

**COLLEGE OF AUDIOLOGISTS AND  
SPEECH-LANGUAGE PATHOLOGISTS  
OF ONTARIO**

FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

**Hilborn Ellis Grant** LLP

Chartered Accountants

Toronto, Ontario





**Hilborn Ellis Grant LLP**  
Chartered Accountants

## **Auditors' Report**

To the Council of the  
**College of Audiologists and Speech-Language Pathologists of Ontario**

We have audited the statement of financial position of the **College of Audiologists and Speech-Language Pathologists of Ontario** as at September 30, 2008 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 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 September 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario  
November 14, 2008

Chartered Accountants  
Licensed Public Accountants



# COLLEGE OF AUDIOLOGISTS AND SPEECH-LANGUAGE PATHOLOGISTS OF ONTARIO

## Statement of Financial Position

| September 30, 2008   | 2008                    | 2007                    |
|--|-------------------------|-------------------------|
|  | \$                      | \$                      |
| <b>ASSETS</b>  |                         |                         |
| Current Assets   |                         |                         |
| Cash and cash equivalents  | 1,483,352               | 1,406,913               |
| Investments <i>(note 3)</i>  | 215,711                 | 201,461                 |
| Prepaid expenses and sundry receivables  | 8,355                   | 26,182                  |
|  | <u>1,707,418</u>        | <u>1,634,556</u>        |
| Investments <i>(note 3)</i>  | 1,309,157               | 1,114,653               |
| Capital assets <i>(note 4)</i>   | 51,328                  | 67,186                  |
|  | <u>1,360,485</u>        | <u>1,181,839</u>        |
|  | <u><u>3,067,903</u></u> | <u><u>2,816,395</u></u> |
| <b>LIABILITIES</b>   |                         |                         |
| Current Liabilities  |                         |                         |
| Accounts payable and accrued liabilities   | 158,056                 | 174,592                 |
| Deferred membership fees   | 1,238,750               | 1,071,742               |
|  | <u>1,396,806</u>        | <u>1,246,334</u>        |
| <b>NET ASSETS</b>  |                         |                         |
| Net assets invested in capital assets  | 51,328                  | 67,186                  |
| Net assets internally restricted for investigations and hearings <i>(note 5)</i> | 300,000                 | 300,000                 |
| Net assets internally restricted for quality assurance <i>(note 6)</i>           | 200,000                 | 200,000                 |
| Net assets internally restricted for public awareness <i>(note 7)</i>            | 150,000                 | 150,000                 |
| Unrestricted net assets  | 969,769                 | 852,875                 |
|  | <u>1,671,097</u>        | <u>1,570,061</u>        |
|  | <u><u>3,067,903</u></u> | <u><u>2,816,395</u></u> |

Approved on behalf of the Council:

President

Vice-President



**COLLEGE OF AUDIOLOGISTS AND  
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**Statement of Operations**

| Year ended September 30                   | <b>2008</b>      | <b>2007</b> |
|---|------------------|-------------|
|   | \$               | \$          |
| Revenues                                  |                  |             |
| Membership fees                           | <b>1,556,272</b> | 1,498,895   |
| Investment income                         | <b>93,323</b>    | 87,804      |
|   | <b>1,649,595</b> | 1,586,699   |
| Expenses                                  |                  |             |
| Salaries and benefits                     | <b>647,811</b>   | 624,811     |
| Professional fees and consultants         | <b>146,468</b>   | 71,048      |
| Council and committees                    | <b>200,537</b>   | 154,129     |
| Investigations and hearings               | <b>87,362</b>    | 55,589      |
| Public awareness                          | <b>52,205</b>    | 267,024     |
| Premises                                  | <b>105,158</b>   | 103,008     |
| Member communication                      | <b>75,996</b>    | 59,366      |
| Office and general                        | <b>141,568</b>   | 144,014     |
| Quality assurance                         | <b>72,365</b>    | 47,834      |
| Amortization                              | <b>19,089</b>    | 26,398      |
|   | <b>1,548,559</b> | 1,553,221   |
| Excess of revenues over expenses for year | <b>101,036</b>   | 33,478      |



**COLLEGE OF AUDIOLOGISTS AND  
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**Statement of Changes in Net Assets**

