

**College of Naturopathic Physicians of
British Columbia**
Financial Statements
For the year ended December 31, 2016
(Unaudited)

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(Unaudited)

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Review Engagement Report

To the Members of the Board of the
College of Naturopathic Physicians of British Columbia

We have reviewed the Statement of Financial Position of the College of Naturopathic Physicians of British Columbia as at December 31, 2016 and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of the organization's management. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the organization.

A review does not constitute an audit and, consequently, we do not express an audit opinion on these financial statements.

Based on our reviews, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

April 18, 2017

College of Naturopathic Physicians of British Columbia
Statement of Financial Position
(Unaudited)

December 31 **2016** **2015**

Assets

Current

Cash (Note 2)	\$ 1,209,968	\$ 1,084,184
Accounts receivable	-	3,794
Prepaid expenses	<u>29,778</u>	<u>8,798</u>

1,239,746 1,096,776

Property and equipment (Note 3)

48,586 56,411

\$ 1,288,332 \$ 1,153,187

Liabilities and Net Assets

Liabilities

Current

Accounts payable and accrued liabilities	\$ 38,607	\$ 27,856
Deferred revenue	<u>750,742</u>	<u>669,427</u>

789,349 697,283

Net assets

Invested in property and equipment	48,586	56,411
Internally restricted funds (Note 4)	138,801	138,801
Building fund (Note 5)	153,297	153,297
Unrestricted	<u>158,299</u>	<u>107,395</u>

498,983 455,904

\$ 1,288,332 \$ 1,153,187

Approved on behalf of the Board:



Director



Board Chair

College of Naturopathic Physicians of British Columbia
Statement of Operations
(Unaudited)

For the year ended December 31	2016	2015
Revenue		
Registration, other fees and cost recovery	\$ 1,022,881	\$ 859,668
Interest income	6,989	5,457
	1,029,870	865,125
Expenses		
Accounting	26,034	12,429
Amortization	27,212	29,686
Annual general meeting	3,609	2,213
Board expenses (Note 7)	87,077	63,890
Committee expenses (Note 7)	122,066	92,334
Legal costs	31,504	37,643
Occupancy charges	60,280	59,691
Office expenses:		
General expenses	74,051	55,664
Insurance and security	9,764	2,684
Marketing	2,320	-
Payment processing charges	24,614	25,416
Printing	1,373	6,892
Professional fees	4,075	11,250
Repairs and maintenance	1,192	755
Telephone and utilities	17,023	13,792
Website and Internet	6,935	6,051
Wages and benefits	487,662	386,324
	986,791	806,714
Excess of revenues over expenses for the year	\$ 43,079	\$ 58,411

College of Naturopathic Physicians of British Columbia
Statement of Changes in Net Assets
(Unaudited)

For the year ended December 31	Invested in Property and Equipment	Internally Restricted (Note 4)	Building Fund (Note 5)	Unrestricted	2016	2015
Balance, beginning of year	\$ 56,411	\$ 138,801	\$ 153,297	\$ 107,395	\$ 455,904	\$ 397,493
Excess of revenues over expenses	-	-	-	43,079	43,079	58,411
Amortization of property and equipment	(27,212)	-	-	27,212	-	-
Purchase of property and equipment	19,387	-	-	(19,387)	-	-
Balance, end of year	\$ 48,586	\$ 138,801	\$ 153,297	\$ 158,299	\$ 498,983	\$ 455,904

College of Naturopathic Physicians of British Columbia
Statement of Cash Flows
(Unaudited)

For the year ended December 31	2016	2015
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses for the year	\$ 43,079	\$ 58,411
Item not involving cash		
Amortization	27,212	29,686
	<u>70,291</u>	<u>88,097</u>
Changes in non-cash operating balances		
Accounts receivable	3,794	(3,794)
Deferred revenue	81,315	8,956
Prepaid expenses	(20,980)	-
Accounts payable and accrued liabilities	10,751	(10,745)
	<u>145,171</u>	<u>82,514</u>
Investing activities		
Acquisition of property and equipment	(19,387)	(31,592)
Increase in cash during the year	125,784	50,922
Cash, beginning of year	1,084,184	1,033,262
Cash, end of year	\$ 1,209,968	\$ 1,084,184

College of Naturopathic Physicians of British Columbia
Notes to the Financial Statements
(Unaudited)

December 31, 2016

1. Summary of Significant Accounting Policies

(a) Purpose of Organization

The College of Naturopathic Physicians of British Columbia (the "College") is a health profession regulatory body mandated by the Health Professions Act to license, regulate and monitor naturopathic physicians and practice of naturopathic medicine. The College is not subject to income taxes pursuant to Section 149(1) of the Income Tax Act.

