

COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO
FINANCIAL STATEMENTS

AUGUST 31, 2008

Hilborn Ellis Grant LLP
Chartered Accountants
Toronto, Ontario





Hilborn Ellis Grant LLP
Chartered Accountants

Auditors' Report

To the Council of the
College of Dental Technologists of Ontario

We have audited the statement of financial position of the **College of Dental Technologists of Ontario** as at August 31, 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 August 31, 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 5, 2008

Chartered Accountants
Licensed Public Accountants



COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO

Statement of Financial Position

August 31, 2008	2008 \$	2007 \$
		(note 11)
ASSETS		
Current Assets		
Cash	704,798	493,203
Prepaid expenses and sundry receivables	17,511	10,012
	722,309	503,215
Investments (note 3)	451,013	429,068
Capital assets (note 4)	11,829	15,837
	462,842	444,905
	1,185,151	948,120
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	120,117	180,890
Deferred registration and laboratory supervision fees	497,054	357,171
	617,171	538,061
NET ASSETS		
Net assets invested in capital assets	11,829	15,837
Net assets internally restricted for complaints and discipline (note 5)	60,000	60,000
Net assets internally restricted for abuse therapy (note 6)	20,000	20,000
Unrestricted - cumulative excess of revenues over expenses	474,246	314,222
Unrestricted - cumulative net unrealized gains on available for sale financial assets	1,905	-
	567,980	410,059
	1,185,151	948,120

Approved on behalf of the Council:

President

Vice-President



COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO

Statement of Operations

Year ended August 31, 2008	2008 \$	2007 \$
		<i>(note 11)</i>
Revenues		
Registration	612,356	504,782
Examination	51,814	51,495
Quality assurance	42,189	66,496
Investment income	34,627	28,359
Government grant <i>(note 7)</i>	53,000	-
	793,986	651,132
Expenses		
Registration	7,798	5,674
Examination	21,219	30,782
Quality assurance	36,432	45,211
Administration	182,912	188,890
Human resources	291,617	246,152
Complaints and discipline	45,738	10,769
Patient relations	422	1,181
Publications	1,102	10,268
Legislation and policies	9,913	9,116
	597,153	548,043
Excess of revenues over expenses before the following	196,833	103,089
Misappropriated funds <i>(note 8)</i>	(90,917)	(22,627)
Adjustment to prior year estimate <i>(note 9)</i>	50,100	-
Excess of revenues over expenses for year	156,016	80,462



COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO

Statement of Changes in Net Assets

Year ended August 31, 2008

	Invested in Capital Assets \$
Balance, beginning of year	15,837
Prior period adjustment	-
Balance, beginning of year - restated	15,837
Excess (deficiency) of revenues over expenses for year	(6,679)
Internally imposed restriction	-
Purchase of capital assets	2,671
	<u>(11,829)</u>
Accumulated gains (losses) included directly in the statement of changes in net assets:	
Change in accounting policy (note 2(a))	-
Unrealized gains (losses) on available for sale financial assets arising during the year	-
Reclassification adjustment for losses (gains) included in excess over revenues over expenses	-
	<u>-</u>
Balance, end of year	<u><u>11,829</u></u>



COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO

Restricted for Complaints and Discipline \$	Restricted for Abuse Therapy \$	Unrestricted Excess of Revenues over Expenses \$	Unrestricted Net Unrealized Gains on Available for Sale Financial Assets \$	2008 Total \$	2007 Total \$
					<i>(note 11)</i>
60,000	20,000	314,222	-	410,059	366,800
-	-	-	-	-	(37,203)
60,000	20,000	314,222	-	410,059	329,597
-	-	162,695	-	156,016	80,462
-	-	-	-	-	-
-	-	(2,671)	-	-	-
60,000	20,000	474,246	-	566,075	410,059
-	-	-	(8,283)	(8,283)	-
-	-	-	10,188	10,188	-
-	-	-	-	-	-
-	-	-	1,905	1,905	-
60,000	20,000	474,246	1,905	567,980	410,059



COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO

Statement of Cash Flows

Year ended August 31, 2008	2008 \$	2007 \$
		<i>(note 11)</i>
Cash flows from operating activities		
Excess of revenues over expenses for year	156,016	80,462
Items not requiring a current cash payment		
Amortization	6,679	5,399
Interest capitalized to investments	(20,040)	(16,277)
	142,655	69,584
Changes in non-cash working capital		
Decrease (increase) in prepaid expenses and sundry receivables	(7,499)	2,685
Increase (decrease) in accounts payable and accrued liabilities	(60,773)	67,459
Increase in deferred membership fees	139,883	151,801
	214,266	291,529
Cash flows from investing activities		
Proceeds from sale of investments	-	-
Purchase of investments	-	-
Purchase of capital assets	(2,671)	(12,934)
	(2,671)	(12,934)
Net increase in cash during year	211,595	278,595
Cash, beginning of year	493,203	214,608
Cash, end of year	704,798	493,203



COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO

Notes to Financial Statements

August 31, 2008

1. Description of Organization

The College of Dental Technologists of Ontario (“College”) was incorporated as a non-share capital corporation under the Regulated Health Professions Act, 1991 (“RHPA”). The College was established under the RHPA to:

- regulate the practice of the profession and to govern the members in accordance with the Dental Technology Act, 1991, the Health Professions Procedural Code, RHPA and the regulations and by-laws, as amended from time to time;
- 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

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

2. Significant Accounting Policies

a) New accounting standards adopted during the year

During the year, new standards recommended in the Canadian Institute of Chartered Accountants (CICA) Handbook on accounting changes, Section 1506, and new standards on financial instruments, Section 3855 and Section 3861 were implemented.

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 12*). The College implemented the standard for the fiscal year ended August 31, 2008.



COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO

Notes to Financial Statements (continued)

August 31, 2008

2. Significant Accounting Policies (continued)

a) New accounting standards adopted during the year (continued)

Section 3855 Financial Instruments - Recognition and Measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments - Disclosure and Presentation provides standards for how financial instruments should be classified on financial statements and the disclosure requirements. The College implemented both of the standards for the fiscal year ended August 31, 2008. As a result of these new sections, the College recorded a non-cash charge of \$8,283 for the change in accounting for financial assets classified as available for sale and measured at fair value rather than cost as at the commencement of the current fiscal year.

b) 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 available for sale and are recorded at fair value as it is not management's primary objective to generate trading profits from short term fluctuations in price or to hold investments to maturity.

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

Transaction costs associated with the acquisition and disposal of investments are capitalized and included in the acquisition costs or reduce proceeds on disposal.

c) Capital assets

Capital assets are recorded at acquisition cost. Amortization is provided for based on the estimated useful lives of the assets over a period of five years using the straight-line method.

d) Revenue recognition

- i) The College follows the deferral method of accounting for contributions.
- ii) Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred.
- iii) Unrestricted contributions related to the general operations of the College are recognized as revenue of the College when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.



COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO

Notes to Financial Statements (continued)

August 31, 2008

2. Significant Accounting Policies (continued)

d) Revenue recognition (continued)

iv) Registration and Laboratory Supervision Fees

Registration and laboratory supervision fees are recognized as revenue proportionately over the fiscal year to which they relate. The registration year of the College coincides with that of the fiscal year of the College, being September 1 to August 31. Registration and laboratory supervision fees received in advance of the registration year to which they relate are recorded as deferred registration and laboratory supervision fees.

v) Examination Fees

Examination fees are recognized as revenue when the exam is held. Examination fees received in advance of the date the examination is held are recorded as deferred examination fees.

vi) 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.

e) 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 organization are classified and measured as follows:

<u>Financial Asset/ Liability</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held for trading	Fair value
Investments	Available for sale	Fair value
Sundry receivables	Loans and receivables	Amortized cost
Accounts payable and 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 statements of operations in the period in which the gain or loss occurs. Changes in fair value of financial instruments classified as available for sale are recorded in the statements of changes in net assets until realized, at which time they are recorded in the statements of operations.

COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO

Notes to Financial Statements (continued)

August 31, 2008

2. Significant Accounting Policies (continued)

e) Financial instruments (continued)

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.

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 cash, sundry receivables and accounts payable and accrued liabilities.

