

FINANCIAL STATEMENTS
For
**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**
For the year ended
DECEMBER 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the members of the

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**

Opinion

We have audited the financial statements of Canadian Psychological Association/Société canadienne de psychologie (the Association), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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 Canadian Psychological Association/Société canadienne de psychologie as at December 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 Canadian Psychological Association/Société canadienne de psychologie in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 Canadian Psychological Association/Société canadienne de psychologie'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 Canadian Psychological Association/Société canadienne de psychologie or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Canadian Psychological Association/Société canadienne de psychologie'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 Canadian Psychological Association/Société canadienne de psychologie'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 Canadian Psychological Association/Société canadienne de psychologie'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 Canadian Psychological Association/Société canadienne de psychologie 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.



Chartered Professional Accountants
Licensed Public Accountants

Ottawa, Ontario
May 5, 2021.

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 1,482,566	\$ 1,133,185
Accounts receivable (note 4)	165,596	73,327
Prepaid expenses and advances	<u>68,415</u>	<u>60,781</u>
	1,716,577	1,267,293
INVESTMENTS (note 5)	2,454,989	2,328,677
TANGIBLE CAPITAL AND INTANGIBLE ASSETS (note 6)	<u>70,317</u>	<u>73,111</u>
	<u>\$ 4,241,883</u>	<u>\$ 3,669,081</u>
<u>LIABILITIES AND FUND BALANCES</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 578,851	\$ 332,713
Government remittances payable	62,938	61,783
Deferred revenue (note 7)	<u>832,508</u>	<u>996,421</u>
	1,474,297	1,390,917
LEASEHOLD INDUCEMENTS	28,983	38,644
LOAN PAYABLE (note 8)	<u>30,000</u>	<u>-</u>
	<u>1,533,280</u>	<u>1,429,561</u>
COMMITMENTS (note 9)		
CONTINGENT LIABILITIES (note 10)		
FUND BALANCES		
Unrestricted	2,261,129	1,846,937
Invested in tangible capital and intangible assets - internally restricted	70,317	73,111
Internally restricted funds (note 11)	313,835	258,085
Wesley Coons Memorial Fund - externally restricted (note 11)	<u>63,322</u>	<u>61,387</u>
	<u>2,708,603</u>	<u>2,239,520</u>
	<u>\$ 4,241,883</u>	<u>\$ 3,669,081</u>

On behalf of the Board:

KIMBERLY CORACE, Ph.D., C. Psych.
.....President (2020-2021)

IAN R NICHOLSON, Ph.D., C. Psych.
.....Past-President (2019-2020)

(See accompanying notes)

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
REVENUE		
Members:		
Membership fees	\$ 1,669,465	\$ 1,715,835
Convention	29,357	379,169
Other	<u>9,336</u>	<u>8,925</u>
	1,708,158	2,103,929
Non-members:		
Royalties	331,413	291,714
Government contributions (note 4)	301,628	-
Accreditation panel	250,742	277,000
Sponsorship and other	147,536	146,111
Investment	98,629	146,786
Advertising	96,596	107,041
Course fees - Education Directorate	76,004	46,346
Grants and contributions	38,152	47,997
Foreign exchange gain (loss)	<u>(15,520)</u>	<u>(2,604)</u>
	<u>3,033,338</u>	<u>3,164,320</u>
EXPENSES		
Administration (note 12)	1,772,445	1,818,798
Less overhead allocation (note 12)	<u>(27,082)</u>	<u>(39,520)</u>
	1,745,363	1,779,278
Accreditation panel	177,536	259,076
Journal productions	158,617	152,255
Information technology	123,419	91,309
Annual convention	98,123	308,291
Public affairs	56,137	24,295
Professional affairs	55,051	139,828
Education directorate	42,175	30,353
Psynopsis	41,254	38,167
Science directorate	35,818	40,818
Publications	25,956	1,348
Membership	3,877	41,230
Section management	2,864	12,340
Association development	<u>-</u>	<u>740</u>
	<u>2,566,190</u>	<u>2,919,328</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 467,148</u>	<u>\$ 244,992</u>

(See accompanying notes)

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2020

	<u>Unrestricted</u>	<u>Investment in tangible capital and intangible assets</u>	<u>Internally restricted funds (note 11)</u>	<u>Wesley Coons Memorial Fund (note 11)</u>	<u>2020 Total</u>	<u>2019 Total</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 1,846,937	\$ 73,111	\$ 258,085	\$ 61,387	\$ 2,239,520	\$ 1,986,707
Excess of revenue over expenses	411,398	-	55,750	-	467,148	244,992
Wesley Coons Fund net revenue (net expenses) (note 11)	-	-	-	1,935	1,935	7,821
Tangible capital and intangible asset additions	(15,940)	15,940	-	-	-	-
Amortization of tangible capital assets	18,734	(18,734)	-	-	-	-
FUND BALANCE, END OF YEAR	<u>\$ 2,261,129</u>	<u>\$ 70,317</u>	<u>\$ 313,835</u>	<u>\$ 63,322</u>	<u>\$ 2,708,603</u>	<u>\$ 2,239,520</u>

