

2020 FINANCIAL STATEMENTS



COLLEGE OF
NATUROPATHIC
PHYSICIANS
OF BRITISH COLUMBIA

**College of Naturopathic Physicians of
British Columbia**
Financial Statements
For the year ended December 31, 2020
(Unaudited)

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Independent Practitioner's Review Engagement Report

To the Board of Directors of the 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, 2020, 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, 2020, 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.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
April 29, 2021

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

December 31	2020	2019
Assets		
Current		
Cash (Note 2)	\$ 2,134,662	\$ 2,013,534
Accounts receivable	25	7,780
Prepaid expenses	13,202	25,927
	2,147,889	2,047,241
Property and equipment (Note 3)	78,638	75,959
	\$ 2,226,527	\$ 2,123,200
Liabilities and Net Assets		
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 52,260	\$ 15,502
Registrations paid in advance	1,372,249	1,308,660
	1,424,509	1,324,162
Net assets		
Invested in property and equipment	78,638	75,959
Internally restricted (Note 4)	435,098	435,098
Unrestricted	288,282	287,981
	802,018	799,038
	\$ 2,226,527	\$ 2,123,200

Approved on behalf of the Board:

Barry Long (signed) Director

Rebecca Pitfield (signed) Board Chair

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

For the year ended December 31	2020	2019
Revenue		
Registration, other fees and cost recovery	\$ 1,498,423	\$ 1,457,897
Interest income	14,694	27,400
	<u>1,513,117</u>	<u>1,485,297</u>
Expenses		
Accounting & advisory	24,163	33,834
Amortization	39,828	29,786
Annual general meeting	9,244	7,329
Board expenses (Note 6)	96,227	82,129
Committee expenses (Note 6)	181,640	226,059
Legal costs	61,488	31,184
Occupancy charges	114,844	105,919
Office expenses:		
Consulting fees	102,726	94,159
General expenses	53,198	61,962
Insurance and security	11,410	11,326
Information technology support	27,746	8,229
Payment processing charges	42,329	41,345
Printing	6,538	2,283
Professional fees	1,181	14,116
Repairs and maintenance	-	233
Telephone and utilities	14,434	18,145
Website and Internet	14,870	4,620
Wages and benefits	708,271	620,515
	<u>1,510,137</u>	<u>1,393,173</u>
Excess of revenues over expenses	\$ 2,980	\$ 92,124

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	Unrestricted	2020	2019
	(Note 4)				
Balance, beginning of year	\$ 75,959	\$ 435,098	\$ 287,981	\$ 799,038	\$ 706,914
Excess of revenues over expenses	-	-	2,980	2,980	92,124
Amortization of property and equipment	(39,828)	-	39,828	-	-
Purchase of property and equipment	42,507	-	(42,507)	-	-
Balance, end of year	\$ 78,638	\$ 435,098	\$ 288,282	\$ 802,018	\$ 799,038

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

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating activities		
Excess of revenues over expenses	\$ 2,980	\$ 92,124
Item not involving cash		
Amortization	<u>39,828</u>	<u>29,786</u>
	42,808	121,910
Changes in non-cash operating balances		
Accounts receivable	7,755	(7,780)
Deferred revenue	63,589	174,964
Prepaid expenses	12,725	(2,354)
Accounts payable and accrued liabilities	<u>36,758</u>	<u>(13,061)</u>
	<u>163,635</u>	<u>273,679</u>
Investing activity		
Acquisition of property and equipment	<u>(42,507)</u>	<u>(50,605)</u>
Increase in cash	121,128	223,074
Cash, beginning of year	<u>2,013,534</u>	<u>1,790,460</u>
Cash, end of year	<u>\$ 2,134,662</u>	<u>\$ 2,013,534</u>

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

December 31, 2020

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, 2020

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. 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

	2020		2019	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 50,310	\$ 30,140	\$ 20,170	\$ 15,355
Equipment, furniture and fixtures	29,017	19,800	9,217	11,521
Website	196,294	151,950	44,344	44,176
Artwork	4,907	-	4,907	4,907
	\$ 280,528	\$ 201,890	\$ 78,638	\$ 75,959

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

December 31, 2020

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.

5. 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:

2021	\$ 73,203
2022	68,478
2023	65,489
2024	<u>62,499</u>
	<u>\$ 269,669</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.

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

December 31, 2020

6. Board and Committee Expenses

Board expenses are presented as follows:

	<u>2020</u>	<u>2019</u>
Honourarium	\$ 41,625	\$ 32,426
Meals and meetings	1,901	33,294
Miscellaneous	3,343	2,021
Professional development	429	2,099
Professional fees	45,135	-
Travel	3,794	12,289
Total Board expenses	<u>\$ 96,227</u>	<u>\$ 82,129</u>

Committee expenses are presented as follows:

	<u>2020</u>	<u>2019</u>
Honourarium	\$ 70,580	\$ 68,825
Exam and inspectors	86,489	96,562
Meals and meetings	2,658	26,913
Office	433	1,263
Professional development	500	5,793
Professional fees	15,509	7,884
Travel	5,471	18,819
Total Committee expenses	<u>\$ 181,640</u>	<u>\$ 226,059</u>

7. 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. All registration fees are collected in advance, which allows the College to pay annual operating expenses throughout the year.

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

December 31, 2020

8. 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 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.

9. Potential Amalgamation

In 2019 the British Columbia Minister of Health proposed changes to the Health Professions Act which would merge a number of colleges together to streamline the activities.

As of the date of the financial statements, there have been no changes to the current Health Professions Act. There are no legal obligations or financial impacts at this time.