

## Memorandum to Members

### Notes to Audited Financial Statements 2018 - 2019

#### A message from OSOT Treasurer, Laura Hayos

At the upcoming Annual General Meeting (AGM), September 24, 2020, OSOT members will be asked to support a motion to accept the Audited Financial Statement for the period October 1, 2018 – September 30, 2019. Financial Statements were circulated earlier in the year for membership review and they are appended to the bottom of this email.

Review of Audited Statements can be challenging for the uninitiated. While we encourage a fulsome review by members, our timelines at the AGM are always tight. I am taking this opportunity to present a synopsis in a format that may be easier for members to understand, and to provide more detail regarding how your money was spent in the 2018 - 19 fiscal year. The Audited Financial Statements of the Society at September 30, 2019 follow this commentary. I encourage your review of this information.

While the audited financial statement provides a means through which to demonstrate our accountability to you, the Statements presented to the AGM reflect financial status of a year ago. I will provide an update on our current financial status at the AGM as well and hope that this will facilitate your understanding of your association's financial status.

#### OSOT remains in a very solid and healthy financial position.

##### THE ONTARIO SOCIETY OF OCCUPATIONAL THERAPISTS

##### STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2019

	2019	2018
<b>ASSETS</b>		
Current assets		
Cash	\$ 930,704	\$ 1,313,832
Short-term investments (note 3)	758,055	422,316
Accounts receivable	8,992	3,695
Prepaid expenses	<u>5,901</u>	<u>10,056</u>
	<u>\$ 1,703,652</u>	<u>\$ 1,749,899</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 46,445	\$ 12,667
HST payable	80,425	88,956
Prepaid membership dues, event revenue and insurance fees	<u>971,004</u>	<u>1,063,678</u>
	<u>1,097,874</u>	<u>1,165,301</u>
Net assets (note 4)		
Reserve Fund	216,000	216,000
Unrestricted	<u>389,778</u>	<u>368,598</u>
	<u>605,778</u>	<u>584,598</u>
	<u>\$ 1,703,652</u>	<u>\$ 1,749,899</u>

- Review of the **Statement of Financial Position at September 30, 2019** (left) will show that at year end the Society had net assets of \$605,776. This is the members' equity that existed at the end of the membership year.

- The calculation of net assets takes into consideration the Current Assets at year end which were \$1,703,652. This figure represents cash in the bank and funds invested. At the same time, the Society had Liabilities of \$1,097,874. These were either expenses which we owed or revenues that needed to be allocated to the next membership year (e.g. prepaid 2019 - 2020 membership and insurance fees totalling \$971,004). Subtracting the Liabilities from the Current Assets, results in net assets of \$605,778. This compares to net assets at year end September 2018 of \$584,598 and is a largely a result of increased revenues from workshops and webinars.
- It can be noted that the Society had approximately \$93,000 more prepaid membership dues, event revenue and insurance fees in 2018 as compared to 2019. This represents prepaid Conference 2018 registration fees. OSOT did not host a Conference in fall 2019 as the Society was the host organization for the CAOT Conference in Niagara Falls in May 2019.
- The Society's Net Assets include a Reserve Fund of \$216,000 that is established by a Board policy that aims to protect the organization in the event of an unforeseen crisis or dissolution of the Society by assuring that there would be funds to cover debts. OSOT allocates an amount equal to 40% of its budget for personnel/compensation, governance and office operations to the Reserve Fund.
- Setting aside the Reserve Fund, the Society was left with an Unrestricted Surplus, of \$389,778 at September 30, 2019. The Unrestricted Surplus at September 2018 stood at \$368,598. Unrestricted Surplus represents funds available to support special projects or initiatives that cannot normally be funded through the operating budget which is generally supported by the projected annual revenues. The Board of Directors has intentionally allowed the Unrestricted Surplus to grow in anticipation of the need for the Society to move its offices within Toronto. The current lease expires May 30, 2020 and as the building is slated for re-development it is time to proactively re-locate. It is recognized that OSOT has enjoyed a very economical rental situation for the past 25 years. It will be difficult to duplicate in today's marketplace and the growth in the unrestricted surplus is intended to facilitate a move and leasehold improvements to new space in 2020.
- A review of the revenues and expenses in the **Statement of Operations and Net Assets 2018 - 2019**, provides an overview of the Society's revenue sources and expense allocations and provides insight into how membership resources are allocated and spent.

