

**The Certified General Accountants Association of Manitoba**  
**Consolidated Financial Statements**  
August 31, 2015

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## Independent Auditors' Report

To the Members of  
The Certified General Accountants Association of Manitoba

We have audited the accompanying consolidated financial statements of The Certified General Accountants Association of Manitoba, which comprise the consolidated statement of financial position as at August 31, 2015, and the consolidated statements of operations, changes in net assets and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the consolidated 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 Association'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 consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of The Certified General Accountants Association of Manitoba as at August 31, 2015, and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Other Matter*

The statement of financial position as at March 31, 2015 and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2015, were audited by another auditor who expressed an unmodified opinion on those statements on May 28, 2015.

Winnipeg, Canada  
January 21, 2016

Chartered Professional Accountants

**The Certified General Accountants Association of Manitoba  
Consolidated Statement of Financial Position**

	August 31, 2015	March 31, 2015
		(Notes 10 and 14)
<b>Assets</b>		
Current		
Cash	\$ 2,304,026	\$ 2,908,475
Short term investments (Note 6)	100,332	49,332
Accounts receivable (Note 4)	161,296	102,697
Inventory	-	70,149
Prepays	51,614	45,831
Due from related parties (Note 5)	<u>116,533</u>	<u>122,130</u>
	2,733,801	3,298,614
Investments (Note 6)	236,225	285,225
Investment in related party (Note 7)	35	35
Capital assets (Notes 8 and 10)	<u>396,088</u>	<u>421,015</u>
	<u>\$ 3,366,149</u>	<u>\$ 4,004,889</u>
<b>Liabilities</b>		
Current		
Accounts payable and accruals (Note 9)	\$ 841,853	\$ 1,622,914
Unearned fees	<u>779,757</u>	<u>587,101</u>
	<u>1,621,610</u>	<u>2,210,015</u>
<b>Net Assets</b>		
Invested in capital assets	386,988	426,920
Unrestricted	<u>1,357,551</u>	<u>1,367,954</u>
	<u>1,744,539</u>	<u>1,794,874</u>
	<u>\$ 3,366,149</u>	<u>\$ 4,004,889</u>

Approved by the Board

\_\_\_\_\_ Chair

\_\_\_\_\_ Secretary

See accompanying notes to the consolidated financial statements.

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**The Certified General Accountants Association of Manitoba  
Consolidated Statement of Operations**

	<b>August 31, 2015 (5 months)</b>	March 31, 2015 (9 months)
		(Note 14)
Revenue		
Member fees	<b>\$ 714,149</b>	\$ 1,222,401
Less national fees and assessment	<u><b>(251,111)</b></u>	<u>(435,301)</u>
	<b>463,038</b>	787,100
Pre-certification education programs (Note 11)	<b>292,694</b>	1,217,160
Member education and events	<b>88,274</b>	215,729
Practicing office assessments and practice review	<b>50,272</b>	96,362
Investment and other (Note 6)	<u><b>6,479</b></u>	<u>53,433</u>
	<u><b>900,757</b></u>	<u>2,369,784</u>
Expense		
Salaries and benefits	<b>352,038</b>	811,488
Pre-certification education programs (Note 11)	<b>244,976</b>	638,916
Office occupancy and operations	<b>122,559</b>	210,730
Governance	<b>68,685</b>	78,820
External communications and student recruitment	<b>66,414</b>	198,113
Member education, events and services	<b>57,118</b>	250,568
Amortization	<b>22,643</b>	40,523
Regulatory	<u><b>16,659</b></u>	<u>38,502</u>
	<u><b>951,092</b></u>	<u>2,267,660</u>
(Deficiency) excess of revenue over expense	<u><b>\$ (50,335)</b></u>	<u>\$ 102,124</u>

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See accompanying notes to the consolidated financial statements.