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| Year ended September 30  | <b>Invested in<br/>Capital<br/>Assets<br/>\$</b> |
|--|--|
| Balance, beginning of year   | 67,186   |
| Excess of revenues over expenses (expenses over revenues) for year | (24,159)   |
| Internally imposed restriction                                     | -  |
| Purchase of capital assets   | <u>8,301</u>                                     |
| Balance, end of year   | <u><u>51,328</u></u>                             |



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| <b>Restricted for<br/>Investigations<br/>and Hearings<br/>\$</b> | <b>Restricted for<br/>Quality<br/>Assurance<br/>\$</b> | <b>Restricted for<br/>Public<br/>Awareness<br/>\$</b> | <b>Unrestricted<br/>\$</b> | <b>2008<br/>Total<br/>\$</b> | <b>2007<br/>Total<br/>\$</b> |
|--|--|---|----------------------------|------------------------------|------------------------------|
| <i>(note 5)</i>  | <i>(note 6)</i>  | <i>(note 7)</i>                                       |                            |                              |                              |
| 300,000  | 200,000  | 150,000   | 852,875                    | <b>1,570,061</b>             | 1,536,583                    |
| (87,362)   | (72,365)   | (52,205)  | 337,127                    | <b>101,036</b>               | 33,478                       |
| 87,362   | 72,365   | 52,205  | (211,932)                  | -                            | -                            |
| -  | -  | -   | (8,301)                    | -                            | -                            |
| 300,000  | 200,000  | 150,000   | 969,769                    | <b>1,671,097</b>             | 1,570,061                    |



# COLLEGE OF AUDIOLOGISTS AND SPEECH-LANGUAGE PATHOLOGISTS OF ONTARIO

## Statement of Cash Flows

| Year ended September 30  | 2008<br>\$       | 2007<br>\$  |
|--|------------------|-------------|
| Cash flows from operating activities                             |                  |             |
| Excess of revenues over expenses for year                        | <b>101,036</b>   | 33,478      |
| Items not requiring a current cash payment                       |                  |             |
| Decrease in interest capitalized on investments                  | <b>3,716</b>     | 2,097       |
| Loss on sale of capital assets                                   | <b>5,070</b>     | 8,725       |
| Amortization   | <b>19,089</b>    | 26,398      |
|  | <b>128,911</b>   | 70,698      |
| Changes in non-cash working capital                              |                  |             |
| Decrease in prepaid expenses and sundry receivables              | <b>17,827</b>    | 1,234       |
| Increase (decrease) in accounts payable and accrued liabilities  | <b>(16,536)</b>  | 33,920      |
| Increase in deferred membership fees                             | <b>167,008</b>   | 73,592      |
|  | <b>297,210</b>   | 179,444     |
| Cash flows from investing activities                             |                  |             |
| Proceeds from sale of investments                                | <b>600,514</b>   | 1,631,138   |
| Purchase of investments  | <b>(812,984)</b> | (1,464,203) |
| Purchase of capital assets                                       | <b>(8,301)</b>   | (17,109)    |
|  | <b>(220,771)</b> | 149,826     |
| Net increase in cash during year                                 | <b>76,439</b>    | 329,270     |
| Cash and cash equivalents, beginning of year <i>(note 2 (b))</i> | <b>1,406,913</b> | 1,077,643   |
| Cash and cash equivalents, end of year <i>(note 2 (b))</i>       | <b>1,483,352</b> | 1,406,913   |



# COLLEGE OF AUDIOLOGISTS AND SPEECH-LANGUAGE PATHOLOGISTS OF ONTARIO

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## Notes to Financial Statements

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September 30, 2008

### 1. Description of Organization

The College of Audiologists and Speech-Language Pathologists of Ontario (“College”) was incorporated as a non-share capital corporation under the Regulated Health Professions Act, 1991 (“RHPA”). As the regulator and governing body of the audiology and speech-language pathology professions in Ontario, the College’s major function is to administer the Audiology and Speech-Language Pathology Act, 1991 in the public interest. The College was established under the RHPA to:

- regulate the practice of the professions and to govern the members in accordance with the Audiology and Speech-Language Pathology Act, 1991, the Health Professions Procedural Code, RHPA and the regulations and by-laws;
- develop, establish and maintain standards of qualification for persons to be issued certificates of registration;
- develop, establish and maintain programs and standards of practice to assure the quality of the practice of the professions;
- develop, establish and maintain standards of knowledge and skill and programs to promote continuing competence among the members;
- develop, establish and maintain standards of professional ethics for the members;
- develop, establish and maintain programs to assist individuals to exercise their rights under the Health Professions Procedural Code and the RHPA; and
- to administer the Audiology and Speech-Language Pathology Act, 1991, the Health Professions Procedural Code and RHPA.

