

**Ontario Chiropractic Association**  
**Financial Statements**  
For the year ended July 31, 2022

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## Independent Auditor's Report

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### To the Members of Ontario Chiropractic Association

#### Opinion

We have audited the financial statements of Ontario Chiropractic Association (the "Organization"), which comprise the statement of financial position as at July 31, 2022, and the statements of changes in net assets, general fund, software fund, 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 presents fairly, in all material respects, the financial position of the Organization as at July 31, 2022, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.



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## Independent Auditor's Report (continued)

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### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Organization'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 the Organization'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 Organization 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  
Oakville, Ontario  
October 13, 2022

**Ontario Chiropractic Association**  
**Statement of Financial Position**

**July 31, 2022**

|   | General<br>Fund     | Software<br>Fund      | Contingency<br>Fund | 2022<br>Total       | 2021<br>Total       |
|---|---------------------|-----------------------|---------------------|---------------------|---------------------|
| <b>Assets</b>   |                     |                       |                     |                     |                     |
| <b>Current</b>  |                     |                       |                     |                     |                     |
| Cash  | \$ 772,982          | \$ -                  | \$ -                | \$ 772,982          | \$ 423,213          |
| Short-term investments (Note 2)                         | -                   | -                     | 417,929             | 417,929             | 677,464             |
| Accounts receivable                                     | 6,385               | -                     | -                   | 6,385               | 13,039              |
| Prepaid expenses  | 79,687              | -                     | -                   | 79,687              | 103,936             |
| Due (to) from funds (Note 3)                            | 2,933,823           | (3,247,894)           | 314,071             | -                   | -                   |
|   | <b>3,792,877</b>    | <b>(3,247,894)</b>    | <b>732,000</b>      | <b>1,276,983</b>    | <b>1,217,652</b>    |
| Leasehold improvements, property and equipment (Note 4) | 269,265             | -                     | -                   | 269,265             | 377,001             |
| Intangible assets (Note 5)                              | 18,512              | 1,617,644             | -                   | 1,636,156           | 1,446,275           |
|   | <b>\$ 4,080,654</b> | <b>\$ (1,630,250)</b> | <b>\$ 732,000</b>   | <b>\$ 3,182,404</b> | <b>\$ 3,040,928</b> |
| <b>Liabilities and Net Assets</b>                       |                     |                       |                     |                     |                     |
| <b>Current</b>  |                     |                       |                     |                     |                     |
| Accounts payable and accrued liabilities (Note 6)       | \$ 1,573,826        | \$ -                  | \$ -                | \$ 1,573,826        | \$ 790,538          |
| Deferred revenue  | 868,755             | -                     | -                   | 868,755             | 594,386             |
| Demand loan (Note 7)                                    | -                   | 404,762               | -                   | 404,762             | 476,190             |
|   | <b>2,442,581</b>    | <b>404,762</b>        | <b>-</b>            | <b>2,847,343</b>    | <b>1,861,114</b>    |
| <b>Net Assets</b>                                       |                     |                       |                     |                     |                     |
| Contingency fund  | -                   | -                     | 732,000             | 732,000             | 732,000             |
| Software fund   | -                   | (3,247,894)           | -                   | (3,247,894)         | (1,810,051)         |
| Invested in capital and intangible assets               | 287,777             | 1,212,882             | -                   | 1,500,659           | 1,360,206           |
| General fund  | 1,350,296           | -                     | -                   | 1,350,296           | 897,659             |
|   | <b>1,638,073</b>    | <b>(2,035,012)</b>    | <b>732,000</b>      | <b>335,061</b>      | <b>1,179,814</b>    |
|   | <b>\$ 4,080,654</b> | <b>\$ (1,630,250)</b> | <b>\$ 732,000</b>   | <b>\$ 3,182,404</b> | <b>\$ 3,040,928</b> |