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**The Certified General Accountants Association of Manitoba  
Consolidated Statement of Changes in Net Assets**

	Invested in Capital Assets	Unrestricted Fund	Total August 31, 2015 (5 months)	Total March 31, 2015 (9 months)
Net assets, beginning of period as previously reported	\$ 408,828	\$ 1,414,382	\$ 1,823,210	\$ 1,721,086
Prior period adjustment (Note 10)	<u>3,088</u>	<u>(31,424)</u>	<u>(28,336)</u>	<u>(28,336)</u>
Net assets, as restated	411,916	1,382,958	1,794,874	1,692,750
(Deficiency) excess of revenue over expense	(25,691)	(24,644)	(50,335)	102,124
Investment in capital assets	<u>763</u>	<u>(763)</u>	<u>-</u>	<u>-</u>
Net assets, end of period	<u>\$ 386,988</u>	<u>\$ 1,357,551</u>	<u>\$ 1,744,539</u>	<u>\$ 1,794,874</u>

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See accompanying notes to the consolidated financial statements.

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**The Certified General Accountants Association of Manitoba  
Consolidated Statement of Cash Flows**

	<b>August 31, 2015 (5 months)</b>	March 31, 2015 (9 months)
		(Notes 10 and 14)
Cash derived from (applied to):		
<b>Operating</b>		
(Deficiency) excess of revenue over expense	\$ (50,335)	\$ 102,124
Amortization	<u>22,643</u>	<u>40,523</u>
	(27,692)	142,647
Change in non-cash operating working capital items		
Accounts receivable	(58,599)	(9,888)
Inventory	70,149	(14,095)
Prepays	(5,783)	13,743
Accounts payable and accruals	(781,061)	497,013
Unearned fees	<u>192,656</u>	<u>(656,944)</u>
	<u>(610,330)</u>	<u>(27,524)</u>
<b>Financing</b>		
Advances from related party	<u>5,597</u>	<u>70,250</u>
<b>Investing</b>		
Purchase of investments	(2,000)	(33,893)
Purchase of capital assets	(763)	(19,220)
Joint venture amortization adjustment	<u>3,047</u>	<u>5,174</u>
	<u>284</u>	<u>(47,939)</u>
<b>Net decrease in cash</b>	<b>(604,449)</b>	<b>(5,213)</b>
<b>Cash</b>		
Beginning of period	<u>2,908,475</u>	<u>2,913,688</u>
End of period	<u><b>\$ 2,304,026</b></u>	<u><b>\$ 2,908,475</b></u>

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See accompanying notes to the consolidated financial statements.

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**The Certified General Accountants Association of Manitoba**  
**Notes to the Consolidated Financial Statements**  
August 31, 2015

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**1. Purpose and objectives**

The Certified General Accountants Association of Manitoba (the Association) is the professional body for all Certified General Accountants in Manitoba. The mission of the Association is "empowering members to excel in a changing professional environment".

The Certified General Accountants Association of Manitoba was incorporated May 25, 1973 without share capital, by an Act of the Province of Manitoba. The Association is to be carried on without pecuniary gain to its members. Any profits or other accretions are to be used in promoting its objectives.

The Association is designated a non-profit organization and is exempt from income tax under paragraph 149(1)(l) of the Income Tax Act.

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**2. Merger events**

**Merger of accounting bodies (Note 13)**

On September 1, 2015, the Chartered Professional Accountants Act was proclaimed in Manitoba. The legislation amalgamates the Association, the Society of Management Accountants of Manitoba (CMA Manitoba), and the Institute of Chartered Accountants of Manitoba (CA Manitoba) as one corporate body under the name Chartered Professional Accountants of Manitoba (CPA Manitoba).

All the net assets of the Association together with those of CMA Manitoba and CA Manitoba have become the assets of CPA Manitoba effective September 1, 2015.

**Merger of accounting foundations**

Similar to the amalgamation of the three accounting bodies, the CA and CMA Foundations have merged the two foundations into a new body known as the Chartered Professional Accountants of Manitoba Foundation (CPA Foundation). The CPA Foundation was formed effective July 1, 2015. An agreement has been reached that the assets of The Certified General Accountants Association of Manitoba Scholarship Trust Fund will be transferred to the CPA Foundation in due course.

The CA and CMA Foundations were controlled by their respective accounting bodies prior to July 1, 2015.



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# The Certified General Accountants Association of Manitoba

## Notes to the Consolidated Financial Statements

August 31, 2015

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### 2. Merger events - continued

#### Regional education

The Association, together with its partners in the CPA Manitoba Joint Venture are in the process of developing a new Education Agreement to replace the existing Education Agreement between the CA provincial accounting bodies in British Columbia, Alberta, Saskatchewan and Manitoba and the CPA Western School of Business. The new Education Agreement will be between the new CPA provincial accounting bodies and the regional school regarding the effective delivery of professional accounting education for those aspiring to become Chartered Professional Accountants.

