

**PHYSIOTHERAPY ASSOCIATION
OF BRITISH COLUMBIA**

**FINANCIAL STATEMENTS
December 31, 2021**

PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

Opinion

We have audited the financial statements of Physiotherapy Association of British Columbia, which comprise the statement of financial position as at December 31, 2021, and the statement of operations and changes in fund balances, statement of operations and changes in restricted fund balances, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the association as at December 31, 2021, and its financial performance and its cash flows for the year then ended 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 association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT, CONTINUED

- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

As required by British Columbia Society Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



REID HURST NAGY INC.
CHARTERED PROFESSIONAL ACCOUNTANTS

VANCOUVER, BC
March 12, 2022

PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES For the year ended December 31, 2021

	Operating Fund	Tangible Capital Assets Fund	Restricted Fund	2021	2020
	\$	\$	\$	\$	\$
REVENUE					
Extraordinary	22,246	-	-	22,246	16,235
Interest	2,262	-	2,870	5,132	12,128
Partnership	32,271	-	-	32,271	70,245
Practice forum	33,300	-	-	33,300	31,724
Professional development	9,950	-	-	9,950	34,825
Provincial fees	731,043	-	-	731,043	667,068
Publications	17,872	-	-	17,872	9,952
Website advertising	100,876	-	-	100,876	75,180
	949,820	-	2,870	952,690	917,357
EXPENSES					
Awards	1,611	-	-	1,611	1,278
Board and executive	2,777	-	-	2,777	12,095
Committees	671	-	-	671	366
Communications	40,933	-	-	40,933	54,873
Computer systems	21,414	-	-	21,414	31,764
Depreciation	-	6,662	-	6,662	6,962
Events	11,056	-	-	11,056	6,321
Office	121,796	-	-	121,796	102,776
President's and officer's	-	-	-	-	53
Professional development	12,610	-	-	12,610	33,659
Professional fees	94,861	-	-	94,861	120,465
Publications	15,550	-	-	15,550	14,651
Salaries and benefits (Note 3)	608,961	-	-	608,961	554,682
Staff development	1,631	-	-	1,631	575
Staff expenses	2,940	-	-	2,940	4,167
Student support	5,146	-	-	5,146	3,205
	941,957	6,662	-	948,619	947,892
OTHER INCOME					
Wage subsidy	-	-	-	-	10,766
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	7,863	(6,662)	2,870	4,071	(19,769)
FUND BALANCES, BEGINNING OF YEAR	481,827	23,725	309,361	814,913	834,682
INTER-FUND TRANSFERS	(4,730)	4,730	-	-	-
FUND BALANCES, END OF YEAR	484,960	21,793	312,231	818,984	814,913

The accompanying notes are an integral part of these financial statements.

PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

STATEMENT OF OPERATIONS AND CHANGES IN RESTRICTED FUND BALANCES For the year ended December 31, 2021

	Reserve Fund	Impact Investment Fund	2021	2020
	\$	\$	\$	\$
REVENUE				
Interest	2,870	-	2,870	6,710
EXPENSES				
Communications	-	-	-	29,830
Computer systems	-	-	-	5,000
Professional fees	-	-	-	18,990
	-	-	-	53,820
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	2,870	-	2,870	(47,110)
FUND BALANCES, BEGINNING OF YEAR	302,404	6,957	309,361	356,471
FUND BALANCES, END OF YEAR	305,274	6,957	312,231	309,361

The accompanying notes are an integral part of these financial statements.

PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

STATEMENT OF FINANCIAL POSITION As at December 31, 2021

	Operating Fund	Tangible Capital Asset Fund	Restricted Fund	2021	2020
	\$	\$	\$	\$	\$
ASSETS					
Cash and cash equivalents	752,266	-	-	752,266	784,238
Investment (Note 4)	351,508	-	-	351,508	348,023
Accounts receivable (Note 5)	111,933	-	-	111,933	95,333
Prepaid expenses	32,562	-	-	32,562	18,113
Inter-fund receivable	-	-	312,231	312,231	309,361
	1,248,269	-	312,231	1,560,500	1,555,068
TANGIBLE CAPITAL ASSETS (Note 6)	-	21,793	-	21,793	23,725
RENTAL DEPOSIT	5,164	-	-	5,164	5,164
	1,253,433	21,793	312,231	1,587,457	1,583,957
LIABILITIES					
Accounts payable and accrued liabilities	16,037	-	-	16,037	12,650
GST/HST payable	29,304	-	-	29,304	32,759
Deferred revenue	410,901	-	-	410,901	414,274
Inter-fund payable	312,231	-	-	312,231	309,361
	768,473	-	-	768,473	769,044
NET ASSETS					
Unrestricted	484,960	-	-	484,960	481,827
Invested in tangible capital assets	-	21,793	-	21,793	23,725
Restricted	-	-	312,231	312,231	309,361
	484,960	21,793	312,231	818,984	814,913
	1,253,433	21,793	312,231	1,587,457	1,583,957

Approved on behalf of the Board of Directors

Director _____

Director _____

The accompanying notes are an integral part of these financial statements.

PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

STATEMENT OF CASH FLOWS

For the year ended December 31, 2021

	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	4,071	(19,769)
Items not requiring the outlay of cash:		
Depreciation	6,662	6,962
	10,733	(12,807)
Change in non-cash working capital items:		
Accounts receivable	(16,600)	47,299
Investments	(3,485)	112,589
Prepaid expenses	(14,449)	19,166
Accounts payable and accrued liabilities	3,388	(7,071)
GST/HST payable	(3,455)	5,414
Deferred revenue	(3,373)	29,288
	(27,241)	193,878
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible capital assets	(4,731)	(4,076)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(31,972)	189,802
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	784,238	594,436
CASH AND CASH EQUIVALENTS, END OF YEAR	752,266	784,238

The accompanying notes are an integral part of these financial statements.

PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

NOTES TO THE FINANCIAL STATEMENTS December 31, 2021

1. PURPOSE OF THE ORGANIZATION

Physiotherapy Association of British Columbia (the Association), a branch of the Canadian Physiotherapy Association (C.P.A.), is a society registered under The Societies Act of British Columbia as a not-for-profit organization. The purposes of the Association are:

- a) To identify the members and meet their professional needs through education, communication, co-ordination action and fellowship;
- b) To represent the members of the Association in their relationships with C.P.A., government, universities, medical, provincial, payer and business organizations; and
- c) To meet the needs of the public through the development of physiotherapy education, practice and research.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Fund Accounting

The Association follows the restricted fund method of accounting as follows:

(1) Operation Fund

The Operating Fund reports revenues and expenses related to the Association's program delivery and administrative activities.

(2) Tangible Capital Assets Fund

The Tangible Capital Assets Fund reports the ownership and equity related to the Association's Tangible Capital Assets.

(3) Restricted Funds

(i) Reserve Fund

Authorization to establish a reserve by an appropriation of \$12,000 from members' equity was passed at the 1993 Annual General Meeting. In 1997, the Board adopted a policy to maintain this reserve at not less than 25% (representing three months) of the previous year's operating expenses, a preferred reserve of 50% of the annual budget, and not to exceed 100% of the annual budget.

The reserve is intended to provide for necessary expenses in unexpected crisis and to provide for obligatory expenses in the event of serious financial difficulties. Access to the reserve must be authorized by a 50% + 1 motion of the Board.

Any increases shall be by a charge against earnings as opposed to an appropriation of members' equity.

(ii) Impact Investment Fund

The Impact Investment Fund calls for a strategic investment in communications, advocacy, and revenue generation. It focuses on: (1) building the Association's profile through outreach, technology / EHealth and knowledge; (2) effecting policy and practice change; and (3) generating new, innovative non-dues revenue flows.

PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

NOTES TO THE FINANCIAL STATEMENTS December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(b) Cash and cash equivalents

Cash and cash equivalents include cash and investments with maturities of three months or less from their date of acquisition, which are readily convertible into a known amount of cash, and are subject to an insignificant risk to changes in their fair value.

(c) Tangible Capital Assets

Tangible capital assets are recorded at cost. The Association provides for depreciation using the following methods at rates designed to depreciate the cost of the tangible capital assets over their estimated useful lives. The annual depreciation rates and methods are as follows:

Computer equipment	Declining balance	30%
Furniture and equipment	Declining balance	20%

(d) Investments

Investments are composed of term deposits and guaranteed investment certificates and are measured at amortized cost.

