

CANADIAN SOCIETY OF RESPIRATORY THERAPISTS

FINANCIAL STATEMENTS
DECEMBER 31, 2019



INDEPENDENT AUDITOR'S REPORT

To the Members,
Canadian Society of Respiratory Therapists:

Opinion

We have audited the financial statements of Canadian Society of Respiratory Therapists ("the Entity"), which comprise the statement of financial position as at December 31, 2019, and the statements of changes in net assets, operations 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 Entity as at December 31, 2019, 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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw your attention to note 10 of the financial statements, which describes that the measures to contain Covid 19 are expected to have some negative impact on operations in 2020. Our opinion is not modified in respect to this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity, or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



OUSELEY HANVEY CLIPSHAM DEEP LLP

Licensed Public Accountants

Ottawa, Ontario

March 24, 2020

CANADIAN SOCIETY OF RESPIRATORY THERAPISTS

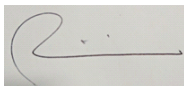
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2019

	2019	2018
CURRENT ASSETS		
Cash	\$ 315,234	\$ 201,837
Short term investment (note 3)	60,000	20,000
Accounts receivable	682	6,820
Prepaid expenses	85,327	118,710
	461,243	347,367
LONG-TERM INVESTMENTS (note 3)	99,518	138,130
CAPITAL ASSETS (note 4)	24,645	27,459
	\$ 585,406	\$ 512,956
LIABILITIES		
Accounts payable and accrued liabilities	\$ 53,629	\$ 69,895
Deferred revenue (note 6)	171,473	207,476
	225,102	277,371
NET ASSETS		
Invested in capital assets	24,645	27,459
Internally restricted grant fund (note 9)	50,000	-
Unrestricted	285,659	208,126
	360,304	235,585
	\$ 585,406	\$ 512,956

Approved on behalf of the Board:



Director



Director

Canadian Society of Respiratory Therapists

STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED DECEMBER 31, 2019

	2019	2018
INVESTED IN CAPITAL ASSETS		
Balance - beginning of the period	\$ 27,459	\$ 42,392
Amortization of capital assets	(22,522)	(16,275)
Acquisition of capital assets	19,708	1,342
Balance - end of the period	\$ 24,645	\$ 27,459
INTERNALLY RESTRICTED GRANT FUND		
Balance - beginning of the period	\$ -	\$ -
Transfer from unrestricted net assets	50,000	-
Balance - end of the period	\$ 50,000	\$ -
UNRESTRICTED		
Balance - beginning of the period	\$ 208,126	\$ 119,397
Net change related to capital assets	2,814	14,933
Transfer to internally restricted grant fund	(50,000)	-
Net revenue for the period	124,719	73,796
Balance - end of period	\$ 285,659	\$ 208,126

CANADIAN SOCIETY OF RESPIRATORY THERAPISTS

STATEMENT OF OPERATIONS
FOR THE PERIOD ENDED DECEMBER 31, 2019

	2019	2018
REVENUE		
Members' dues	\$ 699,872	\$ 691,600
Annual Education Forum	433,651	461,247
CoARTE Accreditation	85,188	126,470
Services	18,000	29,836
Publications and promotion	43,960	62,595
Investment Income	2,869	1,437
	1,283,540	1,373,185
EXPENDITURE		
Salaries and benefits	465,167	473,604
Annual education forum	273,069	307,455
Bad debt	33	633
Telecommunications	55,701	97,488
Overhead and operations	21,665	103,280
Rent	32,337	41,796
Board and special committee	8,304	11,517
CoARTE Accreditation	10,079	24,199
Publications, promotions and awards	113,241	115,195
Travel and facilities	34,906	24,534
Special projects	39,728	41,883
Professional fees	46,006	8,257
Bank charges and broker fess	36,063	33,273
Amortization	22,522	16,275
	1,158,821	1,299,389
NET REVENUE FOR THE PERIOD	\$ 124,719	\$ 73,796

CANADIAN SOCIETY OF RESPIRATORY THERAPISTS

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED DECEMBER 31, 2019

	2019	2018
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CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Net revenue for the period	\$ 124,719	\$ 73,796
Items not affecting cash:		
Amortization of capital assets	22,522	16,275
Changes in non cash working capital items:		
Accounts receivable	6,138	3,350
Prepaid expenses	33,383	(52,478)
Accounts payable	(16,266)	3,345
Deferred revenue	(36,003)	(104,039)
	<hr/>	<hr/>
	134,493	(59,751)
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INVESTING ACTIVITIES		
Acquisition of capital assets	(19,708)	(1,342)
(Addition to) redemption of short-term and long-term investments	(1,388)	-
	<hr/>	<hr/>
	(21,096)	(1,342)
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INCREASE IN CASH	113,397	(61,093)
Cash beginning of the year	201,837	262,930
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CASH END OF YEAR	\$ 315,234	\$ 201,837
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CANADIAN SOCIETY OF RESPIRATORY THERAPISTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

