

**PROFESSIONAL ASSOCIATION OF RESIDENT
PHYSICIANS OF ALBERTA**
Financial Statements
Year Ended June 30, 2022
(Unaudited)

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

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Year Ended June 30, 2022

(Unaudited)

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KINGSTON
ROSS
PASNAK^{LLP}

CHARTERED PROFESSIONAL ACCOUNTANTS

Suite 1500, 9888 Jasper Avenue NW
Edmonton, Alberta T5J 5C6
T. 780.424.3000 | F. 780.429.4817 | W. krpgroup.com

November 8, 2022
Edmonton, Alberta

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Professional Association of Resident Physicians of Alberta

We have reviewed the accompanying financial statements of Professional Association of Resident Physicians of Alberta (the Association) that comprise the statement of financial position as at June 30, 2022, and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 (ASNPO), 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Professional Association of Resident Physicians of Alberta as at June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

Kingston Ross Paskak LLP

Chartered Professional Accountants

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Statement of Financial Position

June 30, 2022

(Unaudited)

	2022	2021
ASSETS		
CURRENT		
Cash (Note 3)	\$ 2,789,264	\$ 2,405,856
Short-term investments (Note 4)	37,176	36,973
Marketable securities(Cost \$1,549,258) (Note 5)	1,592,306	1,764,167
Accounts receivable	179,701	163,105
Prepaid expenses	9,194	8,333
	4,607,641	4,378,434
TANGIBLE CAPITAL ASSETS (Note 6)	5,527	8,291
	\$ 4,613,168	\$ 4,386,725
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 127,195	\$ 121,387
Deferred contributions (Note 7)	1,126,242	1,086,074
	1,253,437	1,207,461
CONTRACTUAL OBLIGATIONS (Note 8)		
NET ASSETS		
Invested in tangible and intangible assets	5,527	8,290
Internally restricted (Note 11)	1,057,454	1,057,454
Unrestricted	2,296,750	2,113,520
	3,359,731	3,179,264
	\$ 4,613,168	\$ 4,386,725

ON BEHALF OF THE BOARD

_____ Director

_____ Director

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Statement of Revenues and Expenditures

Year Ended June 30, 2022

(Unaudited)

	2022	2021
REVENUE		
Dues received	\$ 1,125,541	\$ 1,115,334
Dues paid - Resident Doctors of Canada (RDoC)	-	(210,056)
	1,125,541	905,278
Investment income	72,277	30,987
Honorariums	23,814	25,295
Gain on disposal of marketable securities	11,186	19,866
Gain on unrealized foreign exchange on marketable securities	8,183	7,832
Cost recovery of long-term disability administration <i>(Notes 7, 10)</i>	-	57,243
(Loss) gain on change in market value of marketable securities	(223,560)	80,811
	1,017,441	1,127,312
EXPENDITURES		
Administrative Expenses <i>(Schedule 1)</i>	624,431	576,097
Committee Activity Expenses <i>(Schedule 2)</i>	187,857	153,782
Targeted Project Spending <i>(Schedule 3)</i>	24,686	47,391
	836,974	777,270
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	180,467	350,042
OTHER INCOME (EXPENSES)		
Long-term disability premiums recognized	916,364	937,585
Investment income <i>(Note 7)</i>	10,348	7,437
Taxi reimbursement	-	96
Long-term disability administration expenses <i>(Notes 7, 10)</i>	-	(57,243)
(Loss) gain on change in market value of marketable securities <i>(Note 7)</i>	(5,486)	20,402
Long-term disability insurance paid <i>(Note 7)</i>	(921,226)	(908,181)
	-	96
EXCESS OF REVENUE OVER EXPENDITURES	\$ 180,467	\$ 350,138

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Statement of Changes in Net Assets

Year Ended June 30, 2022

(Unaudited)

