

**IMMIGRATION CONSULTANTS OF CANADA  
REGULATORY COUNCIL**

**FINANCIAL STATEMENTS**

**NOVEMBER 22, 2021**

**IMMIGRATION CONSULTANTS OF CANADA REGULATORY COUNCIL**

**NOVEMBER 22, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
Immigration Consultants of Canada Regulatory Council

### *Opinion*

We have audited the accompanying financial statements of **Immigration Consultants of Canada Regulatory Council**, which comprise the statement of financial position as at November 22, 2021 and the statements of operations, changes in net assets and cash flows for the period July 1, 2021 to November 22, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion these financial statements present fairly, in all material respects, the financial position of **Immigration Consultants of Canada Regulatory Council** as at November 22, 2021, and the results of its operations and its cash flows for the period July 1, 2021 to November 22, 2021 in accordance with Canadian accounting standards for not-for-profit organizations.

### *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 Entity 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 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.

In preparing these financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Entity'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 it 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 judgement 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, misrepresentation, 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 Entity'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 Entity'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 Entity 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.

We 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.

Toronto, Canada  
June 10, 2022



Chartered Professional Accountants  
Licensed Public Accountants

**IMMIGRATION CONSULTANTS OF CANADA REGULATORY COUNCIL**


**STATEMENT OF FINANCIAL POSITION**

**NOVEMBER 22, 2021**

	<b>November 22, 2021</b>	<b>June 30, 2021</b>
<hr/>		
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 14,420,743	\$ 653,412
Short-term investments [Note 3]	7,421,493	13,485,778
Accounts receivable	156,006	115,867
Prepaid expenses	<u>355,592</u>	<u>152,778</u>
	22,353,834	14,407,835
<b>CAPITAL ASSETS [Note 4]</b>	<u>193,651</u>	<u>209,562</u>
	<b><u>\$ 22,547,485</u></b>	<b><u>\$ 14,617,397</u></b>
<hr/>		
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities [Note 5]	\$ 1,197,559	\$ 737,588
Deferred revenue	<u>5,126,477</u>	<u>243,637</u>
	6,324,036	981,225
<hr/>		
<b>NET ASSETS</b>		
<b>UNRESTRICTED</b>	7,075,177	8,162,111
<b>INVESTED IN CAPITAL ASSETS</b>	193,651	209,562
<b>INTERNALLY RESTRICTED FOR TRANSITION TO COLLEGE [Note 8]</b>	2,068,414	2,369,499
<b>INTERNALLY RESTRICTED FOR IT INFRASTRUCTURE DEVELOPMENT [Note 8]</b>	2,886,207	2,895,000
<b>INTERNALLY RESTRICTED FOR DIRECTORS' AND OFFICERS' LIABILITY COVERAGE [Note 8]</b>	<u>4,000,000</u>	<u>-</u>
	<u>16,223,449</u>	<u>13,636,172</u>
	<b><u>\$ 22,547,485</u></b>	<b><u>\$ 14,617,397</u></b>

**APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:**

Stan Belevici July 13, 2022 Director

 July 22, 2022 Director

**IMMIGRATION CONSULTANTS OF CANADA REGULATORY COUNCIL**

**STATEMENT OF CHANGES IN NET ASSETS**

**FOR THE PERIOD JULY 1, 2021 TO NOVEMBER 22, 2021**

	<b>Unrestricted</b>	<b>Invested in Capital Assets</b>	<b>Reserve for Transition to College [Note 8]</b>	<b>Reserve for IT Infrastructure Development [Note 8]</b>	<b>Reserve for Directors' and Officers' Liability Coverage [Note 8]</b>	<b>2022</b>	<b>2021</b>
<b>BALANCE - Beginning of period</b>	\$ 8,162,111	\$ 209,562	\$ 2,369,499	\$ 2,895,000	\$ -	\$ 13,636,172	\$ 11,997,887
Excess of revenues over expenditures	2,942,245	(45,090)	(301,085)	(8,793)	-	2,587,277	1,638,285
Net change in capital assets	(29,179)	29,179	-	-	-	-	-
Transfer to reserve for Directors' and Officers' liability	(4,000,000)	-	-	-	4,000,000	-	-
<b>BALANCE - End of year</b>	<b>\$ 7,075,177</b>	<b>\$ 193,651</b>	<b>\$ 2,068,414</b>	<b>\$ 2,886,207</b>	<b>\$ 4,000,000</b>	<b>\$ 16,223,449</b>	<b>\$ 13,636,172</b>

