

Canadian Occupational Therapy Foundation



Financial Statements For the year ended September 30, 2017



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Financial Statements
For the year ended September 30, 2017

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Independent Auditor's Report

To the Directors of Canadian Occupational Therapy Foundation

We have audited the accompanying financial statements of Canadian Occupational Therapy Foundation, which comprise the statement of financial position as at September 30, 2017 and the statements of operations, changes in fund balances and cash flows for the year then ended, as well as a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal controls 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 of 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 controls 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 qualified audit opinion.

Independent Auditor's Report (continued)

Basis of Qualified Opinion

In common with many charitable organizations, the foundation derives revenue from donations and fundraising events, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the foundation. The auditor's opinion on the financial statements for the year ended September 30, 2016 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses for the years ended September 30, 2017 and 2016, assets as at September 30, 2017 and 2016 and net assets at both the beginning and end of the September 30, 2017 and 2016 years.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Occupational Therapy Foundation as at September 30, 2017 and the results of its operations and its cash flows for the year then ended are in accordance with Canadian accounting standards for not-for-profit organizations.

Collins Barrow Ottawa LLP

Chartered Professional Accountants, Licensed Public Accountants

February 26, 2018

Ottawa, Ontario

Canadian Occupational Therapy Foundation Statement of Financial Position

September 30 2017 2016

Assets

Current

Cash	\$ 117,717	\$ 24,268
Investments (Note 1)	135,523	624,651
Accounts receivable	9,848	6,207
Prepaid expenses	77	77
	263,165	655,203
Investments (Note 1)	1,040,053	701,436
Tangible capital assets (Note 2)	-	2,124
	\$ 1,303,218	\$ 1,358,763

Liabilities and Fund Balances

Current

Accounts payable and accrued liabilities	\$ 34,804	\$ 10,631
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Fund balances

Internally restricted	94,940	99,296
Externally restricted (Schedule)	314,817	339,691
Unrestricted	858,657	909,145
	1,268,414	1,348,132
	\$ 1,303,218	\$ 1,358,763

On behalf of the board:

_____ Director

_____ Director

Canadian Occupational Therapy Foundation Statement of Operations

For the year ended September 30

2017

2016

	Unrestricted Fund	Internally Restricted Funds	Externally Restricted Funds	Total	Total
Revenues					
CAOT grant	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -
Donations	17,333	-	5,452	22,785	25,496
Fundraising and special events	12,872	-	-	12,872	15,546
Investment income	10,500	1,148	3,924	15,572	45,951
Miscellaneous	487	-	-	487	578
Realized gain on investments	7,601	831	2,840	11,272	7,033
Unrealized gain (loss) on investments	(3,061)	(335)	(1,144)	(4,540)	28,161
	145,732	1,644	11,072	158,448	122,765
Expenses					
Board meetings	9,897	-	-	9,897	6,230
Communication	365	-	-	365	3,873
Fundraising and special events	25,442	-	-	25,442	6,616
Grants and awards	15,900	6,000	30,620	52,520	75,888
General and administrative	45,413	-	-	45,413	46,865
Salaries and benefits	104,529	-	-	104,529	90,154
	201,546	6,000	30,620	238,166	229,626
Deficiency of revenue over expenses for the year	\$ (55,814)	\$ (4,356)	\$ (19,548)	\$ (79,718)	\$ (106,861)

Canadian Occupational Therapy Foundation Statement of Changes in Fund Balances

For the year ended September 30

2017

2016

	Unrestricted Fund	Internally Restricted Funds	Externally Restricted Funds	Total	Total
Balance, beginning of the year	\$ 909,145	\$ 99,296	\$ 339,691	\$ 1,348,132	\$ 1,454,993
Deficiency of revenue over expenses for the year	(55,814)	(4,356)	(19,548)	(79,718)	(106,861)
Interfund transfers	5,326	-	(5,326)	-	-
Balance, end of the year	\$ 858,657	\$ 94,940	\$ 314,817	\$ 1,268,414	\$ 1,348,132

