

2021 Financial Statements



College of Speech and
Hearing Health Professionals
of British Columbia

Financial Statements

**COLLEGE OF SPEECH AND HEARING
HEALTH PROFESSIONALS OF BC**

And Independent Auditors' Report thereon

Year ended March 31, 2022



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INDEPENDENT AUDITORS' REPORT

To the Members of College of Speech and Hearing Health Professionals of BC

Opinion

We have audited the financial statements of College of Speech and Hearing Health Professionals of BC (the "College"), which comprise:

- the statement of financial position as at March 31, 2022
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the College in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Matter – Comparative Information

The comparative information as at and for the year ended end of March 31, 2021 is unaudited. Accordingly, we do not express an opinion on it. However, the comparative information as at and for the year ended end of March 31, 2021 was previously reviewed by us and our report thereon, dated July 26, 2021, stated an unmodified conclusion. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the comparative information.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for private enterprises, 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.

In preparing the financial statements, management is responsible for assessing the College's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the College's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 College's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the College ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the College to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

Vancouver, Canada
July 29, 2022

COLLEGE OF SPEECH AND HEARING HEALTH PROFESSIONALS OF BC

Statement of Financial Position

March 31, 2022, with comparative information for 2021

	2022	2021 (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,413,367	\$ 1,194,859
Accounts receivable	25,630	12,399
Investments, held at amortized cost (note 2)	270,000	1,104,000
Prepaid expenses and deposits	3,221	2,904
	<u>1,712,218</u>	<u>2,314,162</u>
Investments, held at amortized cost (note 2)	800,000	-
Capital assets (note 3)	6,134	8,704
Intangible asset (note 4)	163,097	194,802
	<u>\$ 2,681,449</u>	<u>\$ 2,517,668</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 74,142	\$ 67,254
Deferred revenue	1,625,570	1,348,800
Deferred lease inducement	23,048	19,178
	<u>1,722,760</u>	<u>1,435,232</u>
Deferred lease inducement	42,312	65,360
	<u>1,765,072</u>	<u>1,500,592</u>
Net assets:		
Unrestricted	647,146	813,570
Invested in capital assets and intangible asset (note 6)	169,231	203,506
Internally restricted for hearings	100,000	-
	<u>916,377</u>	<u>1,017,076</u>
Commitments (note 8)		
	<u>\$ 2,681,449</u>	<u>\$ 2,517,668</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Jack MacDermot, Board Chair



Jon Waterhouse, Board Vice-Chair

COLLEGE OF SPEECH AND HEARING HEALTH PROFESSIONALS OF BC

Statement of Operations

Year ended March 31, 2022, with comparative information for 2021

	Unrestricted	Invested in capital assets and intangible assets (note 6)	2022	2021 (unaudited)
Revenue:				
Registration and certification fees	\$ 1,506,224	\$ -	\$ 1,506,224	\$ 1,440,150
Interest	8,563	-	8,563	13,331
	<u>1,514,787</u>	<u>-</u>	<u>1,514,787</u>	<u>1,453,481</u>
Expenses:				
Board and governance	139,795	-	139,795	87,418
Amortization	-	59,425	59,425	51,437
Finance and administration	344,982	-	344,982	273,243
Inquiry and discipline	108,636	-	108,636	122,250
Quality assurance and professional practice	121,001	-	121,001	127,499
Registration	61,953	-	61,953	64,563
Wages	779,694	-	779,694	614,149
	<u>1,556,061</u>	<u>59,425</u>	<u>1,615,486</u>	<u>1,340,559</u>
Excess (deficiency) of revenue over expenses	\$ (41,274)	\$ (59,425)	\$ (100,699)	\$ 112,922

See accompanying notes to financial statements.

COLLEGE OF SPEECH AND HEARING HEALTH PROFESSIONALS OF BC

Statement of Changes in Net Assets

Year ended March 31, 2022, with comparative information for 2021

	Unrestricted	Invested in capital assets and intangible asset	Internally restricted for hearings	2022	2021 (unaudited)
Net assets, beginning of year	\$ 813,570	\$ 203,506	\$ -	\$ 1,017,076	\$ 904,154
Excess (deficiency) of revenue over expenses	(41,274)	(59,425)	-	(100,699)	112,922
Interfund transfer (note 7)	(100,000)	-	100,000	-	-
Net assets, end of year	\$ 647,146	\$ 169,231	\$ 100,000	\$ 916,377	\$ 1,017,076

See accompanying notes to financial statements.

