

CGA-BC EDUCATIONAL FOUNDATION

A Charitable Organization

FINANCIAL STATEMENTS

March 31, 2016

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 Trustees of the Foundation.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of CGA-BC Educational Foundation (the Foundation). 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) later reviews the annual financial statements and recommends them to CPABC's Board of Directors and the Trustees of the Foundation for their approval. In addition, the Committee meets periodically with management and the external auditors, and reports to the Board of Directors thereon. The Committee also reviews the annual report in its entirety.

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.



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President and Chief Executive Officer



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Independent Auditor's Report

To the Members of The Chartered Professional Accountants of British Columbia

We have audited the accompanying financial statements of The Certified General Accountants' Educational Foundation of British Columbia, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in fund balances 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 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 The Certified General Accountants' Educational Foundation of British Columbia as at March 31, 2016 and its results of operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Other Matter

The financial statements of The Certified General Accountants' Educational Foundation of British Columbia for the year ended March 31, 2015 were audited by another firm of chartered professional accountants who expressed a qualified opinion for the completeness of donation revenue on those financial statements on July 10, 2015.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
June 16, 2016

CGA-BC EDUCATIONAL FOUNDATION

STATEMENT OF FINANCIAL POSITION

For the year ended March 31, 2016

| | General Fund | Capital Asset Fund | Endowment Fund | Scholarships and Bursaries Fund | March 31, 2016 | March 31, 2015 |
|--|--------------|--------------------|----------------|---------------------------------|----------------|----------------|
| ASSETS | | | | | | |
| Current | | | | | | |
| Cash and cash equivalents | \$ 147,305 | \$ - | \$ - | \$ - | \$ 147,305 | \$ 144,302 |
| Accounts receivable | 9,293 | - | - | - | 9,293 | 24,411 |
| | 156,598 | - | - | - | 156,598 | 168,713 |
| Restricted Cash | - | - | 5,440 | 92,084 | 97,524 | 95,918 |
| Long-Term Investments (Note 5) | 532,527 | - | - | - | 532,527 | 540,247 |
| Equipment (Note 6) | - | - | - | - | - | 31 |
| | \$ 689,125 | \$ - | \$ 5,440 | \$ 92,084 | \$ 786,649 | \$ 804,909 |
| LIABILITIES | | | | | | |
| Current | | | | | | |
| Accounts payable and accrued liabilities | \$ 6,115 | \$ - | \$ - | \$ - | \$ 6,115 | \$ 4,613 |
| | 6,115 | - | - | - | 6,115 | 4,613 |
| FUND BALANCES | | | | | | |
| Externally Restricted (Note 7) | - | - | 5,440 | 92,084 | 97,524 | 95,918 |
| Invested in Capital Assets | - | - | - | - | - | 31 |
| Unrestricted | 683,010 | - | - | - | 683,010 | 704,347 |
| | 683,460 | - | 5,440 | 92,084 | 780,534 | 800,296 |
| | \$ 689,125 | \$ - | \$ 5,440 | \$ 92,084 | \$ 786,649 | \$ 804,909 |

See accompanying notes

Approved on behalf of the Board:


Trustee

CGA-BC EDUCATIONAL FOUNDATION

STATEMENT OF OPERATIONS

For the year ended March 31, 2016

| | General Fund | Capital Asset Fund | Endowment Fund | Scholarships and Bursaries Fund | March 31, 2016 | March 31, 2015 |
|--|---------------|--------------------|----------------|---------------------------------|----------------|----------------|
| REVENUES | | | | | | |
| Donations | \$ 41,655 | - | - | \$ 15,000 | \$ 56,655 | \$ 121,759 |
| Investment income | 28,723 | - | 34 | 572 | 29,329 | 57,416 |
| | <u>70,378</u> | <u>-</u> | <u>34</u> | <u>15,572</u> | <u>85,984</u> | <u>179,175</u> |
| EXPENSES | | | | | | |
| Printing, postage and general | 1,670 | - | - | - | 1,670 | 3,693 |
| Professional fees | 5,945 | - | - | - | 5,945 | 4,500 |
| Travel and meetings | - | - | - | - | - | 977 |
| Amortization | - | 31 | - | - | 31 | 124 |
| Educational Funding- Events | <u>14,599</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>14,599</u> | <u>-</u> |
| | 22,214 | 31 | - | - | 22,245 | 9,294 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE DISBURSEMENTS AND UNREALIZED (LOSS) GAIN | 48,164 | (31) | 34 | 15,572 | 63,739 | 169,881 |
| Disbursements and other | | | | | | |
| Scholarships and bursaries | - | - | - | (48,000) | \$ (48,000) | (76,325) |
| Unrealized (loss) gain on investments | (35,501) | - | - | - | (35,501) | 7,829 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES | \$ 12,663 | \$ (31) | \$ 34 | \$ (32,428) | \$ (19,762) | \$ 101,385 |

