

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

FINANCIAL STATEMENTS

MARCH 31, 2023

Independent Auditor's Report

To the Council of the College of Physiotherapists of Ontario

Opinion

We have audited the financial statements of the College of Physiotherapists of Ontario (the "College"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, changes in net assets 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 College as at March 31, 2023, 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 College 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.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the annual report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

The annual report is expected to be made available to us after the date of our auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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 ability of the College 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 College or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the College.

Independent Auditor's Report (continued)

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 the 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 internal control of the College.
- 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 ability of the College 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 College 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
June 27, 2023

Chartered Professional Accountants
Licensed Public Accountants

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Statement of Financial Position

March 31	2023 \$	2022 \$
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	8,350,363	7,344,177
Investments (note 4)	310,477	1,656,056
Amounts receivable	72,082	26,092
Prepaid expenses	287,209	87,699
	9,020,131	9,114,024
Investments (note 4)	4,761,884	3,207,895
Capital assets (note 5)	381,842	461,785
Intangible assets (note 6)	-	36,913
	5,143,726	3,706,593
	14,163,857	12,820,617
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	1,277,714	965,546
Deferred registration fees, examination fees and examination exemption charges (note 8)	7,531,919	5,664,022
	8,809,633	6,629,568
Deferred lease incentives (note 9)	110,688	137,796
	8,920,321	6,767,364
NET ASSETS		
Invested in capital and intangible assets	271,154	360,902
Internally restricted for complaints and discipline (note 11)	1,000,000	1,000,000
Internally restricted for sexual abuse therapy (note 12)	100,000	100,000
Unrestricted	3,872,382	4,592,351
	5,243,536	6,053,253
	14,163,857	12,820,617

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Council:

President



Vice-President



COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Statement of Operations

Year ended March 31	2023 \$	2022 \$
Revenues		
Registration fees	6,213,316	5,872,447
Examination fees	906,560	-
Examination exemption charges	541,500	175,200
Investment income	164,930	106,519
	<u>7,826,306</u>	<u>6,154,166</u>
Expenses		
Salaries and benefits	4,533,830	3,907,754
Administration and office (note 9)	1,069,402	953,659
Examination costs	982,821	64,095
Professional fees (note 10)	883,802	353,855
Information technology	374,749	281,194
Committee fees and expenses	221,125	209,960
Amortization	164,979	208,112
Communications	142,482	102,947
Programs	140,050	187,625
Organizational effectiveness	106,888	136,677
Networking, representation and travel	15,895	4,941
	<u>8,636,023</u>	<u>6,410,819</u>
Excess of expenses over revenues for year	<u>(809,717)</u>	<u>(256,653)</u>

The accompanying notes are an integral part of these financial statements

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Statement of Changes in Net Assets

Year ended March 31

	Invested in capital and intangible assets \$	Internally restricted for complaints and discipline \$	Internally restricted for sexual abuse therapy \$	Unrestricted \$	2023 Total \$
Balance, beginning of year	360,902	1,000,000	100,000	4,592,351	6,053,253
Excess of expenses over revenues for year	-	-	-	(809,717)	(809,717)
Amortization of capital and intangible assets	(164,979)	-	-	164,979	-
Amortization of deferred lease incentives	27,108	-	-	(27,108)	-
Purchase of capital assets	48,123	-	-	(48,123)	-
Balance, end of year	<u>271,154</u>	<u>1,000,000</u>	<u>100,000</u>	<u>3,872,382</u>	<u>5,243,536</u>

	Invested in capital and intangible assets \$	Internally restricted for complaints and discipline \$	Internally restricted for sexual abuse therapy \$	Unrestricted \$	2022 Total \$
Balance, beginning of year	536,199	1,000,000	100,000	4,673,707	6,309,906
Excess of expenses over revenues for year	-	-	-	(256,653)	(256,653)
Amortization of capital and intangible assets	(208,112)	-	-	208,112	-
Amortization of deferred lease incentives	27,107	-	-	(27,107)	-
Purchase of capital assets	5,708	-	-	(5,708)	-
Balance, end of year	<u>360,902</u>	<u>1,000,000</u>	<u>100,000</u>	<u>4,592,351</u>	<u>6,053,253</u>

The accompanying notes are an integral part of these financial statements

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Statement of Cash Flows

Year ended March 31	2023 \$	2022 \$
Cash flows from operating activities		
Excess of expenses over revenues for year	(809,717)	(256,653)
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of capital assets	128,066	171,198
Amortization of intangible assets	36,913	36,914
Interest capitalized on investments	(89,049)	(81,934)
Interest received on investments capitalized in prior years	144,137	116,248
Amortization of deferred lease incentives	(27,108)	(27,107)
	(616,758)	(41,334)
Change in non-cash working capital items		
Decrease (increase) in amounts receivable	(45,990)	15,417
Decrease (increase) in prepaid expenses	(199,510)	193,376
Increase (decrease) in accounts payable and accrued liabilities	312,168	(144,150)
Increase in deferred registration fees, examination fees and examination exemption charges	1,867,897	119,100
	1,317,807	142,409
Cash flows from investing activities		
Purchase of investments	(1,807,426)	(752,395)
Proceeds from disposal of investments	1,543,928	999,271
Purchase of capital assets	(48,123)	(5,708)
	(311,621)	241,168
Net change in cash and cash equivalents	1,006,186	383,577
Cash and cash equivalents, beginning of year	7,344,177	6,960,600
Cash and cash equivalents, end of year	8,350,363	7,344,177