**THE ONTARIO SOCIETY OF OCCUPATIONAL THERAPISTS**

**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	2019	2018
<b>REVENUE</b>		
Membership dues	\$ 764,861	\$ 731,272
Conference and workshops fees	196,247	53,315
Website and advertising	29,680	23,982
Investment income	26,352	7,660
LMS prolink contract	15,111	14,493
Employment grant and other	8,709	3,695
Public relations and professional resource sales	<u>144</u>	<u>847</u>
	<u>1,041,104</u>	<u>835,264</u>
<b>EXPENSES</b>		
Personnel	450,686	376,534
Office and administrative	151,401	159,722
Governance	21,755	20,291
Member services direct costs (note 5)		
Professional promotion	157,862	72,076
Conferences and workshops	138,402	46,768
Government relations and policy teams	57,826	57,386
Website maintenance	17,205	14,357
Special projects	14,560	46,239
Legal advisory services	7,035	7,035
Other member services	<u>3,192</u>	<u>2,894</u>
	<u>1,019,924</u>	<u>803,302</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	21,180	31,962
Net assets, beginning of year	<u>584,598</u>	<u>552,636</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 605,778</u>	<u>\$ 584,598</u>

- The Board of Directors carefully monitors membership growth as this represents such a high percentage of revenues – approximately 74% in 2018 - 19.
- Overall, revenues increased approximately 20% over 2017-2018. This is a result of increases in virtually all revenue categories, but most specifically, a result of increased membership revenue, revenues from professional development events and investment income (a result of investments coming due in this fiscal year). It should be noted that Conference and Workshop fees are offset by Conference and Workshop expenses reflected under Member Service expenses. However, in 2018 – 19 we realized a net profit of \$57,845 compared to \$6,547 the previous year. This represents a successful investment in staff resources to support members’ professional development and high levels of member engagement.
- OSOT received \$1,041,104 in revenues and spent \$1,019,924 in 2018 - 19 resulting in a surplus of \$21,180. As OSOT is a not-for-profit organization, the accumulation of surplus undesignated funds is discouraged and the Society generally operates on a balanced budget with intent to spend what is brought in as revenue. The Board’s decision to approve a variety of Special Projects totalling \$14,560 resulted from the security that unrestricted surplus was available to support these projects without impacting the fiscal stability of the organization. As mentioned previously, the unrestricted surplus has been accumulated to accommodate an office move in

2020 without significant impact on members and/or office operations, member services, or the capacity of the Society to continue to take on new projects.

- The Board is pleased to report that approximately 39% of 2018 - 19 expenses were directed to Member Services Direct Costs. The Society exists to serve and represent the members so resources should be allocated to do just that. The Board recognizes that the bulk of Personnel expenses is also directed to member service and feels comfortable that the total allocation of approximately 83% of actual expenses is spent to support activities specifically serving members.
- The Unrestricted Surplus at the end of 2017-18 allowed the Board to approve several important Special Projects in 2018 - 19 with costs totalling \$14,560. These included;
  - Strategic promotion workshop Conference 2018
  - Child and Youth Mental Health Team Planning Retreat
  - Pilot of HR Consultant participation in Board Human Resources Committee
  - Support to Board Directors to attend CAOT Conference as Hosts
  - Executive Director Performance Appraisal Development Project

Want a more detailed review? [View the Audited Financial Statements, September 30, 2019.](#)

### OSOT Membership 2018 - 19

As approximately 74% of OSOT's revenues are generally derived from membership fees, membership growth is an important strategic priority...always! Membership growth has been a consistent trend as evidenced by the following;

• 2008 – 2009	...	3199
• 2009 – 2010	...	3439
• 2010 – 2011	...	3526
• 2011 – 2012	...	3752
• 2012 – 2013	...	3758
• 2013 – 2014	...	3962
• 2014 – 2015	...	4096
• 2015 – 2016	...	4309
• 2016 – 2017	...	4385
• 2017 – 2018	...	4517
• 2018 – 2019	...	4537

Despite strong membership retention and regular membership growth, OSOT saw just 3% growth in 2018 - 19. OSOT's current practising membership numbers represents approximately 63% of registered occupational therapists in Ontario (College of Occupational Therapists of Ontario). Just think what we could do if 100% of Ontario occupational therapists lent their membership and financial support! The Board continues to see membership growth as a priority...we trust members share this goal and the commitment to promote and support membership recruitment that will be required to achieve this goal. At the same time, we continue to explore non-dues revenue options.

I invite you to contact the [office](#) or [myself](#), if you have further questions and/or wish to provide comments about the Audited Financial Statements or our financial position.

I hope that you will choose to participate in this year's "virtual" AGM. The webinar format assures that this important meeting, at which the Board of Directors exhibits its accountability to members, is accessible to everyone. Plan to attend – September 24<sup>th</sup>, 12 – 1 pm! If you haven't registered yet, please do so. If you are unable to make this date/time, PLEASE participate by proxy, assigning your vote to another participant.

My hope is that this overview of the Audited Financial Statements and our financial status will leave you informed and comfortable to vote or designate your proxy to approve these Statements at the AGM.

Sincerely,

A handwritten signature in blue ink, appearing to read 'LH', with a long horizontal stroke extending to the right.

Laura Hayos

Treasurer  
Ontario Society of Occupational Therapists