

THE CANADIAN PODIATRY EDUCATION FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

To the Members of
The Canadian Podiatry Education Foundation

Report on the financial statements

We have audited the accompanying financial statements of The Canadian Podiatry Education Foundation, which comprise the Statement of Financial Position as at December 31, 2010, and the Statement of Operations, Statement of Changes in Net Assets and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian general 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 the auditor's 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, the auditor considers 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 qualified audit opinion.

Basis for qualified opinion

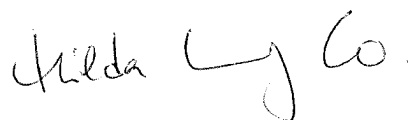
The Foundation derives revenue from donation and sponsorship revenues, the completeness of which is not susceptible to satisfactory audit verification. Consequently, we were not able to obtain sufficient appropriate audit evidence to support the completeness of donations and sponsorship revenues, and we were not able to determine whether any adjustments were necessary.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Canadian Podiatry Education Foundation as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Report on other legal and regulatory requirements

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.



Handwritten signature of Hilda Leung Co. in cursive script.

CERTIFIED GENERAL ACCOUNTANTS

Vancouver, British Columbia
June 23, 2011

THE CANADIAN PODIATRY EDUCATION FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010 & 2009

	2010	2009
ASSETS		
Current		
Bank	\$ 4,081	\$ 11,546
Marketable securities (Note 3)	133,594	129,780
Other receivables	-	210
Prepaid expenses	14	-
	<u>137,689</u>	<u>141,536</u>
Student assistance loans receivable	250,902	244,533
Less: student assistance loans provision	<u>89,276</u>	<u>84,247</u>
	<u>161,626</u>	<u>160,286</u>
Capital		
Equipment	2,779	2,779
Less: accumulated depreciation	<u>2,508</u>	<u>2,440</u>
	<u>271</u>	<u>339</u>
	<u>\$ 299,586</u>	<u>\$ 302,161</u>
LIABILITIES		
Current		
Accounts payable	\$ 12,442	\$ 14,812
Due to B. C. Association of Podiatrists	-	10,000
	<u>12,442</u>	<u>24,812</u>
NET ASSETS		
Restricted		
For Student Assistance Loans (Note 5)	161,626	160,286
For future podiatry education facilities		
- Canadian School Fund (Note 4)	27,240	27,240
- B.C. School Fund (Note 6)	67,447	66,822
For Diabetic Dinner Fund (Note 7)	1,947	1,947
	<u>258,260</u>	<u>256,295</u>
Unrestricted		
Net assets invested in capital assets	271	339
Unrestricted net assets	<u>28,613</u>	<u>20,715</u>
	<u>28,884</u>	<u>21,054</u>
Approved by:	<u>287,144</u>	<u>277,349</u>
	<u>\$ 299,586</u>	<u>\$ 302,161</u>

Directors

THE CANADIAN PODIATRY EDUCATION FOUNDATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009

	2010					2009	
	Restricted				Unrestricted	Total	Total
	Student Loans	Canadian School	B.C. School	Diabetic Dinner			
Net assets, beginning of year	\$ 160,286	\$ 27,240	\$ 66,822	\$ 1,947	\$ 21,054	\$ 277,349	\$ 289,698
Excess of revenues over expenses (expenses over revenues)	-	-	-	-	9,795	9,795	(12,349)
Adjustment for restricted assets in Student Assistance Loans							
- loan granted	-	-	-	-	-	-	-
- loan repayment	(8,450)	-	-	-	8,450	-	-
- loan interest accrued	14,820	-	-	-	(14,820)	-	-
- provision for bad debt	(5,030)	-	-	-	5,030	-	-
Investment income restricted for B.C. School Fund	-	-	625	-	(625)	-	-
Net assets, end of year	<u>\$ 161,626</u>	<u>\$ 27,240</u>	<u>\$ 67,447</u>	<u>\$ 1,947</u>	<u>\$ 28,884</u>	<u>\$ 287,144</u>	<u>\$ 277,349</u>