As a not-for-profit professional membership corporation, the College is not liable for income taxes.

### 2. Significant Accounting Policies

#### a) Significant accounting policies adopted during the year

During the year, the College adopted new standards recommended in the Canadian Institute of Chartered Accountants (CICA) Handbook on accounting changes, Section 1506, and new standards on capital disclosures, Section 1535

Section 1506, Accounting Changes, aims to improve the relevance, reliability and comparability of financial statements over time and to those of other entities by establishing criteria for accounting changes and related disclosures. The standard also requires that an entity set out disclosure about new primary sources of Canadian generally accepted accounting principles that have been issued but are not yet effective (note 10). The College adopted the standard for the fiscal year ended September 30, 2008.



**COLLEGE OF AUDIOLOGISTS AND  
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**Notes to Financial Statements (continued)**

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September 30, 2008

**2. Significant Accounting Policies (continued)**

**a) Significant accounting policies adopted during the year (continued)**

Section 1535, Capital Disclosures, establishes standards for disclosure of an entity’s objectives, policies and processes for managing capital, quantitative data about what is considered capital and whether an entity has complied with any capital requirements and consequences of non-compliance with such capital requirements. The College adopted the standard for the fiscal year ended September 30, 2008.

**b) Cash and cash equivalents**

Cash and cash equivalents consist of balances with banks and investments which are readily convertible into cash, are not subject to significant risk of changes in value and have a maturity date of three months or less from the date of acquisition.

**c) Investments**

Investments consist of fixed income investments whose term to maturity is greater than three months from the date of acquisition. Fixed income investments maturing within twelve months from year-end are classified as current.

The investments are classified as held to maturity and are recorded at amortized cost as it is management’s primary objective to hold investments to maturity.

The amortized cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

Transaction costs associated with the acquisition and disposal of investments are capitalized and included in the acquisition costs or reduce proceeds on disposal. Investment management fees are expensed as incurred.

The purchase and sale of investments are accounted for using trade-date accounting.

**d) Capital assets**

Capital assets are recorded at acquisition cost. Amortization is provided for based on the estimated useful lives of the assets as follows:

|                                 |   |
|---------------------------------|---|
| Computer hardware               | - 30% per annum on a declining balance basis  |
| Office furniture and equipment  | - 20% per annum on a declining balance basis  |
| Database - application software | - 7 years straight-line                       |
| - licenses                      | - 7 years straight-line                       |
| - computer hardware             | - 45% per annum on a declining balance basis  |
| - computer software             | - 100% per annum on a declining balance basis |
| Website                         | - 5 years straight-line                       |



# COLLEGE OF AUDIOLOGISTS AND SPEECH-LANGUAGE PATHOLOGISTS OF ONTARIO

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## Notes to Financial Statements (continued)

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September 30, 2008

### 2. Significant Accounting Policies (continued)

#### e) Revenue recognition

##### i) Membership fees

Membership fees are recognized as revenue proportionately over the fiscal year to which they relate. The membership year of the College coincides with that of the fiscal year of the College, being October 1 to September 30. Membership fees received in advance of the membership year to which they relate are recorded as deferred membership fees.

##### ii) Investment income

Investment income comprises interest from cash, interest from fixed income investments and realized gains and losses on the sale of investments.

Revenue is recognized on an accrual basis. Interest on fixed income investments is recognized over the terms of these investments using the effective interest method.

#### f) Financial instruments

In accordance with Section 3855, financial instruments are classified into one of the following five categories: held for trading, held to maturity, loans and receivables, available for sale, or other financial liabilities. The classification determines the accounting treatment of the instrument. The classification is determined by the College when the financial instrument is initially recorded, based on the underlying purpose of the instrument.

The financial assets and financial liabilities of the College are classified and measured as follows:

| <u>Financial Asset/<br/>Liability</u>       | <u>Category</u>             | <u>Measurement</u> |
|---|-----------------------------|--------------------|
| Cash and cash equivalents                   | Held for trading            | Fair value         |
| Investments                                 | Held to maturity            | Amortized cost     |
| Sundry receivables                          | Loans and receivables       | Amortized cost     |
| Accounts payable and<br>accrued liabilities | Other financial liabilities | Amortized cost     |

Financial instruments measured at amortized cost are initially recognized at fair value and then subsequently at amortized cost with gains and losses recognized in the statement of operations in the period in which the gain or loss occurs.

