

THE CANADIAN PODIATRY EDUCATION FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2008

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AUDITORS' REPORT

To The Members of The Canadian Podiatry Education Foundation:

We have audited the Statement of Financial Position of The Canadian Podiatry Education Foundation as at December 31, 2008 and the Statements of Operations, Changes in Net Assets and Cash Flow for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives revenue from donation and sponsorship revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to donation and sponsorship revenues, excess of revenues over expenses (expenses over revenues), current assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and sponsorship revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

The comparative figures presented in these financial statements as at December 31, 2007 and for the year then ended were audited by other auditors whose report, dated January 31, 2008, expressed an opinion with reservation with respect to the completeness of membership dues, donation and sponsorship revenues.

CERTIFIED GENERAL ACCOUNTANTS

Vancouver, B.C.

January 31, 2009

THE CANADIAN PODIATRY EDUCATION FOUNDATION
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2008 & 2007

	2008	2007
ASSETS		
Current		
Bank	\$ 2,180	\$ 1,215
Marketable securities (Note 3)	119,533	123,783
Other receivables	140	70
Prepaid expenses	-	1,179
	<u>121,853</u>	<u>126,247</u>
Student assistance loans receivable	280,801	276,434
Less: student assistance loans provision	<u>86,559</u>	<u>82,218</u>
	<u>194,242</u>	<u>194,216</u>
Capital		
Equipment	2,779	2,779
Less: accumulated depreciation	<u>2,355</u>	<u>2,249</u>
	<u>424</u>	<u>530</u>
	<u>\$ 316,519</u>	<u>\$ 320,993</u>
LIABILITIES		
Current		
Accounts payable	<u>\$ 26,821</u>	<u>\$ 20,023</u>
NET ASSETS		
Restricted		
For Student Assistance Loans (Note 5)	194,242	194,215
For future podiatry education facilities		
- Canadian School Fund (Note 4)	27,240	27,240
- B.C. School Fund (Note 6)	66,027	65,219
For Diabetic Dinner Fund (Note 7)	<u>1,947</u>	<u>1,947</u>
	289,456	288,621
Unrestricted	<u>242</u>	<u>12,349</u>
	<u>289,698</u>	<u>300,970</u>
Approved by:	<u>\$ 316,519</u>	<u>\$ 320,993</u>

 Directors

See Accompanying Notes

THE CANADIAN PODIATRY EDUCATION FOUNDATION
 STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

	2008						2007
	Restricted				Unrestricted	Total	Total
	Student Loans	Canadian School	B.C. School	Diabetic Dinner			
Net assets, beginning of year	\$ 194,215	\$ 27,240	\$ 65,219	\$ 1,947	\$ 12,349	\$ 300,970	\$ 329,780
Excess of revenues over expenses (expenses over revenues)	-	-	-	-	(11,272)	(11,272)	(28,810)
Adjustment for restricted assets in Student Assistance Loans							
- loan granted	1,500	-	-	-	(1,500)	-	-
- loan repayment	(1,000)	-	-	-	1,000	-	-
- loan interest accrued	5,242	-	-	-	(5,242)	-	-
- provision for bad debt	(5,715)	-	-	-	5,715	-	-
Investment income restricted for B.C. School Fund	-	-	808	-	(808)	-	-
Net assets, end of year	<u>\$ 194,242</u>	<u>\$ 27,240</u>	<u>\$ 66,027</u>	<u>\$ 1,947</u>	<u>\$ 242</u>	<u>\$ 289,698</u>	<u>\$ 300,970</u>

See Accompanying Notes

THE CANADIAN PODIATRY EDUCATION FOUNDATION

STATEMENT OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

	2008				2007
	General	Diabetic Dinner	Fund Raising	Total	Total
REVENUES:					
Membership dues (Note 8)	\$ 70	\$ -	\$ -	\$ 70	\$ 70
Interest	5,242	-	-	5,242	14,209
Other investment income	1,867	-	-	1,867	3,945
	<u>7,179</u>	<u>-</u>	<u>-</u>	<u>7,179</u>	<u>18,224</u>
EXPENSES:					
Audit	4,190	-	-	4,190	4,190
Consulting & other professional fees	998	-	-	998	998
Office & miscellaneous	111	-	-	111	61
Website development & maintenance	1,179	-	-	1,179	409
Bank charges	35	-	-	35	40
Provision for uncollectible student assistance loans	5,715	-	-	5,715	40,904
Write-off of membership dues revenue (Note 8)	-	-	-	-	300
Allowance of market value adjustment of marketable securities (Note 3)	6,117	-	-	6,117	-
Depreciation	106	-	-	106	132
	<u>18,451</u>	<u>-</u>	<u>-</u>	<u>18,451</u>	<u>47,034</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	<u>\$ (11,272)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,272)</u>	<u>\$ (28,810)</u>

