

# Canadian Occupational Therapy Foundation



## **Financial Statements** For the year ended September 30, 2019



**Canadian Occupational Therapy Foundation**  
**Financial Statements**  
For the year ended September 30, 2019

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## Independent Auditor's Report

### To the Directors of Canadian Occupational Therapy Foundation

#### Qualified Opinion

We have audited the financial statements of Canadian Occupational Therapy Foundation (the "foundation") which comprise the statement of financial position as at September 30, 2019, and the statements of operations and 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, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the foundation as at September 30, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

#### Basis for Qualified Opinion

In common with many charitable organizations, the foundation derives revenue from donations and fundraising events, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the foundation. Our audit opinion on the financial statements for the year ended September 30, 2018 was also qualified because of the possible effects of this limitation in scope. Therefore we were not able to determine whether any adjustments may be necessary to donations and fundraising revenue, excess of revenue over expenses for the years ended September 30, 2019 and 2018, assets as at September 30, 2019 and 2018 and net assets at both the beginning and end of the September 30, 2019 and 2018 years.

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 foundation 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 qualified 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 foundation'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 foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the foundation'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 foundation'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 foundation'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 foundation 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.

*Baker Tilly Ottawa LLP*

Chartered Professional Accountants, Licensed Public Accountants  
March 4, 2020  
Ottawa, Ontario

## Canadian Occupational Therapy Foundation Statement of Financial Position

**September 30** 2019 2018

### Assets

#### Current

Cash	\$ 62,664	\$ 54,402
Investments (Note 1)	595,856	948,369
Accounts receivable	14,783	7,692
Prepaid expenses	-	77

	673,303	1,010,540
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#### Investments (Note 1)

	567,612	240,328
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	\$ 1,240,915	\$ 1,250,868
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### Liabilities and Fund Balances

#### Current

Accounts payable and accrued liabilities	\$ 24,305	\$ 21,192
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#### Fund balances

Internally restricted	85,418	88,717
Externally restricted (Schedule)	339,770	320,687
Unrestricted	791,422	820,272

	1,216,610	1,229,676
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	\$ 1,240,915	\$ 1,250,868
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On behalf of the board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

## Canadian Occupational Therapy Foundation Statement of Operations

For the year ended September 30

2019

2018

	Unrestricted Fund	Internally Restricted Funds	Externally Restricted Funds	Total	Total
<b>Revenues</b>					
CAOT grant	\$ 92,519	\$ -	\$ -	\$ 92,519	\$ 100,000
Grants - other	-	-	-	-	1,575
Fundraising and special events	54,720	-	15,565	70,285	52,699
Investment income	14,723	2,897	10,471	28,091	25,326
Miscellaneous	-	-	-	-	187
Realized gain on investments	12,061	-	-	12,061	36,861
Unrealized gain/(loss) on investments	16,679	1,804	6,521	25,004	(11,725)
	<b>190,702</b>	<b>4,701</b>	<b>32,557</b>	<b>227,960</b>	<b>204,923</b>
<b>Expenses</b>					
Board meetings	4,835	-	-	4,835	2,064
Communication	1,218	-	-	1,218	927
Fundraising and special events	10,282	-	-	10,282	15,953
Grants and awards	36,685	8,000	10,068	54,753	51,292
General and administrative	35,123	-	-	35,123	36,343
Salaries and benefits	134,815	-	-	134,815	137,082
	<b>222,958</b>	<b>8,000</b>	<b>10,068</b>	<b>241,026</b>	<b>243,661</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ (32,256)</b>	<b>\$ (3,299)</b>	<b>\$ 22,489</b>	<b>\$ (13,066)</b>	<b>\$ (38,738)</b>

## Canadian Occupational Therapy Foundation Statement of Changes in Fund Balances

For the year ended September 30

2019

2018

	Unrestricted Fund	Internally Restricted Funds	Externally Restricted Funds	Total	Total
<b>Balance, beginning of the year</b>	\$ 820,272	\$ 88,717	\$ 320,687	\$ 1,229,676	\$ 1,268,414
<b>Excess (deficiency) of revenue over expenses for the year</b>	(32,256)	(3,299)	22,489	(13,066)	(38,738)
<b>Interfund transfers</b>	3,406	-	(3,406)	-	-
<b>Balance, end of the year</b>	\$ 791,422	\$ 85,418	\$ 339,770	\$ 1,216,610	\$ 1,229,676

## Canadian Occupational Therapy Foundation Statement of Cash Flows

<b>For the year ended September 30</b>	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities</b>		
Deficiency of revenue over expenses for the year	\$ (13,066)	\$ (38,738)
Items not involving cash		
Unrealized loss on investment	-	11,725
	<u>(13,066)</u>	<u>(27,013)</u>
Changes in non-cash working capital balances		
Accounts receivable	(7,091)	2,156
Prepaid expenses	77	-
Accounts payable and accrued liabilities	3,113	(13,612)
	<u>(16,967)</u>	<u>(38,469)</u>
<b>Cash flow from investing activities</b>		
Change in investments	<u>25,229</u>	<u>(24,846)</u>
<b>Increase (decrease) in cash during the year</b>	<b>8,262</b>	<b>(63,315)</b>
<b>Cash, beginning of year</b>	<u><b>54,402</b></u>	<u>117,717</u>
<b>Cash, end of year</b>	<u><b>\$ 62,664</b></u>	<u>\$ 54,402</u>

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# Canadian Occupational Therapy Foundation

