

Financial Statements of

**CANADIAN PSYCHOLOGICAL
ASSOCIATION**

Year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

To the Members of the Canadian Psychological Association

We have audited the accompanying financial statements of the Canadian Psychological Association, which comprise the statement of financial position as at December 31, 2010, the statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising 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 generally accepted accounting principles, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Canadian Psychological Association as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

May 31, 2011

Ottawa, Canada

CANADIAN PSYCHOLOGICAL ASSOCIATION

Statement of Financial Position

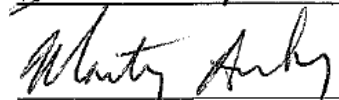
December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 773,078	\$ 735,212
Accounts receivable	25,906	61,033
Due from the Foundation (note 2)	4,585	19,908
Prepaid expenses and advances	33,239	36,748
	<u>836,808</u>	<u>852,901</u>
Investments (note 3)	1,608,906	1,566,384
Capital assets (note 4)	120,076	153,945
	<u>\$ 2,565,790</u>	<u>\$ 2,573,230</u>
Liabilities and Fund Balances		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 299,964	\$ 235,872
Deferred revenue (note 5)	707,573	949,812
	<u>1,007,537</u>	<u>1,185,684</u>
Leasehold inducements	16,919	21,640
Fund balances:		
Investment in capital assets	120,076	153,945
Restricted (note 6)	231,556	246,612
Unrestricted	1,189,702	965,349
	<u>1,541,334</u>	<u>1,365,906</u>
Commitments and contingent liabilities (notes 8 and 9)		
	<u>\$ 2,565,790</u>	<u>\$ 2,573,230</u>

See accompanying notes to financial statements.

On behalf of the Members:


Director


Director

CANADIAN PSYCHOLOGICAL ASSOCIATION

Statement of Operations

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Revenue:		
Membership fees	\$ 1,203,189	\$ 1,086,877
Less: allocation to journal subscriptions	(106,778)	(124,236)
Less: allocation to abstracts	(77,250)	(77,490)
Less: allocation to practice directorate	(65,000)	–
	954,161	885,151
Miscellaneous	101,451	56,345
Investment revenue	43,880	63,556
Sections processing charge	8,172	8,440
Foreign exchange gain	783	1,203
	1,108,447	1,014,695
Journal subscriptions (note 7)	326,387	319,624
Annual convention (note 7)	233,648	331,767
Accreditation panel	180,620	154,970
Practice directorate	88,410	–
Abstracts	79,205	77,870
New Media - internet	68,215	64,839
Psynopsis	15,619	18,330
Publications	11,398	11,652
Representation	6,732	5,829
IUPsyS	–	1,750
Electronic Practice Network project	126,325	95,412
Mental Health Table project	40,486	–
	2,285,492	2,096,738
Expenses:		
Administration (note 11)	1,092,237	1,190,643
Less overhead allocation	(148,286)	(111,963)
	943,951	1,078,680
Annual convention	289,085	378,847
Accreditation panel	151,850	143,326
Journal subscriptions	149,339	155,040
Science directorate	127,183	1,425
Practice directorate	99,940	–
Psynopsis	67,897	70,093
Publications	37,009	3,158
New Media - internet	33,169	25,651
Representation	25,509	50,576
Contribution to Canadian Psychological Association Foundation	8,050	28,848
Advocacy	6,086	8,716
IUPsyS	3,511	–
Supply and Demand Task Force	393	2,263
Prescription Privileges Task Force	281	1,036
Electronic Practice Network project	126,325	95,412
Mental Health Table project	40,486	–
	2,110,064	2,043,071
Excess of revenue over expenses	\$ 175,428	\$ 53,667

See accompanying notes to financial statements.

CANADIAN PSYCHOLOGICAL ASSOCIATION

Statement of Changes in Fund Balances

Year ended December 31, 2010, with comparative figures for 2009

	Investment in capital assets	Restricted (note 6)	Unrestricted	Total 2010	Total 2009
Fund balances, beginning of year	\$ 153,945	\$ 246,612	\$ 965,349	\$ 1,365,906	\$ 1,312,239
Excess of revenue over expenses	–	(17,556)	192,984	175,428	53,667
Capital asset additions	1,412	–	(1,412)	–	–
Amortization of capital assets	(35,281)	–	35,281	–	–
Interfund transfers	–	2,500	(2,500)	–	–
Fund balances, end of year	\$ 120,076	\$ 231,556	\$ 1,189,702	\$ 1,541,334	\$ 1,365,906

See accompanying notes to financial statements.

