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

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**MARCH 31, 2017**

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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 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, 2017, 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, 2017, 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 14, 2017

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

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2017**

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	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents (Note 3)	\$ 4,003,512	\$ 3,697,290
Accounts receivable	15,679	67,575
Prepaid expenses and deposits	8,472	2,964
	<hr/> 4,027,663	<hr/> 3,767,829
OFFICE EQUIPMENT (Note 4)	32,064	40,829
OFFICIAL MARKS (Note 5)	8,000	8,000
MEMBERSHIP MANAGEMENT SYSTEM (Note 5)	35,280	52,920
	<hr/> \$ 4,103,007	<hr/> \$ 3,869,578
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 108,580	\$ 118,639
Government remittances payable	8,894	9,211
Vacation payable	24,428	11,294
Deferred revenue (Note 6)	1,490,779	1,392,788
	<hr/> 1,632,681	<hr/> 1,531,932
<b>COMMITMENTS (Note 7)</b>		
<b>INTERNALLY RESTRICTED NET ASSETS</b>		
(Note 1(a)(ii))	2,205,263	1,880,176
<b>UNRESTRICTED NET ASSETS</b>	265,063	457,470
	<hr/> 2,470,326	<hr/> 2,337,646
	<hr/> \$ 4,103,007	<hr/> \$ 3,869,578

Approved by the Board:



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Director



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Director



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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, 2017**

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	2017			2016	
	Internally restricted net assets (Note 1(a)(ii))	Unrestricted net assets	Total	Total	Total
Balance, beginning of year	\$ 1,880,176	\$ 457,470	\$ 2,337,646	\$ 1,785,848	
Excess of revenue over expenses for the year	-	132,680	132,680	551,798	
Transfer to internally restricted	325,087	(325,087)	-	-	
Balance, end of year	\$ 2,205,263	\$ 265,063	\$ 2,470,326	\$ 2,337,646	

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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, 2017**

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	<b>2017</b>	<b>2016</b>
<b>REVENUE</b>		
Registration fees	\$ 1,552,525	\$ 1,473,543
Examinations	255,964	286,400
Tariffs and fines	39,792	42,127
Interest income	21,318	24,114
Courses	15,600	21,000
Training program review	12,330	20,345
Expense recovery	8,374	6,455
Safety program	1,738	810
Newsletter ads	-	2,750
	<hr/> 1,907,641	<hr/> 1,877,544
<b>EXPENSES</b>		
Wages and benefits	487,326	420,013
Committee: operations	397,942	208,855
Operations (Note 8)	202,521	270,879
Committee: inquiry, discipline and insurance	162,566	116,436
Examinations	159,949	51,538
Legal fees	132,637	88,335
Safety program expenses	104,306	924
Board operations	40,880	31,219
Annual general meeting	30,714	25,257
Professional fees	19,635	24,688
Registrant services	14,319	30,671
Training program review	10,232	21,975
Data quality project	11,934	33,456
Health professions review board	-	1,500
	<hr/> 1,774,961	<hr/> 1,325,746
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<hr/> \$ 132,680	<hr/> \$ 551,798



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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, 2017**

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	<b>2017</b>	<b>2016</b>
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 132,680	\$ 551,798
Items not involving cash:		
Amortization	27,153	23,600
	<hr/> 159,833	<hr/> 575,398
Change in non-cash working capital items:		
Accounts receivable	51,896	(26,895)
Prepaid expenses and deposits	(5,508)	2,833
Accounts payable and accrued liabilities	(10,059)	50,872
Government remittances payable	(317)	2,189
Vacation payable	13,134	2,218
Deferred revenue	97,991	91,717
	<hr/> 306,970	<hr/> 698,332
INVESTING ACTIVITIES		
Purchase of office equipment	(748)	(41,914)
	<hr/>	<hr/>
INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR	306,222	656,418
CASH AND EQUIVALENTS, BEGINNING OF YEAR	3,697,290	3,040,872
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CASH AND EQUIVALENTS, END OF YEAR	\$ 4,003,512	\$ 3,697,290

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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, 2017**

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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 GICs.

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%



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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, 2017**

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

3. CASH AND EQUIVALENTS

	<b>2017</b>	<b>2016</b>
Cash on deposit	\$ 687,842	\$ 367,290
Cashable GICs due within one year and bearing interest at rates between 0.50% and 0.60% (2015 - 0.90%)	3,315,670	3,330,000
	<b>\$ 4,003,512</b>	<b>\$ 3,697,290</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, 2017**

4. OFFICE EQUIPMENT

			<b>2017</b>			<b>2016</b>
	Cost	Accumulated Amortization	Net Book Value		Net Book Value	
Computer hardware	\$ 57,020	\$ 55,456	\$ 1,564	\$	3,456	
Furniture and equipment	87,110	56,610	30,500	\$	37,373	
	<b>\$ 144,130</b>	<b>\$ 112,066</b>	<b>\$ 32,064</b>	<b>\$</b>	<b>40,829</b>	

5. MEMBERSHIP MANAGEMENT SYSTEM AND OFFICIAL MARKS

			<b>2017</b>			<b>2016</b>
	Cost	Accumulated Amortization	Net Book Value		Net Book Value	
Membership management system	\$ 88,200	\$ 52,920	\$ 35,280	\$	52,920	
Official marks	8,000	-	8,000	\$	8,000	
	<b>\$ 96,200</b>	<b>\$ 52,920</b>	<b>\$ 43,280</b>	<b>\$</b>	<b>60,920</b>	

6. DEFERRED REVENUE

	<b>2017</b>	<b>2016</b>
Balance, beginning of year	\$ 1,392,788	\$ 1,301,071
Cash received	1,490,779	1,392,788
Amount recognized as revenue	(1,392,788)	(1,301,071)
	<b>\$ 1,490,779</b>	<b>\$ 1,392,788</b>



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

**FOR THE YEAR ENDED MARCH 31, 2017**

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7. COMMITMENTS

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

2018	\$	141,353
2019		55,666
2020		56,000
2021		23,333
	\$	<u>276,352</u>

8. OPERATIONS EXPENSE

	<b>2017</b>		<b>2016</b>	
Rent	\$	50,364	\$	45,525
Credit card processing fees		40,938		29,466
General administration and office		37,650		43,112
Computer maintenance and supplies		31,910		108,952
Amortization of membership management system		17,640		17,640
Amortization of office equipment		9,513		5,960
Telephone and utilities		7,974		9,615
Postage and courier		6,532		10,609
	\$	<u>202,521</u>	\$	<u>270,879</u>

