

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the **Institute of Naturopathic Education and Research**, which comprise the statement of financial position as at July 31, 2018,

STATEMENT OF OPERATIONS

Year ended July 31

2018
\$

2017
\$

REVENUE

Tuition

STATEMENT OF CASH FLOWS

Year ended July 31

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	332,186	333,344
Add item not involving cash		
Amortization	938,266	333,344
	1,270,452	333,344
Net change in non-cash working capital balances related to operations <i>[note 13]</i>	(775,867)	44,166

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF THE ORGANIZATION

The Institute of Naturopathic Education and Research [the “Institute”] is incorporated under the *Corporations Act* (Ontario). The Institute operates the Canadian College of Naturopathic Medicine, the Robert Schad Naturopathic Clinic and the Ottawa Integrative Cancer Centre [“OICC”]. The Institute is registered as a charitable organization under the *Income Tax Act* (Canada) and, as such, is not subject to income taxes.

These financial statements do not include the assets, liabilities or operations of Ottawa Integrative Cancer Centre Foundation [the “Foundation”], a controlled not-for-profit entity [note 12] or the financial activities of the following entities in which the Institute has significant influence [note 10]: CCNM Enterprises [“Enterprises”] and CCNM Press Inc. [“Press”].

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Revenue Recognition

The Institute follows the deferral method of accounting for contributions, which include research grants, bequests and other donations. Grants and bequests are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions, except endowment contributions, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Externally restricted endowment contributions are recognized as direct increases in net assets when recorded in the accounts.

Tuition and general interest and continuing education revenue is deferred and recognized as revenue over the academic year.

Clinic revenue is recognized as revenue when clinic services are provided and when goods are sold.

Property revenue is recognized as revenue on a monthly basis as services are provided.

Sponsorships revenue is recognized as revenue in the year the sponsored event occurs.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with banks and highly liquid short-term investments with original maturities of less than 90 days from the date of purchase.

Inventory

Inventory is valued at the lower of cost, determined on a weighted average cost formula basis, and net realizable value.

Capital Assets

Purchased tangible and intangible capital assets are recorded at acquisition cost. Contributed tangible and intangible capital assets are recorded at fair value at the date of contribution. Tangible and intangible capital assets are amortized using the straight line method over the estimated useful lives of the assets as follows:

Tangible

Building	40 years
Building improvements	10 – 20 years
Leasehold improvements	

NOTES TO FINANCIAL STATEMENTS

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent unspent resources externally restricted for program expenses in future years. Changes in the deferred contributions balance are as follows:

	2018	2017
	\$	\$
Balance, beginning of year	1,298,621	1,298,621
Amounts received <i>[note 7]</i>	1,086,742	1,086,742
Recognized as revenue	(1,197,601)	(1,197,601)
	<u>1,187,762</u>	<u>1,187,762</u>

The amount due from Enterprises represents a loan outstanding, which is due on demand, unsecured, non-interest bearing, and has no specific terms of repayment.

The amount due from Press bears interest at the bank's prime rate and has no specific terms of repayment. As at July 31, 2018, the prime rate was 3.70% [2017 – 2.95%]. Interest of \$19,924 [2017 – \$15,867] is included in interest revenue.

[c] The Institute performs certain management and administrative services on behalf of Enterprises and Press and charges no fees for these services. In addition, the Institute has an agreement with Press for the receipt of certain administrative, management, and other services for a fee equal to the cost of providing these services. The

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[c] Advances to the Foundation classified as current within accounts receivable of \$6,321 [2017 – \$2,365] are due on demand, unsecured, non-interest bearing and have no specific terms of repayment.

[d] The Institute provides management and administrative services at no cost to the Foundation.

13. STATEMENT OF CASH FLOWS

The net change in non-cash working capital balances consists of the following:

	2018	2017
	\$	\$
Accounts receivable	(132,919)	38,8
Inventory	6,734	6
Prepaid expenses		
