

**College of Naturopathic Physicians of
British Columbia
Financial Statements
For the year ended December 31, 2013
(Unaudited)**

**College of Naturopathic Physicians of
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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, 2013 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 Accountants

Vancouver, British Columbia
April 2, 2014

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

December 31 **2013** **2012**

Assets

Current

Cash (Note 2)	\$	487,312	\$	731,250
Accounts receivable		-		910
Prepaid expenses		8,798		8,798
		446,110		740,958

Property and equipment (Note 3)		14,095		8,792
		\$ 460,205	\$	749,750

Liabilities and Net Assets

Liabilities


Current

Accounts payable and accrued liabilities	\$	25,765	\$	52,581
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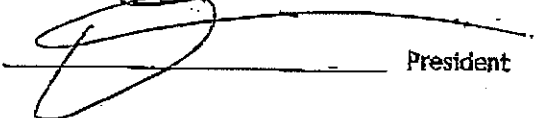
Net assets

Invested in property and equipment	14,095		8,792
Internally restricted funds (Note 4)	138,801		238,801
Building fund (Note 5)	153,297		153,297
Unrestricted	128,247		296,279
	434,440		697,169
	\$ 460,205	\$	749,750

Approved on behalf of the Board:



Director



President

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

For the year ended December 31	2013	2012
Revenue		
Registrants' dues, registration and license fees	\$ 719,705	\$ 582,466
Interest income	6,411	6,343
	<u>726,116</u>	<u>588,809</u>
Expenses		
Accounting	12,155	15,038
Amortization	2,640	2,272
Annual general meeting	1,463	3,052
Board expenses (Note 7)	64,311	60,535
Committee expenses (Note 7)	91,416	64,968
Legal costs	373,535	121,641
Office expenses:		
Credit card charges	1,700	1,277
General expenses	48,411	28,912
Insurance and security	2,424	2,371
Marketing	10,874	-
Printing	6,996	8,563
Professional fees	24,299	3,360
Repairs and maintenance	790	886
Telephone and utilities	7,352	10,089
Website and Internet	5,594	6,366
Occupancy charges	60,134	58,507
Wages and benefits	274,751	194,387
	<u>988,845</u>	<u>582,224</u>
Excess (deficiency) of revenues over expenses for the year	\$ (262,729)	\$ 6,585

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	Building Fund	Unrestricted	2013	2012
Balance, beginning of year	\$ 8,792	\$ 238,801	\$ 153,297	\$ 296,279	\$ 697,169	\$ 690,584
Excess (deficiency) of revenues over expenses	-	(100,000)	-	(162,729)	(262,729)	6,585
Amortization of property and equipment	(2,640)	-	-	2,640	-	-
Purchase of property and equipment	7,943	-	-	(7,943)	-	-
Balance, end of year	\$ 14,095	\$ 138,801	\$ 153,297	\$ 128,247	\$ 434,440	\$ 697,169

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

For the year ended December 31	2013	2012
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ (262,729)	\$ 6,585
Items not involving cash		
Amortization	<u>2,640</u>	<u>2,272</u>
	(260,089)	8,857
Changes in non-cash operating balances		
Accounts receivable	910	(910)
Accounts payable and accrued liabilities	<u>(26,816)</u>	<u>36,591</u>
	<u>(285,995)</u>	<u>44,538</u>
Investing activities		
Acquisition of property and equipment	<u>(7,943)</u>	<u>(530)</u>
Increase (Decrease) in cash during the year	(293,938)	44,008
Cash, beginning of year	<u>731,250</u>	<u>687,242</u>
Cash, end of year	\$ 437,312	\$ 731,250

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

December 31, 2013

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 when received, as payment of dues is required for maintenance of registration. Interest income is recorded as it is earned.

(d) Property and Equipment

Equipment, furniture, fixtures and computer 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
Computer equipment	- 55% 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, 2013

1. Summary of Significant Accounting Policies (Continued)

(f) **Financial Instruments**

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

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 and accrued liabilities 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.

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

December 31, 2013

3. Property and Equipment

	2013		2012	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 11,294	\$ 7,072	\$ 4,222	\$ 2,888
Equipment, furniture, and fixtures	11,807	6,374	5,433	5,904
Artwork	4,440	-	4,440	-
	\$ 27,541	\$ 13,446	\$ 14,095	\$ 8,792

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 objects of the College. In 2013, the Board has approved to allocate \$100,000 from the Contingency Reserve Account to operations due to unusual expenses consistent with the objects 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:

2014	\$ 32,250
2015	2,820
2016	2,350
	\$ 37,420

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

December 31, 2013

7. Board and Committee Expenses

Board expenses are presented as follows:

	<u>2013</u>	<u>2012</u>
Honourarium	\$ 24,300	\$ 24,600
Meals and meetings	27,701	19,493
Miscellaneous	3,614	2,194
Travel	8,696	14,248
	<hr/>	<hr/>
Total board expenses	\$ 64,311	\$ 60,535
	<hr/>	<hr/>

Committee expenses are presented as follows:

	<u>2013</u>	<u>2012</u>
Honourarium	\$ 38,511	\$ 25,750
Exam and inspectors	26,666	24,449
Meals and meetings	5,348	3,030
Miscellaneous	3,795	2,434
Travel	17,096	9,305
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Total committee expenses	\$ 91,416	\$ 64,968
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8. Financial Instrument Risk

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The College is exposed to credit risk arising from its accounts receivable.

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. Liquidity risk arises from accounts payable and accrued liabilities.