**IMMIGRATION CONSULTANTS OF CANADA REGULATORY COUNCIL**

**STATEMENT OF OPERATIONS**

**FOR THE PERIOD JULY 1, 2021 TO NOVEMBER 22, 2021**

	<b>November 22, 2021</b>	<b>June 30, 2021 [12 months]</b>
<b>REVENUE</b>		
Membership fees	\$ 6,197,506	\$ 11,362,759
Examination fees	1,163,975	2,273,442
Interest income	38,551	87,590
Specialization program fees	549,150	-
Other income	<u>106,782</u>	<u>169,968</u>
	<u>8,055,964</u>	<u>13,893,759</u>
<b>EXPENDITURES</b>		
Amortization	45,090	118,442
Bad debts	375,296	157,972
Governance [Note 7]	37,300	157,869
Information technology	208,163	494,687
Insurance	48,340	118,986
Interest and bank charges	305,778	463,994
Office and general	60,067	173,582
Practice management and education	131,771	81,901
Professional conduct and discipline	233,140	1,006,280
Professional fees	442,245	671,266
Public affairs and communications	203,682	469,933
Registration and examination	222,759	633,884
Rent	256,442	666,492
Salaries and benefits	2,872,740	6,927,952
Translation	18,691	84,319
Travel	<u>7,183</u>	<u>1,094</u>
	<u>5,468,687</u>	<u>12,228,653</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES BEFORE THE FOLLOWING</b>	2,587,277	1,665,106
<b>LOSS ON DISPOSAL OF CAPITAL ASSETS</b>	<u>-</u>	<u>(26,821)</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 2,587,277</u>	<u>\$ 1,638,285</u>

**IMMIGRATION CONSULTANTS OF CANADA REGULATORY COUNCIL**

**STATEMENT OF CASH FLOWS**

**FOR THE PERIOD JULY 1, 2021 TO NOVEMBER 22, 2021**

	November 22, 2021	June 30, 2021 [12 months]
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 2,587,277	\$ 1,638,285
Adjustment for		
Amortization	45,090	118,442
Loss on disposal of plant and equipment	<u>-</u>	<u>26,821</u>
	2,632,367	1,783,548
Net changes in non-cash working capital		
Accounts receivable	(40,139)	1,901,934
Prepaid expenses	(202,814)	93,565
Accounts payable and accrued liabilities	459,971	(20,662)
Deferred revenue	<u>4,882,840</u>	<u>(104,113)</u>
	<u>7,732,225</u>	<u>3,654,272</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of short-term investments, net	6,064,285	(3,583,042)
Purchase of capital assets	(29,179)	(68,949)
Proceeds on disposal of capital assets	<u>-</u>	<u>6,500</u>
	<u>6,035,106</u>	<u>(3,645,491)</u>
<b>NET INCREASE IN CASH</b>	<b>13,767,331</b>	<b>8,781</b>
<b>CASH - Beginning of year</b>	<u>653,412</u>	<u>644,631</u>
<b>CASH - End of year</b>	<b><u>\$ 14,420,743</u></b>	<b><u>\$ 653,412</u></b>



# IMMIGRATION CONSULTANTS OF CANADA REGULATORY COUNCIL

## NOTES TO FINANCIAL STATEMENTS

FOR THE PERIOD JULY 1, 2021 TO NOVEMBER 22, 2021

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### NATURE OF OPERATIONS

The Immigration Consultants of Canada Regulatory Council ("ICCRC" or the "Council") is the national regulatory and licensing body for individuals licensed to practice as Canadian immigration / citizenship consultants for compensation, as well as international student advisors.

ICCRC is a not-for-profit organization incorporated without share capital on February 18, 2011 and continued under the Canada Not-For-Profit Corporations Act. The Council's authority was delegated under the Immigration and Refugee Protection Act (Canada) and the Citizenship Act (Canada) and the regulations made thereunder. The Council is exempt from income tax under section 149(1)(l) of the Income Tax Act.

The Council operates as a financially self-funding and self-sustaining not-for-profit organization that relies on membership fees and is an entity without transferable ownership interests. The Council is organized and operates exclusively for social, educational, professional and other not-for-profit purposes. With the continuance of the Council as the College of Immigration and Citizenship Consultants (College) (see Note 2), the Annual General Meeting date will be determined once the Minister of Immigration, Refugees and Citizenship Canada has appointed Directors to the transitional Board of Directors.