COLLEGE OF SPEECH AND HEARING HEALTH PROFESSIONALS OF BC

Statement of Cash Flows

Year ended March 31, 2022, with comparative information for 2021

	2022	2021
		(unaudited)
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (100,699)	\$ 112,922
Items not involving cash:		
Amortization of capital assets	2,570	4,377
Amortization of intangible asset	56,855	47,060
Amortization of lease inducement	(19,178)	11,567
	(60,452)	175,926
Changes in non-cash operating working capital:		
Decrease (increase) in receivables	(13,231)	6,417
Decrease in prepaid expenses and deposits	(317)	4,447
Increase (decrease) in accounts payable and accrued liabilities	6,888	(73,161)
Increase in deferred revenue	276,770	443,812
	209,658	557,441
Investments:		
Proceeds on sale of investments	1,654,000	1,305,421
Purchase of investments	(1,620,000)	(1,400,000)
Purchase of intangible asset	(25,150)	(72,792)
	8,850	(167,371)
Increase in cash and cash equivalents	218,508	390,070
Cash and cash equivalents, beginning of year	1,194,859	804,789
Cash and cash equivalents, end of year	\$ 1,413,367	\$ 1,194,859

See accompanying notes to financial statements.

COLLEGE OF SPEECH AND HEARING HEALTH PROFESSIONALS OF BC

Notes to Financial Statements

Year ended March 31, 2022

Nature of operations

The College of Speech and Hearing Health Professionals of BC (the "College"), which operates in British Columbia, is a not-for-profit organization founded pursuant to the Health Professionals Act and the Regulations for Speech and Hearing Health Professionals. The College acts as the regulatory body governing Audiologists, Speech-Language Pathologists, and Hearing Instrument Practitioners by setting the ethical and practice standards for the above noted professionals. The College is a non-profit organization as defined under the Income Tax Act and therefore is not subject to income taxes.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits which are highly liquid with original maturities of less than three months at the date of acquisition.

(b) Investments:

Investments consist of term deposits and are carried at amortized cost.

(c) Capital assets:

Capital assets are stated at cost, less accumulated amortization. Amortization is provided at the following basis and annual rates:

Asset	Basis	Rate
Computer	Declining balance	25% - 50%
Office equipment	Declining balance	15%

(d) Intangible asset:

Intangible asset consist of information technology system development costs and are measured initially at cost. These costs are amortized on a straight-line basis over its five year estimated useful life.

(e) Impairment of long-lived assets:

When a long-lived asset no longer contributes to the Foundation's ability to provide services, or the value of future economic benefits or service potential associated with the asset is less than its net carrying amount, the excess of its carrying amount over its fair value or replacement cost will be recognized as an expense in the statement of operations and changes in net assets.

COLLEGE OF SPEECH AND HEARING HEALTH PROFESSIONALS OF BC

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(f) Deferred lease inducement:

The College has entered into lease agreements which included rent-free periods and step rents. Under Canadian accounting standards for not-for-profit organizations, the total lease payments over the entire lease term should be aggregated and allocated over the term of the respective leases.

Free rent periods provided to the College are recorded as a liability and amortized on a straight-line basis over the term of the lease as rent expense.

(g) Revenue recognition:

Revenue related to registration fees is recognized over the period to which they relate.

Fees related to certifications are recognized when the services are rendered. Fees related to examination and criminal record checks are recognized on a net basis, as these services are provided by other parties.

Payments received related to any advance billings are deferred in current liabilities until the services are rendered.

(h) Internally restricted net assets:

From time to time, the Board of Directors may impose certain restrictions on fund balances. These amounts are presented on the statement of financial position and the statement of changes in net assets as internally restricted funds. These internally restricted amounts are not available for other purposes without approval of the Board of Directors. During fiscal 2022, the board approved the establishment of the following internally restricted funds:

(i) Net assets internally restricted for hearings:

The net assets internally restricted for hearing costs related to Discipline Committee or Registration Committee matters, as set by the Board of Directors.

(ii) Net assets internally restricted for legislation:

The net assets internally restricted for general external legal expenses of substantial magnitude, including bylaw drafting costs, as set by the Board of Directors.

(iii) Net assets internally restricted for special initiatives:

The net assets internally restricted for special, Board-approved initiatives, as set by the Board of Directors.

COLLEGE OF SPEECH AND HEARING HEALTH PROFESSIONALS OF BC

Notes to Financial Statements

Year ended March 31, 2022

1. Significant accounting policies (continued):

(i) Use of estimates:

The preparation of these financial statements 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 year. Items subject to such estimates and assumptions include the valuation of accounts receivable and contingencies. Actual results may differ from those estimates.

