

**COLLEGE OF OCCUPATIONAL  
THERAPISTS OF ONTARIO**

**FINANCIAL STATEMENTS**

**YEAR ENDED MAY 31, 2006**

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## AUDITORS' REPORT

TO THE MEMBERS OF COUNCIL  
COLLEGE OF OCCUPATIONAL THERAPISTS OF ONTARIO

We have audited the statement of financial position of the College of Occupational Therapists of Ontario as at May 31, 2006 and the statements of operations, net assets and cash flows for the year then ended. These financial statements are the responsibility of the College's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at May 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. In accordance with the Corporations Act (Ontario), we report that these principles have been applied on a basis consistent with that of the preceding year.

*Clarke Henning LLP*

CHARTERED ACCOUNTANTS

Toronto, Ontario  
June 21, 2006

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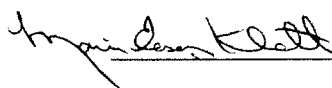
# COLLEGE OF OCCUPATIONAL THERAPISTS OF ONTARIO

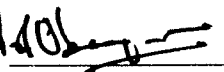
## STATEMENT OF FINANCIAL POSITION

AS AT MAY 31, 2006

	2006	2005
<b>ASSETS</b>		
Current assets		
Cash	\$ 1,395,804	\$ 1,190,743
Marketable securities (note 3)	488,489	609,306
Accounts receivable	13,582	5,027
Prepaid expenses	11,207	11,006
	<u>1,909,082</u>	<u>1,816,082</u>
Property and equipment (note 4)	166,043	193,590
	<u>2,075,125</u>	<u>2,009,672</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	110,747	106,923
Deferred revenue (note 5)	1,366,061	1,105,365
	<u>1,476,808</u>	<u>1,212,288</u>
Deferred lease inducement (note 7)	86,873	98,720
	<u>1,563,681</u>	<u>1,311,008</u>
<b>NET ASSETS</b>		
Designated funds (note 6)	330,534	434,436
Invested in property and equipment	79,170	94,870
Operating fund - unrestricted	101,740	169,358
	<u>511,444</u>	<u>698,664</u>
	<u>\$ 2,075,125</u>	<u>\$ 2,009,672</u>

Approved on behalf of the Council:

 President

, Member-at-Large, Finance

# COLLEGE OF OCCUPATIONAL THERAPISTS OF ONTARIO

## STATEMENT OF OPERATIONS

YEAR ENDED MAY 31, 2006

	2006	2005
<b>Revenues</b>		
Registration fees	\$ 1,899,676	\$ 1,676,233
Application fees	39,439	39,587
Investment income	28,977	20,785
Other income	20,222	21,701
Operating revenue	1,988,314	1,758,306
Non-operational investment income	26,837	33,501
<b>Total revenue</b>	<b>2,015,151</b>	<b>1,791,807</b>
<b>Expenses</b>		
Salaries, benefits and professional development	836,757	773,045
<b>Office operations</b>		
Equipment maintenance and rental	23,654	23,142
Information systems-support and development	48,916	35,818
Professional fees	39,928	26,546
Stationery and office supplies	21,800	21,642
Postage and delivery	18,488	16,805
Rent	228,977	227,241
Staff travel	24,083	31,443
Telephone	14,845	16,419
Depreciation	66,709	55,194
All other - operations	70,200	56,653
	557,600	510,903
<b>Communications</b>		
Newsletter and educational documents	131,795	110,643
Other	19,549	37,068
	151,344	147,711
<b>Council</b>		
Professional members - per diem, travel, etc.	97,025	99,892
Non-council member expenses	37,562	50,357
Other	18,618	21,231
	153,205	171,480
<b>Practice</b>		
Quality assurance	122,825	116,154
Registration	59,174	31,923
	181,999	148,077
<b>Operating expenses</b>	<b>1,880,905</b>	<b>1,751,216</b>
<b>Designated fund expenses</b>		
Investigations and resolutions	133,731	62,711
Quality assurance	18,201	-
Special projects	169,534	83,138
	321,466	145,849
<b>Total expenses</b>	<b>2,202,371</b>	<b>1,897,065</b>
<b>Deficiency of revenues over expenses for the year</b>	<b>\$ (187,220)</b>	<b>\$ (105,258)</b>