Canadian Occupational Therapy Foundation Statement of Cash Flows

For the year ended September 30	2017	2016
Cash flows from operating activities		
Deficiency of revenue over expenses for the year	\$ (79,718)	\$ (106,861)
Items not involving cash		
Amortization of tangible capital assets	2,125	3,090
Unrealized loss (gain) on investment	4,540	(28,161)
	<u>(73,053)</u>	<u>(131,932)</u>
Changes in non-cash working capital balances		
Accounts receivable	(3,641)	17,338
Accounts payable and accrued liabilities	24,173	(6,100)
	<u>(52,521)</u>	<u>(120,694)</u>
Cash flow from investing activities		
Decrease in investments	<u>145,970</u>	<u>121,365</u>
Increase in cash during the year	93,449	671
Cash, beginning of year	<u>24,268</u>	<u>23,597</u>
Cash, end of year	<u>\$ 117,717</u>	<u>\$ 24,268</u>

Canadian Occupational Therapy Foundation

Summary of Significant Accounting Policies

September 30, 2017

Nature of Organization	<p>The foundation was founded in 1983 to advance the science of occupational therapy in Canada through scholarships and research grants and by supporting education programs. All scholarships and research grants are determined through a peer review competition adjudicated by the Foundation's Research and Scholarship Committee. The Committee recommends candidates for funding to the COTF Board of Governors which approves all awards.</p> <p>The Foundation is incorporated under the Canada Not-for-profit Corporations Act and is a registered charity under the Income Tax Act and, as such, is exempt from income taxes and may issue income tax receipts to donors.</p>
Basis of Presentation	<p>These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p>
Use of Estimates	<p>The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from management's best estimates as additional information becomes available in the future.</p> <p>Significant estimates include assumptions used in estimating the useful life and related amortization of tangible capital assets, provisions for accrued liabilities and accrued vacation pay.</p>
Fund Accounting	<p>The foundation uses fund accounting. The various funds are described as follows:</p> <p>a) Unrestricted Fund The Unrestricted Fund is used to receive all monies not otherwise designated to issue all awards not allocated from the designated funds.</p> <p>b) Internally Restricted Fund The Board of Governors of the Foundation has established the following funds for the purpose described:</p> <ul style="list-style-type: none">i) The Invacare Canada Award Fund was established in 1995 from the Hovis Medical Fund and fundraising proceeds from Invacare Canada Inc. special events. The Invacare Canada Award Fund is used to fund awards in the amount of \$2,000 annually as approved by the COTF Board of Governors.ii) The Thelma Cardwell Scholarship Fund was established in 2001 to fund annual scholarship awards of \$2,000.

Canadian Occupational Therapy Foundation Summary of Significant Accounting Policies

September 30, 2017

Fund Accounting (continued)

- iii) The Marita Dyrbye Memorial Fund was established in 2001 to fund annual awards of \$1,000 for activities that enhance the practice of occupational therapy in mental health every odd year.
- iv) The Isobel Robinson Historical Research Fund was established in 2003 to fund historical research projects in the amount of \$2,000 every even year.
- v) The Goldwin Howland Award Fund was established in 1983 to fund an annual award to a member who demonstrates leadership and vision with the profession in the amount of \$2,000.

c) Externally Restricted Funds

A number of Provincial Associations have established funds managed by the Foundation to provide awards to members of the Associations:

- i) The Newfoundland and Labrador Association of Occupational Therapists Research Fund was established by the Newfoundland and Labrador Association of Occupational Therapists ("NLAOT") in 1999 to fund research projects.
- ii) The Nova Scotia Society of Occupational Therapists Education and Research Fund was established by the Nova Scotia Society of Occupational Therapists ("NSSOT") in 1992 for educational and research projects.
- iii) The Ontario Society of Occupational Therapists Research Fund was established by the Ontario Society of Occupational Therapists ("OSOT") in 1985 for clinical research and presentation activities.
- iv) The Manitoba Society of Occupational Therapists Research Fund was established by the Manitoba Society of Occupational Therapists ("MSOT") in 1995 to fund research projects.
- v) The Alberta Association of Registered Occupational Therapists Research Fund was established by the Alberta Association of Registered Occupational Therapists ("MROT") in 1995 to fund research projects.
- vi) The British Columbia Society of Occupational Therapists Research Fund was established by the British Columbia Society of Occupational Therapists ("BCSOT") in 1994 to fund research projects.
- vii) The New Brunswick Association of Occupational Therapists Research Fund was established by the New Brunswick Association of Occupational Therapists ("NBAOT") in 2002 to fund research, scholarship and publication projects.
- viii) The Prince Edward Island Association of Occupational Therapists Research Fund was established in 2006 to fund research, scholarship and publication projects.
- ix) The Association of Yukon Occupational Therapists Research Fund was created by the Association of Yukon Occupational Therapists ("AYOT") in 2009 to fund research, scholarship and publication projects.