On September 29, 2015, CPA Manitoba entered into a new agreement with the CPA provincial accounting bodies and the CPA Western School of Business.

Delivery of the CGA Program of Professional Studies will wind up with a final offering of CGA courses and exams in the summer session of 2015. Thereafter, CGA student services will be maintained until 2020 to support practical experience and degree completion only. CGA students who do not complete the CGA Program of Professional Studies with the final September 2015 exam offering will be provided a transition opportunity into the CPA programs.

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### 3. Summary of significant accounting policies

The consolidated financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the accounts of the Association and its interest in CPA Manitoba Joint Venture. Preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

The consolidated financial statements include the following significant accounting policies:

#### (a) Interest in CPA Manitoba Joint Venture

The Association accounts for its interest in the CPA Manitoba Joint Venture using the proportionate consolidation method. The Association's consolidated financial statements include its pro rata share of CPA Manitoba Joint Venture's assets, liabilities, revenues, expenses, excess revenue and cash flows from operating, investing and financing activities.

#### (b) Investments

Investments, which comprise guaranteed investment certificates and bonds, are initially recognized at fair value, and subsequently measured at amortized cost.

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**The Certified General Accountants Association of Manitoba**  
**Notes to the Consolidated Financial Statements**  
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**3. Summary of significant accounting policies - continued**

**(c) Capital assets**

Amortization is provided on a straight-line basis over the estimated useful lives of the capital assets:

Buildings	40 years
Building improvements	10 years
Computer software	2 years
Furniture and fixtures	5 years
Sign	10 years
Parking lot	10 years

Amortization of leasehold improvements is recorded over the remaining term of the lease.

**(d) Revenue recognition**

Member fees, practicing office assessments, and practice review revenue are recognized in the year to which they relate. Member education, member events and pre-certification education revenue are recognized when the event is presented.

Investment income consists of interest income received plus accrued interest earned from the anniversary date to the period-end.

**(e) Donated services**

The work of the Association is dependent on the voluntary service of many members and public representatives. The value of donated services is not recognized in these statements.

**(f) Accounting estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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**The Certified General Accountants Association of Manitoba**  
**Notes to the Consolidated Financial Statements**  
August 31, 2015

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**4. Accounts receivable**

	<u>August 31, 2015</u>	<u>March 31, 2015</u>
CPA Canada and other accounting bodies	\$ 735	\$ -
Member and other receivables	126,708	74,366
Interest	<u>33,853</u>	<u>28,331</u>
	<u>\$ 161,296</u>	<u>\$ 102,697</u>

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**5. Related party transactions**

The Association paid fees for services of \$31,164 (March 31, 2015 - \$51,981) to CGA Shared Services Facility Corp., a corporation under significant influence of the Association. CGA Shared Services Facility Corp. paid the Association for administration and maintenance services of \$31,588 (March 31, 2015 - \$65,084). CGA Shared Services Facility Corp. is currently undertaking a name change as part of its re-organization.

All transactions with related parties are recorded at the exchange amount as agreed to by the related parties and are based on the estimated fair value of the goods and services provided.

Due from related parties:

	<u>August 31, 2015</u>	<u>March 31, 2015</u>
CGA Shared Services Facility Corp.	\$ 31,588	\$ 65,084
The Certified General Accountants Association of Manitoba Scholarship Trust Fund	<u>84,945</u>	<u>57,046</u>
	<u>\$ 116,533</u>	<u>\$ 122,130</u>

The amounts receivable from The Certified General Accountants Association of Manitoba Scholarship Trust Fund and CGA Shared Services Facility Corp. are unsecured and have no specific terms of repayment.

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**The Certified General Accountants Association of Manitoba**  
**Notes to the Consolidated Financial Statements**  
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**6. Financial instruments**

The Association's financial instruments consist of cash, short term investments, accounts receivable, long term investments, accounts payable and accrued liabilities. The Association initially recognizes its financial assets and liabilities at fair value. The Association subsequently measures all financial assets and liabilities at amortized cost.