# COLLEGE OF OCCUPATIONAL THERAPISTS OF ONTARIO

## STATEMENT OF NET ASSETS

YEAR ENDED MAY 31, 2006

	2006			2005	
	<i>Operating Fund</i>	<i>Designated Funds</i>	<i>Invested In Property and Equipment</i>	<i>Total</i>	<i>Total</i>
Balance - at beginning of year	\$ 169,358	\$ 434,436	\$ 94,870	\$ 698,664	\$ 803,922
Excess (deficiency) of revenues over expenses for the year	134,246	(321,466)	-	(187,220)	(105,258)
	303,604	112,970	94,870	511,444	698,664
Inter-fund transfers					
Designated/operating funds	(217,564)	217,564	-	-	-
Property and equipment purchases	(39,162)	-	39,162	-	-
Depreciation expense (net of deferred lease amortization)	54,862	-	(54,862)	-	-
Balance - at end of year	\$ 101,740	\$ 330,534	\$ 79,170	\$ 511,444	\$ 698,664

# COLLEGE OF OCCUPATIONAL THERAPISTS OF ONTARIO

## STATEMENT OF CASH FLOWS

YEAR ENDED MAY 31, 2006

	2006	2005
Cash flows from operating activities		
Cash received from registration and application fees	\$ 2,199,811	\$ 2,341,325
Interest and miscellaneous income received	76,035	75,987
Cash paid to employees and suppliers	(2,152,440)	(1,814,268)
	<u>123,406</u>	<u>603,044</u>
Cash flows from investing activities		
Purchase of property and equipment	(39,162)	(82,535)
Net redemptions of marketable securities	120,817	318,738
	<u>81,655</u>	<u>236,203</u>
Change in cash during the year	<u>205,061</u>	<u>839,247</u>
Cash - at beginning of year	1,190,743	351,496
Cash - at end of year	<u>\$ 1,395,804</u>	<u>\$ 1,190,743</u>

# COLLEGE OF OCCUPATIONAL THERAPISTS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2006

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### 1. PURPOSE AND ORGANIZATION

The College of Occupational Therapists of Ontario ("College") is the self-governing body established by the provincial government to regulate the practice of occupational therapy in Ontario under the Regulated Health Professions Act. Its mission is to protect the public interest and improve their health and well-being by registering, and supporting the ongoing competency of Occupational Therapists..

The College was enacted by statute when the Occupational Therapy Act (Bill 58) was proclaimed into law on December 31, 1993. The College is a not-for-profit organization incorporated without share capital under the laws of Ontario and, as such, is exempt from income taxes.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Accounting*

##### *General*

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the accrual method of accounting. Under the accrual method of accounting, revenue is recorded when earned and expenses are recorded when incurred.

##### *Operations*

The operating fund reflects the day-to-day activities of the College which are financed generally by registration and application fees. All investment income earned is allocated to the operating fund.

The designated funds account for specific purpose activities and are financed by appropriations from the operating fund. The details of designated funds are as follows:

- (a) Investigations and resolutions fund to provide for legal costs resulting from complaints, fitness to practice and discipline process.
- (b) In accordance with the Regulated Health Professions Act, the College continues to maintain a Sexual Abuse Fund to provide therapy and counselling for persons who, while patients, were sexually abused by a member(s). This fund will be expended on persons who satisfy the College's eligibility criteria.
- (c) Quality assurance fund for expenses to develop and evaluate a quality assurance program for registrants.
- (d) Special projects fund for any expenses of a capital or special nature not budgeted in the operating fund.

