

**ONTARIO ASSOCIATION OF NATUROPATHIC
DOCTORS**

FINANCIAL STATEMENTS

DECEMBER 31, 2018



PROFESSIONAL CORPORATION
chartered professional accountants

ONTARIO ASSOCIATION OF NATUROPATHIC DOCTORS

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PROFESSIONAL CORPORATION
chartered professional accountants
INDEPENDENT AUDITOR'S REPORT

To the Directors of Ontario Association Of Naturopathic Doctors:

Opinion

We have audited the financial statements of Ontario Association Of Naturopathic Doctors the ("Association"), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of changes in net assets for the year then ended
- the statement of operations 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 statement of financial position of the Association as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations ("ASNPO").

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Association 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.

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 ASNPO, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's 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 these 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Association 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.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

I&A Professional Corporation
Chartered Professional Accountants

Authorized to practise public accounting by the Chartered Professional Accountants of Ontario
The engagement partner on the audit resulting in this auditor's report is Nick Ierfino, CPA, CA

Vaughan, Ontario
March 22, 2019

ONTARIO ASSOCIATION OF NATUROPATHIC DOCTORS

Statement of Financial Position

As at December 31, 2018	Note	2018	2017
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ASSETS

Current

Cash		\$ 261,249	\$ 333,356
Short term investments	2	151,540	100,872
Accounts receivable		79,043	11,075
Prepaid expenses and sundry assets		<u>16,938</u>	<u>22,613</u>
		508,770	467,916

Property and Equipment	3	<u>39,401</u>	<u>14,084</u>
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Total Assets		<u>\$ 548,171</u>	<u>\$ 482,000</u>
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LIABILITIES

Current

Accounts payable and accrued liabilities	4	\$ 134,659	\$ 101,782
Deferred revenue	5	<u>111,509</u>	<u>58,021</u>

Total Liabilities		<u>246,168</u>	<u>159,803</u>
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NET ASSETS

Net Assets		<u>302,003</u>	<u>322,197</u>
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Total Liabilities and Net Assets		<u>\$ 548,171</u>	<u>\$ 482,000</u>
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Commitments - Note 6

Approved on behalf of the Board:



Director



Director

(See Accompanying Notes)

ONTARIO ASSOCIATION OF NATUROPATHIC DOCTORS

Statement of Changes in Net Assets

For the Year Ended December 31, 2018	2018	2017
Net Assets , beginning of year	\$ 322,197	\$ 294,670
Excess (deficit) of revenues over expenses	<u>(20,194)</u>	<u>27,527</u>
Net Assets , end of year	<u><u>\$ 302,003</u></u>	<u><u>\$ 322,197</u></u>

(See Accompanying Notes)

ONTARIO ASSOCIATION OF NATUROPATHIC DOCTORS

Statement of Operations

For the Year Ended December 31, 2018	2018	2017
REVENUES		
Continuing education	\$ 114,697	\$ 130,572
Convention	344,892	293,535
Corporate sponsorship	69,000	74,000
Investment income	2,208	872
Membership dues	717,293	712,282
Product and publications	<u>114,797</u>	<u>112,304</u>
	<u>1,362,887</u>	<u>1,323,565</u>
EXPENSES		
Advertising and promotion	149,568	124,160
Amortization	5,441	3,859
Bank charges and merchant fees	34,547	32,735
Board expense	27,820	25,761
Continuing education	44,043	87,703
Convention expense	264,050	177,416
Equipment lease	10,116	10,088
Government and regulatory affairs	380	5,261
Insurance expense	3,461	3,412
IT expense	30,701	31,542
Office and general	30,576	22,855
Product and publication expense	79,419	74,736
Professional fees	20,115	20,719
Rent and occupancy costs	81,581	79,086
Salaries and benefits	<u>601,263</u>	<u>596,705</u>
	<u>1,383,081</u>	<u>1,296,038</u>
EXCESS (DEFICIT) OF REVENUE OVER EXPENSES	<u>\$ (20,194)</u>	<u>\$ 27,527</u>

(See Accompanying Notes)

ONTARIO ASSOCIATION OF NATUROPATHIC DOCTORS

Statement of Cash Flows

For the Year Ended December 31, 2018	2018	2017
OPERATING ACTIVITIES		
Excess (deficit) of revenue over expenses	\$ (20,194)	\$ 27,527
Amortization	5,441	3,859
Accrued interest income	(1,540)	(872)
	<u>(16,293)</u>	<u>30,514</u>
Change in non-cash working capital items		
Accounts receivable	(67,968)	30,112
Prepaid expenses and sundry assets	5,675	8,729
Accounts payable and accrued liabilities	32,877	22,086
Deferred revenue	<u>53,488</u>	<u>(26,642)</u>
	<u>24,072</u>	<u>34,285</u>
Cash provided by operating activities	<u>7,779</u>	<u>64,799</u>
INVESTING ACTIVITIES		
Purchase to property and equipment	(30,758)	(6,119)
Purchase of short term investments	<u>(49,128)</u>	<u>(100,000)</u>
Cash used in investing activities	<u>(79,886)</u>	<u>(106,119)</u>
Net change in Cash	(72,107)	(41,320)
Cash, beginning of year	<u>333,356</u>	<u>374,676</u>
Cash, end of year	<u>\$ 261,249</u>	<u>\$ 333,356</u>

