

**COLLEGE AND ASSOCIATION  
OF ACUPUNCTURISTS OF ALBERTA**

**Financial Statements**

**Year Ended December 31, 2016**

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Index to Financial Statements**  
**Year Ended December 31, 2016**

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Chartered Accountant

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## INDEPENDENT AUDITOR'S REPORT

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### To the Members of College and Association of Acupuncturists of Alberta

I have audited the accompanying financial statements of College and Association of Acupuncturists of Alberta, which comprise the statement of financial position as at December 31, 2016 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.

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of College and Association of Acupuncturists of Alberta as at December 31, 2016 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.

### Other Matter

The financial statements for the year ended December 31, 2015 were reviewed and are presented for comparative purposes only.



Edmonton, Alberta  
May 5, 2017

Chartered Accountant

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Statement of Financial Position**  
**As at December 31, 2016**

	<b>2016</b>	2015 <i>(Unaudited)</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 393,877	\$ 888,035
Short-term investments <i>(Note 2)</i>	260,829	155,246
Accounts receivable	-	824
Prepaid expenses	10,282	7,749
	<b>664,988</b>	1,051,854
<b>LONG-TERM INVESTMENTS</b> <i>(Note 3)</i>	<b>665,052</b>	165,052
<b>CAPITAL ASSETS</b> <i>(Note 4)</i>	<b>8,014</b>	9,664
	<b>\$ 1,338,054</b>	<b>\$ 1,226,570</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 128,856	\$ 124,738
Deferred revenue	189,580	167,600
	<b>318,436</b>	292,338
<b>NET ASSETS</b>		
Net assets invested in capital assets	8,014	9,664
Unrestricted net assets	1,011,604	924,568
	<b>1,019,618</b>	934,232
	<b>\$ 1,338,054</b>	<b>\$ 1,226,570</b>

**LEASE COMMITMENT** *(Note 5)*

**CONTINGENT LIABILITY** *(Note 6)*

**Approved on behalf of the Board**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

The accompanying notes are an integral part of these financial statements.

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Statement of Operations**  
**Year Ended December 31, 2016**

	2016	2015 <i>(Unaudited)</i>
<b>REVENUE</b>		
Registration fees	\$ 445,680	\$ 417,989
Examination fees	122,950	156,250
Application fees	29,004	28,750
Fines and penalties	5,111	3,000
Interest	2,496	2,831
Other income	375	1,249
CEU Income	614	2,800
Government grants	-	21,024
	<u>606,230</u>	<u>633,893</u>
<b>COMMITTEE EXPENSES</b>		
Examination committee	148,110	133,141
Council expenses	51,787	28,905
Registration and program review committee	9,393	8,456
Special events committee	5,611	1,163
Ad Hoc committees	4,740	1,911
Budget finance and audit committee	2,353	1,154
Membership service committee	1,895	3,029
Conduct and competency committee	520	32,821
	<u>224,409</u>	<u>210,580</u>
<b>ADMINISTRATION EXPENSES</b>		
Accounting fees	9,765	8,768
Advertising and promotion	-	155
Amortization	2,490	2,662
Annual general meeting	4,317	4,249
Bank service charges	644	724
Computer services	2,843	2,387
FQR project expenses	10,782	9,291
Insurance	4,557	4,027
Legal fees	21,221	5,321
Office	13,374	12,897
Professional membership dues	4,778	2,000
Registrar expenses	3,688	2,334
Rent and occupancy costs	26,328	25,395
Salaries and related benefits	181,314	177,404
Telephone and utilities	8,216	8,426
Travel	-	353
Repair & Maintenance	2,118	-
	<u>296,435</u>	<u>266,393</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ 85,386</u>	<u>\$ 156,920</u>

The accompanying notes are an integral part of these financial statements.

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2016**

	Invested in Capital Assets	Unrestricted	<b>2016</b>	2015 <i>(Unaudited)</i>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	\$ 9,664	\$ 924,568	<b>\$ 934,232</b>	\$ 777,312
Transfers to capital asset fund	840	(840)	-	-
Excess of revenue over expenses	(2,490)	87,876	<b>85,386</b>	156,920
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 8,014</b>	<b>\$ 1,011,604</b>	<b>\$ 1,019,618</b>	<b>\$ 934,232</b>

The accompanying notes are an integral part of these financial statements.

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Statement of Cash Flows**  
**Year Ended December 31, 2016**

	2016	2015 <i>(Unaudited)</i>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 85,386	\$ 156,920
Add amortization of capital assets which does not involve cash	<u>2,490</u>	<u>2,662</u>
	<u>87,876</u>	<u>159,582</u>
Net changes in non-cash components of working capital		
Accounts receivable	824	(824)
Prepaid expenses	(2,533)	-
Accounts payable and accrued liabilities	4,118	36,138
Deferred revenue	<u>21,980</u>	<u>(21,130)</u>
	<u>24,389</u>	<u>14,184</u>
Cash flow from operating activities	<u>112,265</u>	<u>173,766</u>
<b>INVESTING ACTIVITIES</b>		
Short-term investments	(105,583)	(104,368)
Long-term investments	(500,000)	(165,052)
Purchase of capital assets	<u>(840)</u>	<u>(2,793)</u>
Cash flow used by investing activities	<u>(606,423)</u>	<u>(272,213)</u>
<b>DECREASE IN CASH</b>	<b>(494,158)</b>	<b>(98,447)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>888,035</u></b>	<b><u>986,482</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 393,877</u></b>	<b><u>\$ 888,035</u></b>

The accompanying notes are an integral part of these financial statements.