On behalf of the Board:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

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

**Ontario Chiropractic Association**  
**Statement of Changes in Net Assets**

**For the year ended July 31, 2022**

|  | General<br>Fund<br>(unrestricted) | Invested in<br>Capital and<br>Intangible<br>Assets | General<br>Fund<br>Total | Software<br>Fund      | Contingency<br>Fund | Total<br>2022     |
|--|-----------------------------------|--|--------------------------|-----------------------|---------------------|-------------------|
| <b>Balance</b> , beginning of year             | \$ 844,586                        | \$ 414,279   | \$ 1,258,865             | \$ (811,051)          | \$ 732,000          | \$ 1,179,814      |
| Excess (deficiency) of revenue over expenses   | 486,637                           | (107,429)  | 379,208                  | (1,223,961)           | -                   | (844,753)         |
| Net additions to capital and intangible assets | 19,073                            | (19,073)   | -                        | -                     | -                   | -                 |
| <b>Balance</b> , end of year                   | <b>\$ 1,350,296</b>               | <b>\$ 287,777</b>                                  | <b>\$ 1,638,073</b>      | <b>\$ (2,035,012)</b> | <b>\$ 732,000</b>   | <b>\$ 335,061</b> |

|  | General<br>Fund<br>(unrestricted) | Invested in<br>Capital and<br>Intangible<br>Assets | General<br>Fund<br>Total | Software<br>Fund    | Contingency<br>Fund | Total<br>2021       |
|--|-----------------------------------|--|--------------------------|---------------------|---------------------|---------------------|
| <b>Balance</b> , beginning of year             | \$ 57,580                         | \$ 527,954   | \$ 585,534               | \$ 303,116          | \$ 1,457,000        | \$ 2,345,650        |
| Excess (deficiency) of revenue over expenses   | 87,985                            | (139,654)  | (51,669)                 | (1,114,167)         | -                   | (1,165,836)         |
| Net additions to capital and intangible assets | (25,979)                          | 25,979   | -                        | -                   | -                   | -                   |
| Transfer from General Fund to Software Fund    | 725,000                           | -  | 725,000                  | -                   | (725,000)           | -                   |
| <b>Balance</b> , end of year                   | <b>\$ 844,586</b>                 | <b>\$ 414,279</b>                                  | <b>\$ 1,258,865</b>      | <b>\$ (811,051)</b> | <b>\$ 732,000</b>   | <b>\$ 1,179,814</b> |

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

## Ontario Chiropractic Association Statement of General Fund

**For the year ended July 31, 2022**

|  | <b>2022<br/>Budget</b> | <b>2022<br/>Actual</b> | 2021<br>Actual |
|--|------------------------|------------------------|----------------|
|  | (see Note 10)          |                        |                |
| <b>Revenue</b>   |                        |                        |                |
| Membership dues and fees   | \$ 4,919,522           | <b>\$ 4,886,263</b>    | \$ 4,642,199   |
| Continuing education   | 78,825                 | -                      | -              |
| Membership services  | 57,500                 | <b>51,616</b>          | 49,447         |
| Office administration  | 13,499                 | <b>12,918</b>          | 34,014         |
|  | 5,069,346              | <b>4,950,797</b>       | 4,725,660      |
| <b>Expenses</b>  |                        |                        |                |
| Administration (Schedule I)  | 1,217,462              | <b>1,313,108</b>       | 1,364,125      |
| Member services (Schedule II)  | 606,232                | <b>623,732</b>         | 630,096        |
| Policy, programs & evaluation (Schedule III)                         | 311,608                | <b>266,845</b>         | 451,898        |
| Stakeholder relations (Schedule IV)                                  | 608,971                | <b>454,026</b>         | 533,229        |
| Strategic communications & marketing (Schedule V)                    | 980,783                | <b>889,624</b>         | 816,443        |
| Research & stakeholder engagement (Schedule VI)                      | 431,000                | <b>296,313</b>         | 381,628        |
| Governance (Schedule VII)  | 267,850                | <b>553,519</b>         | 388,217        |
| Continuing education (Schedule VIII)                                 | 233,899                | <b>174,422</b>         | 211,693        |
|  | 4,657,805              | <b>4,571,589</b>       | 4,777,329      |
| <b>Excess (deficiency) of revenue over expenses<br/>for the year</b> | \$ 411,541             | <b>\$ 379,208</b>      | \$ (51,669)    |

