

**TRANSITIONAL COUNCIL
OF THE
COLLEGE OF
TRADITIONAL CHINESE MEDICINE PRACTITIONERS
AND ACUPUNCTURISTS OF ONTARIO**

2012 – 2013 Annual Report



Transitional Council of the College of Traditional Chinese
Medicine Practitioners and Acupuncturists of Ontario
安省中醫師及針灸師管理局過渡委員會

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April 1, 2012 to March 31, 2013

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ABOUT THE TRANSITIONAL COUNCIL

The transitional Council of the College of Traditional Chinese Medicine Practitioners and the Registrar was appointed by the Lieutenant Governor in Council. They are responsible for establishing the College of Traditional Chinese Medicine Practitioners and Acupuncturists of Ontario (CTCMPAO) to allow self-regulation of the traditional Chinese medicine (TCM) profession within the framework of the *Regulated Health Professions Act, 1991* and the *Traditional Chinese Medicine Act, 2006*. The transitional Council has a mandate to protect the public interest and is accountable to the Minister of Health and Long-Term Care. All members appointed to the transitional Council, irrespective of their background, are expected to make decisions and develop policies, guidelines, standards and regulations consistent with the legislative framework to ensure that the public of Ontario receives safe, qualified and ethical care from the TCM profession.

Transitional Council *April 2012 – March 2013*



Joanne Pritchard-Sobhani
President



Ian Eng
Vice-President



Cedric Cheung



James Jianping Fu



Terry Hui
From (June 2012)

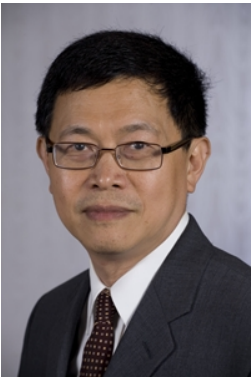


Claudia Newman
From (June 2012)



Sean Hu
From (June 2012)

Transitional Council Members 2008 -2012



David Xiao Dong Bai



Lynn Bowering



Kristin Bulmer



Zhao Cheng



Cedric Cheung



Richard Guo Qing Dong



Ian Eng



James Jianping Fu



Ellen C. Hanna



Sean Hu



Terry Hui



Sharon Shao Quan Lam



Henry Maeots



Claudia Newman



Ruth Pike



Joanne Pritchard-Sobhani



Catherine Elizabeth Wilson



Mary Xiu Mei Wu

Transitional Council Staff
April 2012 – March 2013

Registrar
Emily Cheung

Staff

Austin Hoping, Policy and Planning Analyst (until August, 2011)
Eliza Lee, Office Coordinator
Allan Mak, Manager, Administration and Professional Practices
Ivy Ning, Registration and Examinations Assistant
Rumana Rahman, Policy Advisor
Sharon Saberton, Interim Executive Director (Part Time)
Conrad Tang, Communications and Projects Coordinator
Ann Zeng, Registration and Examinations Officer

Transitional Council Staff
2008-2012

Catherine Chow, Manager, Professional Practices
Arwen Long, Executive Assistant
June Ren, Administrative Assistant
Alice Wang, Administrative Assistant
Steven Wang, Administrative Assistant

MESSAGE FROM THE PRESIDENT AND REGISTRAR

2012-13 has been a year of accomplishment for the transitional Council. Five years of hard work comes to fruition.

In January 2013, the government announced proclamation of the Traditional Chinese Medicine Act, 2006 on April 1, 2013. The Registration Regulation, Professional Misconduct Regulation and Quality Assurance Regulation will come into force.

We anticipate a new beginning for the College and the profession. On April 1, 2013, the College of Traditional Chinese Medicine Practitioners and Acupuncturists (the College) will come into being. The transitional Council becomes the Council of the College. The profession of traditional Chinese medicine will be recognized as a regulatory health profession, joining some 260,000 health professionals, under the Regulated Health Professions Act, 1991. The public will have access to safe, quality and ethical traditional Chinese medicine services to be delivered by members who practice to standards set by the College.

In the summer of 2008, we started building the foundation towards this new beginning. It is a great satisfaction for us to see the result today. This comes about through the leadership of transitional Council members, the dedication and resilience of staff members, the patience and guidance of legal counsel and the many consultants who contributed to the development of regulations, policies, bylaws, programs, standards and processes.