The accompanying notes are an integral part of these financial statements

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Notes to Financial Statements

March 31, 2023

Nature and description of the organization

The College of Physiotherapists of Ontario (the "College") was incorporated as a non-share capital corporation under the Regulated Health Professions Act, 1991 ("RHPA"). As the regulator and governing body of the physiotherapy profession in Ontario, the major function of the College is to administer the Physiotherapy Act, 1991 in the public interest.

The College is a not-for-profit organization, as described in Section 149(1)(l) of the Income Tax Act, and therefore is not subject to income taxes.

1. Significant accounting policies

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

(a) Revenue recognition

Registration fees

Registration fees are recognized as revenue in the fiscal year to which they relate. The registration year of the College coincides with that of the fiscal year of the College, being April 1 to March 31. Registration fees received in advance of the fiscal year to which they relate are recorded as deferred registration fees.

Examination fees

Examination fees are recognized as revenue when the examinations are held. Examination fees received in advance of the date the examination is held are recorded as deferred examination fees.

Examination exemption charges

Revenue from examination exemption charges is recognized on completion of the services. A portion of the charge is recognized at the time the certificate of registration is granted with the balance of the charge being recognized on the completion of the screening interview. Examination exemption charges received in advance of the services being completed are recorded as deferred examination exemption charges.

Investment income

Investment income comprises interest from cash and cash equivalents and investments and realized gains and losses from the disposal of investments.

Revenue is recognized on an accrual basis. Interest on investments is recognized over the terms of the investments using the effective interest method.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash and investments which are readily convertible into cash, are not subject to significant risk of changes in value and have a maturity date of three months or less from the date of acquisition.

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

March 31, 2023

1. Significant accounting policies (continued)

(c) Investments

Investments consist of guaranteed investment certificates and fixed income investments whose term to maturity is greater than three months from date of acquisition. Investments that mature within twelve months from the year-end date are classified as current.

(d) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, otherwise, costs are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon commencement of the utilization of the assets, on a straight-line basis at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Furniture and fixtures	5 years
Computer equipment	3 years

Amortization of leasehold improvements is provided for on a straight-line basis over the remaining term of the lease.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital asset to its fair value. Any impairment of the capital asset is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(e) Intangible assets

The costs of intangible assets are capitalized upon meeting the criteria for recognition as an intangible asset, with the exception of expenditures on internally generated intangible assets during the development phase, which are expensed as incurred. The cost of a separately acquired intangible asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

March 31, 2023

1. Significant accounting policies (continued)

(e) Intangible assets (continued)

Amortization is provided for, upon the commencement of the utilization of the assets, on a straight-line basis at a rate designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rate is as follows:

Computer application software	3 years
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An intangible asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, then the amount of the impairment is quantified by comparing the carrying value of the intangible asset to its fair value. Any impairment of the intangible asset is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the intangible asset subsequently increases.

(f) Deferred lease incentives

Lease incentives consist of tenant inducements received in cash used to purchase capital assets.

Lease incentives received in connection with original leases are amortized to income on a straight-line basis over the terms of the original leases. Lease incentives received in connection with a re-negotiated lease are amortized to income on a straight-line basis over the period from the expiration date of the original lease to the expiration date of the re-negotiated lease.

(g) Net assets invested in capital and intangible assets

Net assets invested in capital and intangible assets comprises the net book value of capital and intangible assets less the unamortized balance of tenant inducements used to purchase capital assets.

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

March 31, 2023

1. Significant accounting policies (continued)

(h) Financial instruments

Measurement of financial assets and liabilities

The College initially measures its financial assets and financial liabilities at fair value adjusted by the amount of transaction costs directly attributable to the instrument.

The College subsequently measures all of its financial assets and financial liabilities at amortized cost.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Financial assets measured at amortized cost include cash and cash equivalents, investments and amounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

At the end of each year, the College assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the College, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the College determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

When the College identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

- the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
- the amount that could be realized by selling the financial asset at the statement of financial position date.

Notes to Financial Statements (continued)

March 31, 2023

1. **Significant accounting policies (continued)**

(h) **Financial instruments (continued)**

Impairment (continued)

Any impairment of the financial asset is recognized in income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year the reversal occurs.

(i) **Management estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. Actual results may differ from these estimates, the impact of which would be recorded in future years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

March 31, 2023

2. Financial instrument risk management

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

The financial instruments of the College and the nature of the risks to which those instruments may be subject, are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
Currency			Interest rate	Other price	
Cash and cash equivalents	X			X	
Investments	X			X	
Amounts receivable	X				
Accounts payable and accrued liabilities		X			

Credit risk

The College is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the College could incur a financial loss.

