

**PROFESSIONAL ASSOCIATION OF RESIDENT  
PHYSICIANS OF ALBERTA**

**Financial Statements**

**Year Ended June 30, 2023**

*(Unaudited)*

*Draft for discussion purposes only*

**PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA**

**Index to Financial Statements**

**Year Ended June 30, 2023**

*(Unaudited)*

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## **INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

Edmonton, Alberta

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, 2023, 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, 2023, and the results of its operations and its cash flows for the year then ended in accordance with ASNPO.

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**Kingston Ross Pasnak LLP**

Chartered Professional Accountants

**PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA**

**Statement of Financial Position**

**June 30, 2023**

*(Unaudited)*

	2023	2022
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash (Note 3)	\$ 3,136,462	\$ 2,789,264
Short-term investments (Note 4)	37,325	37,176
Marketable securities(Cost \$1,655,907) (Note 5)	1,703,647	1,592,306
Accounts receivable	179,704	179,701
Prepaid expenses	7,063	9,194
	<b>5,064,201</b>	4,607,641
PROPERTY, PLANT AND EQUIPMENT (Note 6)	<b>2,764</b>	5,527
	<b>\$ 5,066,965</b>	\$ 4,613,168
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 178,709	\$ 127,195
Deferred contributions (Note 7)	1,183,967	1,126,242
	<b>1,362,676</b>	1,253,437
CONTRACTUAL OBLIGATIONS (Note 8)		
<b>NET ASSETS</b>		
Invested in tangible and intangible assets	2,763	5,527
Internally restricted (Note 10)	1,057,454	1,057,454
Unrestricted	2,644,072	2,296,750
	<b>3,704,289</b>	3,359,731
	<b>\$ 5,066,965</b>	\$ 4,613,168

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA**

**Statement of Revenues and Expenditures**

**Year Ended June 30, 2023**

*(Unaudited)*

	2023	2022
<b>REVENUES</b>		
Dues received	\$ 1,179,217	\$ 1,125,541
Gain (loss) on change in market value of marketable securities	41,993	(223,560)
Investment income	38,930	72,277
Honorariums	17,656	23,814
Gain on unrealized foreign exchange on marketable securities	-	8,183
(Loss) gain on disposal of marketable securities	(4,443)	11,186
	<b>1,273,353</b>	<b>1,017,441</b>
<b>EXPENDITURES</b>		
Administrative Expenses <i>(Schedule 1) (Note 6)</i>	681,733	624,431
Committee Activity Expenses <i>(Schedule 2)</i>	186,053	187,857
Targeted Project Spending <i>(Schedule 3)</i>	61,009	24,686
	<b>928,795</b>	<b>836,974</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS</b>	<b>344,558</b>	<b>180,467</b>
<b>OTHER INCOME (EXPENSES)</b>		
Long-term disability premiums recognized	930,056	916,364
Investment income <i>(Note 7)</i>	11,615	10,348
Loss on change in market value of marketable securities <i>(Note 7)</i>	(7,073)	(5,486)
Long-term disability insurance paid <i>(Note 7)</i>	(934,598)	(921,226)
	-	-
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 344,558</b>	<b>\$ 180,467</b>

**PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA**

**Statement of Changes in Net Assets**

**Year Ended June 30, 2023**

*(Unaudited)*

	Invested in Tangible and Intangible Assets	Internally Restricted (Note 10)	Unrestricted	<b>2023</b>	2022
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 5,527	\$ 1,057,454	\$ 2,296,750	<b>\$ 3,359,731</b>	\$ 3,179,264
Excess of revenues over expenditures	-	-	344,558	<b>344,558</b>	180,467
Amortization of tangible capital assets	(2,764)	-	2,764	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 2,763	\$ 1,057,454	\$ 2,644,072	<b>\$ 3,704,289</b>	\$ 3,359,731

**PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA****Statement of Cash Flow****Year Ended June 30, 2023***(Unaudited)*

	2023	2022
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 344,558	\$ 180,467
Items not affecting cash:		
Amortization of property, plant and equipment	2,764	2,764
Gain (loss) on disposal of investments	4,443	(11,186)
Change in unrealized foreign exchange	-	(8,183)
Non-cash interest and dividends received	(43,464)	(71,800)
Change in market value of marketable securities	(34,920)	229,046
	<b>273,381</b>	<b>321,108</b>
Changes in non-cash working capital:		
Accounts receivable	(3)	(16,596)
Deferred contributions	57,725	40,168
Prepaid expenses	2,131	(861)
Accounts payable and accrued liabilities	51,513	5,809
	<b>111,366</b>	<b>28,520</b>
Cash flow from operating activities	<b>384,747</b>	<b>349,628</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of short-term investments	(38,099)	(38,349)
Proceeds on sale of short-term investments	37,176	36,973
Proceeds on sale of marketable securities	84,704	62,597
Purchase of marketable securities	(121,330)	(27,441)
Cash flow (used by) from investing activities	<b>(37,549)</b>	<b>33,780</b>
<b>INCREASE IN CASH</b>	<b>347,198</b>	<b>383,408</b>
CASH - BEGINNING OF YEAR	2,789,264	2,405,856
<b>CASH - END OF YEAR</b> <i>(Note 3)</i>	<b>\$ 3,136,462</b>	<b>\$ 2,789,264</b>

# PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

## Notes to Financial Statements

Year Ended June 30, 2023

(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.