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

## Ontario Chiropractic Association Statement of Software Fund

**For the year ended July 31, 2022**

|  | <b>2022</b>   | <b>2022</b>           | 2021           |
|--|---------------|-----------------------|----------------|
|  | Budget        | Actual                | Actual         |
|  | (see Note 10) |                       |                |
| <b>Revenue</b>   |               |                       |                |
| Patient Management Program   | \$ 273,998    | \$ <b>347,803</b>     | \$ 432,047     |
| Chirowrite Program   | 28,284        | <b>44,317</b>         | 57,069         |
| Aspire Program   | 1,194,153     | <b>57,090</b>         | 52,078         |
|  | 1,496,435     | <b>449,210</b>        | 541,194        |
| <b>Expenses</b>  |               |                       |                |
| Personnel  | 649,977       | <b>665,699</b>        | 811,516        |
| General  | 783,634       | <b>372,556</b>        | 295,523        |
| Amortization   | 421,906       | <b>491,249</b>        | 373,282        |
| Administration expense allocation                                    | 163,410       | <b>143,667</b>        | 175,040        |
|  | 2,018,927     | <b>1,673,171</b>      | 1,655,361      |
| <b>Excess (deficiency) of revenue over expenses<br/>for the year</b> | \$ (522,492)  | <b>\$ (1,223,961)</b> | \$ (1,114,167) |

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

## Ontario Chiropractic Association Statement of Cash Flows

| For the year ended July 31  | 2022              | 2021              |
|---|-------------------|-------------------|
| <b>Cash flows provided by (used in)</b>   |                   |                   |
| <b>Operating activities</b>   |                   |                   |
| Deficiency of revenue over expenses for the year  | \$ (844,753)      | \$ (1,165,836)    |
| Adjustments to reconcile deficiency of revenue over expenses to net cash provided by operating activities |                   |                   |
| Amortization - leasehold improvements, property and equipment   | 112,903           | 145,583           |
| Amortization - intangible assets  | 498,895           | 380,473           |
| Changes in non-cash working capital balances  |                   |                   |
| Accounts receivable   | 6,654             | 304,287           |
| Prepaid expenses  | 24,249            | 112,321           |
| Accounts payable and accrued liabilities  | 783,288           | (52,389)          |
| Deferred revenue  | 274,369           | (118,717)         |
|   | <b>855,605</b>    | <b>(394,278)</b>  |
| <b>Investing activities</b>   |                   |                   |
| Decrease in short-term investments, net   | 259,535           | 874,384           |
| Additions to leasehold improvements, property and equipment   | (5,167)           | (15,729)          |
| Additions to intangible assets  | (688,776)         | (983,380)         |
|   | <b>(434,408)</b>  | <b>(124,725)</b>  |
| <b>Financing activities</b>   |                   |                   |
| Cash proceeds from receipt of demand loan   | -                 | 500,000           |
| Principal repayments of demand loan   | (71,428)          | (23,810)          |
|   | <b>(71,428)</b>   | <b>476,190</b>    |
| <b>Increase (decrease) in cash during the year</b>  | <b>349,769</b>    | <b>(42,813)</b>   |
| <b>Cash, beginning of year</b>  | <b>423,213</b>    | <b>466,026</b>    |
| <b>Cash, end of year</b>  | <b>\$ 772,982</b> | <b>\$ 423,213</b> |

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



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# Ontario Chiropractic Association

## Notes to Financial Statements

July 31, 2022

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### 1. Summary of Significant Accounting Policies

#### **Purpose of the Association**

The Ontario Chiropractic Association ("Association") was incorporated without share capital on January 14, 1929. The Association's purpose is to serve its members and the public by advancing the understanding and use of chiropractic care.

The Association is a not-for-profit organization and, accordingly, is not subject to either federal or provincial income taxes.

#### **Basis of Accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for profit organizations.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for non-for-profit organizations 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 periods. Actual results could differ from those estimates.

#### **Revenue Recognition**

The Association follows the deferral method of accounting for contributions and uses fund accounting.