	Invested in Tangible and Intangible Assets	Internally Restricted <i>(Note 11)</i>	Unrestricted	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 8,290	\$ 1,057,454	\$ 2,113,520	\$ 3,179,264	\$ 2,829,126
Excess of revenue over expenditures	-	-	180,467	180,467	350,138
Amortization of tangible capital assets	(2,763)	-	2,763	-	-
NET ASSETS - END OF YEAR	\$ 5,527	\$ 1,057,454	\$ 2,296,750	\$ 3,359,731	\$ 3,179,264

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA**Statement of Cash Flow****Year Ended June 30, 2022***(Unaudited)*

	2022	2021
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 180,467	\$ 350,138
Items not affecting cash:		
Amortization of tangible capital assets	2,764	2,764
Gain on disposal of investments	(11,186)	(19,866)
Change in market value of marketable securities	229,046	(101,213)
Change in unrealized foreign exchange	(8,183)	(7,832)
Non-cash interest and dividends received	(71,800)	(31,180)
	321,108	192,811
Changes in non-cash working capital:		
Accounts receivable	(16,596)	12,754
Accounts payable and accrued liabilities	5,809	6,596
Deferred contributions	40,168	7,261
Prepaid expenses	(861)	(5,940)
Employee deductions payable	-	(10,234)
	28,520	10,437
Cash flow from operating activities	349,628	203,248
INVESTING ACTIVITIES		
Purchase of short-term investments	(38,349)	(36,973)
Proceeds on sale of short-term investments	36,973	36,390
Proceeds on sale of marketable securities	62,597	107,607
Purchase of marketable securities	(27,441)	(138,917)
Cash flow from (used by) investing activities	33,780	(31,893)
INCREASE IN CASH	383,408	171,355
Cash - beginning of year	2,405,856	2,234,501
CASH - END OF YEAR (Note 3)	\$ 2,789,264	\$ 2,405,856

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Notes to Financial Statements

Year Ended June 30, 2022

(Unaudited)

1. PURPOSE OF THE ASSOCIATION

The Professional Association of Resident Physicians of Alberta (the "Association" or "PARA") exists to provide effective representation for all resident physicians in Alberta completing further training in a residency program.

The Association is incorporated provincially under the Societies Act of Alberta solely for the benefit of its members and therefore is non-taxable under Section 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Short term investments

Short term investments consist primarily of guaranteed investment certificates and term deposits purchased with maturity dates of less than one year.

Marketable securities

Marketable securities are recorded at market value based on the quoted values determined by the portfolio manager. The Association's marketable securities consist of government and corporate bonds and domestic and foreign mutual/segregated funds. The portfolio is managed by a third party investment manager subject to an investment policy set by the Board which has as its main objective growth while ensuring the preservation of capital.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives at the following rates and methods:

Leasehold improvements	5 years	straight-line method
Office furniture and equipment	5 years	straight-line method
Computer hardware	2 years	straight-line method

The Association regularly reviews its tangible capital assets to eliminate obsolete items. In the year of acquisition amortization is calculated at the normal rates and no amortization is recorded in the year of disposition.

Tangible capital assets acquired during the year but not available for use are not amortized until they are available for use.

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PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Notes to Financial Statements

Year Ended June 30, 2022

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant estimates include collectability of accounts receivable and useful lives and residual values of tangible and intangible capital assets.

Foreign currency translation

Monetary assets and liabilities in foreign currencies have been translated into Canadian dollars at the year-end exchange rate. Revenues and expenses have been translated at the average rates of exchange during the year.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

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PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Notes to Financial Statements

Year Ended June 30, 2022

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Externally restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Internally restricted and unrestricted investment income is recognized as revenue when earned.

Membership dues are set annually by the Board and are recognized as revenue proportionately over the fiscal year to which they relate.

Investment income is comprised of interest and dividends, net of direct investment expenses. Dividend income is recognized based on the ex-dividend date, and the interest income is recognized on the accrual basis as earned.