(j) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently measured at cost or amortized cost, unless management has elected to carry the instruments at fair value. The College has not elected to carry any financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs. These costs are amortized using the effective interest rate method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the College determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the College expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

Accounts receivable, investments and accounts payable and accrued liabilities are carried at amortized cost, which approximates fair value.

COLLEGE OF SPEECH AND HEARING HEALTH PROFESSIONALS OF BC

Notes to Financial Statements

Year ended March 31, 2022

2. Investments, held at amortized cost:

	2022	2021 (unaudited)
Term deposit with interest rate of 0.30% per annum, and maturing on September 14, 2022	\$ 270,000	\$ -
Term deposit with interest rate of 0.95%, 1.05%, and 2.00% in years 1, 2, and 3 respectively and maturing on September 14, 2024	800,000	-
Term deposit with interest rate of 1.00% per annum, and matured on May 1, 2021	-	704,000
Term deposit with interest rate of 1.10% per annum, and matured on August 1, 2021	-	400,000
	<u>1,070,000</u>	<u>1,104,000</u>
Less: current portion of investments	270,000	1,104,000
	<u>\$ 800,000</u>	<u>\$ -</u>

3. Capital assets:

			2022			2021
	Cost	Accumulated amortization	Net book value			Net book value
					(unaudited)	
Computer	\$ 92,912	\$ 90,084	\$ 2,828	\$	4,815	\$ 4,815
Office equipment	16,211	12,905	3,306	\$	3,889	\$ 3,889
	<u>\$ 109,123</u>	<u>\$ 102,989</u>	<u>\$ 6,134</u>	\$	8,704	<u>\$ 8,704</u>

4. Intangible asset:

			2022			2021
	Cost	Accumulated amortization	Net book value			Net book value
					(unaudited)	
Information technology system	\$ 296,848	\$ 133,751	\$ 163,097	\$	194,802	\$ 194,802

COLLEGE OF SPEECH AND HEARING HEALTH PROFESSIONALS OF BC

Notes to Financial Statements

Year ended March 31, 2022

5. Bank indebtedness:

The College has available an operating line of credit with a financial institution in the amount of \$30,000 (2021 - \$30,000), bearing interest at the bank's prime rate plus 2% per annum. As at March 31, 2022 and 2021, the College had nil outstanding on the operating line of credit. The operating line of credit is secured by a general security agreement over the assets and future assets of the College.

6. Net assets invested in capital assets and intangible asset:

(a) Net assets invested in capital assets and intangible asset is calculated as follows:

	2022	2021
Intangible asset	\$ 163,097	\$ 194,802
Capital assets	6,134	8,704
	\$ 169,231	\$ 203,506

(b) Deficiency of revenue over expenses:

	2022	2021
Amortization of capital assets and intangible asset	\$ (59,425)	\$ (51,437)

(c) Net change in invested in capital assets and intangible asset:

	2022	2021
Purchase of intangible asset	\$ 25,150	\$ 72,792

7. Interfund transfer:

On March 4, 2022, the Board of Directors approved the transfer of \$100,000 to the internally restricted fund for hearings.

COLLEGE OF SPEECH AND HEARING HEALTH PROFESSIONALS OF BC

Notes to Financial Statements

Year ended March 31, 2022

8. Commitments:

The College has an operating lease commitment related to its current premises. The minimum annual lease payments scheduled for the next three years are as follows:

2023	\$	168,990
2024		172,860
2025		88,365

9. Financial risks:

(a) Liquidity risk:

Liquidity risk is the risk that the College will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The College manages its liquidity risk by monitoring its operating requirements and ensuring that it invests a portion of its term deposits that can be readily converted into cash. The College prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(b) Credit risk:

The College has limited exposure to credit risk associated with its cash, term deposits and accounts receivable. The College is not exposed to significant credit risk as the majority of receivables are due from practicing registrants. Cash and term deposits are held with a Canadian credit union. The College's maximum exposure to credit risk is limited to the carrying amount of these balances in the financial statements.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The fair values of fixed rate financial instruments are subject to change, since fair values fluctuate inversely with changes in market interest rates. The cash flows related to floating rate financial instruments change as market interest rates change. The College's investments earn interest based on market rates and the College has bank indebtedness available with interest based on the bank's prime rate plus a margin. As a result, the College is exposed to interest rate risk due to fluctuations in the bank's prime rate.

The College is not exposed to any currency, price, or other market risks. There have been no significant changes to the above risk exposures from the previous year.



**College of Speech and
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