

# Financial Statements

## Management responsibility for financial reporting

The accompanying financial statements and all other information contained in this annual report are the responsibility of the management of the Chartered Professional Accountants of British Columbia (CPABC). The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and have been approved by CPABC's Board of Directors and the Board of the Fund.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Certified Management Society of British Columbia Scholarship Fund (the Fund). CPABC's management maintains a system of internal accounting controls to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial information. Such information also includes data based on management's best estimates and judgments.

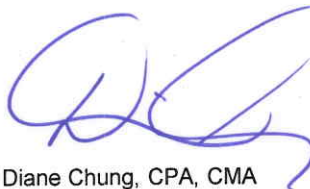
CPABC's Audit Committee (the Committee) reviews the annual financial statements and recommends them to CPABC's Board of Directors and the Trustees of the Fund for their approval. In addition, the Committee meets periodically with management and the external auditors, and reports to the Board of Directors thereon.

The accompanying financial statements have been audited by the external auditors who are engaged by CPABC's Board of Directors on the recommendation of the Committee and whose appointment was ratified at the annual meeting of members. The external auditors have access to the Audit Committee, without management present to discuss the results of their work.



Richard Rees, FCPA, FCA

*President and Chief Executive Officer*



Diane Chung, CPA, CMA

*Vice President, Marketing & Business Development*



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## Independent Auditor's Report

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### To the Members of The Chartered Professional Accountants of British Columbia

We have audited the accompanying financial statements of Certified Management Accountants Society of British Columbia Scholarship Fund, which comprise the statement of financial position as at March 31, 2016, and the statements of operations and net assets, and cash flows 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 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.

#### 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 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 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 in our audit 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 Certified Management Accountants Society of British Columbia Scholarship Fund as at March 31, 2016, and its results of operations and changes in net assets, and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*BDO Canada LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
June 23, 2016

**Certified Management Accountants Society of British Columbia Scholarship Fund**

**STATEMENT OF FINANCIAL POSITION (\$000)**

|   | March 31,<br>2016 | March 31,<br>2015 |
|---|-------------------|-------------------|
| <b>Assets</b>                           |                   |                   |
| Cash                                    | \$ 78.0           | \$ 0.7            |
| Accounts Receivable –CPABC              | 7.4               | 0                 |
|   | <u>85.4</u>       | <u>0.7</u>        |
| Investments (Note 2)                    | 560.0             | 624.7             |
|   | <u>\$ 645.4</u>   | <u>\$ 625.4</u>   |
| <b>Liabilities</b>                      |                   |                   |
| Awarded Scholarships Payables           | \$ 47.5           | \$ 42.5           |
| Payable to CPABC                        | 20.2              | 5.1               |
| Accrued Payables                        | 4.0               | 0                 |
|   | <u>573.7</u>      | <u>577.8</u>      |
| <b>Net Assets</b>                       | <b>573.7</b>      | <b>577.8</b>      |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 645.4</b>   | <b>\$ 625.4</b>   |

The accompanying notes form an integral part of these financial statements.

*Approved on behalf of the  
Trustees:*



Robert Strachan, FCPA,  
FCMA



E.G. Hartmann, FCPA,  
FCMA

# Certified Management Accountants Society of British Columbia Scholarship Fund

## STATEMENT OF OPERATIONS AND NET ASSETS (\$000)

|   | March 31,<br>2016 | March 31,<br>2015 |
|---|-------------------|-------------------|
| <b>Revenues:</b>                                      |                   |                   |
| Contributions   | \$ 7.5            | \$ 16.1           |
| Investment Income                                     | 12.6              | 12.7              |
|   | 20.1              | 28.8              |
| <b>Expenses:</b>                                      |                   |                   |
| Scholarships Granted                                  | 32.5              | 22.5              |
| Expired Scholarships (Note 3)                         | (12.5)            | (4.5)             |
| Miscellaneous Charges                                 | 4.2               | 0.2               |
|   | 24.2              | 18.2              |
| <b>(Deficiency) / Excess of Revenue Over Expenses</b> | <b>\$ (4.0)</b>   | <b>\$ 10.6</b>    |
| <b>Net Assets, Beginning of the Year</b>              | <b>\$ 577.8</b>   | <b>\$ 567.2</b>   |
| <b>Net Assets, End of the Year</b>                    | <b>\$ 573.7</b>   | <b>\$ 577.8</b>   |