Canadian Occupational Therapy Foundation

Summary of Significant Accounting Policies

September 30, 2017

Fund Accounting
(continued)

- x) The Barbara Worth Emergent Leader Fund was established in 2014. The purpose of the fund was to create an award to honour Barbara Worth, who had a very distinguished career and contributed significantly to the regulation of Occupational Therapy in Ontario.

Financial Instruments

Financial instruments are financial assets or liabilities of the foundation where, in general, the foundation has the right to receive cash or another financial asset from another party or the foundation has the obligation to pay another party cash or other financial asset.

Measurement of financial instrument

The foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The foundation subsequently measures all its financial assets and financial liabilities at 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 operations.

Financial assets and financial liabilities measured at amortized cost include cash, accounts receivable and accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the 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 excess of revenue over expenses.

Transaction costs

The foundation recognizes its transaction costs in excess of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is based on the estimated useful life of the asset and is provided as follows:

Computer equipment	straight-line basis over 3 years
Software	straight-line basis over 5 years

Tangible capital assets that cost less than \$3,000 are charged to expense in the year of acquisition.

Canadian Occupational Therapy Foundation Summary of Significant Accounting Policies

September 30, 2017

Revenue Recognition

The Foundation follows the restricted fund method of accounting. Restricted contributions are recognized as revenue of the appropriate restricted funds. Unrestricted contributions are recognized as revenue of the unrestricted fund.

Revenue from donations, fundraising activities and special events are recognized when received by the Foundation.

Investment income is recognized on an accrual basis. Investment income includes interest and realized and unrealized gains and losses.

Allocation of Investment Income and expenses

Investment income is allocated to each fund appropriately based on the fund balance as at the beginning of the year.

Interfund transfers are comprised of investment management fees and other general administrative costs that are allocated to each fund appropriately based on the fund balance as at the beginning of the year.

Canadian Occupational Therapy Foundation Notes to Financial Statements

September 30, 2017

1. Investments

The Foundation holds money market funds, fixed income funds and various Government of Canada and provincial bonds which earn interest at rates between 1.9% and 3.35% with maturity dates varying between December 2021 and September 2026.

	2017	2016
<i>Measured at fair value</i>		
Current investments		
Money market fund	\$ 135,523	\$ 20,814
Fixed income fund	-	519,697
Mutual funds	-	84,140
	\$ 135,523	\$ 624,651
 <i>Measured at fair value</i>		
Long-term investments		
Fixed income	\$ 781,555	\$ 508,822
Equities	258,498	192,614
	\$ 1,040,053	\$ 701,436

2. Tangible Capital Assets

	2017			2016		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer	\$ 2,998	\$ 2,998	\$ -	\$ 2,998	\$ 2,965	\$ 33
Software	10,455	10,455	-	10,455	8,364	2,091
	\$ 13,453	\$ 13,453	\$ -	\$ 13,453	\$ 11,329	\$ 2,124

Amortization expense for the year is \$2,125 (2016 - \$3,090). This expense is included in general and administration expense.

Canadian Occupational Therapy Foundation

Notes to Financial Statements

September 30, 2017

3. Risks and Concentrations

The foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the foundation's risk exposure and concentrations as at September 30, 2017.

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 foundation's main credit risk relates to its accounts receivable.

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: interest rate risk, currency risk and other price risk. The foundation is exposed to interest rate risk and other price risk.

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 foundation is mainly exposed to interest rate risk as a result of its interest-bearing investments with fixed interest rates.

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 foundation is exposed to other price risk due to its marketable securities.

Changes in risk

There have been no significant changes in the foundation's risk exposure from the previous fiscal year.

