

**FINANCIAL STATEMENTS**  
**For**  
**CANADIAN PHYSIOTHERAPY ASSOCIATION**  
**For year ended**  
**DECEMBER 31, 2022**

## **INDEPENDENT AUDITOR'S REPORT**

To the directors of

### **CANADIAN PHYSIOTHERAPY ASSOCIATION**

#### *Opinion*

We have audited the financial statements of Canadian Physiotherapy Association (the Association), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in fund balances, and 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, 2022 and the results of its operations 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 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 the 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 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.
- 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.

Welch LLP

Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Ontario  
May 6, 2023.

**CANADIAN PHYSIOTHERAPY ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2022**

	2022			2021		
	National	Divisions	Total	National	Divisions	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash (notes 5 and 9)	\$ 7,356,277	\$ 3,272,680	\$ 10,628,957	\$ 7,136,787	\$ 3,065,073	\$ 10,201,860
Investments (note 4)	2,086,686	896,567	2,983,253	2,066,211	719,235	2,785,446
Accounts receivable	431,980	21,385	453,365	627,271	24,241	651,512
Prepaid and deferred expenses	148,242	25,024	173,266	95,948	47,760	143,708
Insurance funds held in trust	149,939	-	149,939	104,671	-	104,671
Insurance prepaid expenses	770,589	-	770,589	687,190	-	687,190
	<u>10,943,713</u>	<u>4,215,656</u>	<u>15,159,369</u>	<u>10,718,078</u>	<u>3,856,309</u>	<u>14,574,387</u>
<b>LONG TERM ASSETS</b>						
Tangible capital assets (note 6)	11,216	1,145	12,361	9,710	4,185	13,895
Intangible assets (note 7)	126,554	-	126,554	-	-	-
	<u>137,770</u>	<u>1,145</u>	<u>138,915</u>	<u>9,710</u>	<u>4,185</u>	<u>13,895</u>
	<u>\$ 11,081,483</u>	<u>\$ 4,216,801</u>	<u>\$ 15,298,284</u>	<u>\$ 10,727,788</u>	<u>\$ 3,860,494</u>	<u>\$ 14,588,282</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued liabilities	\$ 610,552	\$ 221,800	\$ 832,352	\$ 644,933	\$ 168,365	\$ 813,298
Provision for unpaid claims	1,306,056	-	1,306,056	2,201,436	-	2,201,436
Net amount collected on behalf of branches (note 5)	355,813	-	355,813	417,257	-	417,257
Amount owing to (from) National/Divisions	(15,364)	15,364	-	(10,809)	10,809	-
Unearned premiums	2,228,156	-	2,228,156	2,032,135	-	2,032,135
Deferred revenue	2,111,624	558,340	2,669,964	2,404,364	540,064	2,944,428
	<u>6,596,837</u>	<u>795,504</u>	<u>7,392,341</u>	<u>7,689,316</u>	<u>719,238</u>	<u>8,408,554</u>
<b>FUND BALANCES</b>						
General operating fund	2,591,306	-	2,591,306	1,962,745	-	1,962,745
Invested in tangible capital and intangible assets	137,770	1,145	138,915	9,710	4,185	13,895
Externally restricted - Insurance reserve fund	1,755,570	-	1,755,570	1,066,017	-	1,066,017
Internally restricted - Divisions' fund	-	3,420,152	3,420,152	-	3,137,071	3,137,071
	<u>4,484,646</u>	<u>3,421,297</u>	<u>7,905,943</u>	<u>3,038,472</u>	<u>3,141,256</u>	<u>6,179,728</u>
	<u>\$ 11,081,483</u>	<u>\$ 4,216,801</u>	<u>\$ 15,298,284</u>	<u>\$ 10,727,788</u>	<u>\$ 3,860,494</u>	<u>\$ 14,588,282</u>

Approved by the Board:

..... Director

..... Director

(See accompanying notes)

**CANADIAN PHYSIOTHERAPY ASSOCIATION**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2022**

	National			Divisions		<u>2022</u>	<u>2021</u>
	General operating fund	Invested in tangible capital and intangible assets	Externally restricted Insurance reserve fund	General operating fund	Invested in tangible capital and intangible assets		
Balance, beginning of year	\$ 1,962,745	\$ 9,710	\$ 1,066,017	\$ 3,137,071	\$ 4,185	\$ 6,179,728	\$ 6,407,010
Net revenue (expense)	774,068	(17,447)	689,553	283,081	(3,040)	1,726,215	(227,282)
Acquisition of tangible capital assets and intangible assets	<u>(145,507)</u>	<u>145,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 2,591,306</u>	<u>\$ 137,770</u>	<u>\$ 1,755,570</u>	<u>\$ 3,420,152</u>	<u>\$ 1,145</u>	<u>\$ 7,905,943</u>	<u>\$ 6,179,728</u>