We are thankful to current and past members for committing time and sharing their professional expertise, their values of fairness and ethics to develop the regulations, policies and processes critical to ensuring public accountability of the College and its registered members. We are grateful to the team of staff who has done amazing work to support and advice the Council and its committees; to consult and guide the community of traditional Chinese medicine practitioners in their preparation for registration. In the short period from January to March 2013, the staff voluntarily committed extra time and effort to facilitate the registration of members, issue certificates, and to develop the membership database and the public registry of members.

We extend our sincere gratitude to the Minister of Health and Long-Term Care, to everyone at the Health Regulatory Branch, especially to Suzanne McGurn, Marilyn Wang, Allison Henry, Stephen Cheng, Derek Cheung, Melissa Quan, Tim Blakely, Doug Ross, David Lamb, Jacklyn Campbell, Linda An and Gerry Slavin. The transitional Council would not have been able to discharge its duties without the unflinching support and understanding of the Ministry. To our legal counsel, Rebecca Durcan and Richard Steinecke, from the bottom of our hearts, we extend to you our deepest appreciation for your guidance and ready support at all times. We are not forgetting Bonni Ellis, who put together the first draft Professional Misconduct Regulation for us. To Sharon Saberton, we thank you for your objective input to our Quality Assurance Program and guidance to our staff. We also wish to record our appreciation to the Office of the Fairness Commissioner, the Federation of Health Regulatory Colleges of Ontario and the Registrars of Colleges, for their unconditional support and advice. We are thankful to HealthForce Ontario Marketing and Recruitment Agency for housing the College office and offering operational supports. Last, but not the least, we extend our grateful thanks to the consultants who helped us develop the entry-level competencies and performance indicators, the Safety Program, and the Prior Learning Assessment and Recognition Process (PLAR) and to the members of the Canadian Alliance of Regulatory Bodies of Traditional Chinese Medicine Practitioners and Acupuncturists for sharing their regulatory experiences and for committing to interprovincial collaboration.

We wish the College success as it moves forward assuming the role of a regulator under the Regulated Health Professions Act, accountable to the Minister of Health and Long-Term Care. Being the regulator of traditional Chinese medicine practice with a legislated mandate to protect the interests of the public, the College is assuming a very important role in Ontario health care. There is no room for self-interest or professional interest. The College has to always put the interest of the public first. The profession should never take the right to self-regulate for granted. Self-regulation is a privilege given by the government. For self-regulation to continue, the public and government must know that they can trust the College in carrying out its duty to protect the interest of the public; and that its members are complying with legislative requirements; that they are offering safe, competent and ethical services that meet College standards.



Joanne Pritchard-Sobhani, President



Emily Cheung, Registrar

Executive Committee Report

Joanne Pritchard Sobhani, Chair

Committee Composition

April 2012- August 2012

Chair Joanne Pritchard-Sobhani (President)

Members

Ian Eng (Vice-President)
Cedric K. T. Cheung
Ian Eng
James Fu

August 2012- March 2013

Chair Joanne Pritchard-Sobhani (President)

Members

Ian Eng (Vice-President)
James Fu
Terry Hui
Claudia Newman

Responsibilities

The Executive Committee meets between meetings of the transitional Council to facilitate effective and efficient functioning of the transitional Council. It makes decisions that require immediate attention on behalf of the transitional Council and considers matters referred by the Registrar.

For the major part of 2012-2013, the Executive Committee took on the responsibilities to develop regulations and policies in consultation with the Ministry of Health and Long-Term Care to establish the College. It formulates strategies for communication with the public and with stakeholders. It also oversees the administration and operations of the office.

Activity Highlights

The Executive Committee met seven times from April 1, 2012 to March 31, 2013. The Committee experienced an extremely busy and challenging twelve months. Despite the constraints in human and financial resources and limitations in space and available equipment, it completed the activities planned for the year. The members put in place processes to establish the College of Traditional Chinese Medicine Practitioners and Acupuncturists of Ontario as a fully functioning regulatory college under the *Regulated Health Professions Act, 1991* by April 2, 2013.