Membership revenues represent dues and fees received from members which are recognized evenly over the term of the membership as the related service is provided.

Software program revenues are recognized evenly over the term of the respective licence agreements as the related services are provided.

Office administration revenues mostly comprise investment revenues.

Interest income is recognized on the accrual basis as earned. Investment income earned on the investments held in the Contingency Fund are recorded in the General Fund in the year earned.

#### **Deferred Revenue**

Deferred revenue represents membership dues and software licence fees received prior to the start of the membership or software licence agreement term in advance of the related services being provided.

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# Ontario Chiropractic Association

## Notes to Financial Statements

July 31, 2022

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### 1. Summary of Significant Accounting Policies (continued)

#### Funds

##### *General Fund*

The General Fund represents unrestricted funds from general operations. The Board of Directors continues to examine options regarding the utilization of the surplus accumulated in the General Fund that is in line with the purpose of the Association.

During the prior year, the Board of Directors approved the transfer of \$725,000 from the Contingency Fund to be applied towards temporary cash flow requirements.

##### *Contingency Fund*

The Contingency Fund represents internally restricted funds. The Association's policy recommends that the Contingency Fund be approximately 50% of the Association's annual operating expenses to cover extraordinary expenditures outside of normal operations. Expenditures can be paid from the Contingency Fund only after approval by the Board of Directors.

##### *Software Fund*

The Software Fund represents internally restricted funds and was established to record revenue, expenses and development costs related to the development and support of application software customized to the unique needs of chiropractic practitioners. Currently, the Software Fund consists of revenue and expenses related to the Patient Management Program, Chirowrite and Aspire softwares. When recognized, software program revenues are intended to fund future software development with the goal of keeping pace with technological advances.

#### **Leasehold Improvements, Property and Equipment**

Leasehold improvements, property and equipment are accounted for at cost. Amortization is calculated on their respective estimated useful life using the following methods and rates or periods:

|                                      |   |
|--------------------------------------|---|
| Leasehold improvements               | - Straight-line over remaining lease period |
| Furniture and fixtures               | - 5 years                                   |
| Computer equipment                   | - 3 years                                   |
| Computer software (for internal use) | - 2 years                                   |

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# Ontario Chiropractic Association

## Notes to Financial Statements

July 31, 2022

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### 1. Summary of Significant Accounting Policies (continued)

#### Intangible Assets

Intangible assets are recorded at cost and amortized over their respective estimated useful lives using the straight-line method at the following rates:

|                            |         |
|----------------------------|---------|
| Patient Management Program | 4 years |
| Chirowrite program         | 5 years |
| Aspire                     | 5 years |
| Website                    | 5 years |
| Intranet                   | 5 years |

#### Development Costs

The Association internally develops certain intangible assets, including their website and customized application software for chiropractic practitioners. All research costs relating to internal projects are charged to operations in the year of the expenditure. Development costs are only capitalized if they meet the criteria for capitalization and are amortized over the period of expected life of the intangible asset. Development costs are expensed when there is no longer an expectation of future benefits.

#### Impairment

When an intangible asset, leasehold improvement, property or equipment 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 corresponding fund statement. Any write-downs recognized are not reversed.

#### Allocated Expenses

The cost of the Software Fund includes salaries and benefits that are directly related to providing the program and are allocated on the basis of management's best estimate of the proportion of the time spent by the individuals performing the functions. The Association also incurs a number of general and administrative support expenses that are common to the administration of the Association as well as providing the Software programs. The administrative expenses are allocated on the basis of management's best estimate of the proportion of the expenses used in providing the software program.

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## Ontario Chiropractic Association Notes to Financial Statements

**July 31, 2022**

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### 1. Summary of Significant Accounting Policies (continued)

#### Financial Instruments

Financial instruments are recorded at fair value when issued or acquired. In subsequent periods, financial instruments are measured at amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs and financing fees relating to financial instruments are initially recognized in net earnings in the year in which they are incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost reduce the carrying amount of the financial asset or liability and are accounted for in net earnings using the straight-line method.