ICCRC's mandate is as follows:

- Promoting and protecting the public interest by governing and regulating the practice of individuals and firms as immigration and citizenship practitioners;
- Establishing entry-to-practice education requirements;
- Licensing professionals - Regulated Canadian Immigration Consultants (RCICs) and Regulated International Student Immigration Advisors (RISIAs);
- Overseeing the professional development and conduct of its members and registrants;
- Receiving, investigating and adjudicating complaints against its licensed members and registrants; and
- Administering a disciplinary process to sanction its members and registrants whose professional development and conduct fail to meet ICCRC's standards.

Refer to Note 2 on the transition of the Council to College of Immigration and Citizenship Consultants ("the College").

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

For financial statement purposes, the accounts of the Council have been classified into the following funds:

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Continued]**

**(a) Basis of presentation [Continued]**

**Invested in Capital Assets**

Invested in Capital Assets represents the assets, liabilities, revenue and expenses related to the Council's capital assets, including acquisitions and dispositions.

**Reserve for Transition to College**

The internally restricted Reserve for Transition to College was established by the Board of Directors to provide support for the transition of the Council to the College.

**Reserve for IT Infrastructure Development**

The internally restricted Reserve for IT Infrastructure Development was established by the Board of Directors to provide support for review and upgrade of the information technology ("IT") infrastructure.

**Reserve for Directors' and Officers' Liability Coverage**

The internally restricted Reserve for Directors' and Officers' Liability Coverage was established by the Board of Directors to self-fund D & O insurance coverage.

**(b) Revenue recognition**

Non-refundable membership fees are deferred and recognized as revenue over the term of the membership period.

Examination revenue and cancellation fees and other income are recognized when services are performed and collection is reasonably assured.

Interest income is recognized on a time proportion basis.

**(c) Amortization**

Capital assets are recorded at cost. Software development costs in progress are not amortized until the project is completed. Amortization is charged to expenditures over the estimated useful life of the asset on the following basis:

Computer equipment.....	3 year straight line basis
Computer software.....	2 year straight line basis
Office equipment.....	3 year straight line basis
Furniture.....	10 year straight line basis
Leasehold improvements.....	10 year straight line basis
Tradeshow material.....	5 year straight line basis
Information and communication technology equipment.....	7 year straight line basis

The Council reviews capital assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. When indicators of impairment exist, and the carrying value is greater than the net recoverable amount, an impairment loss is recognized to the extent that fair value is below carrying value.

**(d) Financial instruments**

The Council recognizes its financial instruments when it becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [Continued]**

**(d) Financial instruments [Continued]**

At initial recognition, the Council may irrevocably elect to subsequently measure any financial instrument at fair value. The Council has not made such an election during the year.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net income. Any previously recognized impairment losses may be reversed to the extent of the improvement directly, or by adjusting an 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.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenditures for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at their amortized cost or cost.

The Council's financial instruments include cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities. Cash is subsequently measured at fair value, while the other financial assets and liabilities are subsequently measured at their amortized cost.

Unless otherwise noted, the carrying value of the financial instruments are a reasonable approximation of their fair value given the short terms to maturity.

**(e) Leases**

Leases entered into by the Council as lessee that transfer substantially all the benefits and risks of ownership to the Council are recorded as capital leases and are included in capital assets and capital lease obligations.

All other leases are classified as operating leases under which leasing costs are expensed on a straight-line basis over the term of the lease. Asset values recorded under capital leases are amortized using the same amortization method of the respective assets. Obligations recorded under capital leases are reduced by lease payments net of imputed interest.

**(f) Write-down of long-lived assets**

The Council monitors its use of capital assets and when the capital asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. As at June 30, 2021 no write-down was recorded.

**(g) Use of estimates**

The preparation of financial statements in accordance with Canadian ASNPO requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned course of action. Significant estimates include the valuation of accounts receivable and estimated useful life of capital assets. Actual results may differ from such estimates.

**2. TRANSITION TO COLLEGE**

In August of 2021, the then Minister of Immigration, Refugees and Citizenship, the Honourable Marco Mendicino, announced that the continuance of the Immigration Consultants of Canada Regulatory Council (Council) as the College of Immigration and Citizenship Consultants (College) will be effective as of November 23, 2021.