A summary of the Committee's work is presented below:

Regulations Development- Registration, Professional Misconduct and Quality Assurance

The Executive Committee worked closely with the Health Professions Regulatory Policy and Programs Branch and their lawyers in the legal drafting of the proposed regulations. The Committee presented the intent of each section of the regulations and the comments of stakeholders.

The Professional Misconduct Regulation was approved in October 2012. The Registration and Quality Assurance Regulations were approved in January 2013. The regulations are expected to come into force on April 1, 2013.

Developing Tools and Processes for Registration of Members

- The *Jurisprudence Handbook* was published in August 2012 for potential registration applicants to study. A total of twenty four tests and two workshops were offered from

October 2012 – March 2013. 2125 potential registration applicants sat and passed the test.

- The ***Safety Program Handbook*** was published in December 2012. The handbook content and the databank of questions were jointly developed with the College of Traditional Chinese Medicine Practitioners and Acupuncturists of British Columbia (CTCMA-BC). The tests in Ontario were administered and marked by an independent third party to ensure fairness and integrity of the tests. As from January 2013, eight tests were offered. A total of 1791 potential registration applicants sat and passed the Safety test.
- Development of the ***Prior Learning Assessment and Recognition (PLAR)*** tools and processes for Grandparented members to transfer to General registration continued to progress. At its meeting in February 2013, Council approved the documentation process to evaluate the equivalencies of education programs previously pursued by Grandparented members; and the clinical case-study process to evaluate practical experiences. Pilot testing of the tools and processes will start later in 2013 which will be followed by recruitment and training of evaluators.
- As a member of the Canadian Alliance of Regulatory Bodies for Traditional Chinese Medicine Practitioners and Acupuncturists (CARB TCMA) the College participated in development of the ***Pan-Canadian Examinations for traditional Chinese medicine practitioners and acupuncturists***. The examinations development phase of the project is funded by HRSDC. The Pan-Canadian Examinations has two components: written and practical. A candidate must successfully complete both components to pass the examination. At the time of reporting, the blueprints for the written examinations have been finalized and subject experts from all participating provinces are drafting the questions. It is intended that the first written examinations be offered in October 2013 and the clinical case-study examinations in January 2014. The examinations will be administered and marked by a third party, independent of all provincial colleges. Colleges, however, will determine the eligibility of candidates to take the examinations based on each province's requirement.

Developing policies and systems for governance and to establish independent operations of the College

- ***Incorporation of the College***
Late in 2011, the Ministry of Health and Long-Term Care requested the transitional Council to set up its own management and financial systems in order to receive transfer payments from the government. Early in March 2012, the College incorporated as a not-for-profit corporation and set up its own bank accounts, payroll services, group benefit plan and accounting services. As from April 1, 2012, the transitional Council received transfer payments directly from the government.
- ***Operation Policies***
Operation policies play a vital role in effective management of an organization. The transitional Council approved

- A customer service accessibility policy to comply with the *Accessibility for Ontarians with Disabilities Act, 2005*; and
- The College's human resources policy.

➤ ***Business Plan and Budget***

The Committee worked closely with the Registrar and her staff to develop business plans and budgets for the period from April 1, 2012 – March 31, 2013 and for the period from April 1, 2013 – March 31, 2015. These business plans, with detail costs and timelines on delivery of programs and activities were approved by the Transitional Council and submitted to the Ministry of Health and Long-Term Care (MOHLTC).

➤ ***Membership Database Management System***

To facilitate management of the membership database and to allow public access to the register of members on the College website, the transitional Council customized and started installation of database software and hosting services in phases, starting December 2013.

Communication efforts to disseminate accurate and consistent information to the public and stakeholders

The transitional Council recognizes the importance to establish an effective communication strategy to disseminate accurate and consistent information to stakeholders. In light of the constraints in resources, the transitional Council relies heavily on communicating with the public and stakeholders via emails and the College website.

The website continues to provide up-to-date, accurate information on transitional Council activities, regulations, policies and standards; news from municipal, provincial and federal governments and from related organizations.