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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**PURPOSE OF ORGANIZATION**

The College and Association of Acupuncturists of Alberta operates under the authority of the Health Disciplines Act of Alberta. The objects of the college are to serve the public interest and support the acupuncture profession by setting high standards of practice, education, competence and ethical conduct.

As a not-for-profit organization under paragraph 149(1)(l) of the Income Tax Act (Canada) the college is not subject to either federal or provincial income taxes.

**1. SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as set out in Part III of the Chartered Professional Accountants ("CPA") Canada Handbook - Accounting Standards for Not-For-Profit Organizations ("ASNPO").

In the opinion of management, these financial statements have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Management Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount 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 period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Items in these financial statements subject to estimates and assumptions include allowance for doubtful accounts and the useful lives of capital assets.

Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank deposits and short-term investments cashable within ninety days.

Short-Term Investments

The short-term investments consist of guaranteed investment certificates with maturity dates ranging from ninety days to one year. These investments are recorded at cost and investment income consists of interest earned on these investments.

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# COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA

## Notes to Financial Statements

Year Ended December 31, 2016

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### 1. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Long-Term Investments

The long-term investments consist of guaranteed investment certificates with maturity dates beyond one year. These investments are recorded at cost and investment income consists of interest earned on these investments.

#### Capital Assets

Capital assets are recorded at cost less accumulated amortization. The college amortizes the cost of the assets over their estimated useful lives as determined by management using the following annual rates and methods except for acquisitions in the current year which are amortized at one-half of the annual rates:

Furniture and equipment	20%	declining balance
Computer equipment	30%	declining balance

#### Impairment of Long Lived Assets

The College and Association of Acupuncturists of Alberta tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

#### Revenue Recognition

The College and Association of Acupuncturists of Alberta follows the deferral method of accounting for contributions.

Registration fees are recognized as revenue in the year to which they relate. Examination fees are recognized as revenue when the examinations are taken. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### Contributed Services

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

#### Financial Instruments

The college's financial instruments consist of cash and cash equivalents, short-term investments, long-term investments, accounts payable and accrued liabilities. The fair value of these financial instruments approximate their carrying values due to their short-term maturity or capacity of prompt liquidation.

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

**2. SHORT-TERM INVESTMENTS**

The short-term investments consist of guaranteed investment certificates with effective interest rates ranging from 0.1% to 1.35% and with maturity dates ranging from ninety days to one year.

**3. LONG-TERM INVESTMENTS**

The long-term investments consist of guaranteed investment certificates with maturity dates beyond one year and with an interest rate set at a minimum of 0.3333% per annum and a total return at maturity based on a stock equity index.

**4. CAPITAL ASSETS**

	Cost	Accumulated Amortization	<b>2016 Net Book Value</b>
Furniture and equipment	\$ 10,154	\$ 5,453	\$ <b>4,701</b>
Computer equipment	14,347	11,034	<b>3,313</b>
	<b>\$ 24,501</b>	<b>\$ 16,487</b>	<b>\$ 8,014</b>
	Cost	Accumulated Amortization	2015 Net Book Value <i>(Unaudited)</i>
Furniture and equipment	\$ 9,315	\$ 4,383	\$ 4,932
Computer equipment	14,347	9,615	4,732
	<b>\$ 23,662</b>	<b>\$ 13,998</b>	<b>\$ 9,664</b>

**5. LEASE COMMITMENT**

Effective October 1, 2014 the college entered into an agreement which expires September 30, 2019 for the lease of its premises. The minimum annual rental payments for the college's premises to the expiry of the lease for the next three years exclusive of taxes and other occupancy costs are as follows:

2017	\$ 25,650
2018	25,650
2019	19,238
	<b>\$ 70,538</b>

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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**6. CONTINGENT LIABILITY**

During the year the college was named as a co-defendant in a legal claim for an amount of \$1,372,000 for alleged negligent conduct in the administration of its duty to regulate the acupuncture profession in the public interest. The college has determined that this claim has no merit and intends to vigorously defend the claim.

The amount of loss, if any, is not determinable at this time and therefore no provision for loss is recorded in these financial statements.

**7. FINANCIAL INSTRUMENTS**

The college is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the college's risk exposure and concentration as of December 31, 2016:

**Credit Risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. In compliance with the college's investment policy, fixed income investments are held in the form of guaranteed investment certificates at a major Canadian chartered bank. The college is not exposed to significant credit risk from its members.

**Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The college is exposed to this risk mainly in respect of its receipt of funds from its members and other related sources, obligations under operating leases, and accounts payable. Cash flows from membership and examination fees provide adequate funding to minimize the association's exposure to liquidity risk.

**Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

**Currency Risk**

Currency risk is the risk to the college's net assets that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The college is not exposed to foreign currency exchange risk.

**Interest Rate Risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the college manages its exposure by purchasing guaranteed investment certificates with maturity dates under three years.

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**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Notes to Financial Statements**  
**Year Ended December 31, 2016**

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**7. FINANCIAL INSTRUMENTS (continued)**

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The college is not exposed to other price risk.

There have been no changes in the college's risk exposures from the prior year.

**8. OPERATING RESERVE**

The college considers its guaranteed investment certificates as its operating reserve. The reserve is comprised of the following amounts:

	<b>2016</b>	2015 <i>(Unaudited)</i>
Certificates included in long-term investments	<b>\$ 665,052</b>	\$ 165,052
Certificates included in short-term investments	<b>260,829</b>	155,246
Certificates included in cash and cash equivalents	<b>-</b>	103,088
	<b>\$ 925,881</b>	\$ 423,386

**9. PROFESSIONAL LIABILITY INSURANCE PROGRAM**

The college has introduced a professional liability insurance program for its members to facilitate their requirement to obtain adequate professional liability insurance coverage. During the year the college collected \$96,454 of premiums from participating members as part of their annual membership remittances and has forwarded these premiums to the insurance company.

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Schedule of Committee Expenses**  
**Year Ended December 31, 2016**

	2016	(Unaudited) 2015
<b>EXAMINATION COMMITTEE</b>		
Testing services	\$ 53,007	\$ 69,675
Honorarium	44,679	33,315
Travel	20,099	14,429
Accommodation	13,152	6,742
Hall rental	7,852	2,133
Meals	5,059	5,030
Consulting fee	2,387	-
Printing	697	1,154
Supplies	625	276
Parking	553	387
	<u>\$ 148,110</u>	<u>\$ 133,141</u>
 <b>CONDUCT AND COMPETENCY COMMITTEE</b>		
Travel	\$ 325	\$ 2,205
Honorarium	195	2,205
Testing services	-	2,625
Service fees	-	24,517
Accommodation	-	1,029
Meals	-	155
Parking	-	85
	<u>\$ 520</u>	<u>\$ 32,821</u>
 <b>COUNCIL EXPENSES</b>		
Honorarium	\$ 26,257	\$ 18,390
Travel	13,870	5,351
Accommodation	7,041	2,125
Meals	4,188	2,744
Supplies	283	110
Parking	148	100
Printing	-	85
	<u>\$ 51,787</u>	<u>\$ 28,905</u>

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The accompanying notes are an integral part of these financial statements.

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Schedule of Committee Expenses (continued)**  
**Year Ended December 31, 2016**

	2016	(Unaudited) 2015
<b>REGISTRATION AND PROGRAM REVIEW COMMITTEE</b>		
Honorarium	\$ 5,691	\$ 5,005
Travel	3,108	2,495
Meals	475	503
Parking	119	35
Accommodation	-	418
	<u>\$ 9,393</u>	<u>\$ 8,456</u>
<b>MEMBERSHIP SERVICE COMMITTEE</b>		
Honorarium	\$ 645	\$ 590
Gift	535	-
Travel	368	10
Printing	347	-
Meals	-	869
Speaker fee	-	1,560
	<u>\$ 1,895</u>	<u>\$ 3,029</u>
<b>AD HOC COMMITTEES</b>		
NEC Honorarium	\$ 1,580	\$ -
NEC Travel	36	-
SJC Honorarium	1,834	-
SJC Meals	177	-
SJC Supplies	150	-
SJC Travel	23	-
Minimum Standards Honorarium	460	860
Minimum Standards Accommodation	210	388
Minimum Standards Travel	158	663
Minimum Standards Meals	112	-
	<u>\$ 4,740</u>	<u>\$ 1,911</u>

The accompanying notes are an integral part of these financial statements.

**COLLEGE AND ASSOCIATION OF ACUPUNCTURISTS OF ALBERTA**  
**Schedule of Committee Expenses** *(continued)*  
**Year Ended December 31, 2016**

	<b>2016</b>	<i>(Unaudited)</i> <b>2015</b>
<b>SPECIAL EVENTS COMMITTEE</b>		
5th Anniversary	\$ 4,848	\$ -
Jurisprudence and safety course	<u>763</u>	<u>1,163</u>
	<b>\$ 5,611</b>	<b>\$ 1,163</b>
 <b>BUDGET FINANCE AND AUDIT COMMITTEE</b>		
Honorarium	\$ 1,460	\$ 960
Travel	644	97
Accommodation	130	-
Meals	<u>119</u>	<u>97</u>
	<b>\$ 2,353</b>	<b>\$ 1,154</b>

The accompanying notes are an integral part of these financial statements.