(b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations ("ASNPO").

(c) Revenue Recognition

Dues are recorded in the year they relate to as payment of dues is required for maintenance of registration. Interest income is recorded as it is earned. In prior years, payment processing charges related to registration fees, other fees and cost recovery were netted against revenue. During the year, management has decided to classify payment processing charges separately and has included them within office expenses.

(d) Property and Equipment

Property and equipment are recorded at cost. Amortization based on the estimated useful life of the asset is as follows:

Equipment, furniture and fixtures	- 20% diminishing balance basis
Website	- 55% diminishing balance basis
Computer equipment	- 20% diminishing balance basis
Artwork	- indefinite life

(e) Use of Estimates

The preparation of the financial statements in accordance with Canadian accounting standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates are the determination of property and equipment and their useful life, as well as the provisions for contingencies. Actual results could differ from management's best estimates as additional information might become available in the future.

College of Naturopathic Physicians of British Columbia
Notes to the Financial Statements
(Unaudited)

December 31, 2016

1. Summary of Significant Accounting Policies (Continued)

(f) Financial Instruments

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

Loans and receivables

The College has classified accounts receivable as loans and receivables. These are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment. Given the short-term nature of these items their carrying value equates to their fair value.

Other financial liabilities

The College has classified accounts payable as other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Other financial liabilities are subsequently measured at their amortized cost, using the effective interest method. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment. Given the short-term nature of accounts payable and accrued liabilities their carrying value equates to its fair value.

2. Cash

Cash is held with one Canadian credit union earning interest at variable rates.

3. Property and Equipment

	2016		2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 27,857	\$ 14,680	\$ 13,177	\$ 13,521
Equipment, furniture, and fixtures	13,867	9,548	4,319	4,027
Website	89,162	62,512	26,650	34,423
Artwork	4,440	-	4,440	4,440
	\$ 135,326	\$ 86,740	\$ 48,586	\$ 56,411

College of Naturopathic Physicians of British Columbia
Notes to the Financial Statements
(Unaudited)

December 31, 2016

4. Internally Restricted Funds

The Board established a Contingency Reserve Account for the purpose of meeting unanticipated or unbudgeted expenses that are consistent with the objectives of the College.

5. Building Fund

The Board established a Building Reserve Account for the purpose of funding a future real property purchase.

6. Commitments

The College is committed under a number of operating lease agreements. The minimum lease payments for the remainder of the leases are as follows:

2017	\$	36,778
2018		38,413
2019		38,413
2020		<u>4,285</u>
	\$	<u>117,889</u>

College of Naturopathic Physicians of British Columbia
Notes to the Financial Statements
(Unaudited)

December 31, 2016

7. Board and Committee Expenses

Board expenses are presented as follows:

	<u>2016</u>	<u>2015</u>
Honourarium	\$ 25,300	\$ 24,900
Meals and meetings	34,946	28,931
Professional fees	1,680	-
Travel	25,151	10,059
Total board expenses	<u>\$ 87,077</u>	<u>\$ 63,890</u>

Committee expenses are presented as follows:

	<u>2016</u>	<u>2015</u>
Honourarium	\$ 44,340	\$ 35,900
Exam and inspectors	49,351	28,583
Meals and meetings	6,319	7,133
Professional development	-	2,379
Travel	22,057	18,339
Total committee expenses	<u>\$ 122,067</u>	<u>\$ 92,334</u>

8. Financial Instrument Risk

Liquidity Risk

Liquidity risk is the risk that the College encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational requirements, the College will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The College maintains sufficient liquid cash reserves and internally restricted funds to manage any unexpected obligations.