

Physician Clinical Teachers' Association
Financial Statements
March 31, 2020

DRAFT

Physician Clinical Teachers' Association Contents

For the year ended March 31, 2020

	<i>Page</i>
Independent Auditor's Report	
Financial Statements	
Statement of Financial Position.....	1
Statement of Operations and Changes in Net Assets.....	2
Statement of Cash Flows.....	3
Notes to the Financial Statements.....	4

DRAFT

Independent Auditor's Report

To the Board of Directors of Physician Clinical Teachers' Association:

Opinion

We have audited the financial statements of Physician Clinical Teachers' Association (the "Association"), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and 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 Association as at March 31, 2020, 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 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 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 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.

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.

Thunder Bay, Ontario

May 4, 2020

Chartered Professional Accountants

Licensed Public Accountants

DRAFT

Physician Clinical Teachers' Association Statement of Financial Position

March 31 2020 2019

Assets

Current

Cash	\$ 25,325	\$ 48,244
Guaranteed investment certificate (Note 4)	150,000	150,000
Interest receivable	540	1,979
Prepaid expenses	790	790
	176,655	201,013

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities (Note 5)	\$ 2,744	\$ 290
Deferred revenue	157,161	186,544
	159,905	186,834

Net assets

Net assets	16,751	14,179
	\$ 176,655	\$ 201,013

The accompanying notes are an integral part of these financial statements.

On behalf of the Board:

_____ PCTA President, Board of Directors

_____ PCTA Treasurer, Board of Directors

Physician Clinical Teachers' Association
Statement of Operations and Changes in Net Assets

For the year ended March 31	2020	2019
Revenue		
Deferred revenue at beginning of the year	\$ 186,544	\$ 170,723
Ministry of Health and Long-Term Care	100,000	138,000
Allocation From Alternate Funding Plan		
Less: deferred revenue end of the year	(157,161)	(186,544)
Investment income	2,572	3,238
	<u>\$ 131,955</u>	<u>\$ 125,417</u>
Expenditure		
Administrative support and services (Note 5)	20,000	20,000
Bank charges	271	291
Insurance	1,895	1,895
Leadership development	-	2,306
LEG development expenses	10,889	10,684
Meetings	90,490	72,566
Office supplies & miscellaneous	418	348
Professional fees	5,420	5,339
Sponsorships	-	8,750
	<u>129,383</u>	<u>122,179</u>
Excess of revenue over expenditure for the year	2,572	3,238
Unrestricted net assets, beginning of year	14,179	10,941
Unrestricted net assets, end of year	<u>\$ 16,751</u>	<u>\$ 14,179</u>

The accompanying notes are an integral part of these financial statements.

Physician Clinical Teachers' Association Statement of Cash Flows

For the year ended March 31	2020	2019
Cash flows from operating activities		
Excess of revenue over expenditure for the year	\$ 2,572	\$ 3,238
Change in non-cash working capital balances (Note 6)	(25,490)	7,481
	<u>(22,919)</u>	<u>10,719</u>
Cash flows from investing activities		
Purchase of investments	(150,000)	(150,000)
Proceeds on disposal of investments	150,000	157,100
	-	7,100
Increase (decrease) in cash for the year	(22,919)	17,819
Cash, beginning of year	48,244	30,425
Cash, end of year	\$ 25,325	\$ 48,244

The accompanying notes are an integral part of these financial statements.

Physician Clinical Teachers' Association

Notes to Financial Statements

March 31, 2020

1. Association

The Physician Clinical Teachers Association (PCTA) is an unincorporated association that was established in 2008 to address the pressing need to have a democratic organization, which could effectively represent the interests of the physician clinical faculty of the Northern Ontario School of Medicine.

The PCTA is a non-profit organization under Section 149.1 of the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

2. Significant Accounting Policies

The following is a summary of significant accounting policies of the Association:

a) Basis of Accounting

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. These standards use the accrual basis of accounting.

b) Revenue Recognition

The Physician Clinical Teachers Association follows the deferral method of accounting for government grants and program contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures 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.

c) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. The guaranteed investment certificates have been designated to be in the fair value category, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

d) Capital Assets

Capital assets are expensed on acquisition.

Physician Clinical Teachers' Association Notes to Financial Statements

March 31, 2020

2. Significant Accounting Policies (cont'd)

e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 period. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. Change in significant accounting policies

a) Capital Assets Held by Not-for-Profit Organizations

Effective April 1, 2019, the Association adopted the Accounting Standard Board's (AcSB) new accounting standards improvements for not-for-profit organizations related to capital assets under Section 4433 Tangible Capital Assets Held by Not-for-Profit Organizations. Applying this new Section results in changes to the determination of impairment and write-downs of capital assets and allows for the recognition of partial impairments of these assets.

Pursuant to the transitional provisions, this change was applied prospectively, and the prior periods have not been restated. There was no material impact on the financial statements from the application of the new accounting recommendations.

4. Guaranteed Investment Certificate

The Association has an investment in the form of a guaranteed investment certificate, which has a maturity date of January 20, 2021. This certificate bears interest at a rate of 1.85%.

5. Accounts Payable and accrued liabilities

	2020	2019
Trade	\$ 2,744	\$ 290

6. Related Party Transactions

The Association has entered into an agreement to receive certain accounting and payment processing services from the Northern Ontario Academic Medicine Association (NOAMA). Under this agreement, the Association pays an annual management fee of \$20,000 and reimburses Northern Ontario Academic Medicine Association for all incurred expenses.

This transaction was conducted in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Physician Clinical Teachers' Association Notes to Financial Statements

March 31, 2020

7. Statement of Cash Flows	2020	2019
Interest receivable	\$ 1,439	\$ (1,531)
Accounts payable and accrued liabilities	2,454	(6,809)
Deferred revenue	(29,383)	15,821
	\$ (25,490)	\$ 7,481

8. Economic Dependence

The Association is dependent upon payments from the Ontario Ministry of Health and Long Term Care Alternate Funding Plan administered by the Northern Ontario Academic Medicine Association (NOAMA) to finance its continuing operations.

9. Financial Instruments

The Association's financial instruments are comprised of cash, investments and accounts payable, and accrued liabilities, the fair values of which approximate their carrying values because of the short term nature of these instruments.

It is management's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or market risks arising from its financial instruments.

10. Subsequent Events

Subsequent to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, Provincial and Municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on Physician Clinical Teachers' Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.