(See Accompanying Notes)

ONTARIO ASSOCIATION OF NATUROPATHIC DOCTORS

Notes to Financial Statements

For the Year Ended December 31, 2018

Ontario Association of Naturopathic Doctors, hereinafter referred to as (the "Association") was incorporated in the Province of Ontario on October 4, 1950. The name of the Association was changed to the Ontario Association of Naturopathic Doctors on May 30, 1997. The Association is exempt from income tax under Section 149(1)(l) of the Canadian Income Tax Act.

The Association promotes the profession of naturopathic doctors, advances the profession's interests and inspires strong partnerships with government and others to integrate the naturopathic profession within the healthcare system.

1. SUMMARY OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following accounting policies:

a) Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Individual and corporate dues are set annually and are recognized as revenue proportionally over the fiscal year to which the membership relates.

Conference, conventions and continuing education fees are recognized when these events are held.

Revenue from products and publications are recognized at the time of shipment or proportionally over the period of the publications.

b) Short Term Investments

Short term investments are recorded at fair value. Unrealized gains and losses as a result of fair value adjustments are included in the statement of operations.

c) Property and Equipment

Property and equipment assets are valued at cost less accumulated amortization. Amortization has been provided for on the following basis:

Computer equipment	- 30% declining balance basis
Furniture and equipment	- 20% declining balance basis
Leasehold improvements	- 9 year straight-line basis

ONTARIO ASSOCIATION OF NATUROPATHIC DOCTORS

Notes to Financial Statements

For the Year Ended December 31, 2018

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

d) Contributed Services

Volunteers contribute a significant number of hours to assist the Association in carrying out its services as well as board and advisory activities. Because of the difficulty of determining their fair values, such contributed services are not recognized in the financial statements.

e) Financial Instruments

Financial instruments are recorded at fair value on initial recognition, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate. All financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value, with the exception of its short term investments.

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, which are amortized using the straight-line method.

f) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

g) Use of Estimates

The preparation of the Associate's financial statements in conformity with Canadian accounting standards for non-for-profit organization 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. Significant items subject to such estimate and assumptions include the carrying amount and estimated useful lives of property and equipment. Actual results could differ from those estimates used in preparing the financial statements.

ONTARIO ASSOCIATION OF NATUROPATHIC DOCTORS

Notes to Financial Statements

For the Year Ended December 31, 2018

2. SHORT TERM INVESTMENTS

The Association held short term investments with a fair market value of \$151,540 (2017 - \$100,872).

3. PROPERTY AND EQUIPMENT

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2018</u>	<u>2017</u>
Computer hardware	\$ 57,337	\$ 50,737	\$ 6,600	\$ 8,190
Furniture and equipment	53,043	48,328	4,715	5,894
Leasehold improvements	<u>29,738</u>	<u>1,652</u>	<u>28,086</u>	<u>-</u>
	<u>\$ 140,118</u>	<u>\$ 100,717</u>	<u>\$ 39,401</u>	<u>\$ 14,084</u>

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities are government remittances in the amount of \$33,479 (2017 - \$5,375).

5. DEFERRED REVENUE

The Association received a lease inducement under the lease agreement which was used to purchase leasehold improvements. The inducement is recognized over the remaining 9 years of the lease agreement.

Less: accumulated amortization of lease inducement

	<u>2018</u>	<u>2017</u>
	\$ 33,603	\$ -
	<u>(3,734)</u>	<u>-</u>
	29,869	-

The Association received advanced payment for membership revenues which are recognized over the upcoming fiscal year.

The Association received advanced payment for continuing education revenues which are recognized when the events are held.

	77,125	58,021
	<u>4,515</u>	<u>-</u>
	<u>\$ 111,509</u>	<u>\$ 58,021</u>

ONTARIO ASSOCIATION OF NATUROPATHIC DOCTORS

Notes to Financial Statements

For the Year Ended December 31, 2018

6. COMMITMENTS

The Association is committed to the rental of its premises and various office equipment used in the operation of the business under operating leases which expire at various dates until March 2027. Minimum annual rentals under these leases in the next five years is as follows:

2019	\$ 81,865
2020	84,181
2021	84,609
2022	77,601
2023	77,601

7. FINANCIAL INSTRUMENTS

The Association is exposed to various risk through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at December 31, 2018.

Credit Risk

The Association is exposed to credit risk in its accounts receivable. Credit risk arises from the potential that a counter party will fail to perform its obligation to the Association thus causing the Association to incur a financial loss. Management believes credit risk with respect to accounts receivable is limited due to the credit quality of the parties and creates an allowance for bad debts when applicable.

Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable. The Association expects to meet these obligations as they come due by generating sufficient cash flow from operations.