The Canadian Society of Respiratory Therapists (the Society) is a national organization established to promote the professional of respiratory therapy. This national organization is dedicated to supporting respiratory therapists in the practice of cardiorespiratory care. As the credentialing body for respiratory therapists - health professionals who assist in the diagnosis, treatment and care of patients with respiratory and cardiopulmonary disorders, the Society's mandate is that a minimum national standard in the field is maintained and promoted. The Society is incorporated without share capital under Part II of the Canada Corporations Act and, as a not-for-profit organization, is exempt from income taxes under subsection 149(1)(1) of the Income Tax Act.

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

1. SIGNIFICANT ACCOUNTING POLICIES

a) Use of estimates

The preparation of these financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recorded in the financial statements in the period in which they become known.

b) Revenue recognition

The Society follows the deferral method of accounting for contributions and other revenues. Revenues are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Financial instruments

Investments in equity instruments quoted in an active market are initially recognized at fair value and are subsequently measured at the year-end fair value. Other financial instruments are initially recognized at fair value and are subsequently measured at cost, amortized cost or cost less appropriate allowances for impairment.

d) Capital assets

Capital assets are recorded at cost and are amortized on an annual basis using the straight-line method as follows:

Furniture and fixtures	25%
Office equipment	33%
Computer equipment	33%
Website	12.5%
Computer database	20%

e) Contributed goods and services

The Society receives the benefit of numerous hours of volunteer time. Due to the difficulty of determining their fair value, contributed goods and services are not recognized in the financial statements.

CANADIAN SOCIETY OF RESPIRATORY THERAPISTS

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

2. FINANCIAL INSTRUMENTS

Financial instruments of the Society consist of cash, investments, accounts receivable, and accounts payable.

Unless otherwise noted, it is management's opinion that the Society is not exposed to significant interest rate, currency, credit, liquidity or market risks arising from its financial instruments and the carrying amount of the financial instruments approximate their fair value.

3. INVESTMENTS

Investments consist of Guaranteed Investment Certificates with maturity dates ranging from June 2020 through December 2021, and interest rates ranging from 1.2% to 1.8%.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 NBV	2018 NBV
Furniture and fixtures	\$ 2,627	\$ 2,561	\$ 66	\$ 396
Office equipment	10,953	9,614	1,339	2,010
Computer equipment	40,384	31,929	8,455	10,199
Computer database	41,788	36,099	5,689	3,991
Website	30,913	21,817	9,096	10,863
	<u>\$ 126,665</u>	<u>\$ 102,020</u>	<u>\$ 24,645</u>	<u>\$ 27,459</u>

5. BANK LOAN

The Society has an authorized line of credit of \$75,000, at prime lending rate plus 2.5%. This line of credit is secured by the Society's investment in guaranteed investment certificates. The line of credit is unused at year-end.

6. DEFERRED REVENUE

	2019	2018
Annual Education Forum	\$ 171,473	\$ 128,709
CoARTE Accreditation	-	78,767
	<u>171,473</u>	<u>207,476</u>
Balance, beginning of the year	207,476	311,515
Less: amount recognized as revenue in the year	(207,476)	(311,515)
Plus: amount received for the subsequent year	171,473	207,476
Balance, end of the year	<u>171,473</u>	<u>207,476</u>

CANADIAN SOCIETY OF RESPIRATORY THERAPISTS

NOTES TO FINANCIAL STATEMENTS
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7. COMMITMENTS

The commitments of the Society under lease agreements aggregate to \$153,000. The instalments over the next five years are the following:

2020	33,500
2021	33,500
2022	33,500
2023	33,500
2024	19,500

8. PENSION ASSISTANCE PROGRAM

The society contributes to employees' pension plans at a rate of 5-6% of the employee's salary. The program is vested after two years of employment. The employer's contributions for the year were \$20,952 (2018 \$20,981). Employer contributions are accounted for in salaries and benefits.

9. INTERNALLY RESTRICTED NET ASSET FUNDS

The board approved the internal restriction of \$50,000 during the 2019 fiscal year, to establish a grant fund with the intention of providing funding opportunities for targeted research and scholarships across the profession.

10. SUBSEQUENT EVENT

It is expected that the measures taken to contain COVID-19 will have some negative impact on operations in 2020. At this time it cannot fully be determined what this impact will be.