(See accompanying notes)

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Excess of revenue over expenses - operations	\$ 467,148	\$ 244,992
- Wesley Coons Memorial Fund	<u>1,935</u>	<u>7,821</u>
	469,083	252,813
Items not involving cash:		
Amortization of tangible capital assets	18,734	19,151
Amortization of leasehold inducements	(9,661)	(9,661)
Change in fair value of investments	(90,420)	(146,674)
Forgivable portion of loan	<u>(10,000)</u>	<u>-</u>
	377,736	115,629
Changes in non-cash components of working capital:		
Accounts receivable	(92,269)	196,133
Prepaid expenses and advances	(7,634)	47,936
Accounts payable and accrued liabilities	246,138	(141,006)
Government remittances payable	1,155	33,324
Deferred revenue	<u>(163,913)</u>	<u>(63,591)</u>
	<u>361,213</u>	<u>188,425</u>
INVESTING ACTIVITIES		
Tangible capital asset additions	(15,940)	(7,498)
Purchase of investments	(1,546,010)	(1,584,979)
Proceeds from sale of investments	<u>1,510,118</u>	<u>1,729,237</u>
	<u>(51,832)</u>	<u>136,760</u>
FINANCING ACTIVITIES		
Loan proceeds received	<u>40,000</u>	<u>-</u>
INCREASE IN CASH	349,381	325,185
CASH, BEGINNING OF YEAR	<u>1,133,185</u>	<u>808,000</u>
CASH, END OF YEAR	<u>\$ 1,482,566</u>	<u>\$ 1,133,185</u>

(See accompanying notes)

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

1. ORGANIZATION

The Canadian Psychological Association (the "Association") was organized in 1939 and incorporated under the Canada Corporations Act, Part II in May 1950. Effective August 13, 2013, the Association continued their articles of incorporation from the Canada Corporations Act to the Canada Not-for-profit Corporations Act. The Association is a not-for-profit organization and as such is not subject to income tax under paragraph 149(1)(l) of the Income Tax Act (Canada).

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.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Revenue recognition

The Association uses the restricted fund method to recognize contributions for the Wesley Coons Memorial Fund. This fund reports the activities detailed in note 11.

The Association uses the deferral method of accounting for all other contributions. 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 contributions are recognized as revenue in the year in which the related expenses are recognized.

Unrestricted investment income is recognized as revenue when earned.

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.

Convention and royalty revenues are recognized as revenue is earned.

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.

Fund accounting

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

The tangible capital and intangible assets fund reports the Association's investment in tangible capital and intangible assets.

Internally and externally 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 11.

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2020

2. SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Sections processing charge

The Association and its 32 Sections represent the interests and promote the advancement of the discipline of psychology in Canada. The Association has significant influence over these Sections. The cash balances for the sections totaled \$205,787 (2019 - \$149,611) and are not included in these financial statements

Allocation of administration expenses

A portion of administration expense is allocated as overhead to the accreditation panel. Administration is allocated based on a percentage of 18% of the direct expenses of the accreditation panel.

Financial instruments

Financial instruments are recorded at fair value on initial recognition. Cash and publicly traded securities are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest rate method.

Tangible capital and intangible assets

Tangible capital and intangible assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a tangible capital or intangible asset no longer contributes to the Association's ability to provide services, its carrying amount is written down to its residual value.

Tangible capital and intangible assets are amortized over their estimated useful lives as follows:

Declining balance basis:

Office furniture and equipment	20%
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Straight line basis:

Computers	five years
Leasehold improvements	term of the lease
Computer software	three years

Leasehold inducements

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

Use of estimates

The preparation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations 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. Significant estimates include collectibility of accounts receivable, the useful life of tangible capital assets and the determination of accrued liabilities. Actual results could differ from those estimates. These estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period they become known.

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2020

3. FINANCIAL RISK MANAGEMENT

The Association is exposed to and manages various financial risks resulting from both its operations and its investment activities and does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Association's main financial risk exposure and its financial risk management policies are as follows:

Credit risk

The Association is exposed to credit risk resulting from the possibility that parties may default on their financial obligations. The Association's maximum exposure to credit risk is the sum of the carrying value of its cash, its investments and accounts receivable. The Association's cash and investments are deposited with a Canadian chartered bank and as a result, management believes the risk of loss of these items to be remote. Accounts receivable balances are managed and analysed on an ongoing basis and accordingly, management believes all amounts receivable will be collected and has determined that a provision for bad debts is not required.