These financial statements have been prepared to reflect the operations of ICCRC from July 1, 2021 to November 22, 2021, the day prior to the continuance of ICCRC to the College. Comparative information provided is for the fiscal year ended June 30, 2021. Management expects that the fiscal year end of June 30th will be retained and thus the next financial statement period reported on will be the period from November 23, 2021 to June 30, 2022.

Pursuant to subsection 84 (1) of the *College of Immigration and Citizenship Consultants Act* (the College Act), the Council, with member approval, was granted the right to apply to be continued as the College. The Council obtained member approval on September 19, 2019 and applied for continuance on December 11, 2020.

Pursuant to the College Act, the College will be governed by a transitional Board of Directors which will oversee the approval of the initial College By-laws and other procedures. This transitional period will end when the Minister issues a final order setting the number and composition of the final College Board of Directors and prescribes a date by which the new Board must be in office.

The new College will have enhanced powers to regulate the immigration consulting profession in the public interest, including new authority to investigate and pursue unauthorized practitioners. These changes will support better protection of Canadians, newcomers, and licensed immigration consultants. Obtaining the statutory authority to regulate itself under the College Act marks a key milestone in the development and regulation of the profession.

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**IMMIGRATION CONSULTANTS OF CANADA REGULATORY COUNCIL NOVEMBER 22, 2021**

**3. SHORT-TERM INVESTMENTS**

	<b>November 22, 2021</b>	<b>June 30, 2021</b>
Term deposit, bearing interest at 0.51%, maturing September 27, 2022	\$ 1,067,990	\$ -
GIC, bearing interest at 0.50%, maturing December 4, 2021	101,900	101,900
GIC, bearing interest at 0.40%, maturing January 15, 2022	501,603	501,603
GIC, bearing interest at 0.35%, maturing April 7, 2022	500,000	-
GIC, bearing interest at 0.44%, maturing July 8, 2022	800,000	-
GIC, bearing interest at 0.45%, maturing July 9, 2022	500,000	-
GIC, bearing interest at 0.45%, maturing July 9, 2022	500,000	-
GIC, bearing interest at 0.45%, maturing July 15, 2022	1,000,000	-
GIC, bearing interest at 0.58%, maturing August 31, 2022	700,000	-
GIC, bearing interest at 0.56%, maturing June 6, 2022	1,000,000	-
GIC, bearing interest at 0.75%, maturing July 26, 2022	750,000	-
GIC, bearing interest at 0.25%, maturing December 14, 2021	-	509,023
GIC, bearing interest at 0.40%, maturing June 24, 2022	-	505,250
GIC, bearing interest at 0.25%, maturing October 26, 2021	-	735,169
GIC, bearing interest at 0.25%, maturing October 29, 2021	-	526,974
GIC, bearing interest at 0.45%, maturing July 28, 2021	-	500,000
GIC, bearing interest at 0.35%, maturing August 30, 2021	-	2,000,000
GIC, bearing interest at 0.25%, maturing September 8, 2021	-	2,000,000
GIC, bearing interest at 0.30%, maturing April 7, 2022	-	500,000
Term deposit, bearing interest at 0.62%, maturing September 27, 2021	-	1,061,410
GIC, bearing interest at 0.55%, maturing August 3, 2021	-	1,000,000
GIC, bearing interest at 0.39%, maturing August 31, 2021	-	1,024,349
GIC, bearing interest at 0.32%, maturing September 9, 2021	-	1,000,000
GIC, bearing interest at 0.45%, maturing October 29, 2021	-	1,020,100
GIC, bearing interest at 0.35%, maturing April 7, 2022	-	500,000
	<b>\$ 7,421,493</b>	<b>\$ 13,485,778</b>

**IMMIGRATION CONSULTANTS OF CANADA REGULATORY COUNCIL NOVEMBER 22, 2021**

**4. CAPITAL ASSETS**

	<b>November 22, 2021</b>		<b>June 30, 2021 [12 months]</b>	
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment	\$ 411,466	\$ 303,022	\$ 108,444	\$ 102,373
Computer software	144,897	115,291	29,606	38,811
Office equipment	103,344	92,655	10,689	14,254
Furniture	162,022	137,254	24,768	28,863
Leasehold improvements	58,078	54,993	3,085	5,125
Tradeshaw material	-	-	-	1,097
Information and communication technology equipment	460,956	443,897	17,059	19,039
	<b>\$ 1,340,763</b>	<b>\$ 1,147,112</b>	<b>\$ 193,651</b>	<b>\$ 209,562</b>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Included in accounts payable and accrued liabilities are government remittances payable of \$6,107 [June 30, 2021 - \$NIL].