The transitional Council also offered information sessions and the Registrar accepted invitations of professional associations to speak on progress of the Registration, Professional Misconduct and Quality Assurance Regulations, requirements and preparation of documents for registration. Consultation sessions were also held on the College By-laws. As from June 2012, eight such sessions had been held in different locations in Ontario. Sessions are normally overbooked. Members of the TCM associations who attended these sessions generally found the information useful. The information helped clarify misinformation and addressed many concerns.

Registration Committee Report

Claudia Newman, Chair

Committee Composition

August 2012- March 2013

Chair Claudia Newman

Members

Ian Eng
James Fu
Terry Hui
Joanne Pritchard-Sobhani

Responsibilities

The transitional Council appointed the Registration Committee in August 2012 following appointments of three new members by the Lieutenant Governor in Council.

Prior to taking on its statutory duties to review any applications for registration referred by the Registrar, the Registration Committee reviewed and developed policies to support the Registration Regulation.

According to the *Health Professions Procedural Code*, the Registrar shall refer an application for registration to the Registration Committee if the Registrar

- has doubts on whether the applicant meets the registration requirements;
- considers imposing terms, conditions and limitations; or
- proposes to refuse the application.

Activity Highlights

Development of Policies

The Registration Committee developed the following policies to support implementation of the Registration Regulation:

- Written language plan content requirements for Grandparented applicants;
- Jurisprudence and Safety Tests accommodation processes for Grandparented registration applicants who cannot communicate with reasonable fluency in English with patients, other health professionals and the health care system;
- Professional Liability Insurance requirements;
- Delegation of controlled acts;
- Registration Examinations for General registration.

Review Applications

The Registration Committee Panel reviewed 5 applications in March 2013. These applicants will be issued certificates of registration with terms, conditions and limitations when the Registration Regulation comes into force on April 1, 2013.

Statistics of Interest

In February 2013, the government announced proclamation of the *Traditional Chinese Medicine Act, 2006* on April 1, 2013 and that the Registration, Professional Misconduct and Quality Assurance Regulations will come into force on April 1, 2013.

Registration Applications (February - March 31, 2013)

Registration applications	1190
Applications processed for approval	497
Applications missing information	589

Jurisprudence Tests (October 2012 – March 2013)

Applicants	2155
Candidates who Passed	2125
Candidates who Failed	30

Safety Program Tests (January – March 2013)

Applicants	1885
Candidates who Passed	1791
Candidates who Failed	94

Quality Assurance Committee Report

Ian Eng, Chair

Committee Composition

April – August 2012

Chair Ian Eng

Members

Terry Hui (from July 2012)
Joanne Pritchard-Sobhani

August 2012- March 2013

Chair Ian Eng

Members

Terry Hui
Claudia Newman
Joanne Pritchard-Sobhani

Responsibilities

The role of the health regulatory College is to protect the public by ensuring that professionals are competent when they enter practice and that their performance throughout their professional lives continues to address the needs of the public and reflect the standards of the profession.

The *Health Professions Procedural Code, Schedule 2* of the *Regulated Health Professions Act, 1991* sets out the requirements of a Quality Assurance Program. The Quality Assurance Committee accordingly developed the Quality Assurance Program for the College of Traditional Chinese Medicine Practitioners and Acupuncturists of Ontario. The Committee is responsible for administering and monitoring the Program.

Standards of Practice

In the latter part of 2012, the Quality Assurance Committee, with a focus group of practitioners in the profession developed the Standards of Practice for members of the College who may be holding the title of Traditional Chinese Medicine Practitioner or Acupuncturist. The process was facilitated by Sharon Saberton, Interim Executive Director.

The Standards of Practice have been developed to determine whether a member performs at an acceptable level. The Standards reflect the knowledge, skills and judgement that registered members need in order to perform the services and procedures that fall within the scope of practice of TCM.