See Accompanying Notes

THE CANADIAN PODIATRY EDUCATION FOUNDATION
 CASH FLOW STATEMENT
 FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	\$ (11,272)	\$ (28,810)
Add (deduct) items not involving cash:		
Depreciation	106	132
Allowance of market value adjustment of marketable securities	<u>6,117</u>	<u>-</u>
	(5,049)	(28,678)
Increase in interest receivable on student assistance loans	(5,242)	(14,207)
Changes in non-cash working capital items:		
Decrease (increase) in other receivables	(70)	230
Decrease (increase) in prepaid expenses	1,179	(1,179)
Increase (decrease) in accounts payable	<u>6,799</u>	<u>5,108</u>
	<u>(2,383)</u>	<u>(38,726)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in marketable securities	1,867	3,945
Student assistance loans granted	1,500	3,000
Student assistance loans repayment	(1,000)	-
Provision for uncollectible student assistance loans	<u>(5,715)</u>	<u>(40,904)</u>
	<u>(3,348)</u>	<u>(33,959)</u>
Increase (decrease) in cash during the year	965	(4,767)
Bank, beginning of year	<u>1,215</u>	<u>5,982</u>
Bank, end of year	<u>\$ 2,180</u>	<u>\$ 1,215</u>

See Accompanying Notes

THE CANADIAN PODIATRY EDUCATION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 & 2007

Note 1 Purposes of the Foundation

The Canadian Podiatry Education Foundation is incorporated under the Society Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act. Its objectives are to promote awareness of foot health, to encourage students to enter the field of Podiatric Medicine, and to promote and assist in the establishment of education facilities of Podiatric Medicine in Canada.

Note 2 Significant Accounting Policies

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Internally restricted and unrestricted contributions are recognized as revenues when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increase in net assets.

Income of net assets externally restricted is recognized as revenue in the year in which the related expenses are incurred. Income of net assets internally restricted is recognized as revenue when earned.

Capital assets

Capital assets are recorded at cost.

Capitalization and maintenance

Maintenance and repairs are charged to expense accounts when incurred. The costs of major replacements, extensions or improvements are capitalized as capital assets.

Depreciation

Depreciation of capital assets are calculated using the declining balance method at the rate of 20% per year for furniture & equipment; except for the year of acquisition where only half of the above rate will be used.

Comparative figures

The comparative figures had been reclassified to conform to the current year's presentation.

Note 3 Marketable Securities

Marketable securities are valued at fair value based on quoted market prices.

As at December 31, 2008, marketable securities in the amount of \$3,178 (as at December 31, 2007 - \$3,178) were ear-marked for the Canadian Podiatry School Fund (see Note 4).

Note 4 Canadian Podiatry School Fund

The Board of Directors of the Foundation had approved the following transfer of funds, which had been set aside from the net assets as being internally restricted for the Canadian Podiatry School Fund for the future establishment of a podiatric medicine college.

1988	\$	5,660
1989		720
1990		1,170
1991		1,310
1992		1,390
1993		1,470
1994		1,530
1997		4,590
1998		1,500
1999		1,890
2000		1,890
2001		1,970
2002		2,150
2003		2,130
2004		(2,130)
2005		-
2006		-
2007		-
2008		-
		<u>\$ 27,240</u>

Note 5 Student Assistance Loans

Financial assistance to qualifying students entering the profession of podiatry is available in the form of interest-free loans. The loans become due six months after the student terminates full time studies, at which time, the loans bear interest at the bank's prime lending rate and are repayable over the following years.

Student Assistance Loans granted for the year ended December 31, 2008 amounted to \$1,500 (for the year ended December 31, 2007 - \$3,000).

For the financing of the Student Assistance Loans, an equal amount of equity has been set aside as restricted to support such loans.

Note 6 B.C. School Fund

During 1997, the B.C. Association of Podiatrists transferred to the Foundation marketable securities at fair value of \$45,841 for the restricted purpose of the future establishment of podiatric education facilities in British Columbia.

Note 7 Diabetic Dinner Fund

In year 2002, the Board of Directors of the Foundation approved the establishment of the Diabetic Dinner Fund. For the year ended December 31, 2008, the fund had a net revenue of \$NIL (for the year ended December 31, 2007 - net revenue of \$NIL).

Note 8 Membership dues

The Foundation received dues from the Canadian Podiatric Medical Association ("CPMA") on an annual basis. However, in 2004, CPMA proposed to amend its bylaws to cancel such dues to the Foundation effective retroactively to January 1, 2003.

In 2005, the Foundation collected dues of \$100 per member from individual podiatrists who joined the Foundation. In 2006, such membership dues were reduced to \$10 per member. Membership dues revenue amounted to \$70 for the year ended December 31, 2008 (\$70 for the year ended December 31, 2007).

Note 9 Financial instruments

The Foundation's financial instruments consist of cash in bank, marketable securities, other receivables, student assistance loans receivable, and accounts payable. The Board of Directors of the Foundation are of the opinion that the Foundation is not exposed to significant interest risk, currency or credit risk arising from these financial instruments.

The fair value of the Foundation's financial instruments approximate their carrying values, unless otherwise noted.