Realized and unrealized gains and losses from investment transactions are calculated based on changes in the fair values. The Association recognized realized gains (losses) on investments and the net change in unrealized gains (losses) on investments in the statements of revenues and expenditures.

Long-term disability premiums are recognized to the extent that qualifying expense is incurred.

Cost recovery of long-term disability administration is recognized when the related expenses are estimable and collection is considered reasonably assured.

Honorariums and other revenue are recognized when the service is rendered.

Contributed services

The operations of the Association depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be accurately determined and are therefore not reflected in these financial statements.

Financial instruments

All arm's length financial instruments are initially measured at fair value, and, unless otherwise noted, the Association subsequently measures its financial instruments at amortized cost.

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PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Notes to Financial Statements

Year Ended June 30, 2022

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Internally restricted net assets

The Association has created internally restricted net assets for various purposes. These internally restricted net assets are not available for other purposes without the approval of the Board.

Allocation of Long-Term Disability Administration Expenses

The Association incurs various expenses that are related to administering the long-term disability plan. These allocated expenses are based on a consistent calculation that aims to estimate the proportion of benefit.

3. CASH

	2022	2021
CIBC - Operating account	\$ 2,737,460	\$ 2,398,658
Cash - Negotiations Reserve	46,453	5,032
Cash - Targeted Project Reserve	5,322	2,137
Cash - Contingency Reserve	29	29
	\$ 2,789,264	\$ 2,405,856

Cash and cash equivalents include both externally and internally restricted accounts. For schedules of externally and internally restricted accounts, see Notes 7 and 11 respectively.

4. SHORT-TERM INVESTMENTS

Short-term investments include a guaranteed investment certificate which bears interest at 0.400% per annum and matures July 2022. The guaranteed investment certificate was renewed automatically on the expiry date for a one year term maturing July 2023 at 2.400%.

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Notes to Financial Statements

Year Ended June 30, 2022

(Unaudited)

5. MARKETABLE SECURITIES

	Fixed Income	Mutual / Segregated Funds	2022	2021
Contingency	\$ -	\$ 445,668	\$ 445,668	\$ 502,554
Long-term disability	-	411,558	411,558	406,696
Targeted projects	18,621	358,919	377,540	422,854
Negotiations	43,862	313,678	357,540	432,063
	\$ 62,483	\$ 1,529,823	\$ 1,592,306	\$ 1,764,167

Fixed income consists of corporate bonds, treasury bills and government bonds which bear interest at rates ranging from 4.70% to 7.05% and have terms of maturity from 2030 to 2037.

Marketable securities include both externally and internally restricted amounts. For schedules of externally and internally restricted accounts, see Notes 7 and 11, respectively.

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Leasehold improvements	\$ 32,643	\$ 27,116	\$ 5,527	\$ 8,291
Office furniture and equipment	53,304	53,304	-	-
Computer software	5,147	5,147	-	-
Computer hardware	39,414	39,414	-	-
	\$ 130,508	\$ 124,981	\$ 5,527	\$ 8,291

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Notes to Financial Statements

Year Ended June 30, 2022

(Unaudited)

7. DEFERRED CONTRIBUTIONS

Long-Term Disability

There is an excess of long-term disability premiums received from the members over the premium payment to the insurance underwriter and related administrative expenses. This excess is restricted to the maintenance of the long-term disability plan the Association has established for its members. Deferred contributions represent this accumulated excess amount. Changes during the year are as follows:

	2022	2021
Opening balance	\$ 1,086,074	\$ 1,078,813
Premiums received from members	956,532	944,846
Interest revenue (LT Disability)	10,348	7,437
Gain (loss) on change in market value of marketable securities (LT Disability)	(5,486)	20,402
LT Disability premiums	(921,226)	(908,181)
LT Disability admin expense	-	(57,243)
	\$ 1,126,242	\$ 1,086,074