(See accompanying notes)

**CANADIAN PHYSIOTHERAPY ASSOCIATION**

**STATEMENT OF OPERATIONS**

**YEAR ENDED DECEMBER 31, 2022**

	2022				2021			
	National	Insurance	Divisions	Total	National	Insurance	Divisions	Total
<b>Revenue</b>								
Membership dues and fees	\$ 3,302,954	\$ -	\$ 459,687	\$ 3,762,641	\$ 2,978,180	\$ -	\$ 466,677	\$ 3,444,857
Insurance premiums earned	-	2,869,339	-	2,869,339	-	2,132,050	-	2,132,050
Professional development	852	-	1,493,585	1,494,437	11,653	-	1,058,757	1,070,410
Events	80,777	-	5,445	86,222	129,702	-	32,942	162,644
Publications	64,311	-	99,605	163,916	74,414	-	117,781	192,195
Outreach and marketing	142,004	-	-	142,004	137,748	-	-	137,748
Miscellaneous income (note 10)	302,041	-	-	302,041	372,205	-	24,913	397,118
	<u>3,892,939</u>	<u>2,869,339</u>	<u>2,058,322</u>	<u>8,820,600</u>	<u>3,703,902</u>	<u>2,132,050</u>	<u>1,701,070</u>	<u>7,537,022</u>
<b>Expenses</b>								
Salaries and benefits	1,944,410	-	245,414	2,189,824	1,750,197	-	273,490	2,023,687
Professional development	332,386	-	1,092,759	1,425,145	284,185	-	1,089,962	1,374,147
Claims expenses	-	930,425	-	930,425	-	1,520,968	-	1,520,968
Office and administration	397,298	-	197,205	594,503	552,488	-	135,277	687,765
Deposit premium fee	-	688,026	-	688,026	-	773,010	-	773,010
Profession advancement	116,211	-	100	116,311	133,580	-	15,627	149,207
Events	134,042	-	37,696	171,738	152,418	-	29,208	181,626
Governance	194,436	-	78,610	273,046	57,721	-	44,560	102,281
Publications	114,633	-	90,770	205,403	137,168	-	26,292	163,460
Brokerage fees	-	279,092	-	279,092	-	269,790	-	269,790
Public communications	100,792	-	67,475	168,267	163,071	-	145,148	308,219
Occupancy	185,292	-	-	185,292	200,701	-	-	200,701
Information technology	76,051	-	-	76,051	52,031	-	-	52,031
	<u>3,595,551</u>	<u>1,897,543</u>	<u>1,810,029</u>	<u>7,303,123</u>	<u>3,483,560</u>	<u>2,563,768</u>	<u>1,759,564</u>	<u>7,806,892</u>
<b>Net revenue (expense) before items below</b>	297,388	971,796	248,293	1,517,477	220,342	(431,718)	(58,494)	(269,870)
Insurance administrative fees	331,250	(331,250)	-	-	325,000	(325,000)	-	-
Investment income (loss) (note 4)	127,983	49,007	31,748	208,738	34,621	(31,226)	39,193	42,588
<b>Net revenue (expense)</b>	<u>\$ 756,621</u>	<u>\$ 689,553</u>	<u>\$ 280,041</u>	<u>\$ 1,726,215</u>	<u>\$ 579,963</u>	<u>\$ (787,944)</u>	<u>\$ (19,301)</u>	<u>\$ (227,282)</u>

(See accompanying notes)