#### Property, plant and equipment

Property, plant and equipment is stated at cost or deemed cost less accumulated amortization. Tangible capital assets is amortized over its estimated useful life 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
Computer software	1 year	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.

Property, plant and equipment 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, 2023**

*(Unaudited)*

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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, useful lives and residual values of tangible and intangible capital assets, completeness of accounts payable and deferred Long-Term Disability revenues.

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, 2023

(Unaudited)

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### 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.

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

#### 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.

**PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA**

**Notes to Financial Statements**

**Year Ended June 30, 2023**

*(Unaudited)*

3. CASH

	2023	2022
CIBC - Operating account	\$ 3,115,127	\$ 2,737,460
Cash - Negotiations Reserve	13,664	46,453
Cash - Targeted Project Reserve	7,642	5,322
Cash - Contingency Reserve	29	29
	<b>\$ 3,136,462</b>	<b>\$ 2,789,264</b>

Cash and cash equivalents include both externally and internally restricted accounts. For schedules of externally and internally restricted accounts, see Notes 7 and 10 respectively.

4. SHORT-TERM INVESTMENTS

Short-term investments include a guaranteed investment certificate which bears interest at 2.400% per annum and matures July 2023. The guaranteed investment certificate was renewed automatically on the expiry date for a one year term maturing July 2024 at 2.750%.

5. MARKETABLE SECURITIES

	Fixed Income	Mutual / Segregated Funds	2023	2022
Contingency	\$ -	\$ 480,264	\$ 480,264	\$ 445,668
Long-term disability	-	416,100	416,100	411,558
Negotiations	43,840	364,021	407,861	357,540
Targeted projects	18,344	381,078	399,422	377,540
	<b>\$ 62,184</b>	<b>\$ 1,641,463</b>	<b>\$ 1,703,647</b>	<b>\$ 1,592,306</b>

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 10, respectively.

**PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA**

**Notes to Financial Statements**

**Year Ended June 30, 2023**

*(Unaudited)*

6. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Leasehold improvements	\$ 32,643	\$ 29,879	\$ 2,764	\$ 5,527
Office furniture and equipment	53,304	53,304	-	-
Computer hardware	39,414	39,414	-	-
Computer software	5,147	5,147	-	-
	<b>\$ 130,508</b>	<b>\$ 127,744</b>	<b>\$ 2,764</b>	<b>\$ 5,527</b>

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 underwriters. 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:

	2023	2022
Opening balance	\$ 1,126,242	\$ 1,086,074
Premiums received from members	987,781	956,532
Interest revenue (LT Disability)	11,615	10,348
Loss on change in market value of marketable securities (LT Disability)	(7,073)	(5,486)
LT Disability premiums	(934,598)	(921,226)
	<b>\$ 1,183,967</b>	<b>\$ 1,126,242</b>

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 2024. Future minimum lease payments as at June 30, 2023 are as follows:

Contractual obligation repayment schedule:

2024	<u>\$ 64,180</u>
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## PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA

### Notes to Financial Statements

Year Ended June 30, 2023

(Unaudited)

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#### 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, 2023. 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. 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, 2023**

(Unaudited)

10. INTERNALLY RESTRICTED NET ASSETS

	Contingency	Negotiations	Educational Reserve	Taxi Reimbursement	Residents Lounge	2023	2022
	\$ 700,000	\$ 300,000	\$ 28,000	\$ 19,454	\$ 10,000	<b>1,057,454</b>	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, 2023**

*(Unaudited)*

	2023	2022
<b>EXPENSES</b>		
Salaries, wages and benefits	\$ 545,024	\$ 499,989
Rent and parking	75,773	67,708
Office	25,476	16,694
Professional fees	8,976	11,988
Public relations	8,729	8,219
Insurance	7,023	8,365
Telephone and internet	3,040	2,467
Amortization of tangible capital assets	2,764	2,764
Printing and duplicating	2,144	1,952
Interest and bank charges	1,189	1,209
Postage and courier	825	1,192
Staff development	770	1,884
	<b>\$ 681,733</b>	<b>\$ 624,431</b>

**PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA**

**Schedule of Committee Activity Expenses**

**(Schedule 2)**

**Year Ended June 30, 2023**

*(Unaudited)*

	2023	2022
<b>EXPENSES</b>		
PARA Assembly	\$ 85,225	\$ 78,617
Membership benefits	76,439	68,583
Physician well-being	14,474	27,340
Awards and donations	6,767	6,219
Committees	3,148	1,343
Negotiations	-	5,755
	<b>\$ 186,053</b>	<b>\$ 187,857</b>

*Draft for discussion purposes only*



**PROFESSIONAL ASSOCIATION OF RESIDENT PHYSICIANS OF ALBERTA**

**Schedule of Targeted Project Spending**

**(Schedule 3)**

**Year Ended June 30, 2023**

*(Unaudited)*

	2023		2022
<b>EXPENSES</b>			
Special projects	\$ 40,406	\$	13,914
Staff development	20,603		10,772
	<b>\$ 61,009</b>	<b>\$</b>	<b>24,686</b>

*Draft for discussion purposes only*