## Summary of Significant Accounting Policies

September 30, 2019

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<b>Nature of Organization</b>	<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>
<b>Basis of Presentation</b>	<p>These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p>
<b>Use of Estimates</b>	<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 provisions for accrued liabilities and accrued vacation pay.</p>
<b>Fund Accounting</b>	<p>The foundation uses fund accounting. The various funds are described as follows:</p> <p><b>a) Unrestricted Fund</b> 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>b) Internally Restricted Fund</b> The Board of Governors of the Foundation has established the following funds for the purpose described:</p> <ol style="list-style-type: none"><li>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.</li><li>ii) The Thelma Cardwell Scholarship Fund was established in 2001 to fund annual scholarship awards of \$2,000.</li><li>iii) The Janice Hines Memorial Fund was established in 1995 to support the transfer of knowledge of best practices in pediatric occupational therapy through annual awards of \$1,000.</li></ol>

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# Canadian Occupational Therapy Foundation

## Summary of Significant Accounting Policies

September 30, 2019

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### Fund Accounting (continued)

- iv) 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.
- v) The Isobel Robinson Historical Research Fund was established in 2003 to fund historical research projects in the amount of \$2,000 every even year.
- vi) 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 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.

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# Canadian Occupational Therapy Foundation

## Summary of Significant Accounting Policies

September 30, 2019

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### 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.

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## Canadian Occupational Therapy Foundation Summary of Significant Accounting Policies

September 30, 2019

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### **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.

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## Canadian Occupational Therapy Foundation Notes to Financial Statements

**September 30, 2019**

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### 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.

	2019	2018
<i>Measured at fair value</i>		
Current investments		
Money market fund	\$ 6,313	\$ -
Fixed income bonds	589,543	-
Mutual funds	-	948,369
	\$ 595,856	\$ 948,369

<i>Measured at fair value</i>		
Long-term investments		
Fixed income fund	\$ 247,656	\$ 240,328
Equities	319,956	-
	\$ 567,612	\$ 240,328

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### 2. Tangible Capital Assets

	2019			2018		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Computer	\$ 2,998	\$ 2,998	\$ -	\$ 2,998	\$ 2,998	\$ -
Software	10,455	10,455	-	10,455	10,455	-
	\$ 13,453	\$ 13,453	\$ -	\$ 13,453	\$ 13,453	\$ -

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# Canadian Occupational Therapy Foundation

## Notes to Financial Statements

September 30, 2019

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### 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, 2019.

#### 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.

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## Canadian Occupational Therapy Foundation Schedule of Externally Restricted Funds

For the year ended September 30, 2019

	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
<b>Revenue</b>						
Fundraising	\$ -	\$ -	\$ 14,900	\$ -	\$ -	\$ 615
Investment Income	30	-	3,711	2,509	3,150	906
	30	-	18,611	2,509	3,150	1,521
<b>Expenses</b>						
Awards	-	-	1,000	1,658	1,000	1,457
<b>Excess of revenue over expenses for the year</b>	30	-	17,611	851	2,150	64
<b>Interfund transfers</b>	(100)	-	(1,553)	(497)	(678)	(167)
<b>Fund balances, beginning of year</b>	566	-	70,038	47,350	59,444	17,093
<b>Fund balances, end of year</b>	\$ 496	\$ -	\$ 86,096	\$ 47,704	\$ 60,916	\$ 16,990

	Barbara Worth Emergent Leader Fund	New Brunswick Association of Occupational Therapists Research Fund	Prince Edward Island Association of Occupational Therapists Research Fund	<b>Total Externally Restricted Funds</b>
<b>Revenue</b>				
Fundraising	\$ 50	\$ -	\$ -	\$ 15,565
Investment Income	5,245	756	685	16,992
	5,295	756	685	32,557
<b>Expenses</b>				
Awards	4,500	-	453	10,068
<b>Excess of revenue over expenses for the year</b>	795	756	232	22,489
<b>Interfund transfers</b>	(100)	(175)	(136)	(3,406)
<b>Fund balances, beginning of year</b>	98,991	14,263	12,942	320,687
<b>Fund balances, end of year</b>	\$ 99,686	\$ 14,844	\$ 13,038	\$ 339,770

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

For the year ended September 30, 2018

	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
<b>Revenue</b>						
Fundraising	\$ -	\$ -	\$ 14,080	\$ -	\$ 40	\$ 255
Investment Income	25	-	2,550	1,886	2,406	684
	25	-	16,630	1,886	2,446	939
<b>Expenses</b>						
Awards	-	-	10,000	1,600	3,000	892
<b>Excess (deficiency) of revenue over expenses for the year</b>	25	-	6,630	286	(554)	47
<b>Interfund transfers</b>	(100)	2,242	(1,935)	(531)	(727)	(221)
<b>Fund balances, beginning of year</b>	641	(2,242)	65,343	47,595	60,725	17,267
<b>Fund balances, end of year</b>	\$ 566	\$ -	\$ 70,038	\$ 47,350	\$ 59,444	\$ 17,093

	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
<b>Revenue</b>				
Fundraising	\$ 3,207	\$ -	\$ -	\$ 17,582
Investment Income	3,841	573	558	12,523
	7,048	573	558	30,105
<b>Expenses</b>				
Awards	5,000	600	1,500	22,592
<b>Excess (deficiency) of revenue over expenses for the year</b>	2,048	(27)	(942)	7,513
<b>Interfund transfers</b>	-	(167)	(204)	(1,643)
<b>Fund balances, beginning of year</b>	96,943	14,457	14,088	314,817
<b>Fund balances, end of year</b>	\$ 98,991	\$ 14,263	\$ 12,942	\$ 320,687