration fees	\$ 1,913,443	\$ 1,787,500
Examinations	439,645	238,330
Tariffs and fines	33,614	59,982
Courses	22,800	12,975
Interest income	18,826	39,086
Expense recovery	6,000	6,055
Training program review	2,000	6,000
	<b>2,436,328</b>	<b>2,149,928</b>
<b>EXPENSES</b>		
Wages and benefits	949,848	902,033
Examinations	395,366	367,057
Operations (Note 7)	345,829	341,291
Legal fees	173,667	102,546
Committee: operations	143,699	188,479
Board operations	109,406	88,072
Data quality project	86,711	100,602
Registrant services	55,108	42,862
Committee: inquiry, discipline and insurance	43,608	28,964
Professional fees	33,346	39,547
Training program review	3,816	25,295
Safety program	2,860	1,390
Annual general meeting	2,655	5,026
	<b>2,345,919</b>	<b>2,233,164</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR</b>	<b>\$ 90,409</b>	<b>\$ (83,236)</b>

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS  
AND ACUPUNCTURISTS OF BRITISH COLUMBIA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2022**

	<b>2022</b>	2021
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses for the year	<b>\$ 90,409</b>	\$ (83,236)
Item not affecting cash:		
Amortization of office equipment	<b>3,727</b>	5,822
	<b>94,136</b>	(77,414)
Changes in non-cash working capital:		
Accounts receivable	<b>44,883</b>	(12,456)
Prepaid expenses and deposits	<b>214</b>	7,916
Accounts payable and accrued liabilities	<b>(139,500)</b>	41,262
Government remittances payable	<b>3,654</b>	861
Vacation payable	<b>18,971</b>	22,877
Deferred revenue	<b>259,600</b>	280,625
	<b>187,822</b>	341,085
	<b>281,958</b>	263,671
<b>INVESTING ACTIVITY</b>		
Purchase of office equipment	-	(2,130)
<b>INCREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>		
	<b>281,958</b>	261,541
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>4,949,644</b>	4,688,103
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 5,231,602</b>	\$ 4,949,644

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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, 2022**

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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.

The COVID-19 health pandemic has had a significant impact on social and economic activity through the restrictions put in place by various levels of government regarding travel, business operations and isolation/quarantine orders. The College continues to monitor its operations and assess the impact COVID-19 will have on its operating activities and will make any necessary adjustments to maintain its financial position.

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.

During the year, \$35,082 was transferred from internally restricted net assets to unrestricted net assets (2021 - \$36,571 was transferred from unrestricted net assets to internally restricted net assets).

(b) Financial instruments

(i) Measurement

The College's financial instruments consist of cash and cash 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 its financial assets and liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value.



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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, 2022**

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1. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(ii) 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.

(iii) 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.

(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 recorded at cost and amortized annually on a declining balance basis at the following rates:

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

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.

(e) Revenue recognition

The College follows the deferral method of accounting for contributions. Registration fees are recognized as revenue in the year to which they relate and any amounts received in advance are recorded as deferred revenue. 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.

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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, 2022**

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1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) 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 valuation of accounts receivable, the determination of the useful lives of office equipment for computing amortization, measurement 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, except as described below. 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.

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. At March 31, 2022 and 2021, an allowance for doubtful accounts was not considered necessary by management.

Although the COVID-19 health pandemic has impacted many organizations, based on the nature of the College's operations, management has determined the College's credit risk to be minimal and will continue to monitor cash collections to mitigate any potential credit risk.

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.

Although the COVID-19 health pandemic has impacted many organizations, based on the nature of the College's operations, management has determined the College's liquidity risk to be minimal and will continue to monitor cash collections to mitigate any potential 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 risk, interest rate risk and other price risk.

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND  
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NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

2. FINANCIAL INSTRUMENTS RISKS *(continued)*

Currency risk

Currency risk is the risk that the fair value or future cash year end flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The College is not exposed to currency risk as all operations and financial instruments are conducted and denominated in Canadian dollars.

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 GICs with fixed interest rates.

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 not exposed to other price risk.

3. CASH AND CASH EQUIVALENTS

	2022	2021
Cash on deposit	\$ 1,781,602	\$ 699,646
Cashable Guaranteed Investment Certificates due within one year and bearing interest at the rate of 0.80% (2021 - between 0.39% and 1.04%)	3,450,000	4,249,998
	<b>\$ 5,231,602</b>	<b>\$ 4,949,644</b>

4. OFFICE EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer hardware	\$ 65,048	\$ 63,871	\$ 1,177	\$ 2,496
Furniture and equipment	86,398	76,769	9,629	12,037
	<b>\$ 151,446</b>	<b>\$ 140,640</b>	<b>\$ 10,806</b>	<b>\$ 14,533</b>

**COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND  
ACUPUNCTURISTS OF BRITISH COLUMBIA  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022**

5. DEFERRED REVENUE

	2022	2021
Balance, beginning of year	\$ 1,782,575	\$ 1,501,950
Amounts received during the year	2,042,175	1,782,575
Amount recognized as revenue during the year	<b>(1,782,575)</b>	<b>(1,501,950)</b>
	<b>\$ 2,042,175</b>	<b>\$ 1,782,575</b>

6. COMMITMENT

The College has a rental agreement that expires in July 2024. The anticipated minimum lease payments over the next two years are as follows:

2023	\$ 144,701
2024	145,818
	<u>\$ 290,519</u>

7. OPERATIONS EXPENSE

	2022	2021
Rent	\$ 166,101	\$ 165,665
Computer maintenance and supplies	73,627	63,018
Credit card processing fees	58,675	54,289
General administration and office	35,130	41,935
Telephone and utilities	7,441	8,684
Amortization of office equipment	3,727	5,822
Postage and courier	1,128	1,878
	<b>\$ 345,829</b>	<b>\$ 341,291</b>