**CANADIAN PHYSIOTHERAPY ASSOCIATION**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED DECEMBER 31, 2022**

	<u>2022</u>	<u>2021</u>
<b>CASH PROVIDED (USED)</b>		
<b>Operating activities</b>		
Net revenue (expense)	\$ 1,726,215	\$ (227,282)
Adjustments for:		
Net (gain) loss on investments (note 4)	(39,845)	10,228
Amortization of tangible assets (note 6)	11,447	27,868
Amortization of intangible assets (note 7)	<u>9,040</u>	<u>8,372</u>
	1,706,857	(180,814)
Changes in non-cash working capital components:		
Accounts receivable	198,147	550,574
Prepaid and deferred expenses	(29,558)	44,906
Accounts payable and accrued liabilities	19,054	(229,070)
Net amount collected on behalf of branches	(61,444)	81,118
Deferred revenues	(274,464)	488,953
Insurance prepaid expenses	(83,399)	(20,677)
Provision for unpaid claims	(895,380)	241,359
Unearned premiums	196,021	662,200
Insurance funds held in trust	<u>(45,268)</u>	<u>(7,655)</u>
	<u>730,566</u>	<u>1,630,894</u>
<b>Investing activities</b>		
Acquisition of tangible and intangible capital assets	(145,507)	(500)
Proceeds from sale of tangible and intangible capital assets	2,000	-
Sale or maturity of investments	73,192	1,000,000
Purchase of investments	<u>(233,154)</u>	<u>(266,016)</u>
	<u>(303,469)</u>	<u>733,484</u>
<b>INCREASE IN CASH</b>	427,097	2,364,378
<b>CASH AT BEGINNING OF YEAR</b>	<u>10,201,860</u>	<u>7,837,482</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 10,628,957</u>	<u>\$ 10,201,860</u>

(See accompanying notes)

**CANADIAN PHYSIOTHERAPY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2022**

**1. NATURE OF OPERATIONS**

The Canadian Physiotherapy Association ("the Association") is a not-for-profit, voluntary association for physiotherapists. The Association was established in 1920 with the purpose to maintain standards of education and practice for physiotherapy in Canada. The Association also provides leadership and direction to the physiotherapy profession, fosters excellence in practice, education and research and promotes high standards of health in Canada. The Association was continued under the Canada Not-for-profit Corporations Act. The Association operates on a not-for-profit basis and, as such, is not subject to income taxes.

The Association operates through a National Division as well as through 14 self-funding Special Interest Divisions.

Provincial branches are separate legal entities, managed and administered independently, and therefore are not consolidated within these financial statements.

**2. SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

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

*Use of estimates*

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Management makes estimates when determining the collectability of its accounts receivable, useful life of tangible and intangible assets, in determining its accrued liabilities, and provision for unpaid claims. Actual results could be materially different from those estimates.

*Revenue recognition*

The Association uses the restricted fund method of accounting. Membership dues and fees are recognized evenly over the membership period which runs from October to September. Any membership fees received before the start of the next membership period are deferred and recognized when the membership period commences.

Insurance premiums are recognized over the period of the insurance policy which runs from October to September. Any premiums received before the start of the next insurance period are deferred and recognized when the insurance period commences.

Professional development revenue is recognized upon the completion of the various professional development courses offered. Included in professional development are merchandise sales that are recognized upon shipment to the customer.

Revenue earned from events is recognized once the events have taken place.

Revenue earned from publications is recognized upon the issuance of the journals and magazines.

Outreach and marketing, miscellaneous income and professional development revenue are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized on the accrual basis for interest bearing investments. For equities, unrealized gains and losses in fair value and realized changes in fair value for dispositions are recognized in the statement of operations.

**CANADIAN PHYSIOTHERAPY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Financial instruments*

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at amortized cost, except for its investments which are measured at fair value. Changes in fair value are recognized in the statement of operations. Financial instruments measured at amortized cost are cash, accounts receivable, interest receivable, accounts payable and accrued liabilities and the net amount collected on behalf of branches.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment.

The Association recognizes its transaction costs in the statement of operations in the year incurred for financial instruments measured at fair value. Financial instruments that are subsequently measured at amortized cost are adjusted by the transaction costs in the initial measurement of the asset or liability.

*Tangible capital assets*

Tangible capital assets are stated at acquisition cost less accumulated amortization. Amortization is provided at the following methods and annual rates:

Equipment and software under capital leases	- 5 year straight line
Computer equipment and software	- 5 year straight line
Furniture and equipment	- 5 year straight line

*Intangible assets*

Intangible assets are stated at acquisition cost less accumulated amortization. Amortization is provided at the following methods and annual rates:

Website	- 5 year straight line
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*Insurance premiums earned and deferred acquisition expenses*

Insurance premiums are recorded in the statement of operations on a pro-rata basis over the term of the contracts. Acquisition costs related to unearned premiums are deferred and amortized to the statement of operations over the periods in which the premiums are earned. The method followed in determining the deferred acquisition expenses limits the amount of the deferral to its realizable value by giving consideration to claims and expenses expected to be incurred as the premiums are earned.

