

**Canadian College of Health Leaders**  
**Financial Statements**  
For the year ended December 31, 2011

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## Independent Auditor's Report

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**To the members of  
Canadian College of Health Leaders**

We have audited the accompanying financial statements of Canadian College of Health Leaders, which comprise the balance sheet as at December 31, 2011, 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 generally accepted accounting principles, 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**

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 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 College'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 College'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.

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



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## Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of Canadian College of Health Leaders as at December 31, 2011 and the results of its operations and its cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants  
Ottawa, Ontario  
March 5, 2012

## Canadian College of Health Leaders Balance Sheet

**December 31** **2011** **2010**

### Assets

#### Current

Cash and cash equivalents	\$ 323,357	\$ 288,234
Accounts receivable	296,088	159,712
Receivable from related parties (Note 2)	164,624	253,774
Prepaid expenses	14,775	21,291

	798,844	723,011
Capital assets (Note 4)	824,904	880,888

**\$ 1,623,748** **\$ 1,603,899**

#### Trust assets (Note 5)

Funds held in trust	\$ 62,539	\$ 105,345
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### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities	\$ 114,661	\$ 130,730
Payable to related party (Note 3)	14,263	-
Deferred revenue (Note 6)	797,596	1,051,952
Current portion of long-term debt (Note 7)	66,432	73,911

	992,952	1,256,593
Long-term debt (Note 7)	274,987	313,211

**1,267,939** **1,569,804**

#### Net assets

Invested in capital assets	483,306	493,587
Internally restricted (Note 13)	25,000	25,000
Unrestricted	(152,497)	(484,492)

**355,809** **34,095**

**\$ 1,623,748** **\$ 1,603,899**

#### Trust liabilities (Note 5)

Funds held in trust	\$ 62,539	\$ 105,345
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On behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Canadian College of Health Leaders Statement of Operations

For the year ended December 31

2011

2010

### Revenues

Membership fees	\$ 1,115,111	\$ 1,115,317
Registration	531,845	509,949
Advertising	320,982	294,014
Sponsorship	294,500	255,600
Administration fees - project (Note 9)	221,156	168,637
Other	156,015	18,060
Interest	19,718	21,322
CHLNet project	-	5,183
Publications and forum	-	416
	<u>2,659,327</u>	<u>2,388,498</u>

### Expenses

Salaries and contractors	1,448,604	1,730,391
Travel	172,094	188,437
Catering	135,300	100,461
Office and miscellaneous	127,125	166,184
Panelists and speakers	105,771	96,125
Occupancy	74,085	79,308
Amortization	61,155	68,094
Bank charges and interest (Note 7)	55,946	58,915
HCLABC membership	42,000	42,040
Printing	33,227	48,955
Translation	28,888	26,526
Audio and visual rental	21,316	20,837
Professional fees	20,400	45,711
Room and facility rental	6,473	13,470
Chapter incentives	4,652	4,431
Recruitment	407	10,335
Publications and forum	170	-
CHLNet project	-	5,183
	<u>2,337,613</u>	<u>2,705,403</u>

**Excess of revenues over expenses (expenses over revenues)  
for the year**

**\$ 321,714    \$ (316,905)**

## Canadian College of Health Leaders Statement of Changes in Net Assets

**For the year ended December 31, 2011**

	Invested in capital assets	Internally Restricted	Unrestricted	Total
<b>Balance, January 1</b>	<b>\$ 493,587</b>	<b>\$ 25,000</b>	<b>\$ (484,492)</b>	<b>\$ 34,095</b>
Excess of revenues over expenses	-	-	321,714	321,714
Additions to capital assets	5,171	-	(5,171)	-
Amortization of capital assets	(61,155)	-	61,155	-
Decrease in long-term debt	45,703	-	(45,703)	-
<b>Balance, December 31</b>	<b>\$ 483,306</b>	<b>\$ 25,000</b>	<b>\$ (152,497)</b>	<b>\$ 355,809</b>