8. CONTRACTUAL OBLIGATIONS

The Association has an office lease agreement that commenced on July 1, 2019 and expires on June 30, 2024. In addition, the Association has a photocopier lease agreement which expires April 2023. Future minimum lease payments as at June 30, 2022 are as follows:

Contractual obligation repayment schedule:

2023	\$ 64,180
2024	63,000
	<u>\$ 127,180</u>

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Notes to Financial Statements

Year Ended June 30, 2022

(Unaudited)

9. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of June 30, 2022. Unless otherwise noted, the Association's risk exposure has not changed from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from members. In order to reduce its credit risk, the Association receives an automatic deposit based on a percentage of the resident physician's salaries. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of members which minimizes concentration of credit risk.

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

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its floating interest rate on short-term investments and marketable securities.

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 Association is exposed to other price risk through its investment in quoted shares.

Currency risk

Currency risk is the risk to the Association's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Association is exposed to foreign currency exchange risk on their marketable securities held in U.S. dollars. The Association does not use derivative instruments to reduce its exposure to foreign currency risk.

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Notes to Financial Statements

Year Ended June 30, 2022

(Unaudited)

10. ALLOCATION OF LONG-TERM DISABILITY ADMINISTRATION EXPENSES

	2022	2021
Administrative	\$ -	\$ 56,849
Committee activity	-	394
Targeted project spending	-	-
	\$ -	\$ 57,243

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Notes to Financial Statements

Year Ended June 30, 2022

(Unaudited)

11. INTERNALLY RESTRICTED NET ASSETS

	Contingency	Negotiations	Educational Reserve	Taxi Reimbursement	Residents Lounge	2022	2021
Taxi reimbursement	\$ 700,000	\$ 300,000	\$ 28,000	\$ 19,454	\$ 10,000	\$ 1,057,454	1,057,358
	-	-	-	-	-	-	96
Ending Balance	\$ 700,000	\$ 300,000	\$ 28,000	\$ 19,454	\$ 10,000	\$ 1,057,454	1,057,454

Contingency

The Contingency reserve is available for emergency situations.

Negotiations

The Negotiations reserve will be utilized for the process of negotiating the resident physician agreement for resident physicians in Alberta.

Educational Reserve

The Educational reserve will be used to fund the Association's conference sponsorship program.

Taxi Reimbursement

The Taxi reimbursement reserve will be used for the payment and administration of the taxi reimbursement program. Reimbursements are directly paid through this fund.

Resident Lounge

The Resident lounge reserve is available to assist in funding resident lounge improvements.

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Schedule of Administrative Expenses

(Schedule 1)

Year Ended June 30, 2022

(Unaudited)

	2022	2021
EXPENSES		
Salaries, wages and benefits	\$ 499,989	\$ 461,152
Rent and parking	67,708	68,241
Office	16,694	14,734
Professional fees	11,988	8,548
Insurance	8,365	6,833
Public relations	8,219	6,222
Amortization of tangible capital assets	2,764	2,764
Telephone and internet	2,467	2,372
Printing and duplicating	1,952	1,774
Staff development	1,884	1,590
Interest and bank charges	1,209	1,344
Postage and courier	1,192	523
	\$ 624,431	\$ 576,097

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Schedule of Committee Activity Expenses

(Schedule 2)

Year Ended June 30, 2022

(Unaudited)

	2022	2021
EXPENSES		
PARA Assembly	\$ 78,617	\$ 52,449
Membership benefits	68,583	66,357
Physician well-being	27,340	27,014
Awards and donations	6,219	6,897
Negotiations	5,755	71
Committees	1,343	533
RDoC Board	-	461
	\$ 187,857	\$ 153,782

PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

Schedule of Targeted Project Spending

(Schedule 3)

Year Ended June 30, 2022

(Unaudited)

	2022		2021
EXPENSES			
Staff development	\$ 10,772	\$	12,948
Special projects	13,914		34,443
	\$ 24,686	\$	47,391