The Standards of Practice provides indicators to each practice standards. The Standards were developed with reference to

- the “Entry-level Occupational Competencies for the Practice of Traditional Chinese Medicine in Canada”, developed by the Canadian Alliance of Regulatory Bodies of TCM Practitioners and Acupuncturists (CARB TCMA);

- Performance indicators for traditional Chinese medicine practice in Canada developed by CARB TCMA ;
- Performance indicators for traditional Chinese medicine practice in Ontario, jointly developed by PLACED, the G Raymond Chang School of Continuing Education, Ryerson University and the transitional Council;
- Safety Program for Traditional Chinese Medicine Practitioners and Acupuncturists jointly developed by CTCMA-British Columbia and the transitional Council;
- Jurisprudence Handbook – Important Legal Principles Practitioners Need to Know;
- The legislation governing the practice of the profession, the College by-laws and Code of Ethics.

Quality Assurance Program

The Quality Assurance Committee developed the QA Program and the Standards of Practice with advice from Sharon Sabberton, Interim Executive Director.

In developing the Program, the Committee took the assumptions:

- Traditional Chinese Medicine Practitioners and Acupuncturists are members of the College. They have met the professional requirements of the College to be members and are practising competently;
- The Program is intended to be educative, not punitive;
- The Program is based on the Standards of Practice that have been developed to assure the quality of practice of the profession;
- The Standards of Practice are the underpinnings of the Program;
- Members practice in a variety of settings and have unique learning needs;
- Access to learning resources may be limited for members due to geographical or financial constraints;
- Members can identify their own learning needs and will engage in activities to meet their learning needs. Members will document the learning activities and the learning outcome if they are given the right tools; and
- The Program is to help members enhance their practice.

Important QA Program Points

- Members are required to complete a minimum of 15 hours of professional development activities every year in order to show commitment to the QA Program.
- Members will maintain their own Self-Assessment and Professional Development Plan that documents their professional development activities based on their annual self-assessments.
- Members undertake and document only professional development activities that are related to the practice of traditional Chinese medicine.
- Members will retain a copy of the Self-Assessment, Professional Development plan and the Quality Assurance Declaration for three years.
- Members are required to cooperate with the Quality Assurance Committee and with any assessor it appoints to conduct a Peer and Practice Assessment.

QA Program Components and Members' QA Responsibilities

All members of the College are required to complete a personal QA plan each year that includes the following components:

1. *Complete Self-Assessment – Part A*

Part A of the Self-Assessment focuses on members' practices and what areas of responsibility are included in their practices. It also addresses any expected changes in their practice environments, such as advances in technology and any inter-professional collaboration that is anticipated in members' practices.

2. *Complete Self-Assessment- Part B*

Part B of the Self Assessment is based on the Standards of Practice of the Profession. It describes the knowledge, skills and judgement relevant to the members' practices.

It will assist members in identifying what they would like to learn more and what learning activities they would like to undertake to promote continuing competency and continuing quality improvement in their practices. It also helps members in identifying how these selected areas will help them in their current and/or anticipated practices.

3. *Professional Development Plan*

The Professional Development Plan is a tool that has been designed for members to document their professional development activities.

The Professional Development Plan provides a section for members to document:

- Their top priority areas that they are interested in learning more
- A description of the activities
- The date the activity is completed
- The duration of the activity in hours
- The types of activities undertaken

After completing the learning activity, members will document how the learning activity helped them in their practices.

This is a key component of the QA Program as it provides evidence of members' continuing competency and continuing quality improvement.

4. *Quality Assurance Declaration*

Members must submit the Quality Assurance Declaration to the College each year when they submit their annual registration.

QA Committee Monitoring of Members

1. *Self-Assessment Form and Professional Development Plan*

Each year, the Quality Assurance Committee will require a percentage of members to submit their completed Self-Assessment forms and Professional Development Plan and related QA records; or portions of them to the Committee for review. The Committee will be trained to assess each member's Self-Assessment Parts A and B and the Professional Development Plan using a consistent, fair and transparent evaluation process

2. *Peer and Practice Assessment*

Each year, the QA Committee will also require a percentage of members to undergo a peer and practice assessment to assess members' knowledge, skills and judgement at their practices.

Members may also be selected if concerns are raised while monitoring the Self-Assessment forms, the Professional Development Plan and related QA records.

Peer and Practice assessors will be trained to assess each member's practice using an objective, consistent, fair and transparent evaluation process based on the member's performance in meeting the Standards of Practice. The assessors will also receive training on how to draft an objective report that will serve as a summary of the practice assessment.