(e) Revenue Recognition

Membership fees are recognized as revenue in the period to which they relate.

(f) Income Tax Status

For income tax purposes, the Association is a non-profit organization exempt from income taxes under Section 149 of the Canadian Income Tax Act.

(g) Donated Material and Services

The Association and its members benefit greatly from donated services in the form of volunteer time for various committees. Since these services are not purchased by the Association and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.

(h) Use of Estimates

The preparation of 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 and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Items requiring the use of significant estimates include the determination of the useful lives of tangible capital assets for depreciation, and the amounts recorded as accrued liabilities. Actual results could differ from those estimates.

PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

NOTES TO THE FINANCIAL STATEMENTS December 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

(i) Financial Instruments

(i) Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the period incurred.

Financial assets measured at amortized cost on a straight line basis include cash and cash equivalents, accounts receivable, and investments.

Financial liabilities measured at amortized cost on a straight-line basis include accounts payable and accrued liabilities.

The Association has not designated any financial asset or financial liability to be measured at fair value.

(ii) Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net income over the life of the instrument using the straight-line method.

3. SOCIETIES ACT DISCLOSURE

During the year, the Association had two employees earning at least \$75,000 annually.

4. INVESTMENT

Institution	Instrument	Matures	Interest Rate	2021	2020
Coast Capital Savings	GIC	Dec 31, 2022	1.45%	351,508	-
Coast Capital Savings	GIC	Dec 30, 2021	1.00%	-	348,023
				351,508	348,023

5. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Trade	22,039	17,906
Membership dues	89,894	77,427
	111,933	95,333

PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

NOTES TO THE FINANCIAL STATEMENTS December 31, 2021

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net	2020 Net
Computer equipment	\$ 59,061	\$ 49,125	\$ 9,936	\$ 9,932
Furniture and equipment	28,994	17,137	11,858	13,793
	88,055	66,262	21,793	23,725

7. LEASE COMMITMENTS

The Association has a lease commitment for its office for a term of five years commencing January 1, 2018 and ending December 31, 2022, with a monthly payment of \$2,939, excluding occupancy costs and applicable taxes.

The Association also has a lease commitment for an equipment until December 2022, with a quarterly payment of \$578, excluding applicable taxes.

In 2020, the Association entered into a new lease for an additional office space commencing from August 1, 2020 to December 31, 2022, with a monthly payment of \$1,610, excluding occupancy costs and applicable taxes.

The Association's total commitments for the above leases are as follows:

	\$
2022	56,894

8. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

(a) Fair value

The fair value of current financial assets and current financial liabilities approximates their carrying value due to their short-term maturity dates. The fair value of long-term financial liabilities approximates their carrying value based on the presumption that the Association is a going concern and thus expects to fully repay the outstanding amounts.

(b) Credit risk

The Association does have credit risk in accounts receivable of \$111,933 (2020 - \$95,333). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Association reduces its exposure to credit risk by performing credit valuations on a regular basis and creating an allowance for bad debts when applicable. The Association maintains strict credit policies and limits in respect to counterparties. In the opinion of management the credit risk exposure to the Association is low and is not material.

PHYSIOTHERAPY ASSOCIATION OF BRITISH COLUMBIA

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2021

- (c) Concentration risk
The Association does have concentration risk. Concentration risk is the risk that a customer has more than ten percent of the total accounts receivable balance and thus there is a higher risk to the business in the event of a default by one of these customers. Concentrations of credit risk relates to groups of counterparties that have similar economic or industry characteristics that cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. At December 31, 2021, receivable from 1 customer comprised approximately 80% of the total outstanding receivables. The Association reduces this risk by regularly assessing the credit risk associated with this account and closely monitoring any overdue balances. In the opinion of management the concentration risk exposure to the Association that is associated with their customers is low and is not material.
- (d) Liquidity risk
The Association does have a liquidity risk in the accounts payable of \$16,037 (2020 - \$12,650). Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The Association reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate cash and cash equivalents to repay trade creditors as they become due. In the opinion of management the liquidity risk exposure to the Association is low and is not material.
- (e) Interest rate risk
The Association is exposed to interest rate risk due to the interest rates on term deposits. Changes in the interest rates may cause fluctuations in cash flows and interest income.