CANADIAN PSYCHOLOGICAL ASSOCIATION

Statement of Cash Flows

Year ended December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 175,428	\$ 53,667
Items not involving cash:		
Amortization of capital assets	35,281	37,518
Amortization of leasehold inducements	(4,721)	(4,721)
Unrealized gain on investments recorded at fair value	(42,522)	(62,684)
Net change in non-cash working capital balances:		
Accounts receivable	35,127	(12,900)
Due from the Foundation	15,323	(13,805)
Prepaid expenses and advances	3,509	(3,895)
Accounts payable and accrued liabilities	64,092	(6,934)
Deferred revenue	(242,239)	84,959
	39,278	71,205
Investing activities:		
Capital asset additions	(1,412)	(26,592)
Increase in cash and cash equivalents	37,866	44,613
Cash and cash equivalents, beginning of year	735,212	690,599
Cash and cash equivalents, end of year	\$ 773,078	\$ 735,212
Consisting of:		
Cash on deposit	\$ 773,078	\$ 235,212
Treasury account	—	500,000
Cash, end of year	\$ 773,078	\$ 735,212

See accompanying notes to financial statements.

CANADIAN PSYCHOLOGICAL ASSOCIATION

Notes to Financial Statements

Year ended December 31, 2010

The Canadian Psychological Association (the "Association") was organized in 1939 and incorporated under the Canada Corporations Act, part II in May 1950, as a non-profit organization. Its mission is to advance and promote psychology for the benefit of all. Its objectives are:

- To improve the psychological health and welfare of all Canadians;
- To promote excellence and innovation in psychological research, education and practice;
- To promote the advancement, development, dissemination, and application of psychological knowledge; and
- To provide high quality services to members.

1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

(a) Basis of presentation:

The Association uses the deferral method of accounting for contributions for not-for-profit organizations.

(b) Fund accounting:

The Association follows the restricted fund method of accounting for contributions for not-for-profit organizations.

The unrestricted fund accounts for the Association's program delivery, journal subscriptions and administrative activities.

The Capital Asset fund reports the Association's investment in capital assets.

Restricted funds report the revenue, expenses and fund balances of the activities of the Association for which the funding is restricted to that activity and are described in note 6.

(c) Revenue recognition:

Membership fees and journal subscriptions are collected on a calendar year basis and are recognized as revenue in the year to which the membership or subscription relate. Fees and subscriptions collected prior to the membership or subscription year are recorded as deferred revenue.

Accreditation panel fees are levied on an annual basis for the period of September 1 to August 31 and are recognized as revenue in the year to which they relate. The portion of the collected fees relating to the period of January 1 to August 31 is recorded as deferred revenue at December 31.

CANADIAN PSYCHOLOGICAL ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(d) Membership fee allocations:

Membership fees are levied for two purposes: to support the general activities of the Association and to contribute towards the cost of publication of journals and convention. The Association allocates \$14.50 of each member's fees to journal subscription revenue for each journal a member receives, to a maximum of two per member. The Association allocates \$15.00 per member and \$5.00 per student member to convention revenue. The Association annually allocates an amount set by the Board to the practice directorate.

(e) Sections processing charge:

The Association and its 31 Sections represent the interests and promote the advancement of the discipline of psychology in Canada. The Association has control over the Sections of the Association. The Association collects funding from its members on behalf of the Sections. The financial operations, resources and obligations of each Section are individually immaterial in relation to the Association. Management has determined that the cost of collecting the information exceeds the benefit that would be derived from providing this information. For this reason and because of the number of Sections, they have not been consolidated or disclosed in these financial statements.

(f) Allocation of administration expenses:

A portion of administration expense is allocated as overhead to the Journals, Annual Convention, Accreditation Panel, Psynopsis, New Media, Representation, IUPsyS, CPA Workshops and Advocacy functions.

Other than Publications, Administration is allocated based on a percentage of 18% of the direct expenses of each function. Amounts are allocated to Publications based on a percentage of 18% of publications revenue of each function.

(g) Financial instruments:

(i) Investments:

Investments are designated as held-for-trading and are recorded at fair value. Fair value is determined at quoted market values. Sales and purchases of long-term investments are recorded on the settlement date. Transaction costs related to the acquisition of investments are expensed.

