

# 2019 FINANCIAL STATEMENTS



COLLEGE OF  
NATUROPATHIC  
PHYSICIANS  
OF BRITISH COLUMBIA

**College of Naturopathic Physicians of  
British Columbia**  
**Financial Statements**  
For the year ended December 31, 2019  
(Unaudited)

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## Independent Practitioner's Review Engagement Report

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

We have reviewed the accompanying financial statements of the College of Naturopathic Physicians of British Columbia that comprise the Statement of Financial Position as at December 31, 2019, and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended, and 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.

### Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of the College of Naturopathic Physicians of British Columbia as at December 31, 2019, 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.

Chartered Professional Accountants

Vancouver, British Columbia  
April 21, 2020

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

**December 31** **2019** **2018**

**Assets**

**Current**

Cash (Note 2)	\$ 2,013,534	\$ 1,790,460
Accounts receivable	7,780	-
Prepaid expenses	<u>25,927</u>	<u>23,573</u>

2,047,241 1,814,033

**Property and equipment (Note 3)**

75,959 55,140

**\$ 2,123,200** **\$ 1,869,173**

**Liabilities and Net Assets**

**Liabilities**

**Current**

Accounts payable and accrued liabilities	\$ 15,502	\$ 28,563
Deferred revenue	<u>1,308,660</u>	<u>1,133,696</u>

1,324,162 1,162,259

**Net assets**

Invested in property and equipment	75,959	55,140
Internally restricted (Note 4)	435,098	281,801
Building fund (Note 5)	-	153,297
Unrestricted	<u>287,981</u>	<u>216,676</u>

799,038 706,914

**\$ 2,123,200** **\$ 1,869,173**

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** **2019** **2018**

**Revenue**

Registration, other fees and cost recovery	\$ 1,457,897	\$ 1,284,763
Interest income	27,400	19,384
	<b>1,485,297</b>	<b>1,304,147</b>

**Expenses**

Accounting, audit & advisory	33,834	32,633
Amortization	29,786	21,336
Annual general meeting	7,329	5,512
Board expenses (Note 7)	82,129	72,253
Committee expenses (Note 7)	226,059	133,148
Legal costs	31,184	28,431
Occupancy charges	105,919	75,978
Office expenses:		
Consulting fees	94,159	1,260
General expenses	61,962	77,114
Insurance and security	11,326	10,208
Information technology support	8,229	11,500
Payment processing charges	41,345	54,245
Printing	2,283	3,802
Professional fees	14,116	11,760
Repairs and maintenance	233	1,070
Telephone and utilities	18,145	24,489
Website and Internet	4,620	3,184
Wages and benefits	620,515	641,078
	<b>1,393,173</b>	<b>1,209,001</b>

**Excess of revenues over expenses** **\$ 92,124** **\$ 95,146**

**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	2019	2018
<b>Balance, beginning of year</b>	\$ 55,140	\$ 281,801	\$ 153,297	\$ 216,676	\$ 706,914	\$ 611,768
Excess of revenues over expenses	-	-	-	92,124	92,124	95,146
Amortization of property and equipment	(29,786)	-	-	29,786	-	-
Purchase of property and equipment	50,605	-	-	(50,605)	-	-
Interfund transfer	-	153,297	(153,297)	-	-	-
<b>Balance, end of year</b>	<b>\$ 75,959</b>	<b>\$ 435,098</b>	<b>\$ -</b>	<b>\$ 287,981</b>	<b>\$ 799,038</b>	<b>\$ 706,914</b>