**6. COMMITMENTS**

The Council has several lease commitments for premises and equipment. Minimum annual lease payments exclusive of certain occupancy charges are as follows. The first period presented is the balance of the next reporting period from November 23, 2021 to June 30, 2022. Each period thereafter is twelve months.

	<b>Burlington premises</b>	<b>Equipment</b>	<b>Total</b>
November 23, 2021 to June 30, 2022	217,308	1,451	218,759
July 1, 2022 to June 30, 2023	364,073	-	364,073
July 1, 2023 to June 30, 2024	367,811	-	367,811
July 1, 2024 to June 30, 2025	153,255	-	153,255

## IMMIGRATION CONSULTANTS OF CANADA REGULATORY COUNCIL NOVEMBER 22, 2021

### 7. GOVERNANCE

The Board of Directors is responsible for providing governance oversight to management in the affairs of the Council. The Board consists of 12 directors: 7 directors are elected from members (RCICs) according to geographic regions across Canada and 5 are public interest directors. Board and Committee Members are compensated as follows:

- Board Chair - \$2,000 per month.
- Board Vice Chair - \$700 per month.
- Directors - \$80 per hour for attending Board meetings; \$50 per hour for attending Committee and task force meetings to a maximum of \$1,809 for one year.
- Committee members who are not Directors are compensated at a rate of \$50 per hour to a maximum of \$1,809 for one year.

Governance expense consists of the following:

	November 22, 2021	June 30, 2021
		[12 months]
Directors' Fees	\$ 24,244	\$ 99,168
Board and Annual General Meeting	5,238	55,858
Meetings	7,818	2,593
Honoraria	-	250
	<u>\$ 37,300</u>	<u>\$ 157,869</u>

### 8. TRANSITION TO COLLEGE AND IT INFRASTRUCTURE DEVELOPMENT EXPENSES

During the year, the Council incurred expenses in support of the transition of the Council to the College (See Note 2). These expenses are reported on the Statement of Operations and are included in various expenditure categories as follows:

	November 22, 2021	June 30, 2021
		[12 months]
<b>IT INFRASTRUCTURE DEVELOPMENT</b>		
Information technology	<u>\$ 8,793</u>	<u>\$ 105,000</u>
<b>TRANSITION TO COLLEGE</b>		
Practice management and education	\$ 21,220	\$ 3,050
Professional conduct and discipline	7,500	-
Professional fees	102,580	156,925
Public affairs and communications	166,610	309,133
Registration and examination	3,175	161,393
	<u>\$ 301,085</u>	<u>\$ 630,501</u>

During the year, the Board of Directors passed a resolution to allocate \$4 million from the unrestricted funds to an internally restricted reserve to self-insure for Directors' and Officers' liability coverage.

**9. FINANCIAL INSTRUMENTS**

The Council is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentration at November 22, 2021.

**(a) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Council will not have sufficient funds to settle transactions on the due date; will be forced to sell financial assets at a value which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities and from commitments.

The Council continues to focus on maintaining adequate liquidity to meet operating working capital requirements and capital expenses. The Council prepares budgets and cash flow forecasts to ensure it has sufficient funds to fulfil its obligations.

**(b) 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 Council's financial instruments that are exposed to concentrations of credit risk relate primarily to accounts receivable. The Council manages its exposure to this risk by evaluating the creditworthiness of new members and monitoring outstanding member balances. Accounts receivable is shown net of an allowance for doubtful accounts of \$1,401,774 [June 30, 2021 - \$1,026,019].

**(c) 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.

**(d) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Council is not exposed to any currency risk.

**(e) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Council is exposed to interest rate risk on its short term investments and manages this risk by attempting to maximize returns on its short term investments.

**(f) Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Council is not exposed to any other price risk.

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**10. COVID-19 PANDEMIC**

In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic. This has had significant financial, market and social impacts. Throughout the fiscal year, the Council continued to close its office locations and maintained mandatory work from home protocols. At the time of the approval of these financial statements, the Council is evaluating the timing and nature of a return to the office and it is estimated that this will occur in 2022. As the pandemic has had significant effects on the practices of some licensees, there is uncertainty of the impact on future operations and management is unable to provide an estimate of the full financial effect of any anticipated reduction in licensee fee revenue at this time.

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**11. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified, where necessary, to conform with the presentation used in the current period.

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