

Canadian Association of Emergency Physicians
Financial Statements
For the year ended December 31, 2018

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Independent Auditor's Report

To the members of
Canadian Association of Emergency Physicians

Opinion

We have audited the financial statements of Canadian Association of Emergency Physicians (the "Association"), which comprise the Statement of Financial Position as at December 31, 2018, and the Statement of Operations - General Programs, Statement of Changes in Research Endowment Fund, Statement of Changes in Internally Restricted Net Assets, Statement of Unrestricted Net Assets and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

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

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
April 9, 2019

**Canadian Association of Emergency Physicians
Statement of Financial Position**

December 31	2018	2017
Assets		
Current		
Cash	\$ 876,543	\$ 659,961
Short-term investments (Note 2)	668,803	704,640
Accounts receivable	162,946	228,421
HST receivable	27,297	40,678
Inventory	4,530	2,686
Prepaid expenses	62,674	113,879
	<u>1,802,793</u>	<u>1,750,265</u>
Investments (Note 2)	-	41,165
Tangible capital assets (Note 3)	54,955	54,682
Prepaid expenses	9,919	5,000
Intangible assets (Note 4)	<u>175,264</u>	<u>146,638</u>
	<u>\$2,042,931</u>	<u>\$ 1,997,750</u>
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 202,197	\$ 354,396
Deferred revenue (Note 5)	725,897	753,195
Deferred contributions (Note 6)	13,269	33,361
	<u>941,363</u>	<u>1,140,952</u>
Deferred lease inducement	<u>3,843</u>	<u>11,527</u>
	945,206	1,152,479
Contractual obligations (Note 10)		
Net Assets		
Research endowment fund	219,547	213,426
Internally restricted	<u>878,178</u>	<u>631,845</u>
	<u>1,097,725</u>	<u>845,271</u>
	<u>\$2,042,931</u>	<u>\$ 1,997,750</u>

On behalf of the board:

_____ Director

_____ Director

Canadian Association of Emergency Physicians
Statement of Changes in Research Endowment Fund

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ 213,426	\$ 203,848
Endowment contributions	<u>6,121</u>	<u>9,578</u>
Balance, end of the year	<u>\$ 219,547</u>	<u>\$ 213,426</u>

**Canadian Association of Emergency Physicians
Statement of Changes in Internally Restricted Net Assets**

For the year ended December 31	Operational Fund	Strategic Fund	Annual Fund	Total 2018
Balance, beginning of the year	\$ 305,401	\$ 303,894	\$ 22,550	\$ 631,845
Deficiency of revenues over expenses	-	-	(12,541)	(12,541)
Internal restriction (Note 9)	34,135	(34,135)	-	-
Transfer from unrestricted net assets (Note 9)	-	258,874	-	258,874
Balance, end of the year	\$ 339,536	\$ 528,633	\$ 10,009	\$ 878,178

For the year ended December 31	Operational Fund	Strategic Fund	Annual Fund	Total 2017
Balance, beginning of the year	\$ 531,907	\$ 149,604	\$ 25,547	\$ 707,058
Deficiency of revenues over expenses	-	-	(2,997)	(2,997)
Internal restriction (Note 9)	(226,506)	226,506	-	-
Transfer to unrestricted net assets (Note 9)	-	(72,216)	-	(72,216)
Balance, end of the year	\$ 305,401	\$ 303,894	\$ 22,550	\$ 631,845

Canadian Association of Emergency Physicians
Statement of Changes in Unrestricted Net Assets

For the year ended December 31	2018	2017
Balance, beginning of the year	\$ -	\$ -
Excess (deficiency) of revenues over expenses	258,874	(72,216)
Transfer (to) from internally restricted net assets (Note 9)	<u>(258,874)</u>	<u>72,216</u>
Balance, end of the year	<u>\$ -</u>	<u>\$ -</u>

Canadian Association of Emergency Physicians Statement of Operations - General Programs

For the year ended December 31	2018	2017
Revenues		
Head office (Schedule)	\$ 910,043	\$ 971,535
CME - Roadshows (Note 7)	1,092,055	1,203,019
CJEM (Note 8)	145,962	107,851
Annual conference	937,516	838,550
	3,085,576	3,120,955
Expenses		
Head office (Schedule)	1,113,623	1,012,638
CME - Roadshows (Note 4)	936,883	1,147,383
CJEM	319,490	256,125
Annual conference	469,247	780,022
	2,839,243	3,196,168
Excess (deficiency) of revenues over expenses	\$ 246,333	\$ (75,213)