See Accompanying Notes

THE CANADIAN PODIATRY EDUCATION FOUNDATION

STATEMENT OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009

	2010				2009
	General	Diabetic Dinner	Fund Raising	Total	Total
REVENUES:					
Membership dues (Note 8)	\$ 10	\$ -	\$ -	\$ 10	\$ 70
Contributions & donations	2,371	-	2,320	4,691	1,500
Interest	14,817	-	-	14,817	24,028
Other investment income	752	-	-	752	964
Capital gains	-	-	-	-	1,669
Recovery of market value adjustment of marketable securities (Note 3)	<u>3,063</u>	<u>-</u>	<u>-</u>	<u>3,063</u>	<u>7,614</u>
	<u>21,013</u>	<u>-</u>	<u>2,320</u>	<u>23,333</u>	<u>35,845</u>
EXPENSES:					
Audit	4,732	-	-	4,732	4,284
Consulting & other professional fees	1,225	-	-	1,225	1,234
Office & miscellaneous	24	-	-	24	58
Rents & catering	-	-	2,367	2,367	-
Website development & maintenance	17	-	-	17	-
Bank charges	75	-	-	75	-
Provision for uncollectible student assistance loans	5,030	-	-	5,030	42,533
Depreciation	<u>68</u>	<u>-</u>	<u>-</u>	<u>68</u>	<u>85</u>
	<u>11,171</u>	<u>-</u>	<u>2,367</u>	<u>13,538</u>	<u>48,194</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	<u>\$ 9,842</u>	<u>\$ -</u>	<u>\$ (47)</u>	<u>\$ 9,795</u>	<u>\$ (12,349)</u>

See Accompanying Notes

THE CANADIAN PODIATRY EDUCATION FOUNDATION
 CASH FLOW STATEMENT
 FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	\$ 9,795	\$ (12,349)
Add (deduct) items not involving cash:		
Depreciation	68	85
Recovery of market value adjustment of marketable securities	<u>(3,063)</u>	<u>(7,614)</u>
	6,800	(19,878)
Increase in interest receivable on student assistance loans	(14,820)	(23,984)
Changes in non-cash working capital items:		
Decrease (increase) in other receivables	210	(70)
Increase in prepaid expenses	(14)	-
Decrease in accounts payable	(2,370)	(2,009)
Decrease in due to B. C. Association of Podiatrists	<u>(10,000)</u>	<u>-</u>
	<u>(20,194)</u>	<u>(45,941)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in marketable securities	751	2,633
Student assistance loans repayment	(8,450)	(15,407)
Provision for uncollectible student assistance loans	<u>(5,030)</u>	<u>(42,533)</u>
	<u>(12,729)</u>	<u>(55,307)</u>
Increase (decrease) in cash during the year	(7,465)	9,366
Bank, beginning of year	<u>11,546</u>	<u>2,180</u>
Bank, end of year	<u>\$ 4,081</u>	<u>\$ 11,546</u>

See Accompanying Notes

THE CANADIAN PODIATRY EDUCATION FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2010 & 2009

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.

Use of estimates

When preparing financial statements according to Canadian generally accepted accounting principles, estimates and assumptions are made relating to:

- Reported amounts of revenues and expenses
- Reported amounts of assets and liabilities
- Disclosure of contingent assets and liabilities

Assumptions are based on a number of factors including historical experiences, current events and actions that the Foundation may take in the future, and other assumptions that are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. Estimates are used when accounting for certain items such as lives of capital assets.

Note 3 Marketable Securities

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

As at December 31, 2010, marketable securities in the amount of \$3,178 (as at December 31, 2009 - \$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		-
2009		-
2010		-
		<hr/>
	\$	<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, 2010 amounted to \$Nil (for the year ended December 31, 2009 - \$Nil).

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, 2010, the fund had a net revenue of \$Nil (for the year ended December 31, 2009 - 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 \$10 for the year ended December 31, 2010 (\$70 for the year ended December 31, 2009).

Note 9 Financial instruments

The Foundation's financial instruments consist of cash in bank, marketable securities, other receivables, student assistance loans receivable, accounts payable, and due to B. C. Association of Podiatrists. 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 values of the Foundation's financial instruments approximate their carrying values, unless otherwise noted.