The accompanying notes form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**

|  | <b>March 31,<br/>2016</b> | <b>March 31,<br/>2015</b> |
|--|---------------------------|---------------------------|
| <b>Cash Flows from (Used In):</b>                          |                           |                           |
| <b>Operating Activities:</b>                               |                           |                           |
| (Deficiency) / Excess of Revenue over Expenses             | \$ (4.0)                  | \$ 10.6                   |
| Accounts Receivable / Payable to CPABC                     | 7.7                       | (0.5)                     |
| Accrued Payables   | 4.0                       | -                         |
| Awarded Scholarships Payables                              | 5.0                       | 9.0                       |
| <b>Net Cash provided by (used in) Operating Activities</b> | <b>12.7</b>               | <b>19.1</b>               |
| <b>Investing Activities:</b>                               |                           |                           |
| Net Cash provided by (used in) Investing Activities        | 64.6                      | (41.0)                    |
| Increase (Decrease) in Cash                                | 77.4                      | (21.9)                    |
| Cash at Beginning of year                                  | 0.7                       | 22.6                      |
| <b>Cash at End of year</b>                                 | <b>\$ 78.0</b>            | <b>\$ 0.7</b>             |

The accompanying notes form an integral part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2016

(\$000)

**Nature of Operations**

The Scholarship Fund (the "Fund") was created by a resolution of the Board of the Certified Management Accountants Society of British Columbia (CMABC) dated October 18, 1985. Registered Charity status was granted by Canada Revenue Agency on July 4, 1986. The Fund awards scholarships annually to students in post-secondary institutions in British Columbia who qualify. The Fund is administered by the Trustees who are responsible for making awards.

On June 24, 2015, the Chartered Professional Accountants Act (CPA Act) was proclaimed which created the Chartered Professional Accountants of BC (CPABC) by amalgamating the Institute of Chartered Accountants of BC, Society of Certified Management Accountants of BC and the Association of Certified General Accountants of BC ("Legacy Bodies"). Respectively, each of these Legacy Bodies had a charitable educational entity: Chartered Accountant Education Foundation of BC ("CAEF"), CMABC Scholarship Fund and the CGA-BC Educational Foundation.

On November 27, 2015, the CAEF changed its name to the Chartered Professional Accountants' Education Foundation of BC ("CPAEF").

On March 15, 2016, the Trustees of the Fund approved the plan to integrate all of the Foundations into the CPAEF. On March 16, 2016, the Fund signed an Assignment and Assumption Agreement ("Agreement") with the CPAEF to transfer absolutely the capital of the Fund and additional funds or other assets donated or contributed to the Fund and any income received thereon or in respect thereof from and after April 1, 2016 (the "Transfer Date") to the CPAEF, and to wind-up the Fund by March 31, 2017. Under the Agreement the CPAEF agrees to assume and pay and satisfy all existing and future liabilities and to indemnify the Fund and its Trustees from and against any and all liabilities.

**1. Significant Accounting Policies**

***Basis of Accounting***

These financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations.

***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically, and, as adjustments become necessary they are reported in the earnings in the period in which they become known.

***Investments***

Investments are initially recognized and subsequently measured at fair value, determined using market information. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in operations.

***Revenues***

*Contributions are recorded as revenue when amounts can be reasonably estimated and collectability is assured. Interest income is recorded on an accrual basis.*

***Donated Services***

The Fund and its members benefit from donated services in the form of volunteer time. These donated services are not recorded in the financial records of the Fund.

**2. Investments**

Investments consist of financial institution guaranteed investment certificates. The securities have varying maturity dates to January 2018. Yields on marketable securities vary from 1.00% to 2.25% (2015 – 1.90% to 2.25%).

**3. Scholarships**

The Trustees may, at their discretion, supplement existing scholarships and/or establish new ones. Any unclaimed scholarship balance expires three years from the date of award.

**4. Financial Instruments**

The Fund's financial instruments consist of cash, investments, awarded scholarship payables, amounts payable to CPABC and accrued payables.

**Interest Rate Risk**

The Fund manages the interest rate risk exposure of its fixed income investments by using a laddered portfolio with varying terms of maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

**Currency Risk**

The Fund does not hold any foreign currency investments.

**Credit and Market Risk**

The Fund has an investment policy that restricts the types and amounts of its eligible investments and requires dealing with highly rated counterparties.