**For the year ended December 31, 2010**

	Invested in capital assets	Internally Restricted	Unrestricted	Total
<b>Balance, January 1</b>	<b>\$ 467,443</b>	<b>\$ 25,000</b>	<b>\$ (141,443)</b>	<b>\$ 351,000</b>
Excess of expenses over revenues	-	-	(316,905)	(316,905)
Additions to capital assets	48,783	-	(48,783)	-
Amortization of capital assets	(68,094)	-	68,094	-
Decrease in long-term debt	45,455	-	(45,455)	-
<b>Balance, December 31</b>	<b>\$ 493,587</b>	<b>\$ 25,000</b>	<b>\$ (484,492)</b>	<b>\$ 34,095</b>

## Canadian College of Health Leaders Statement of Cash Flows

For the year ended December 31

2011

2010

Cash provided by (used for):

**Operating Activities**

Excess of revenues over expenses (expenses over revenues)	\$ 321,714	\$ (316,905)
Amortization, a non-cash item	61,155	68,094
	<b>382,869</b>	<b>(248,811)</b>

Net change in non-cash working capital balances:

Accounts receivable	(136,376)	170,131
Receivable from related parties	89,150	(85,400)
Prepaid expenses	6,516	31,783
Accounts payable and accrued liabilities	(16,069)	(80,141)
Payable to related party	14,263	-
Deferred revenue	(254,356)	(180,858)
	<b>(296,872)</b>	<b>(144,485)</b>
	<b>85,997</b>	<b>(393,296)</b>

**Financing Activities**

Decrease in long-term debt	(45,703)	(45,455)
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**Investing Activities**

Purchase of capital assets	(5,171)	(48,783)
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Increase (decrease) in cash and cash equivalents

	35,123	(487,534)
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Cash and cash equivalents, January 1	288,234	775,768
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**Cash and cash equivalents, December 31** **\$ 323,357** **\$ 288,234**

**Represented by:**

Cash	\$ 294,884	\$ 22,865
Short-term investments	28,473	265,369

**\$ 323,357** **\$ 288,234**

# Canadian College of Health Leaders

## Summary of Significant Accounting Policies

December 31, 2011

**Nature of Business** The Canadian College of Health Leaders (the "College") was originally incorporated without share capital under Part II of the Canada Corporations Act as the Canadian College of Health Services Executives, and was renamed under a supplementary letters patent on July 19, 2010. The College is committed to leadership in improving the health of Canadians through excellence in health service management. The College is a not-for-profit organization and is exempt from income taxes under Section 149 of the Income Tax Act (Canada).

**Basis of Presentation** These financial statements do not include the operations of the College's affiliated chapters.

**Revenue Recognition** Membership fees are assessed annually on continuing members of the College. These revenues are recognized in the year of membership. Fees received in advance of the membership year are deferred. Sponsorship revenue and registration fees are recorded using the deferral method and are recognized as revenue in the year in which the related event occurs. Advertising revenue is recognized when the advertisements are published. Other income is recognized as revenue in the year in which it is earned.

**Financial Instruments** Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose for which the financial instruments were acquired or issued, their characteristics and the College's designation of such instruments. Settlement date accounting is used.

The College has classified its financial instruments as follows:

Asset/Liability	Category	Measurement
Cash and cash equivalents	Held-for-trading	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Receivable from related parties	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Payable to related party	Other financial liabilities	Amortized cost
Long-term debt	Other financial liabilities	Amortized cost

The carrying amount of these financial assets and financial liabilities approximates their fair values unless otherwise disclosed.



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## Canadian College of Health Leaders Summary of Significant Accounting Policies

December 31, 2011

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### Cash and Cash Equivalents

Cash and cash equivalents include deposits with financial institutions that can be withdrawn without prior notice or penalty and short-term investments with an original maturity of 90 days or less.

### Capital Assets

Capital assets are recorded at cost. Amortization is recorded on a straight-line basis over the anticipated useful life of the assets, which is estimated as follows:

Land	Not amortized
Building	25 years
Building improvements	5 and 10 years
Office equipment	5 years
Computer equipment	5 years

### Use of Estimates

The preparation of the 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature these estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future years could be significant.