Canadian Association of Emergency Physicians
Schedule of Head Office Operations

For the year ended December 31	2018	2017
<hr/>		
Revenues		
Advertising	\$ 14,263	\$ 15,000
Donations	11,559	22,285
Investment (loss) income	(292)	19,701
Membership fees	819,438	847,388
Miscellaneous	8,167	1,446
Publication sales	-	14,760
Projects	38,315	33,796
Royalties	18,593	17,159
	<hr/>	<hr/>
	\$ 910,043	\$ 971,535
<hr/>		
Expenses		
Amortization of intangible assets (Note 4)	\$ 17,623	\$ 1,674
Amortization of tangible capital assets	14,680	14,628
Bank interest and service charges	25,818	26,084
Committees	177,221	161,097
Computer fees	42,632	35,587
Consulting fees	18,515	40,086
Graphic design	5,470	7,096
Insurance	14,424	12,725
Liaison meetings	6,265	2,652
Office	109,599	61,555
Printing and photocopying	3,220	565
Professional fees	37,426	20,066
Projects	19,567	27,953
Promotion	6,035	5,683
Rent and parking	74,998	67,593
Salaries and benefits	456,613	448,968
Telephone and fax	9,611	6,838
Translation	821	424
Travel	73,085	71,364
	<hr/>	<hr/>
	\$ 1,113,623	\$ 1,012,638
<hr/>		

Canadian Association of Emergency Physicians Statement of Cash Flows

For the year ended December 31	2018	2017
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses	\$ 246,333	\$ (75,213)
Direct increase in net assets		
- Research endowment fund	6,121	9,578
Items not affecting cash:		
Amortization of tangible capital assets	14,680	14,628
Amortization of intangible assets	69,968	34,208
Unrealized loss on investments	18,365	3,427
Write-off of intangible assets	-	9,877
	<u>355,467</u>	<u>(3,495)</u>
Changes in non-cash working capital:		
Accounts receivable	65,475	(110,755)
HST receivable	13,381	12,236
Inventory	(1,844)	4,862
Prepaid expenses	46,286	75,052
Accounts payable and accrued liabilities	(152,200)	155,047
Deferred revenue	(27,298)	52,530
Deferred contributions	(20,092)	(4,468)
Deferred lease inducement	(7,684)	(7,685)
	<u>271,491</u>	<u>173,324</u>
Cash flows from investing activities		
Acquisition of tangible capital assets	(14,953)	(14,960)
Acquisition of intangible assets	(98,594)	(118,440)
Acquisition of investments	(132,466)	(74,562)
Maturity of investments	191,104	240,680
	<u>(54,909)</u>	<u>32,718</u>
Net increase in cash	216,582	206,042
Cash, beginning of the year	<u>659,961</u>	<u>453,919</u>
Cash, end of the year	<u>\$ 876,543</u>	<u>\$ 659,961</u>

Canadian Association of Emergency Physicians Notes to Financial Statements

December 31, 2018

1. Accounting Policies

Purpose of Organization	Canadian Association of Emergency Physicians (the "Association") is a not-for-profit organization incorporated without share capital under the Canada Not-for-profit Corporations Act. The Association's purpose is to improve and promote emergency health services in Canada. The Association 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.						
Basis of Accounting	The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.						
Use of Estimates	The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the year covered. The main estimate relates to the useful life of tangible capital and intangible assets.						
Tangible Capital Assets	<p>Tangible capital assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the diminishing balance basis at the following annual rates:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Equipment</td> <td style="text-align: right;">20%</td> </tr> <tr> <td>Computer equipment</td> <td style="text-align: right;">30%</td> </tr> </table>	Equipment	20%	Computer equipment	30%		
Equipment	20%						
Computer equipment	30%						
Intangible Assets	<p>Intangible assets are stated at cost less accumulated amortization. Amortization is provided on the basis of their useful lives using the following methods and annual rates:</p> <table border="0" style="margin-left: 40px;"> <tr> <td>Websites</td> <td style="text-align: right;">3 years straight-line basis</td> </tr> <tr> <td>Course development</td> <td style="text-align: right;">As courses are delivered</td> </tr> <tr> <td>Trademark</td> <td style="text-align: right;">10 years straight-line basis</td> </tr> </table> <p>The CTAS website will not be amortized until they are ready for use.</p>	Websites	3 years straight-line basis	Course development	As courses are delivered	Trademark	10 years straight-line basis
Websites	3 years straight-line basis						
Course development	As courses are delivered						
Trademark	10 years straight-line basis						
Impairment of Tangible Capital Assets and Intangible Assets	When a tangible capital asset or intangible asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations - general programs.						
Net Assets	<p>Unrestricted</p> <p>The unrestricted net assets account for current operations and programs as well as the Association's general operations. Unrestricted contributions (donations and grants) and restricted contributions to be used for operations are reported in these net assets.</p>						