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### 2. Short-term Investments

Short-term investments consist of guaranteed investment certificates that bear interest at an average annual rate of 1.02% (2021 – 1.29%) and mature at various dates to May 2024 (2021 – May 2024).

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### 3. Software Fund

The amount due to the General Fund from the Software Fund on the Statement of Financial Position has been calculated as follows:

|   | <b>2022</b>           | <b>2021</b>    |
|---|-----------------------|----------------|
| Balance, beginning of year  | <b>\$ (1,810,051)</b> | \$ (519,153)   |
| Deficiency of revenues over expenses of the<br>Software Fund paid by the General Fund | <b>(1,223,961)</b>    | (1,167,240)    |
| Amortization of software deducted   | <b>491,249</b>        | 373,282        |
| Less: Software additions paid for out of the General Fund                             | <b>(633,703)</b>      | (973,130)      |
| Add: Interfund transfer from the General Fund   | -                     | -              |
| Add: Change in demand loan reallocated to Software Fund                               | <b>(71,428)</b>       | 476,190        |
|   | <b>(71,428)</b>       | 476,190        |
| Amount due from (to) the Software Fund from the<br>General Fund                       | <b>\$ (3,247,894)</b> | \$ (1,810,051) |

**Ontario Chiropractic Association**  
**Notes to Financial Statements**

**July 31, 2022**

**4. Leasehold Improvements, Property and Equipment**

|                        | <b>2022</b>         |                                     | <b>2021</b>         |                                     |
|------------------------|---------------------|-------------------------------------|---------------------|-------------------------------------|
|                        | <b>Cost</b>         | <b>Accumulated<br/>Amortization</b> | <b>Cost</b>         | <b>Accumulated<br/>Amortization</b> |
| Leasehold improvements | \$ 297,989          | \$ 206,148                          | \$ 297,989          | \$ 193,028                          |
| Furniture and fixtures | 516,238             | 412,292                             | 516,238             | 370,714                             |
| Computer equipment     | 175,662             | 163,214                             | 173,494             | 143,071                             |
| Computer software      | 303,097             | 242,067                             | 300,097             | 204,004                             |
|                        | <b>\$ 1,292,986</b> | <b>\$ 1,023,721</b>                 | <b>\$ 1,287,818</b> | <b>\$ 910,817</b>                   |
| Net book value         |                     | <b>\$ 269,265</b>                   |                     | <b>\$ 377,001</b>                   |

**5. Intangible Assets**

|                               | <b>2022</b>      |                                     | <b>2021</b> |                                     |
|-------------------------------|------------------|-------------------------------------|-------------|-------------------------------------|
|                               | <b>Cost</b>      | <b>Accumulated<br/>Amortization</b> | <b>Cost</b> | <b>Accumulated<br/>Amortization</b> |
| Patient Management            |                  |                                     |             |                                     |
| Program software              | \$ 509,330       | \$ 499,629                          | \$ 509,330  | \$ 473,607                          |
| Chirowrite software           | 38,246           | 38,246                              | 38,246      | 38,246                              |
| Aspire                        | 2,824,196        | 1,216,253                           | 2,137,420   | 751,026                             |
|                               | <b>3,371,772</b> | <b>1,754,128</b>                    | 2,684,996   | 1,262,879                           |
| Net book value, Software Fund |                  | <b>\$ 1,617,644</b>                 |             | <b>\$ 1,422,117</b>                 |
| Website                       | \$ 235,058       | \$ 216,546                          | \$ 233,058  | \$ 208,900                          |
| Intranet                      | 75,551           | 75,551                              | 75,551      | 75,551                              |
|                               | <b>310,609</b>   | <b>292,097</b>                      | 308,609     | 284,451                             |
| Net book value, General Fund  |                  | <b>\$ 18,512</b>                    |             | <b>\$ 24,158</b>                    |
| Net book value, total         |                  | <b>\$ 1,636,156</b>                 |             | <b>\$ 1,446,275</b>                 |