CANADIAN PSYCHOLOGICAL ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2010

1. Significant accounting policies (continued):

(g) Financial instruments (continued):

(ii) Other financial instruments:

The Association has classified accounts receivable and due from the Canadian Psychological Association Foundation (the "Foundation") as loans and receivables and accounts payable and accrued liabilities as other liabilities. Upon initial recognition, these financial assets and liabilities are recorded at fair value and subsequently measured at amortized cost using the effective interest method of amortization.

(h) Capital assets:

Capital assets are recorded at cost, and amortized over their estimated useful lives as follows:

Asset	Basis	Annual Rate
Office furniture and equipment	Declining balance	20%
Computer equipment	Straight-line	5 years
Software	Straight-line	3 years
Leasehold improvements		Over term of lease

Amortization commences in the year subsequent to acquisition, except for leasehold improvements where amortization commences in the year purchased.

(i) Leasehold inducements:

Leasehold inducements are deferred and amortized over the term of the lease. Annual amortization is recorded as a credit to rent expense.

(j) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates. These estimates are reviewed periodically and as adjustments become necessary, they are reported in the years in which they become known.

CANADIAN PSYCHOLOGICAL ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2010

2. Related party transaction:

The Association is related to the Foundation by virtue of its economic interest in the Foundation and by having common members of the Board of Directors and administration functions. The Foundation was incorporated on March 8, 2002 under Part II of the Canada Corporations Act and is a registered charity under the Income Tax Act (Canada).

The Foundation's objectives are to advance education, provide support for the development of educational materials, to carry out or support research, to award scholarships, bursaries and grants to students, to provide for the development of endowed chairs in the field of psychology and to transfer funding to registered charities that support the same interests.

During the year, the Association provided the Foundation with office space and administrative services without charge. The Association collected contributions and incurred expenses on behalf of the Foundation and provided cash advances, resulting in a receivable from the Foundation at December 31, 2010 of \$4,585 (2009 - \$19,908). In the year, the Association contributed \$8,050 (2009 - \$28,848) to the Foundation.

3. Investments:

Investments are designated as held for trading and are recorded at fair value:

	2010	2009
Cash	\$ 118	\$ 158
Guaranteed investment certificates	441,240	527,712
Coupon bonds	648,007	530,426
Mutual funds	519,541	508,088
	<u>\$ 1,608,906</u>	<u>\$ 1,566,384</u>

Guaranteed investment certificates have interest rates from 4.1% to 4.35% and maturity dates ranging from November 2011 to February 2014.

Coupon bonds have various maturity dates from August 2011 to June 2015 and have a par value of \$581,550 (2009 - \$581,550).

The Association's investment policy states that the investment portfolio is to be equally invested in government bonds and medium risk mutual funds.

CANADIAN PSYCHOLOGICAL ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2010

4. Capital assets:

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Office furniture and equipment	\$ 100,810	\$ 61,834	\$ 38,976	\$ 48,720
Computer equipment	27,987	16,067	11,920	17,518
Software	5,682	2,847	2,835	2,847
Leasehold improvements	192,792	126,447	66,345	84,860
	<u>\$ 327,271</u>	<u>\$ 207,195</u>	<u>\$ 120,076</u>	<u>\$ 153,945</u>

Cost and accumulated amortization as at December 31, 2009 amounted to \$325,859 and \$171,914 respectively.

5. Deferred revenue:

Deferred revenue consists of the following:

	2010	2009
Membership fees	\$ 603,774	\$ 839,159
Accreditation panel fees	88,000	92,400
Journal subscriptions	1,800	2,500
Ethnopolitical Warfare	10,813	10,813
Representation donations	3,186	4,940
	<u>\$ 707,573</u>	<u>\$ 949,812</u>

6. Capital disclosures:

(a) Capital management:

The Association considers its capital to consist of its fund balances. The Association's overall objective with respect to its capital is to fund capital assets, future projects and ongoing operations. The Association manages its capital by establishing restricted funds and appropriating amounts to the restricted funds for special projects and other capital requirements. These allocations are disclosed in note 6(b).