Canadian Association of Emergency Physicians

Notes to Financial Statements

December 31, 2018

1. Accounting Policies (continued)

Net Assets (continued)

Annual Fund

The Annual Fund was established to fund the annual CAEP Grant Competition and Research Abstract Awards through charitable donations from members, industry and the public.

Operational Fund

The Operational Fund was established to maintain sufficient resources to continue operations in the event of a catastrophic occurrence or sustained economic downturn. The fund balance represents the amount available to the Association to meet its contractual obligations in the event that the Association discontinues operations.

Strategic Fund

The Strategic Fund was established to fund future strategic initiatives as approved by the Board of Directors.

Research Endowment Fund

The Research Endowment Fund was established to provide financial support for research in emergency medicine in Canada. The Association is seeking donations to this fund from members, industry and the public.

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from CME roadshows, conferences and projects is recorded in the year in which the roadshow, conference or project takes place.

Unrestricted investment income is recognized as revenue when earned.

Revenue from membership fees are recognized over the year of membership.

Canadian Association of Emergency Physicians

Notes to Financial Statements

December 31, 2018

1. Accounting Policies (continued)

Revenue Recognition (continued) Revenue from CJEM advertising is recognized in the year the related advertisement is published in the Canadian Journal of Emergency Medicine (CJEM).

Endowment contributions are recognized as direct increases in net assets.

Investment income related to the Endowment Fund is recognized as revenue in the year in which the related expenses are incurred.

Deferred Revenue Deferred membership fees are amounts received in advance of the membership year.

Deferred roadshow sponsorships and registrations are amounts received prior to the roadshow being held.

Deferred conference sponsorships are amounts received prior to the conference being held.

Deferred contributions are amounts received that have been externally designated to fund the following years' grants and awards. Internally restricted donations are recognized in the statement of operations - general programs in the year received.

Financial Instruments

Initial and subsequent measurement

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and liabilities at amortized cost, except for investments which it chose to measure at fair value. Changes in fair value are recognized in the statement of operations - general programs.

Impairment

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

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations - general programs in the year incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in the statement of operations - general programs over the life of the instrument using the straight-line method.

Canadian Association of Emergency Physicians Notes to Financial Statements

December 31, 2018

1. Accounting Policies (continued)

Contributed Materials and Services	Contributed materials and services which are used in the normal course of the Association's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.
Deferred Lease Inducement	The rent inducement, which is recorded as a reduction to rent expense in Rent and parking, is deferred and amortized over the term of the lease.
Allocation of Expenses	<p>The Association allocates some of its expenses based on the following:</p> <ul style="list-style-type: none">-Salaries and benefits: allocated based on estimated time spent on specifically identified projects. Remaining balance based on the number of staff in each department.-Premises costs, computer fees, office expenses, and telecommunication expenses: based on the number of staff of each department.-Bank interest and service charges: allocated to different revenue streams/departments based on percentage of total revenues.-Conference booth costs: based on representation of department staff.