The fair value of a financial instrument is the estimated amount that the College would receive or pay to settle a financial asset or financial liability as at the reporting date.

# COLLEGE OF AUDIOLOGISTS AND SPEECH-LANGUAGE PATHOLOGISTS OF ONTARIO

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## Notes to Financial Statements (continued)

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September 30, 2008

### 2. Significant Accounting Policies (continued)

#### f) Financial instruments (continued)

The fair values of sundry receivables and accounts payable and accrued liabilities approximate their carrying values due to their nature or capacity for prompt liquidation. It is management's opinion that the College is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

Disclosure related to other financial instruments is found in note 3 - Investments.

#### g) Management 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Key areas where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) include, among others, amortization and litigation. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.



**COLLEGE OF AUDIOLOGISTS AND  
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**Notes to Financial Statements (continued)**

September 30, 2008

**3. Investments**

| <b>Bonds, Notes and Debentures</b>                             | Par Value<br>\$ | Amortized<br>Cost<br>\$ | Fair<br>Value<br>\$ |
|--|-----------------|-------------------------|---------------------|
| Canada - 5.50% - 06/01/10                                      | 125,000         | 126,436                 | 132,638             |
| Bank of Montreal GIC - 3.80% - 11/03/08                        | 60,878          | 61,594                  | 61,594              |
| Bank of Montreal GIC - 3.00% - 01/12/09                        | 52,827          | 53,318                  | 53,318              |
| Equitable Trust GIC - 4.01% - 12/02/09                         | 57,401          | 59,312                  | 59,312              |
| Royal Bank of Canada - 6.30% - 04/12/11                        | 50,000          | 53,851                  | 52,408              |
| Manulife - 6.70% - 06/30/12                                    | 63,000          | 68,975                  | 65,450              |
| CIBC - 4.25% - 06/01/14  | 100,000         | 101,397                 | 101,257             |
| TD Bank - 4.32% - 01/18/16                                     | 71,000          | 71,621                  | 70,151              |
| TD Bank - 4.87% - 10/28/16                                     | 89,000          | 90,841                  | 89,373              |
| Royal Bank of Canada - 5.45% - 11/04/18                        | 39,000          | 42,144                  | 38,758              |
| Canadian Western Bank GIC - 4.86% - 08/04/09                   | 100,000         | 100,799                 | 100,799             |
| AGF Trust GIC - 4.96% - 08/03/10                               | 100,000         | 100,815                 | 100,815             |
| Maple Trust GIC - 4.20% - 08/03/10                             | 50,000          | 50,345                  | 50,345              |
| Home Trust GIC - 5.05% - 06/15/11                              | 62,489          | 63,405                  | 63,405              |
| National Bank of Canada GIC - 4.25% - 02/21/12                 | 150,000         | 153,878                 | 153,878             |
| Scotiabank - 6.28% - 06/30/13                                  | 232,000         | 252,390                 | 234,978             |
| Bank of Montreal - 5.04% - 09/04/12                            | 72,000          | 73,747                  | 71,303              |
|  |                 | 1,524,868               | 1,499,782           |
| Less: portion maturing within one year of the<br>year-end date |                 | 215,711                 | 215,711             |
| Beyond one year  |                 | 1,309,157               | 1,284,071           |

Investments at amortized cost and fair value were \$1,316,114 and \$1,303,206, respectively, as at September 30, 2007.

Fair values are determined by reference to published price quotations in an active market at year end.

The fixed income investments have effective interest rates ranging from 4.30% to 5.07% (2007 - 4.01% to 5.05%), with maturity dates ranging from November, 2008 to November, 2018 (2007 - April, 2008 to November, 2018).

i) Interest Rate Price Risk

The College manages the interest rate price risk exposure of its fixed income investments by using a laddered portfolio with varying terms of maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

# COLLEGE OF AUDIOLOGISTS AND SPEECH-LANGUAGE PATHOLOGISTS OF ONTARIO

## Notes to Financial Statements (continued)

September 30, 2008

### 3. Investments (continued)

#### ii) Credit and Market Risk

The College has an investment policy which restricts the types of eligible investments. The policy permits the College to invest or reinvest funds of the College, not immediately required, in:

- bonds, debentures or other evidences of indebtedness guaranteed by the Government of Canada, the Government of Ontario or the Government of another province of Canada which, at the time of such investment, was rated by the Dominion Bond Rating Service as one of the three best-rated provinces of Canada; and
- deposit receipts, deposit notes, certificates of deposit, acceptances and other similar instruments issued or endorsed by a bank chartered under the Bank Act or a trust company insured under the Canada Deposit Insurance Corporation.