### New Accounting Pronouncement

A recent accounting pronouncement that has been issued but is not yet effective, and has a potential implication for the College, is as follows:

#### a) New accounting standards

In December 2010, the Accounting Standards Board (AcSB) issued new accounting and financial reporting requirements for not-for-profit organizations, which will require non-government (private sector) not-for-profit organizations to adopt either International Financial Reporting Standards (IFRS) or Accounting Standards for Private Enterprises (ASPE) plus the current 4400 Series of Standards related to not-for-profit organizations, for year ends beginning on or after January 1, 2012. Early adoption is allowed. Unless they early adopt, not-for-profit organizations will continue to follow the current CICA Handbook - Accounting Part V - Pre-Changeover Standards until January 1, 2012. The impact of the transition on the College's financial statements has yet to be determined.

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## Canadian College of Health Leaders Notes to Financial Statements

December 31, 2011

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### 1. Financial Instruments

Unless otherwise noted, it is management's opinion that the College is not exposed to significant interest or credit risks arising from these financial instruments.

#### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The College is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The College's main credit risk relates to its accounts receivable.

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### 2. Receivable from Related Parties

The College has two related parties at year end: the National Healthcare Leadership Conference (the "Conference", described in Note 9) and the Canadian Health Leadership Network (the "Network", described in Note 10).

	<u>2011</u>	<u>2010</u>
Receivable from Conference	\$ 164,624	\$ 214,345
Receivable from Network	-	39,429
	<u>\$ 164,624</u>	<u>\$ 253,774</u>

The receivable balances from the related parties are subject to normal trade terms, are unsecured, and non-interest bearing.

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### 3. Payable to Related Party

	<u>2011</u>	<u>2010</u>
Payable to Network	\$ 14,263	-

The payable balance to the related party is unsecured, interest free, with no specified terms of repayment.

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**Canadian College of Health Leaders  
Notes to Financial Statements**

**December 31, 2011**

**4. Capital Assets**

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 323,550	\$ -	\$ 323,550	\$ -
Building	560,047	181,082	560,047	158,680
Building improvements	172,913	128,997	172,913	121,415
Office equipment	346,366	327,301	346,366	319,550
Computer equipment	419,566	360,158	414,395	336,738
	<b>\$ 1,822,442</b>	<b>\$ 997,538</b>	<b>\$ 1,817,271</b>	<b>\$ 936,383</b>
Net book value		<b>\$ 824,904</b>		<b>\$ 880,888</b>

**5. Funds Held in Trust**

Funds held in trust represent amounts belonging to unrelated groups for whom the College performs administrative functions on a not-for-profit basis. These funds are held in the College's bank accounts.

**6. Deferred Revenue**

Deferred revenue consists of \$638,235 (2010 - \$696,230) in membership fees for 2012, \$159,361 (2010 - \$93,320) in deposits from event participants and sponsors, and \$nil (2010 - \$262,402) for the Founders' Circle.

During the year, the College's obligation relating to Founders' Circle was deemed to be fulfilled as the sponsors of the program eliminated all restrictions pertaining to the utilization of their Founders' Circle contributions, alleviating the College of all previous Founders' Circle commitments. Accordingly, all of the previously restricted contributions which no longer contain external restrictions have been recognized in the statement of operations during the year. The unexpended contribution balance of \$133,607 was recognized in the statement of operations under "Revenues - Other".

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## Canadian College of Health Leaders Notes to Financial Statements

December 31, 2011

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### 7. Long-term Debt

	<u>2011</u>	<u>2010</u>
Demand loan payable, bearing interest of prime plus 1.50%, principal and interest payable in monthly installments of \$915, due August 20, 2014.	\$ 28,192	\$ 37,667
Mortgage payable, bearing interest of 5.50%, principal and interest payable in monthly installments of \$4,547, due November 22, 2015, secured by a building.	<u>313,227</u>	<u>349,455</u>
	341,419	387,122
Less current portion	<u>66,432</u>	<u>73,911</u>
	<u>\$ 274,987</u>	<u>\$ 313,211</u>

Long-term debt matures in fiscal year ending December 31,

2012	\$ 66,432
2013	40,445
2014	42,727
2015	<u>191,815</u>
	<u>\$ 341,419</u>

Interest expense of \$19,820 (2010 - \$17,772) related to long-term debt is included in the expense item "bank charges and interest" in the Statement of Operations.