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

For the year ended December 31	2019	2018
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenues over expenses	\$ 92,124	\$ 95,146
Item not involving cash		
Amortization	<u>29,786</u>	<u>21,336</u>
	121,910	116,482
Changes in non-cash operating balances		
Accounts receivable	(7,780)	-
Deferred revenue	174,964	44,549
Prepaid expenses	(2,354)	14,012
Accounts payable and accrued liabilities	<u>(13,061)</u>	<u>(19,649)</u>
	<u>273,679</u>	<u>155,394</u>
<b>Investing activity</b>		
Acquisition of property and equipment	<u>(50,605)</u>	<u>(22,037)</u>
<b>Increase in cash during the year</b>	<b>223,074</b>	<b>133,357</b>
<b>Cash, beginning of year</b>	<u><b>1,790,460</b></u>	<u><b>1,657,103</b></u>
<b>Cash, end of year</b>	<b>\$ 2,013,534</b>	<b>\$ 1,790,460</b>



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

**December 31, 2019**

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**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)(L) 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

The College follows the deferral method of accounting for revenues. Registration fees are recorded as revenue in the year they relate to as payment of registration fees is required in advance to maintain registration. Interest income is recorded as it is earned.

(d) Property and Equipment

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

Computer equipment	- 20% declining balance basis
Equipment, furniture and fixtures	- 20% declining balance basis
Website	- 55% declining 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 useful lives of property and equipment, 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, 2019**

**1. Summary of Significant Accounting Policies (Continued)**

(f) Financial Instruments

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

These financial assets and liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Financial assets and 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 excess of revenues over expenses upon derecognition or impairment. Given the short-term nature of these amounts 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**

	<b>2019</b>		<b>2018</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment	\$ 41,547	\$ 26,193	\$ 15,354	\$ 19,193
Equipment, furniture and fixtures	29,017	17,495	11,522	14,402
Website	162,549	118,373	44,176	16,638
Artwork	4,907	-	4,907	4,907
	<b>\$ 238,020</b>	<b>\$ 162,061</b>	<b>\$ 75,959</b>	<b>\$ 55,140</b>

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

**December 31, 2019**

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**4. Internally Restricted Fund**

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

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**5. Building Fund**

The Board established a Building Reserve Fund for the purpose of funding a future real property purchase. During the year, the Board has decided to transfer \$153,297 from the Building Reserve Fund to the Contingency Reserve Fund (Note 4).

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**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:

2020	\$	68,478
2021	\$	68,478
2022	\$	68,478
2023	\$	65,489
2024	\$	<u>62,500</u>
	\$	<u>333,423</u>

The College is responsible for paying its proportionate share of operating costs and property taxes attributed to the leased premises. The commitments do not reflect such expenses.

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

**December 31, 2019**

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**7. Board and Committee Expenses**

Board expenses are presented as follows:

	<u>2019</u>	<u>2018</u>
Honourarium	\$ 32,426	\$ 27,300
Meals and meetings	33,294	23,745
Miscellaneous	2,021	-
Professional fees	2,099	8,400
Travel	12,289	12,808
Total Board expenses	<u>\$ 82,129</u>	<u>\$ 72,253</u>

Committee expenses are presented as follows:

	<u>2019</u>	<u>2018</u>
Honourarium	\$ 68,825	\$ 67,050
Exam and inspectors	96,562	35,313
Meals and meetings	26,913	10,289
Office	1,263	1,328
Professional development	5,793	-
Travel	18,819	19,168
Professional fees	7,884	-
Total Committee expenses	<u>\$ 226,059</u>	<u>\$ 133,148</u>

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**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.

**December 31, 2019**

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**9. Subsequent Events**

The global pandemic COVID-19 has disrupted economic activities. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. The College's ability to continue to deliver regulatory services and meet obligations as they come due is dependent on the continued ability to collect registrations and manage cash flows. Due to the receiving the majority of revenues in advance, the College's ability to deliver services and meet obligations is fairly secure.

The College expects the pandemic to have limited financial impact upon operations, as Naturopathic doctors have been declared essential services during the COVID-19 pandemic. The College has a telemedicine policy and registrants who continue their practice via telemedicine during the pandemic must maintain their full registration. There are provisions for potential refunds for registrants who chose to be non-practicing for a portion of the year, but thus far it is not expected to have a significant impact.