Liquidity risk

Liquidity risk is the risk that the Association cannot meet a demand for cash or fund its obligations as they become due. The Association meets its liquidity requirements by establishing budgets and cash estimates to ensure it has funds necessary to fulfil its obligations.

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 is comprised of currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The Association's exposure to financial risks as a result of foreign currency exchange rate fluctuations and the volatility of these rates is limited to its US dollar cash and investments of \$118,990 (2019 - \$54,185).

ii) *Interest rate risk*

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates.

The Association believes it is not exposed to significant interest rate risk on its fixed interest rate financial instruments, as this risk is limited to its investments in guaranteed investment certificates and coupon bonds as disclosed in note 5.

iii) *Other price risk*

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Association is exposed to other price risk as it has investments in publicly traded securities (equities and mutual funds) that are subject to market fluctuations.

Changes in risk

There have been no significant changes in the Association's risk exposures from the prior year.

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2020

4. GOVERNMENT CONTRIBUTIONS

In March of 2020, the Government of Canada announced that they would be providing emergency funding in response to measures various businesses were required to take regarding the spread of the COVID-19 pandemic.

The amount of subsidies attributable to the Association's December 31, 2020 fiscal year are reported below:

Canada Emergency Wage Subsidy (CEWS) program	\$ 262,197
Canada Temporary Wage Subsidy (TWS) program	20,390
Canada Emergency Rent Subsidy (CERS) program	9,041
Canada Emergency Business Account (CEBA) - forgivable portion	<u>10,000</u>
	301,628
Amounts received during the year	<u>(264,023)</u>
Government contributions receivable included in accounts receivable	<u>\$ 37,605</u>

5. INVESTMENTS

Investments consist of the following:

	<u>2020</u>	<u>2019</u>
Guaranteed investment certificates	\$ 1,566,993	\$ 1,448,308
Equities and mutual funds	887,996	829,299
Coupon bonds	<u>-</u>	<u>51,070</u>
	<u>\$ 2,454,989</u>	<u>\$ 2,328,677</u>

Guaranteed investment certificates have interest rates from 0.42% to 3.42% (2019 - 1.75% to 4.00%) and maturity dates ranging from February 21, 2021 to September 19, 2022.

6. TANGIBLE CAPITAL AND INTANGIBLE ASSETS

Tangible capital and intangible assets consists of the following:

	<u>2020</u>			<u>2019</u>
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Net book value</u>	<u>Net book value</u>
Tangible capital assets:				
Office furniture and equipment	\$ 93,429	\$ 72,779	\$ 20,650	\$ 21,798
Computers	96,893	68,144	28,749	23,423
Leasehold improvements	<u>68,972</u>	<u>48,054</u>	<u>20,918</u>	<u>27,890</u>
	259,294	188,977	70,317	73,111
Intangible assets:				
Computer software	<u>11,577</u>	<u>11,577</u>	<u>-</u>	<u>-</u>
	<u>\$ 270,871</u>	<u>\$ 200,554</u>	<u>\$ 70,317</u>	<u>\$ 73,111</u>

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2020

7. DEFERRED REVENUE

Deferred revenue consists of the following:

	<u>2020</u>	<u>2019</u>
Membership fees	\$ 663,133	\$ 826,885
Accreditation panel fees	145,600	140,667
Journal subscriptions	500	700
Practice directorate	-	5,820
Other	<u>23,275</u>	<u>22,349</u>
	<u>\$ 832,508</u>	<u>\$ 996,421</u>

8. LOAN PAYABLE

During the year, the Association received a \$40,000 loan under the provisions of the Canada Emergency Business Account (“CEBA”). The program was launched by the Government of Canada to provide financing to qualifying small businesses and not-for-profit organizations to ease the financial strain experienced as a result of the COVID-19 pandemic.

The loan, which was provided by Scotiabank, is non-interest bearing, unsecured and guaranteed by the Government of Canada. Repayment of principal is not required before December 31, 2022 and loan payments can be made at any time without fees or penalties. If the Association has paid 75% of the loan amount prior to December 31, 2022, the lender will forgive the remaining \$10,000 balance of the loan. The Association expects to repay 75% of the loan amount, consequentially the forgivable portion of the loan was recognized as a government contributions during the year (note 4).

Subsequent to year-end, the Association received an additional \$20,000 loan related to CEBA, provided by Scotiabank, it is non-interest bearing, unsecured and guaranteed by the Government of Canada. Under the amended loan agreement, if the Association has repaid all of the loan amount prior to December 31, 2022, the lender will grant forgiveness at a rate of 33% of the highest amount drawn. This results in a total expected forgiveness of \$20,000, of which \$10,000 will be recognized as a government contribution in 2021 based on the agreement in effect at year-end.

Any outstanding balance remaining at January 1, 2023 will be converted into a 3-year term loan bearing interest at a rate of 5% per annum, payable monthly. Any remaining balance on the loan will be repayable in full on December 31, 2025.