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### 8. Financing Available

The College has an unused line of credit of \$200,000 with a chartered bank. Interest is charged at the bank's prime rate plus 2.50%.

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## Canadian College of Health Leaders Notes to Financial Statements

December 31, 2011

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### 9. National Healthcare Leadership Conference

The National Healthcare Leadership Conference (the "Conference") is a partnership between the College and the Canadian Healthcare Association. Accounts for the Conference, for which the College acts as secretariat, are not included in these financial statements. Conference proceeds and costs are shared equally among the partners. The College's share of net profit for 2011 was \$119,305 (2010 - \$63,713) and is included in the revenue line "Administration fees - project" on the Statement of Operations. Administration fees earned by the College for acting as secretariat are also included in this line item.

The following presents the College's share of the assets, liabilities, revenues, and expenses of the partnership:

	<u>2011</u>	<u>2010</u>
Revenue	\$ 327,312	\$ 281,108
Expenses	<u>208,007</u>	<u>217,395</u>
Excess of revenue over expenses	<u>\$ 119,305</u>	<u>\$ 63,713</u>
Total assets	<u>\$ 122,045</u>	<u>\$ 172,452</u>
Total liabilities	<u>\$ 122,045</u>	<u>\$ 172,452</u>

As identified in Note 2, there exists a balance payable at year end from the Conference to the College of \$164,624 (2010 - \$214,345).

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### 10. Canadian Health Leadership Network

The Canadian Health Leadership Network (the "Network") is an unincorporated entity of which the College is a member and for which it acts as secretariat. In its role as secretariat the College maintains a separate set of accounts on the Network's behalf. Neither the assets nor liabilities held by the Network at December 31, 2011, nor the revenues earned or expenses incurred by the Network during the fiscal year then ended are included in these financial statements.

The College holds funds in trust for the Network in the amount of \$75,561 (2010 - \$63,051) at December 31, 2011. These trust funds are held in a separate bank account in the College's name.

As identified in Note 3, there exists a balance payable at year end from the College to the Network of \$14,263 (2010 - receivable of \$39,429).

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## Canadian College of Health Leaders Notes to Financial Statements

December 31, 2011

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### 11. Defined Contribution Pension Plan

Some of the employees of the College are members of a defined contribution pension plan. A College employee can contribute up to 6% of their annual base salary and the College will match it. Contributions to the plan during the year on behalf of College employees totaled \$3,694 (2010 - \$4,918) and are included in the expense line "Salaries and contractors" on the Statement of Operations.

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### 12. Defined Benefit Pension Plan

Substantially all of the College's employees are members of the Hospitals of Ontario Pension Plan (the "Plan"), which is a multi-employer defined benefit pension plan available to all eligible employees of the participating members in the Ontario Hospitals Association.

Variance between the actuarial funding estimates and actual experience may be material and any differences are generally to be funded by employers and employees. As at December 31, 2010, the Plan was 101% funded. The Plan's administrators believe that the Plan is fully funded on a solvency basis. Contributions to the Plan made during the year by the College on behalf of its employees totaled \$91,424 (2010 - \$99,098) and are included in the expense line "Salaries and contractors" on the Statement of Operations.

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### 13. Net Assets Internally Restricted for Building Maintenance

The Board has set aside an amount of \$25,000 as a building fund in order to defray future unforeseen maintenance costs for the office building owned by the College.

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### 14. Capital Management

The College's operations are reliant on revenues generated annually. The College has accumulated unrestricted net assets over its history. The College has invested a portion of its net assets in capital assets and has internally restricted a portion of the remaining net assets for future maintenance of certain of these capital assets (Note 13).