AUDITORS REPORT

TRANSITIONAL COUNCIL OF THE COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF ONTARIO

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

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Clarke Henning LLP

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COUNCIL OF THE TRANSITIONAL COUNCIL OF THE COLLEGE OF
TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF ONTARIO

Report on the Financial Statements

We have audited the accompanying financial statements of the Transitional Council of the College of Traditional Chinese Medicine Practitioners and Acupuncturists of Ontario, which comprise the statement of financial position as at March 31, 2013 and the statements of operations and 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 accounting standards for not-for-profit organizations, 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 entity'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 entity'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 our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Transitional Council of the College of Traditional Chinese Medicine Practitioners and Acupuncturists of Ontario as at March 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Clarke Henning LLP

Toronto, Ontario
July 15, 2013

CHARTERED ACCOUNTANTS
Licensed Public Accountants

TRANSITIONAL COUNCIL OF THE COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF ONTARIO

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013

ASSETS

Current assets	
Cash	\$ 1,353,985
Prepaid expenses	6,702
	<u>1,360,687</u>
Capital assets (note 2)	54,948
	<u><u>1,415,635</u></u>

LIABILITIES

Current liabilities	
Accounts payable and accrued liabilities (note 3)	83,160
Accounts payable - MOHLTC (note 4)	181,608
Deferred membership dues	854,450
	<u>1,119,218</u>
Deferred capital contributions (note 5)	54,948
	<u><u>1,174,166</u></u>

NET ASSETS

Unrestricted	241,469
	<u><u>\$ 1,415,635</u></u>

Approved on behalf of the Council:

_____, President _____, Vice-President

TRANSITIONAL COUNCIL OF THE COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF ONTARIO

STATEMENT OF OPERATIONS AND NET ASSETS

YEAR ENDED MARCH 31, 2013

Revenues		
Ministry of Health and Long-Term Care funding (<i>note 4</i>)	\$	756,168
Other fees		237,984
Other		3,485
		<hr/> 997,637
Expenses		
Salaries and benefits		531,288
Council and committees		6,225
Consulting and professional services		125,001
Special programs and projects		64,862
Office and general operational costs		28,792
		<hr/> 756,168
Excess of revenues over expenses from operations before the following		<hr/> 241,469
Depreciation		7,276
Amortization of deferred capital contributions (<i>note 5</i>)		(7,276)
Excess of revenues over expenses for the year and net assets at end of year	\$	<hr/> <hr/> 241,469

**TRANSITIONAL COUNCIL OF THE COLLEGE OF TRADITIONAL CHINESE
MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF ONTARIO**

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2013

Cash flows from operating activities

Cash received from members	\$ 1,095,919
Cash received from Ministry of Health and Long-Term Care	937,776
Cash paid to employees and suppliers	(679,710)
	<u>1,353,985</u>

Cash flows from investing activities

Purchase of capital assets	62,224
Capital contributions received from Ministry of Health and Long-Term Care	(62,224)
	<u>-</u>

Change in cash during the year and cash at end of year	\$ 1,353,985
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TRANSITIONAL COUNCIL OF THE COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

The Transitional Council of the College of Traditional Chinese Medicine Practitioners and Acupuncturists of Ontario (the "College") regulates the practice of traditional Chinese medicines and governs the actions and conduct of its members to ensure the public has access to safe, competent and ethical services from qualified traditional Chinese medicine professionals.

The College is a not-for-profit organization, incorporated without share capital by a special act of the Ontario Legislature and, as such, is exempt from income taxes. The College is governed by the Regulated Health Professions Act, 1991 and the Traditional Chinese Medicine Act, 2006.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards are in accordance with Canadian generally accepted accounting principles and include the following accounting policies.

Financial Assets and Liabilities

The College initially measures its financial assets and financial liabilities at fair value. The College subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, accounts payable and accrued liabilities and account payable to the Ministry of Health and Long-Term Care.

Capital Assets

Capital assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets at the following annual rates:

Furniture and equipment	- straight line over 5 years
Computer equipment	- straight line over 3 years
Customized computer software	- straight line over 10 years

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2013.

Deferred Capital Contributions

Contributions for the acquisition of capital assets that will be depreciated are deferred and amortized over the life of the related capital assets.