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

9. COMMITMENTS

The Association is committed to payments under an operating lease for office space which expires December 31, 2023. The minimum aggregate rent payable to the expiry date is as follows:

2021	\$ 73,062
2022	73,062
2023	<u>73,062</u>
	<u>\$ 219,186</u>

In addition to the above commitment, and as a result of the cancellation of the 2020 annual meeting, the Association incurred a cancellation fee of \$113,878 in relation to guest rooms and meeting and function space. As of December 31, 2020, \$11,387 was forgiven and \$45,552 had been recorded as a cancellation expense and is reflected in accounts payable. The remaining commitment of \$56,939 can be applied to the 2022 annual meeting as a non-refundable deposit, of which a \$10,000 deposit has been made and is reflected in prepaid expense balance as at December 31, 2020.

The hotel contracts for future events often have clauses that require the Association to pay attrition fees if certain room rental or food and beverage targets are not met as well as cancellation fees if the event is not held. Any cancellation or attrition fees will be recorded in the year that the fee is determinable. As of December 31, 2020, the total maximum cancellation fee is \$208,155, the maximum fee increases as the meeting dates approach.

The expected payments under these agreements is as follows:

2021	\$ 46,939
2022	-
2023	15,000
2024	<u>70,000</u>
	<u>\$ 131,939</u>

10. 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.

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED DECEMBER 31, 2020

11. FUND BALANCES

Internally restricted funds

Internally restricted funds consist of the following:

	<u>Balance, beginning of year</u>	<u>Excess of revenue over expenses</u>	<u>Interfund transfer</u>	<u>Balance, end of year</u>
Accreditation panel fund	\$ 157,955	\$ 73,206	\$ -	\$ 231,161
IUPsyS fund	7,268	-	-	7,268
Publications reserve fund	89,135	(17,456)	-	71,679
Section support fund	<u>3,727</u>	<u>-</u>	<u>-</u>	<u>3,727</u>
	<u>\$ 258,085</u>	<u>\$ 55,750</u>	<u>\$ -</u>	<u>\$ 313,835</u>

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

The Accreditation panel fund is established as an internally dedicated source of funds for accreditation activities and related special projects.

The IUPsyS fund is established to fund attendance at IUPsyS conferences and the annual general meeting.

The Publications reserve fund represents an internally dedicated source of funds for new publications or future editions of current publications.

The Section support fund is established to fund section activities.

Externally restricted funds

The Wesley Coons Memorial fund was established by the Estate of Wesley Coons to fund annual eligible expenses by members of the Board and designated senior staff.

The fund's activities are summarized below:

	<u>2020</u>	<u>2019</u>
Investment income	\$ 1,935	\$ 9,490
Eligible expenses	<u>-</u>	<u>1,669</u>
Net revenue	<u>\$ 1,935</u>	<u>\$ 7,821</u>

**CANADIAN PSYCHOLOGICAL ASSOCIATION/
SOCIÉTÉ CANADIENNE DE PSYCHOLOGIE**

NOTES TO THE FINANCIAL STATEMENTS - Cont'd.

YEAR ENDED DECEMBER 31, 2020

12. ADMINISTRATION EXPENSES

Administration expenses prior to allocation consist of the following:

	<u>2020</u>	<u>2019</u>
Salaries and benefits	\$ 1,419,344	\$ 1,234,328
Rent and operating	127,494	158,073
Board, annual general meeting and report	39,547	152,939
Legal and professional	43,845	95,913
Bank charges and processing fees	67,254	72,545
Office	44,778	66,114
Amortization - office	18,734	19,151
Other	4,979	14,955
Equipment and maintenance	<u>6,470</u>	<u>4,780</u>
	<u>\$ 1,772,445</u>	<u>\$ 1,818,798</u>

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

	<u>2020</u>	<u>2019</u>
Accreditation panel	<u>\$ 27,082</u>	<u>\$ 39,520</u>

13. COVID-19

In March 2020, the Government of Canada instituted emergency measures in response to the public health concerns originating from the spread of COVID-19. The Association held its annual conference virtually which resulted in a significant decline in convention revenues and expenses. Since the Association has moved to a virtual convention for 2021 similar results are expected. However, the full impact on the financial statements for the year ended December 31, 2021 is not yet determinable. At this stage, except where noted above, the impact on the Association and results has not been significant and based on the experience to date it is expected to remain the same.

A high degree of uncertainty persists surrounding the full economic impact of the situation. The unpredictable nature of the spread of the virus makes it difficult to determine the length of time that the Association's operations may be impacted. Consequently, at the time of issuance of these financial statements, the effect that the decline in economic activity may have on the Association's operations, assets, liabilities, net assets, fund balances, revenues and expenses is not yet known.