*Insurance administration fees*

Insurance administration fees are transferred from the Insurance Program to General Operating under National Office on the statement of operations, in amounts as approved by the Board of Directors to offset Insurance Fund administration costs.

**CANADIAN PHYSIOTHERAPY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2022**

**2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

*Provision for unpaid claims*

The provision for unpaid claims is the estimated cost of investigating and settling claims incurred up to the statement of financial position date, and consists of case estimates and related investigation, settlement and adjustment expenses. The provision is based on a "claim made and reported" basis as per the terms of the insurance contract. As a result, there is no potential for further liabilities in respect to unreported claims.

Since the amounts are necessarily based on estimates of the claim severity and other factors, which could vary as the claims are settled, the ultimate liability may be more or less than the estimated amounts. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the provision for unpaid claims is adequate.

Estimates subject to uncertainty, are selected from a wide range of possible outcomes and are adjusted up or down as additional information becomes known. All changes in estimates are recorded as incurred gains or losses in the current year.

*Contributed services*

Volunteers contribute numerous hours per year to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

*Foreign currency translation*

The Association's functional and reporting currency is the Canadian dollar. The Association's assets, liabilities and results of operations denominated in U.S. dollars are translated into Canadian dollars as follows: At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the use of the exchange rate in effect at that date. At the year end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. Exchange gains and losses arising from these transactions are reflected in the statement of operations. At year end, the Association has two U.S dollar bank accounts translated to Canadian dollars of \$32,052 (2021 - \$30,785).

**CANADIAN PHYSIOTHERAPY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2022**

**3. FINANCIAL INSTRUMENTS**

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations.

*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 Association is exposed to credit risk for its cash, investments and accounts receivable.

Cash and investments are held with Canadian chartered banks and the risk of loss is remote. Accounts receivable are made up of low dollar amounts from a large number of members and other customers and as a consequence the Association believes that its accounts receivable risk exposure is limited. During the last fiscal year the Association has reported bad debts of \$nil (2021 - \$33,167) which are recorded within office and administration on the statement of operations. Management has determined that no further allowance for uncollectible accounts is required.

*Liquidity risk*

Liquidity risk is the risk that the Association cannot meet a demand for cash or fund its obligations as they become due. The Association meets its liquidity risk requirements by establishing budgets and cash estimates to ensure it has funds necessary to fulfill its obligations.

*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 is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. As at December 31, 2022, the Association's financial assets and liabilities held in foreign currency are not material and as such management believes its currency risk to be low.

ii) *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. Fixed rate instruments subject the Association to a fair value risk while variable rate instruments subject it to a cash flow risk. The Association is exposed to this risk for its investments and mitigates this risk through a diversified portfolio with interest rates set annually.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments of future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Association is exposed to other price risk on its equity and mutual fund investments. The Association mitigates this risk by regularly rebalancing its portfolio.

*Changes in risk*

There have been no significant changes in the Association's risk exposures from the prior year.

**CANADIAN PHYSIOTHERAPY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2022**

**4. INVESTMENTS**

The Association's investments consist of:

	<u>National</u>	<u>Divisions</u>	<u>2022</u>
Guaranteed Investment Certificates	\$ 750,000	\$ 635,772	\$ 1,385,772
Mutual funds	1,336,686	17,229	1,353,915
Equity holdings	<u>-</u>	<u>243,566</u>	<u>243,566</u>
	<u>\$ 2,086,686</u>	<u>\$ 896,567</u>	<u>\$ 2,983,253</u>
	<u>National</u>	<u>Divisions</u>	<u>2021</u>
Guaranteed Investment Certificates	\$ -	\$ 380,177	\$ 380,177
Mutual funds	2,066,211	72,698	2,138,909
Equity holdings	<u>-</u>	<u>266,360</u>	<u>266,360</u>
	<u>\$ 2,066,211</u>	<u>\$ 719,235</u>	<u>\$ 2,785,446</u>

Conditions of the insurance contract require the Association to have segregated a specified amount to cover potential claims. The required minimum dollar value of segregated funds at December 31, 2022 is \$3,471,549 (2021 - \$3,580,042) which is held as cash and investments within the statement of financial position. As of year-end the Association holds segregated funds of \$4,111,231 (2021 - \$4,340,710) (\$2,047,539 of cash and \$2,063,692 of investments) to cover potential claims. This represents a restricted asset.