Canadian Association of Emergency Physicians Notes to Financial Statements

December 31, 2018

2. Investments

	2018	2017
Short-term investments		
Mutual funds	\$ 526,764	\$ 513,536
Canadian Western Bank GIC, 1.90%, maturing June 24, 2019	41,948	-
Vancity Credit Union 90 Day GIC, 1.350%, maturing March 9, 2019	100,091	-
CIBC Cashable GIC, 3.65%, matured November 1, 2018	-	150,000
Laurentian Bank GIC, 1.80%, matured June 24, 2018	-	41,104
	\$ 668,803	\$ 704,640
Long-term investments		
Canadian Western Bank GIC, 1.90%, maturing June 24, 2019	\$ -	\$ 41,165

3. Tangible Capital Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment	\$ 77,555	\$ 46,892	\$ 72,155	\$ 40,574
Computer equipment	71,754	47,462	62,201	39,100
	\$ 149,309	\$ 94,354	\$ 134,356	\$ 79,674
Net book value		\$ 54,955		\$ 54,682

Canadian Association of Emergency Physicians Notes to Financial Statements

December 31, 2018

4. Intangible Assets

	2018		2017	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Course development	163,455	84,879	73,100	32,534
CTAS website under development	10,611	-	9,022	-
Trademark	23,838	3,898	21,034	1,674
Websites	81,536	15,399	77,690	-
	\$ 279,440	\$ 104,176	\$ 180,846	\$ 34,208
Net book value		\$ 175,264		\$ 146,638

Amortization of the course during the year was \$52,345 (2017 - \$30,000) and included in CME - Roadshows expenses on the statement of operations - general programs.

5. Deferred Revenue

	2018		2017	
Membership fees	\$ 456,129		\$ 379,714	
Roadshow sponsorships and registrations	171,334		241,115	
CTAS/CPAS	5,067		5,480	
Conference sponsorships	82,500		116,000	
Interest - Research endowment fund	10,867		10,886	
	\$ 725,897		\$ 753,195	

Canadian Association of Emergency Physicians Notes to Financial Statements

December 31, 2018

6. Deferred Contributions

Deferred contributions represents externally restricted donations received in the current year to cover grant costs in the subsequent year. The variation in the balance of deferred contributions is as follows:

	2018	2017
Balance, beginning of the year	\$ 33,361	\$ 37,829
Plus: amounts received in the year	14,904	17,784
Plus: unused grants returned from recipients in the year	-	3,030
Less: amounts recognized as revenue in the year	(34,996)	(25,282)
Balance, end of the year	<u>\$ 13,269</u>	<u>\$ 33,361</u>

7. CME - Roadshows

	2018	2017
CME - Gate receipts	\$ 880,765	\$ 892,525
CME - Online	93,925	175,440
CME - Sun	70,740	88,680
Miscellaneous	46,625	46,374
	<u>\$ 1,092,055</u>	<u>\$ 1,203,019</u>

8. Canadian Journal of Emergency Medicine (CJEM)

The Association had entered into an agreement of publication to have the electronic online edition of the CJEM manufactured, published, promoted and distributed. In consideration of the rights granted within the agreement the Association was entitled to a royalty based on fifty percent of the operating profit generated from CJEM. The agreement of publication is effective to December 31, 2019.

Canadian Association of Emergency Physicians Notes to Financial Statements

December 31, 2018

9. Internal Restrictions

During 2018 the Board approved a transfer of \$258,874 (2017 - \$72,216) from unrestricted net assets to the Strategic Fund in order to fund strategic initiatives during the year.

During 2018 the Board approved a transfer of \$34,135 (2017 - \$226,506 from the Operational Fund to the Strategic Fund) from the Strategic Fund to the Operational Fund to fund anticipated contractual obligations.

10. Contractual Obligations

The Association entered into an operating lease for office space beginning January 1, 2014 and expiring June 30, 2019 with an option to renew. Since the renewal option is not being exercised, there is a \$30,000 non-renewal charge due two months before the end of the lease. This agreement includes free rent for the first five months. Future minimum lease payments total \$80,437 and include the following payment over the next year:

2019	\$	80,437
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The Association has entered into a new operating lease for office space beginning June 1, 2019 and expiring September 30, 2029. Future minimum lease payments total \$1,084,845 and include the following payments over the next five years:

2019	\$	58,039
2020	\$	99,496
2021	\$	100,205
2022	\$	102,332
2023	\$	103,041

Commitments Related to Future Conference Agreements

The Association has entered into multiple agreements for the 2019 and 2020 conferences for which the Association would be subject to cancellation fees totaling \$351,672.

11. Financial Instruments

Credit risk

The Association is exposed to credit risk for its accounts receivable. The majority of the Association's receivables are from event sponsors and member registration fees. The Association provides credit to its members and event sponsors in the normal course of its operations. A provision for bad debt expense is taken where appropriate.