TRANSITIONAL COUNCIL OF THE COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Grants are included as revenue on an accrual basis in the year in which the related expenditures are incurred. Grants received in advance are recorded as deferred revenue.

The College's principal source of revenue is membership dues which are recognized as revenue in the period to which the membership dues relate. Membership dues received in the current year, applicable to a subsequent year are recorded as deferred revenue on the statement of financial position and will be accounted for in income in the year to which they pertain.

Other fees and revenue include application fees, examination fees, course and other fees, and are recognized as revenue when services have been provided.

Use of Estimates

The preparation of the College's financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made difficult, complex or subjective judgments, often as a result of matters that are uncertain, include, among others, useful lives for depreciation and amortization of property and equipment and assets and liabilities valuation. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

2. CAPITAL ASSETS

Details of capital assets are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
Furniture and equipment	\$ 2,399	\$ 479	\$ 1,920
Computer hardware	3,489	1,163	2,326
Customized computer software	56,336	5,634	50,702
	\$ 62,224	\$ 7,276	\$ 54,948

TRANSITIONAL COUNCIL OF THE COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

3. GOVERNMENT REMITTANCES

Accounts payable includes government remittances totaling \$30,608.

4. MINISTRY OF HEALTH AND LONG-TERM CARE FUNDING

The Ministry of Health and Long-Term Care (MOHLTC) has approved funding to the College in the amount of \$3,000,000 under an agreement, expiring March 31, 2015. The funding is to develop and establish the regulatory framework necessary to govern traditional Chinese medicine and acupuncture and develop and implement the infrastructure and business process to establish the College. The amount of funding is to be received equally over the 3 fiscal years ending March 31, 2013, 2014 and 2015. A summary of the funding received during the year is as follows:

Funding received	\$ 1,000,000
Less allocated to capital assets	(62,224)
	<u>937,776</u>
Amount refundable - at end of year	(181,608)
Revenue for the year	<u>\$ 756,168</u>

5. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The changes in deferred capital contributions are as follows:

Capital contributions received	\$ 62,224
Amortization of deferred capital contributions	(7,276)
Balance - at end of year	<u>\$ 54,948</u>

6. PREMISES

The College occupies office space leased by Health Force Ontario. The College does not pay any rent or operational costs and is in the process of looking for new premises.

TRANSITIONAL COUNCIL OF THE COLLEGE OF TRADITIONAL CHINESE MEDICINE PRACTITIONERS AND ACUPUNCTURISTS OF ONTARIO

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2013

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The College is exposed to various risks through its financial instruments. The following analysis provides a measure of the College's risk exposure at the statement of financial position date.

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 not exposed to significant credit risk.

Liquidity Risk

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

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The College is not exposed to currency, price or interest rate risks.

8. CONTINGENCY

An application for Judicial review has been brought against the College. The applicant is seeking an interim and interlocutory injunction against the College and for costs to be paid to the applicant on a substantive indemnity. The applicant has not taken steps to move their application forward. At this time, management and legal counsel are unable to determine the likelihood of exposure and the amount of liability, if any, this claim will have on the College.

9. GUARANTEES AND INDEMNITIES

The College has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions, in which they are sued as a result of their involvement with the Council, if they acted honestly and in good faith with a best interest of the College. The College has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the College has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements and purchase contracts. In these agreements, the College agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the College. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

**TRANSITIONAL COUNCIL OF THE COLLEGE OF
TRADITIONAL CHINESE MEDICINE
PRACTITIONERS AND ACUPUNCTURISTS OF
ONTARIO**

**SCHEDULE OF REVENUE AND EXPENSES MINISTRY OF HEALTH AND
LONG-TERM CARE**

YEAR ENDED MARCH 31, 2013

Revenue		
Ministry of Health and Long-Term Care <i>(note 4)</i>	\$	937,776
Expenses		
Salaries and benefits		531,288
Council and committees		6,225
Consulting and professional services		125,001
Special programs and projects		64,862
Office and general operational costs		28,792
		<u>756,168</u>
Excess of revenues over expenses for the year, being amount refundable to MOHLTC	\$	<u>181,608</u>