The Association's investment income consists of:

	<u>National</u>	<u>Insurance</u>	<u>Divisions</u>	<u>2022</u>
Interest	\$ 126,265	\$ 29,250	\$ 5,850	\$ 161,365
Dividends	320	2,509	4,699	7,528
Realized gains	1,398	-	-	1,398
Unrealized gains	<u>-</u>	<u>17,248</u>	<u>21,199</u>	<u>38,447</u>
	<u>\$ 127,983</u>	<u>\$ 49,007</u>	<u>\$ 31,748</u>	<u>\$ 208,738</u>
	<u>National</u>	<u>Insurance</u>	<u>Divisions</u>	<u>2021</u>
Interest	\$ 34,523	\$ 5,269	\$ 460	\$ 40,252
Dividends	48	4,886	7,630	12,564
Realized gains	50	-	1,972	2,022
Unrealized gains / (losses)	<u>-</u>	<u>(41,381)</u>	<u>29,131</u>	<u>(12,250)</u>
	<u>\$ 34,621</u>	<u>\$ (31,226)</u>	<u>\$ 39,193</u>	<u>\$ 42,588</u>

**CANADIAN PHYSIOTHERAPY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2022**

**5. CONTROLLED NOT-FOR-PROFIT ENTITIES**

The Canadian Physiotherapy Association controls the Physiotherapy Foundation of Canada (PFC). The Foundation's members are comprised of the members of the Board of Directors of the Canadian Physiotherapy Association. The Foundation was incorporated as a charitable foundation under the Canadian Business Corporations Act to support research into the the practice of physiotherapy. The Foundation is exempt from income taxes as a registered charity.

The Foundation has not been consolidated in the Association's financial statements. The Foundation's financial statements have an unqualified opinion. As of year end the Association owes \$39,817 to the Foundation (2021 - \$563 owed from the Foundation) and this is included in Net amounts, collected on behalf of branches. Financial summaries of this non-consolidated Foundation as at December 31, 2022 and for the year then ended are as follows:

	<u>2022</u>	<u>2021</u>
<b>Statement of Financial Position</b>		
Current assets	\$ 157,716	\$ 233,809
Investments	<u>1,547,201</u>	<u>1,550,942</u>
	<u>1,704,917</u>	<u>1,784,751</u>
Current liabilities	7,498	7,109
Unrestricted net assets	278,773	249,863
Restricted net assets and endowments	<u>1,418,646</u>	<u>1,527,779</u>
	<u>1,704,917</u>	<u>1,784,751</u>
<b>Statement of Operations</b>		
Operating revenue	55,012	75,124
Operating expenses	<u>26,361</u>	<u>31,246</u>
Net operating revenue	28,651	43,878
Other revenue (expense)	<u>(108,874)</u>	<u>106,339</u>
Net revenue (expense)	<u>(80,223)</u>	<u>150,217</u>
<b>Statement of Cash Flows</b>		
Cash flow from operations	57,063	46,070
Cash flow used in investing	(18,193)	(7,636)
Cash flow (used in) from financing	<u>(40,380)</u>	<u>1,186</u>
Increase (decrease) in cash	<u>\$ (1,510)</u>	<u>\$ 39,620</u>

As described within the Foundation's financial statements there are several internally and externally restricted net assets based on agreements and bequests including the following funds:

<u>Quebec Research Fund</u>	\$ 148,112	\$ 167,967
To promote and increase research capabilities of the profession and researchers' training by offering funds to Quebec physiotherapists and therapists in physical rehabilitation.		
<u>Contributed Capital Fund</u>	302,817	321,074
Consists of Foundation reserve funds. Annual income is used to provide grants and awards to qualified recipients.		
<u>Ann Collins Whitmore Memorial Fund</u>	534,537	572,588
Consists of \$444,445 held in perpetuity with annual income used to provide awards to those seeking education in physiotherapy in Canada, including blind students seeking education outside Canada and externally restricted surplus of \$90,092 (2021 - \$128,143) earned thereon.		
<u>Alun Morgan Memorial Research Fund</u>	303,984	325,086
Consists of targeted donations and the Alun Morgan Memorial Research Fund which was transferred from the Association to the Foundation in 1996. Interest on the funds is distributed as awards.		
<u>Constance Beattie Fund</u>	90,516	96,550
Awards in the form of bursaries.		
<u>NSF-PFC Research Fund</u>	38,680	44,514
Consists of awards in support of physiotherapy research projects relating to neurological issues.		
	<u>\$ 1,418,646</u>	<u>\$ 1,527,779</u>