##### *Property and Equipment*

Property and equipment are recorded at cost. Depreciation is provided on a straight line basis over the estimated useful lives of the assets at the following annual rates:

Office furniture and equipment	- 20%
Computer equipment and software	- 33%
Website	- 33%
Leasehold improvements	- Over the term of the lease

# COLLEGE OF OCCUPATIONAL THERAPISTS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2006

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Marketable Securities

Marketable securities are recorded at cost plus accrued interest which approximates market value.

#### Revenue Recognition

Registration fees are billed on a fiscal year basis from June 1 to May 31 and recognized as revenue on a fiscal year basis.

All other income includes application fees, investment and miscellaneous income and are recognized as revenue when the services are provided or as earned.

#### Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

### 3. MARKETABLE SECURITIES

Details of marketable securities are as follows:

	2006	2005
Cost plus accrued interest		
Federal and provincial government bond coupons at varying rates between 4.1% to 6.47%, maturing from 2008 to 2013	\$ 391,219	\$ 515,819
Corporate bond coupon with rate at 7%, maturing in 2007	97,270	93,487
	<b>\$ 488,489</b>	<b>\$ 609,306</b>
Market value	<b>\$ 503,796</b>	<b>\$ 650,782</b>

### 4. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

	Cost	Accumulated Depreciation	Net Book Value	
			2006	2005
Office furniture and equipment	\$ 124,920	\$ 108,070	\$ 16,850	\$ 18,959
Computer equipment and software	189,485	150,901	38,584	66,393
Website	24,500	8,167	16,333	-
Leasehold improvements	129,039	34,763	94,276	108,238
	<b>\$ 467,944</b>	<b>\$ 301,901</b>	<b>\$ 166,043</b>	<b>\$ 193,590</b>

# COLLEGE OF OCCUPATIONAL THERAPISTS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2006

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### 5. DEFERRED REVENUE

Deferred revenue represents registration fees received for the 2006/2007 year.

### 6. DESIGNATED FUNDS

Details of designated funds are as follows:

	<i>Balance at Beginning of Year</i>	<i>Appropriations from Operating Fund</i>	<i>Expenses During the Year</i>	<i>Balance at End of Year</i>
Investigations and resolutions	\$ 187,289	\$ 62,711	\$ (133,731)	\$ 116,269
Sexual abuse	40,000	-	-	40,000
Quality assurance	50,000	-	(18,201)	31,799
Special projects	157,147	154,853	(169,534)	142,466
	<u>\$ 434,436</u>	<u>\$ 217,564</u>	<u>\$ (321,466)</u>	<u>\$ 330,534</u>

### 7. DEFERRED LEASE INDUCEMENT

The details of the deferred lease inducement are as follows:

	<i>2006</i>	<i>2005</i>
Balance - at beginning of year	\$ 98,720	\$ 110,567
Less: amortization for the year	(11,847)	(11,847)
Balance - at end of year	<u>\$ 86,873</u>	<u>\$ 98,720</u>

### 8. FINANCIAL INSTRUMENTS

The College's financial instruments consist of cash, marketable securities, accounts receivable and accounts payable. It is management's opinion that the College is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying values due to their short term nature except for marketable securities, the fair value of which are disclosed in note 3.

# COLLEGE OF OCCUPATIONAL THERAPISTS OF ONTARIO

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2006

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### 9. LEASE COMMITMENTS

The College is committed to annual rental payments under leases for office equipment and premises (excluding operating costs) expiring from December 2009 to September 2013, as follows:

		<i>Equipment</i>	<i>Premises</i>
Fiscal year May 31,	2007	\$ 15,866	\$ 133,034
	2008	15,866	133,034
	2009	7,933	145,352
	2010	-	151,511
	2011	-	151,511
	Thereafter	-	353,527
		<u>\$ 39,665</u>	<u>\$ 1,067,969</u>

In addition, the College is responsible for its share of annual operating costs and realty taxes on premises which in 2006 were \$108,000 (2005 - \$106,000).

### 10. GUARANTEES AND INDEMNITIES

The College has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions. The College has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the College has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the College agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the College. The maximum amount of any potential liability cannot be reasonably estimated.