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

f) 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.

A key area where management has made complex or subjective judgments (often as a result of matters that are inherently uncertain) is litigation (note 8). Actual results could differ from this and other estimates, the impact of which would be recorded in future periods.

3. Investments

	Par Value \$	Amortized Cost \$	Fair Value \$
CPN Ontario - 4.32% - 08/07/16	254,863	182,200	180,672
CPN Ontario - 4.10% - 06/02/10	286,257	266,908	270,341
		449,108	451,013

Investments at amortized cost and fair value were \$429,068 and \$420,785 respectively, as at August 31, 2007.

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

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 DENTAL TECHNOLOGISTS OF ONTARIO

Notes to Financial Statements (continued)

August 31, 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 for the purposes of the College in such manner as the Council may, from time to time, by resolution direct, and, in order to implement such investment or reinvestment, Council may authorize by resolution an officer or officers of the College to carry out such direction.

Without limiting the generality of the foregoing, the funds of the College to be invested as referred to above in this section may be invested in securities issued or guaranteed by:

- a) the Government of Canada;
- b) the Province of Ontario;
- c) the government of another province of Canada, provided that such province, at the time of the investment, was rated by the Dominion Bond Rating Service as one of the three best rated provinces of Canada; or
- d) a Schedule 1 Canadian chartered bank.

4. Capital Assets

	Cost \$	Accumulated Amortization \$	2008 Net \$	2007 Net \$
Office furniture and equipment	83,162	71,332	11,829	15,837

5. Net Assets Internally Restricted for Complaints and Discipline

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. The College has internally restricted monies to fund expenses related to complaints, investigations and hearings beyond normal expenses.

6. Net Assets Internally Restricted for Abuse Therapy

The College has internally restricted monies to provide funding for therapy and counseling for persons who, while patients, were sexually abused by members.

COLLEGE OF DENTAL TECHNOLOGISTS OF ONTARIO

Notes to Financial Statements (continued)

August 31, 2008

7. Government Grant

During the year, the College received a government grant in the amount of \$53,000 from the Ontario Ministry of Health and Long-Term Care to fund the expenses of an interim registrar.

8. Misappropriated Funds

In the fiscal year ended August 31, 2006, it was discovered that an employee had misappropriated funds from the College in the amount of approximately \$300,000. An investigation is ongoing and legal proceedings have commenced.

	2008 \$	2007 \$
Expenses related to misappropriated funds	90,917	47,627
Insurance recovery	-	(25,000)
	<u>90,917</u>	<u>22,627</u>

The amount of any further recovery from the ex-employee, insurers or others cannot reasonably be estimated and no provision is recorded in the accounts.

9. Adjustment to Prior Year Estimate

During fiscal 2008, a prior year accrual for services was determined to not be a liability and as such the accrual was reversed and the amount was included in the results of operations of the current fiscal year.

10. Commitment

Effective September 1, 2008 the College entered into a five year lease for its office premises. Annual lease payments, including the College's proportionate share of operating expenses and taxes, are estimated as \$62,775.

11. Comparative Figures

The statement of financial position as at August 31, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended were reported on by another firm of chartered accountants who issued an unqualified audit opinion in their report dated November 9, 2007.

Certain of the comparative figures have been reclassified to conform to the current year's presentation. The changes do not affect prior year's earnings.



Notes to Financial Statements (continued)

August 31, 2008

12. 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.

i) Capital disclosures

The CICA has issued a new accounting standard, Handbook Section 1535 Capital Disclosures, which 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 standard is effective for reporting periods beginning on or after October 1, 2007.

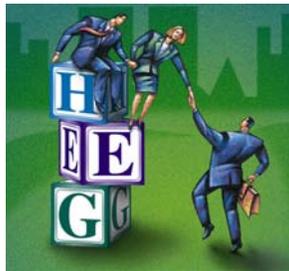
ii) Financial instruments

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 an entity is exposed and how it manages those risks. The standards are effective for reporting periods beginning on or after October 1, 2008.

iii) 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.





We give your business a hand to succeed.

Hilborn Ellis Grant LLP
Chartered Accountants
Since 1930

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