**CANADIAN PHYSIOTHERAPY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2022**

**6. TANGIBLE CAPITAL ASSETS**

Tangible capital assets consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Equipment and software	\$ 377,917	\$ 374,577	\$ 377,917	\$ 373,219
Computer equipment and software	589,095	580,970	579,183	573,755
Furniture and equipment	<u>156,270</u>	<u>155,374</u>	<u>166,752</u>	<u>162,983</u>
	1,123,282	<u>\$ 1,110,921</u>	1,123,852	<u>\$ 1,109,957</u>
Accumulated amortization		<u>1,110,921</u>		<u>1,109,957</u>
Net book value	<u>\$ 12,361</u>		<u>\$ 13,895</u>	

Amortization for the year was \$11,447 (2021 - \$27,868) and is grouped on the financial statements within the following expense line items:

	<u>2022</u>		<u>2021</u>	
	<u>National</u>	<u>Divisions</u>	<u>National</u>	<u>Divisions</u>
Office and administration	\$ 1,358	\$ 3,040	\$ 16,014	\$ 4,180
Information technology	<u>7,049</u>	<u>-</u>	<u>7,674</u>	<u>-</u>
	<u>\$ 8,407</u>	<u>\$ 3,040</u>	<u>\$ 23,688</u>	<u>\$ 4,180</u>
		<u>\$ 11,447</u>		<u>\$ 27,868</u>

**7. INTANGIBLE ASSETS**

The Association's intangible assets consist of the following:

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Website	\$ 281,304	<u>\$ 154,750</u>	\$ 145,710	<u>\$ 145,710</u>
Accumulated amortization		<u>154,750</u>		<u>145,710</u>
Net book value	<u>\$ 126,554</u>		<u>\$ -</u>	

Amortization expense for the year was \$9,040 (2021 - \$8,372) and is grouped on the financial statements within the following National expense line items:

	<u>2022</u>	<u>2021</u>
Information technology	<u>\$ 9,040</u>	<u>\$ 8,372</u>

**CANADIAN PHYSIOTHERAPY ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED DECEMBER 31, 2022**

**8. COMMITMENTS**

The Association leases its premises under a lease expiring in March 2025 and leases equipment under leases expiring through August 2027. Future minimum payments include the following payments over the next five years as follows:

2023	\$ 191,764
2024	191,764
2025	51,127
2026	3,499
2027	2,625

**9. RESTRICTED NET ASSETS**

Externally Restricted - Insurance Reserve Fund

The insurance reserve fund is an externally restricted fund established to segregate funds to pay open claims up to the maximum aggregate deductible in a given year pursuant to the terms of the insurance policy.

The Association is liable for the first \$250,000 to \$325,000 of individual claims and is liable for a maximum of \$1,150,000 to \$1,700,000 in claims by policy year, which is adjusted provided the insurance premium revenue is within a pre-determined range.

At the date of this report management believes that insurance premium revenue for the insurance period ending September 30, 2023 will be within this range noted above.

Internally Restricted - Divisions' Fund

Internally restricted assets are net assets that have been restricted by the Board of Directors for various specific purposes and are not available for other purposes without approval. The Divisions' Fund includes the combined net assets of the 14 special interest divisions.

**10. MISCELLANEOUS INCOME**

Miscellaneous income consists of the following:

	<u>2022</u>	<u>2021</u>
Affinity programs	\$ 43,268	\$ 38,941
Government assistance (see below)	-	223,699
Membership administrative fees	229,706	121,626
Sponsorship	10,000	-
Donation	13,559	-
Grant income	<u>5,508</u>	<u>12,852</u>
	<u>\$ 302,041</u>	<u>\$ 397,118</u>

The Government of Canada announced that they would be providing emergency funding in response to measures various organizations were required to take regarding the spread of the COVID-19 disease. For the year ended December 31, 2022, the Association recognized \$nil (2021 - \$198,786) from the Federal Government of Canada's Emergency Wage Subsidy (CEWS) program and the Federal Government of Canada's Emergency Rent Subsidy (CERS) program. The Divisions recognized \$nil (2021 - \$24,913) from the Federal Government of Canada's Emergency Wage Subsidy (CEWS) program.

**11. COMPARATIVE FIGURES**

The comparative figures presented in these statements have been reclassified in order to conform to the financial statement presentation adopted in the current year.