Canadian Occupational Therapy Foundation Schedule of Externally Restricted Funds

For the year ended September 30, 2017

	Newfoundland and Labrador Association of Occupational Therapists Research Fund	Nova Scotia Society of Occupational Therapists Education and Research Fund	Ontario Society of Occupational Therapists Research Fund	Manitoba Society of Occupational Therapists Research Fund	Alberta Association of Registered Occupational Therapists Research Fund	British Columbia Society of Occupational Therapists Research Fund	Association of Yukon Occupational Therapists Research Fund
Revenue							
Donations	\$ -	\$ -	\$ 2,292	\$ -	\$ 25	\$ 85	\$ -
Investment Income	85	42	1,232	816	1,044	289	21
	85	42	3,524	816	1,069	374	21
Expenses							
Awards	4,500	4,720	11,000	1,800	2,500	500	-
Excess (deficiency) of revenue over expenses for the year	(4,415)	(4,678)	(7,476)	(984)	(1,431)	(126)	21
Interfund transfers	(100)	(100)	(1,642)	(737)	(954)	(100)	(1,282)
Fund balances, beginning of year	5,156	2,536	74,461	49,316	63,110	17,493	1,261
Fund balances, end of year	\$ 641	\$ (2,242)	\$ 65,343	\$ 47,595	\$ 60,725	\$ 17,267	\$ -

	Barbara Worth Emergent Leader Fund	New Brunswick Association of Occupational Therapists Research Fund	Prince Edward Island Association of Occupational Therapists Research Fund	Total Externally Restricted Funds
Revenue				
Donations	\$ 3,050	\$ -	\$ -	\$ 5,452
Investment Income	1,610	249	232	5,620
	4,660	249	232	11,072
Expenses				
Awards	5,000	600	-	30,620
Excess (deficiency) of revenue over expenses for the year	(340)	(351)	232	(19,548)
Interfund transfers	-	(227)	(184)	(5,326)
Fund balances, beginning of year	97,283	15,035	14,040	339,691
Fund balances, end of year	\$ 96,943	\$ 14,457	\$ 14,088	\$ 314,817

Canadian Occupational Therapy Foundation Schedule of Externally Restricted Funds (continued)

For the year ended September 30, 2016

	Newfoundland and Labrador Association of Occupational Therapists Research Fund	Nova Scotia Society of Occupational Therapists Education and Research Fund	Ontario Society of Occupational Therapists Research Fund	Manitoba Society of Occupational Therapists Research Fund	Alberta Association of Registered Occupational Therapists Research Fund	British Columbia Society of Occupational Therapists Research Fund	Association of Yukon Occupational Therapists Research Fund
Revenue							
Donations	\$ -	\$ -	\$ 7,367	\$ 760	\$ -	\$ 105	\$ -
Investment Income	436	407	4,223	2,715	3,373	1,068	602
	436	407	11,590	3,475	3,373	1,173	602
Expenses							
Awards	3,000	5,060	11,000	2,100	-	2,728	10,000
Excess (deficiency) of revenue over expenses for the year	(2,564)	(4,653)	590	1,375	3,373	(1,555)	(9,398)
Interfund transfers	(100)	(100)	(1,857)	(747)	(750)	(100)	(134)
Fund balances, beginning of year	7,820	7,289	75,728	48,688	60,487	19,148	10,793
Fund balances, end of year	\$ 5,156	\$ 2,536	\$ 74,461	\$ 49,316	\$ 63,110	\$ 17,493	\$ 1,261

	Barbara Worth Emergent Leader Fund	New Brunswick Association of Occupational Therapists Research Fund	Prince Edward Island Association of Occupational Therapists Research Fund	Roulston/ COTF Innovation Fund	J.V. Cook and Associates Qualitative Research Fund	Total Externally Restricted Funds
Revenue						
Donations	\$ 3,475	\$ -	\$ -	\$ -	\$ -	\$ 11,707
Investment Income	5,219	837	751	27	32	19,690
	8,694	837	751	27	32	31,397
Expenses						
Awards	5,000	600	-	-	-	39,488
Excess (deficiency) of revenue over expenses for the year	3,694	237	751	27	32	(8,091)
Interfund transfers	-	(216)	(167)	(508)	(608)	(5,287)
Fund balances, beginning of year	93,589	15,014	13,456	481	576	353,069
Fund balances, end of year	\$ 97,283	\$ 15,035	\$ 14,040	\$ -	\$ -	\$ 339,691