See accompanying notes

CGA-BC EDUCATIONAL FOUNDATION

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended March 31, 2016

| | General Fund | Capital Asset Fund | Endowment Fund | Scholarships and Bursaries Fund | March 31, 2016 | March 31, 2015 |
|---|--------------|--------------------|----------------|---------------------------------|----------------|----------------|
| BALANCE, BEGINNING OF YEAR | \$ 704,347 | \$ 31 | \$ 5,406 | \$ 90,512 | \$ 800,296 | \$ 688,911 |
| Excess (deficiency) of revenues over expenses | 12,663 | (31) | 34 | (32,428) | (19,762) | 101,385 |
| Inter-fund transfers (Note 7) | (34,000) | - | - | 34,000 | - | - |
| BALANCE, END OF YEAR | \$ 683,010 | \$ - | \$ 5,440 | \$ 92,084 | \$ 780,534 | \$ 800,296 |

See accompanying notes

CGA-BC EDUCATIONAL FOUNDATION

STATEMENT OF CASH FLOWS

For the year ended March 31, 2016

| | General Fund | Capital Asset Fund | Endowment Fund | Scholarships and Bursaries Fund | March 31, 2016 | March 31, 2015 |
|---|-------------------|--------------------|-----------------|---------------------------------|-------------------|-------------------|
| CASH USED FOR: | | | | | | |
| Operating activities | | | | | | |
| Excess (deficiency) of revenues over expenses | \$ 13,113 | \$ (31) | \$ 34 | \$ (32,428) | \$ (19,312) | \$ 101,385 |
| Non-cash item: | | | | | | |
| Unrealized loss (gain) on investment | 35,051 | - | - | - | 35,051 | (7,829) |
| Amortization | <u>48,164</u> | <u>31</u> | <u>34</u> | <u>(32,428)</u> | <u>31</u> | <u>124</u> |
| Changes in non-cash working capital: | | | | | | |
| Accounts receivable | 15,118 | - | - | - | 15,118 | (13,794) |
| Accounts payable and accrued liabilities | <u>1,502</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,502</u> | <u>412</u> |
| | 64,784 | - | 34 | (32,428) | 32,390 | 80,299 |
| Investing activities | | | | | | |
| Net long-term investments | (27,781) | - | - | - | (27,781) | (54,624) |
| | (27,781) | - | - | - | (27,781) | (54,624) |
| Change in cash | 37,003 | - | 34 | (32,428) | 4,609 | 25,674 |
| Cash, beginning of year | 144,302 | - | 5,406 | 90,512 | 240,220 | 214,546 |
| Inter-fund transfers (Note 4) | (34,000) | - | - | 34,000 | - | - |
| CASH, END OF YEAR | \$ 147,305 | \$ - | \$ 5,440 | \$ 92,084 | \$ 244,829 | \$ 240,220 |
| Represented by | | | | | | |
| Cash and short-term investments | 147,305 | - | - | - | 147,305 | 144,302 |
| Restricted cash | - | - | 5,440 | 92,084 | 97,524 | 95,918 |
| CASH, END OF YEAR | \$ 147,305 | \$ - | \$ 5,440 | \$ 92,084 | \$ 244,829 | \$ 240,220 |

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

Note 1 Purpose of the organization

CGA-BC Educational Foundation (the "Foundation") was established to provide financial assistance to deserving students pursuing the CGA designation and to promote excellence in professional accounting education. The foundation was established on September 2, 1988 and is a registered charity under the Income Tax Act.

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 Accountants Education Foundation of BC ("CAEF"), CMABC Scholarship Fund, and 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 16, 2016, the Foundation signed an Assignment and Assumption Agreement ("Agreement") with the CPAEF to transfer absolutely the capital of the Foundation and any additional funds or other assets donated or contributed to the Foundation 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 Foundation 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 Foundation and its Trustees from and against any and all liabilities.