The maximum exposure of the College to credit risk is as follows:

	2023	2022
	\$	\$
Cash and cash equivalents	8,350,363	7,344,177
Investments	5,072,361	4,863,951
Amounts receivable	72,082	26,092
	<u>13,494,806</u>	<u>12,234,220</u>

The College reduces its exposure to the credit risk of cash and cash equivalents by maintaining balances with a Canadian financial institution.

The College manages its exposure to the credit risk of investments through its investment policy which restricts the types of eligible investments.

Liquidity risk

Liquidity risk is the risk that the College will not be able to meet a demand for cash or fund its obligations as they come due.

The liquidity of the College is monitored by management to ensure sufficient cash is available to meet liabilities as they become due.

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

March 31, 2023

2. Financial instruments risk management (continued)

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.

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates.

The College is not exposed to currency risk.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

Other price risk

Other price risk refers to the risk that the fair value of financial instruments or 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 College is not exposed to other price risk.

Changes in risk

There have been no significant changes in the risk profile of the financial instruments of the College from that of the prior year.

3. Cash and cash equivalents

	2023 \$	2022 \$
Cash	8,071,519	6,969,328
Cash in broker account	278,844	-
Mutual funds - Investment savings account	-	374,849
	<u>8,350,363</u>	<u>7,344,177</u>

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

March 31, 2023

4. Investments

	2023 \$	2022 \$
Current	310,477	1,656,056
Long-term	4,761,884	3,207,895
	<u>5,072,361</u>	<u>4,863,951</u>

Investments have effective interest rates ranging from 0.73% to 4.05% (2022 - 0.73% to 2.66%) and maturity dates ranging from May 2023 to June 2028 (2022 - April 2022 to September 2026).

5. Capital assets

	Cost \$	Accumulated Amortization \$	2023 Net \$
Furniture and fixtures	378,189	363,456	14,733
Computer equipment	151,238	110,947	40,291
Leasehold improvements	793,263	466,445	326,818
	<u>1,322,690</u>	<u>940,848</u>	<u>381,842</u>

	Cost \$	Accumulated Amortization \$	2022 Net \$
Furniture and fixtures	377,049	350,991	26,058
Computer equipment	104,255	75,629	28,626
Leasehold improvements	793,263	386,162	407,101
	<u>1,274,567</u>	<u>812,782</u>	<u>461,785</u>

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

March 31, 2023

6. Intangible assets

	Cost \$	Accumulated Amortization \$	2023 Net \$
Computer application software	110,740	110,740	-

	Cost \$	Accumulated Amortization \$	2022 Net \$
Computer application software	110,740	73,827	36,913

7. Accounts payable and accrued liabilities

	2023 \$	2022 \$
Trade payables and accrued liabilities	883,537	502,609
Accrued liabilities - complaints and discipline	394,177	462,937
	<u>1,277,714</u>	<u>965,546</u>

8. Deferred registration fees, examination fees and examination exemption charges

	2023 \$	2022 \$
Registration fees	6,522,669	5,604,022
Examination fees	893,250	-
Examination exemption charges	116,000	60,000
	<u>7,531,919</u>	<u>5,664,022</u>

9. Deferred lease incentives

	Cost \$	Accumulated Amortization \$	2023 Net \$
Tenant inducements	271,073	160,385	110,688

	Cost \$	Accumulated Amortization \$	2022 Net \$
Tenant inducements	271,073	133,277	137,796

COLLEGE OF PHYSIOTHERAPISTS OF ONTARIO

Notes to Financial Statements (continued)

March 31, 2023

9. Deferred lease incentives (continued)

Pursuant to the lease agreement for the College's office premises (note 13), lease incentives comprised of tenant inducements in the amount of \$271,073 were received in the year the lease commenced.

Amortization of lease incentives in the amount of \$27,108 (2022- \$27,107) was credited to administration and office expense in the current year.

10. Professional fees

	2023 \$	2022 \$
Complaints and discipline	659,835	206,578
Cost recoveries	(44,436)	(30,057)
	615,399	176,521
Other professional	268,403	177,334
	<u>883,802</u>	<u>353,855</u>

11. Net assets internally restricted for complaints and discipline

The College makes best efforts to anticipate the costs associated with complaints and discipline matters based on past experience and current caseload. However, in the event that the College incurs costs beyond the normal scope of such matters, the Council of the College has internally restricted net assets to fund expenditures related to these matters.

The internal restriction is subject to the direction of the Council upon the recommendation of the Finance Committee.

12. Net assets internally restricted for sexual abuse therapy

The Council of the College has internally restricted net assets to meet the anticipated future requirements of the College for sexual abuse therapy.

The internal restriction is subject to the direction of the Council upon the recommendation of the Finance Committee.

13. Commitment

The College is committed to lease its office premises until February 28, 2027. The future annual lease payments, including an estimate of premises common area expenses, are as follows:

	\$
2024	547,199
2025	548,225
2026	559,520
2027	512,894
	<u>2,167,838</u>

HILBORN

LISTENERS. THINKERS. DOERS.