CANADIAN PSYCHOLOGICAL ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2010

6. Capital disclosures (continued):

(b) Restricted funds:

Restricted funds consist of the following:

	Balance, beginning of year	Excess (deficiency) of revenue over expenses	Interfund transfer	Balance, end of year
Publications reserve fund	\$ 97,865	\$ (25,611)	\$ –	\$ 72,254
Accreditation panel fund	54,815	28,770	–	83,585
Supply and Demand Task Force	4,986	(393)	(4,593)	–
Prescription Privileges Task Force	6,464	(281)	(6,183)	–
IUPsyS fund	12,482	(3,511)	2,500	11,471
Evidence-Based Treatment Task Force fund	–	–	5,388	5,388
Publicly Funded Psychology Services Task Force fund	–	–	5,388	5,388
Internally restricted	70,000	(16,530)	–	53,470
	\$ 246,612	\$ (17,556)	\$ 2,500	\$ 231,556

CANADIAN PSYCHOLOGICAL ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2010

6. Restricted fund balances (continued):

Restricted fund balances are committed for specific purposes, which reflect the application of the Association's reserve policy as follows:

- (a) The Publications Reserve fund represents an internally dedicated source of funds for new publications or future editions of current publications.
- (b) The Accreditation Panel fund is established as an internally dedicated source of funds for accreditation activities and related special projects.
- (c) The Supply and Demand Task Force is established to undertake a study of the supply of and demand for psychologists in Canada.
- (d) The Prescription Privileges Task Force is established to undertake a study to develop a position on prescription privileges for psychologists.
- (e) The IUPsyS fund is established to fund attendance at IUPsyS conferences and the annual general meeting.
- (f) The Evidence-Based Treatment Task Force fund was established by the Board of Directors to review literature, generate a set of criteria and develop a position statement regarding the optimal integration of research evidence into practise.
- (g) The Publicly Funded Psychology Services Task Force fund was established by the Board of Directors to review all related issues on the future requirements for psychology services based in publicly funded health facilities.
- (h) The Internally Restricted fund is established to fund specific internal projects of the Association.

7. Grant revenue:

The Association received grants from the Social Sciences and Humanities Research Council of Canada ("SSHRC") as noted below.

	2010	2009
Journals (Canadian Psychology and Canadian Journal of Behavioural Science)	\$ 59,600	\$ 59,600
Annual convention travel	41,261	41,261
	<u>\$ 100,861</u>	<u>\$ 100,861</u>

This grant revenue has been included in journal subscriptions and annual convention in the statement of operations.

CANADIAN PSYCHOLOGICAL ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2010

8. Commitments:

The Association is committed to payments under an operating lease for office space which expires July 31, 2014. The minimum aggregate rent payable to the expiry date is as follows:

2011	\$	60,933
2012		60,933
2013		60,933
2014		35,544
		<hr/>
		\$ 218,343

9. Contingent liabilities:

The Association allows employees to accrue sick days and carry them forward to future years to be used as short-term disability, as necessary. These amounts do not vest with the employee and have not been recorded in these financial statements.

10. Fair value of financial assets and financial liabilities:

(a) Fair values:

The carrying values of cash and cash equivalents, accounts receivable, due from the Foundation and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of the instruments. The fair value of investments is disclosed in note 3.

(b) Interest, currency and credit risk:

The Association believes that it is not exposed to significant interest, currency or credit risks arising from these financial instruments.

CANADIAN PSYCHOLOGICAL ASSOCIATION

Notes to Financial Statements (continued)

Year ended December 31, 2010

11. Administration expenses:

Administration expenses prior to allocation consist of the following:

	2010	2009
Salaries and benefits	\$ 682,963	\$ 760,604
Rent and operating	128,982	123,578
Board, annual general meeting and report	86,577	101,635
Office	77,746	74,572
Legal and professional	31,131	37,510
Bank charges and processing fees	34,931	34,059
Recruitment	5,345	10,715
Committee	6,477	6,759
Equipment and maintenance	4,059	5,111
Amortization - office	34,026	36,100
	<u>\$ 1,092,237</u>	<u>\$ 1,190,643</u>

Administration is allocated on the basis described in note 1(f).

Expenses were allocated into the various functions on the statement of operations as follows:

	2010	2009
Journal subscriptions	\$ 22,781	\$ 6,512
Annual convention	44,944	58,184
Accreditation panel	23,164	21,863
Psynopsis	10,357	10,692
New media internet	5,132	3,913
Representation	3,891	7,639
IUPsyS	536	–
Publications	1,907	1,830
Advocacy	928	1,330
Science directorate	19,401	–
Practice directorate	15,245	–
	<u>\$ 148,286</u>	<u>\$ 111,963</u>

12. Comparative figures:

Certain comparative figures have been restated to conform with current year financial statement presentation.