Note 2 Summary of accounting policies

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

Fund accounting

The Foundation follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Foundation's administrative activities and reports unrestricted resources.

The Capital Asset Fund accounts for property and equipment owned by the Foundation.

The Endowment Fund reports resources contributed for endowment.

The Scholarship and Bursaries Fund reports resources available for distribution to the students in the form of scholarships and bursaries.

Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured. All restricted contributions are recognized as revenue in the appropriate restricted fund. Contributions for endowment are recognized as revenue in the Endowment Fund.

Note 2 Summary of accounting policies (continued)

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Amortization

Software and equipment are recorded at cost. Amortization is calculated using the straight-line basis at the following rates:

| | |
|-------------------|------|
| Computer software | 33 % |
| Office equipment | 20 % |

Financial instruments

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.

Accounts receivable are classified as loans and receivables and accounts payable and accrued liabilities are classified as other financial liabilities.

Donated materials and services

Volunteers contribute numerous hours per year to assist the Foundation in carrying out its services. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Donated materials and services are recorded when a fair value can be reasonably estimated and when the material and services would otherwise have been purchased in the normal course of the Foundation's operations.

Note 3 Financial instruments

Fair value

The carrying amount of cash, accounts receivable and accounts payable and accruals approximate their fair values because of the short-term nature of these items.

Risks

The Foundation manages the interest rate risk exposure of its fixed income investments by investing in bonds and guaranteed investment certificates with varying terms and maturity dates. Investments in equity securities are not exposed to significant interest rate risk.

The Foundation mitigates the currency risk exposure of its foreign equities through diversification. The Foundation is exposed to market risk on its investments in public traded equity and debt securities.

Note 4 Inter-fund transfers

During the period, the Foundation's trustees authorized the following transfers between funds:

- \$34,000 (2015-\$57,825) from the General Fund to the Scholarships and Bursaries fund

Note 5 Investments

The Foundation holds its investments in mutual funds on which it may earn interest and dividend income. Investments in mutual funds are valued at their reported net asset value and as a result are subject to both appreciation and depreciation in fair value, which is recognized in the statement of operations. These investments can be redeemed at any time. Fixed income bonds include Canadian corporate and

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government exchange traded funds and US investment grade exchange traded funds. Pooled funds are invested in Canadian and international equity securities.

Note 6 Equipment

| | Cost | Accumulated Amortization | March 31, 2016 | March 31, 2015 |
|-------------------|----------------|--------------------------|----------------|----------------|
| Computer software | \$6,151 | 6,151 | - | - |
| Office equipment | 621 | 621 | - | 31 |
| | <u>\$6,772</u> | <u>6,772</u> | <u>-</u> | <u>31</u> |

Note 7 Externally restricted funds

The Foundation has received contributions from various sources that are subject to restrictions. Minimum cash amounts scheduled to be disbursed from restricted funds during the subsequent fiscal year are presented as current assets; the balance of cash and short-term investments are presented as restricted.

| | March 31, 2016 | March 31, 2015 |
|--|------------------|----------------|
| Endowment Fund | | |
| Robert Hungerford | \$ <u>5,440</u> | <u>5,406</u> |
| Scholarships and Bursaries Fund | | |
| AccPac International | \$ 5,955 | 6,415 |
| CPABC Scholarship | 1,500 | - |
| David B. Reid Scholarship | 18,162 | 19,044 |
| Fred & Liliana Young Bursary | 1,465 | 1,455 |
| J. Alfred Marsh Bursary | 20,347 | 20,218 |
| Loren, Nancke & Company | 1,000 | - |
| Mrs. Elite Woo Memorial Bursary | 4,623 | 4,594 |
| Vancouver CPA Computer Users Group | <u>39,032</u> | <u>38,786</u> |
| | 92,084 | 90,512 |
| | <u>\$ 97,524</u> | <u>95,918</u> |

Note 8 Disbursement quota

To maintain its status as a registered charity under the Income Tax Act, the Foundation is required to expend a minimum amount or "disbursement quota", on its charitable programs. Subject to confirmation by the Canada Revenue Agency, the Foundation's disbursement quota for the year ended March 31, 2016 is \$18,774 (March 31, 2015: \$17,816). The Foundation has made excess charitable expenditures in the current and preceding years amounting to \$293,845 (2015: \$338,562). Up to this amount may be used to offset any shortfall in meeting the 2017 disbursement quota.