**6. Accounts Payable and Accrued Liabilities**

|                                | <b>2022</b>         | <b>2021</b>       |
|--------------------------------|---------------------|-------------------|
| Trade accounts payable         | \$ 1,419,606        | \$ 660,373        |
| Government remittances payable | 154,220             | 130,165           |
|                                | <b>\$ 1,573,826</b> | <b>\$ 790,538</b> |

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## Ontario Chiropractic Association Notes to Financial Statements

**July 31, 2022**

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### 7. Demand Loan

During the prior year, the Association obtained a demand loan for general capital requirements for \$500,000. The demand loan is repayable in monthly installments of \$5,952, with interest payable on the outstanding principal monthly at a rate of prime + 1.35%. The loan matures in February 2028 and is secured by \$500,000 of GICs included in short-term investments. As at year-end, \$404,762 (2021 - \$476,190) of the demand loan remains outstanding and has been presented as current.

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### 8. Commitments

The Association leases premises, equipment and software under operating lease arrangements. The minimum lease payments for the next five years under these operating leases are as follows:

|      |                   |
|------|-------------------|
| 2023 | \$ 194,082        |
| 2024 | 194,082           |
| 2025 | 197,831           |
| 2026 | 194,138           |
| 2027 | <u>194,138</u>    |
|      | <u>\$ 974,271</u> |

Other commitments, mostly consisting of research grants that were awarded to individuals to carry out various research projects are approximately as follows:

|      |                     |
|------|---------------------|
| 2023 | \$ 463,000          |
| 2024 | 438,000             |
| 2025 | 438,000             |
| 2026 | 438,000             |
| 2027 | <u>438,000</u>      |
|      | <u>\$ 2,215,000</u> |

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### 9. Budget

The budget figures shown in these financial statements are as approved by the Board of Directors. They are presented for comparative purposes only and have not been audited. Some of the amounts have been reclassified as appropriate for the financial statement presentation.

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# Ontario Chiropractic Association

## Notes to Financial Statements

**July 31, 2022**

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### **10. Related Party Transactions**

The Association pays per diem allowances and reimburses expenses to Board members who are involved with various committees in accordance with the established policy. Such amounts are included in the operations of the General Fund. Total per diems paid to the Board members during the year amounted to \$144,351 (2021 - \$154,421). In addition, an honorarium was paid to the President of the Association as disclosed on Schedule VII. These transactions are part of normal operations and are measured at their exchange amount.

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### **11. Financial Instrument Risk**

#### **Interest Rate Risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association is exposed to interest rate risk with respect to its short-term investments which bear a fixed rate of interest, and its demand loan which bears a variable rate of interest. This risk has not changed from prior year.

#### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is exposed to credit risk arising from accounts receivable; however, there is no individual customer with a significant accounts receivable balance, therefore reducing the overall credit risk.

#### **Liquidity Risk**

Liquidity risk is the risk that a future obligation on a financial liability may not be settled based on operational cash flows. The Association is exposed to liquidity risk on its accounts payable and accrued liabilities and demand loan.

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### **12. Comparative Figures**

Certain figures in the prior year have been restated in order to conform with the financial statement presentation in the current year.