### 4. Capital Assets

|                                | Cost<br>\$     | Accumulated<br>Amortization<br>\$ | 2008<br>Net<br>\$ | 2007<br>Net<br>\$ |
|--------------------------------|----------------|-----------------------------------|-------------------|-------------------|
| Computer hardware              | 54,746         | 43,600                            | 11,146            | 18,292            |
| Office furniture and equipment | 153,420        | 136,453                           | 16,967            | 26,279            |
| Database                       | 35,252         | 17,557                            | 17,695            | 22,615            |
| Website                        | 6,900          | 1,380                             | 5,520             | -                 |
|                                | <u>250,318</u> | <u>198,990</u>                    | <u>51,328</u>     | <u>67,186</u>     |

### 5. Net Assets Internally Restricted for Investigations and Hearings

The College makes best efforts to anticipate the costs associated with complaints, investigations and hearings based on past experience and current caseload. However, in the event that the numbers of complaints, investigations or hearings exceed estimates, the College is obligated by the Regulated Health Professions Act to fulfill its regulatory responsibilities in a timely fashion. Therefore, the College has internally restricted monies to fund expenditures related to complaints, investigations and hearings beyond normal expenditures.

### 6. Net Assets Internally Restricted for Quality Assurance

The College is required to develop programs and standards of practice to assure the quality of practice of the professions. Therefore, the College has internally restricted monies to fund expenditures related to the ongoing development of various aspects of the quality assurance program. This includes the development and publication of preferred practice guidelines, position statements, continuing education as well as peer and self-assessment tools.



# COLLEGE OF AUDIOLOGISTS AND SPEECH-LANGUAGE PATHOLOGISTS OF ONTARIO

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## Notes to Financial Statements (continued)

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September 30, 2008

### 7. Net Assets Internally Restricted for Public Awareness

The College is required to develop programs to assist individuals to exercise their rights under the Regulated Health Professions Act. The College has internally restricted monies to fund expenditures related to the development and implementation of initiatives to educate the public of the professions and the services they offer as well as the College and its activities.

### 8. Commitment

Effective October 1, 2004 the College entered into a ten year lease for its office premises. Annual lease payments, including the College's proportionate share of operating expenses and taxes, are estimated as follows:

|             |           |
|-------------|-----------|
| 2008 - 2009 | \$102,000 |
| 2010 - 2014 | 120,000   |

### 9. Capital Disclosures

The College's objectives in managing its capital, which it defines as its net assets, are to maintain a sufficient level to provide for normal operating requirements on an ongoing basis, to ensure internal restrictions for investigations and hearings, quality assurance and public awareness are sustained, and to continue its mission as disclosed in note 1. The College manages its capital by ensuring it has sufficient funds before committing to expenditures.

### 10. Future Accounting Changes

The following summarizes future accounting changes that will be relevant to the College's financial statements subsequent to the current year. The impact of the new standards is being evaluated by the College.

#### Financial instruments

The CICA has issued new accounting standards, Handbook Section 3862 Financial Instruments - Disclosures and Section 3863 Financial Instruments - Presentation, which replace Handbook Section 3861 Financial Instruments - Disclosure and Presentation. The new standards revise and enhance disclosure requirements to provide additional information on the nature and extent of risks arising from financial instruments to which any entity is exposed and how it manages those risks. The standards are effective for reporting periods beginning on or after October 1, 2008.

#### International financial reporting standards

The CICA has announced that all Canadian reporting entities, subject to certain exceptions which include not-for-profit organizations, will adopt International Financial Reporting Standards ("IFRSs") as Canadian generally accepted accounting principles for years beginning on or after January 1, 2011. The College, at its opinion, may adopt IFRSs if it so chooses. The College is currently evaluating the implications of the adoption of these new standards.





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**Hilborn Ellis Grant LLP**  
**Chartered Accountants**  
*Since 1930*

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