## Ontario Chiropractic Association Schedules of Expenses

For the year ended July 31, 2022

|   | 2022<br>Budget | 2022<br>Actual | 2021<br>Actual |
|---|----------------|----------------|----------------|
|   | (see Note 10)  |                |                |
| <b>Schedule I - Administration</b>                          |                |                |                |
| Personnel   | \$ 860,292     | \$ 974,198     | \$ 1,018,237   |
| Office operations   | 281,750        | 229,742        | 268,326        |
| Property management   | 336,790        | 333,209        | 322,272        |
| Amortization  | 106,711        | 99,783         | 132,463        |
| Bank charges and other financial costs                      | 118,000        | 122,281        | 104,745        |
| Allocation of administration costs                          | (486,081)      | (446,105)      | (481,918)      |
|   | \$ 1,217,462   | \$ 1,313,108   | \$ 1,364,125   |
| <br><b>Schedule II - Member Services</b>                    |                |                |                |
| Personnel   | \$ 387,946     | \$ 368,696     | \$ 403,321     |
| Awards gala   | 61,892         | 74,511         | 63,252         |
| Member engagement   | 5,551          | 14,178         | 2,144          |
| Student engagement and strategy                             | 32,000         | 36,451         | 32,174         |
| Program fees  | 32,000         | 31,080         | 34,784         |
| Association management software                             | -              | -              | 10,464         |
| Allocation of administration costs                          | 86,843         | 98,816         | 83,957         |
|   | \$ 606,232     | \$ 623,732     | \$ 630,096     |
| <br><b>Schedule III - Policy, Programs &amp; Evaluation</b> |                |                |                |
| Personnel   | \$ 236,729     | \$ 187,478     | \$ 358,419     |
| Consultants   | -              | 2,240          | 1,960          |
| Health integration  | -              | 28,000         | 19,060         |
| Interprofessional relations                                 | 3,000          | -              | -              |
| Advocacy & outreach   | 18,100         | 10,199         | 2,258          |
| Allocation of administration costs                          | 53,779         | 38,928         | 70,201         |
|   | \$ 311,608     | \$ 266,845     | \$ 451,898     |
| <br><b>Schedule IV - Stakeholder Relations</b>              |                |                |                |
| Personnel   | \$ 246,892     | \$ 215,959     | \$ 214,260     |
| Consultants   | 176,850        | 136,509        | 170,220        |
| Community costs   | 32,700         | 7,323          | 888            |
| Partnership4BetterHealth                                    | 98,650         | 55,307         | 95,750         |
| Allocation of administration costs                          | 53,879         | 38,928         | 52,111         |
|   | \$ 608,971     | \$ 454,026     | \$ 533,229     |

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



## Ontario Chiropractic Association Schedules of Expenses

For the year ended July 31, 2022

|  | 2022<br>Budget    | 2022<br>Actual    | 2021<br>Actual |
|--|-------------------|-------------------|----------------|
| (See Note 10)  |                   |                   |                |
| <b>Schedule V - Strategic Communications &amp; Marketing</b> |                   |                   |                |
| Personnel  | \$ 453,354        | \$ <b>421,758</b> | \$ 509,872     |
| Website  | 54,447            | <b>67,993</b>     | 74,811         |
| Advertising & marketing                                      | 323,400           | <b>266,349</b>    | 140,325        |
| Consultants  | 47,500            | <b>34,590</b>     | 17,458         |
| Allocation of administration costs                           | 102,082           | <b>98,934</b>     | 73,977         |
|  | <b>\$ 980,783</b> | <b>\$ 889,624</b> | \$ 816,443     |
| <b>Schedule VI - Research &amp; Stakeholder Engagement</b>   |                   |                   |                |
| Research   | \$ 421,000        | \$ <b>277,228</b> | \$ 375,228     |
| Stakeholder engagement                                       | 10,000            | <b>19,085</b>     | 6,400          |
|  | <b>\$ 431,000</b> | <b>\$ 296,313</b> | \$ 381,628     |
| <b>Schedule VII - Governance</b>                             |                   |                   |                |
| OCA committee expense  | \$ 16,850         | \$ <b>15,100</b>  | \$ 17,843      |
| Board meeting and expense                                    | 97,000            | <b>118,371</b>    | 87,461         |
| Strategic planning   | 105,000           | <b>359,167</b>    | 231,057        |
| President's honorarium                                       | 31,500            | <b>31,500</b>     | 31,500         |
| Annual meeting   | 17,500            | <b>18,000</b>     | 6,000          |
| Board development  | -                 | <b>11,381</b>     | 14,356         |
|  | <b>\$ 267,850</b> | <b>\$ 553,519</b> | \$ 388,217     |
| <b>Schedule VIII - Continuing Education</b>                  |                   |                   |                |
| Personnel  | \$ 129,710        | \$ <b>147,272</b> | \$ 184,937     |
| Workshops  | 77,300            | <b>200</b>        | 700            |
| Allocation of administration costs                           | 26,889            | <b>26,950</b>     | 26,056         |
|  | <b>\$ 233,899</b> | <b>\$ 174,422</b> | \$ 211,693     |

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