	<u>August 31,</u> <u>2015</u>	March 31, <u>2015</u>
Guaranteed investment certificates	\$ 336,557	\$ 334,557
Less: investments maturing within 12 months	<u>(100,332)</u>	<u>(49,332)</u>
	<u>\$ 236,225</u>	<u>\$ 285,225</u>

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of August 31, 2015.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Association is exposed to credit risk from customers. In order to reduce its credit risk, the Association conducts regular reviews of its existing customers' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Association has a significant number of customers which minimizes concentration of credit risk.

**Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities.

Investment and other income is composed of the following:

	<u>August 31,</u> <u>2015</u>	March 31, <u>2015</u>
Interest from cash	\$ 6,181	\$ 17,223
Interest and dividends from pooled funds	1,445	7,929
Realized gains on sale of investments	3,474	7,108
Unrealized (losses) gains on investments	<u>(10,631)</u>	16,734
Other non investment income	<u>6,010</u>	<u>4,439</u>
	<u>\$ 6,479</u>	<u>\$ 53,433</u>

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**The Certified General Accountants Association of Manitoba**  
**Notes to the Consolidated Financial Statements**  
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**7. Investment in related party**

	<u>August 31, 2015</u>	<u>March 31, 2015</u>
CGA Shared Services Facility Corp.	<u>\$ 35</u>	<u>\$ 35</u>

The Association owns a 39.8% interest in the CGA Shared Services Facility Corp.

**8. Capital assets**

	<u>August 31, 2015</u>		<u>March 31, 2015</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Land	\$ 140,894	\$ -	\$ 140,894	\$ -
Buildings	561,744	459,021	561,744	452,758
Building improvements	195,072	130,260	195,072	124,288
Computer software	221,506	221,506	221,506	221,506
Furniture and fixtures	502,770	469,200	502,007	458,354
Leasehold improvements	24,415	2,628	24,415	1,948
Sign	46,296	13,994	46,296	12,065
Parking lot	14,170	14,170	14,170	14,170
	<u>\$ 1,706,867</u>	<u>\$ 1,310,779</u>	<u>\$ 1,706,104</u>	<u>\$ 1,285,089</u>
Net book value	<u>\$ 396,088</u>		<u>\$ 421,015</u>	

**9. Accounts payable and accruals**

	<u>August 31, 2015</u>	<u>March 31, 2015</u>
Accounts payable	\$ 65,884	\$ 509,367
Accruals and other	20,500	383,438
Other accounting bodies	755,444	676,282
Government remittances	25	53,827
	<u>\$ 841,853</u>	<u>\$ 1,622,914</u>

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**The Certified General Accountants Association of Manitoba**  
**Notes to the Consolidated Financial Statements**  
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**10. Prior period adjustment**

During the year, the Association adjusted the recording of capital asset transactions related to the CPA Joint Venture.

The Association's allocation of the joint venture's capital assets were recorded as a direct increase in net assets on the June 30, 2014 financial statements in the amount of \$25,983. The capital asset transaction was to be recorded as a liability to the CPA Joint Venture with a corresponding transfer from the unrestricted fund to the invested in capital assets fund. The result was an overstatement of net assets of \$25,983 and an understated liability to the joint venture of \$25,983.

In the same period, the amortization expense allocated from the joint venture was calculated incorrectly. The result was an understatement of amortization expense of \$2,353, an overstatement of net assets of \$2,353, and an understated liability to the joint venture of \$2,353.

The invested in capital assets fund and unrestricted fund balances have been adjusted to reallocate the net assets to the appropriate balances at August 31, 2015.

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**11. Pre-certification education programs**

The revenue and expense includes the Institute's proportionate share of the CPA Pre-Requisite Education Program (PREP), and the CGA and CMA legacy education programs. Delivery of the PREP program was transferred to the CPA Western School of Business in June 2015. The final offerings of the CGA and CMA programs were in September 2015.

Revenue

	<u>August 31, 2015</u>	<u>March 31, 2015</u>
CPA PREP	\$ 57,289	\$ -
CGA and CMA legacy programs	<u>235,405</u>	<u>1,217,160</u>
	<u>\$ 292,694</u>	<u>\$ 1,217,160</u>

Expense

	<u>August 31, 2015</u>	<u>March 31, 2015</u>
CPA PREP	\$ 57,929	\$ -
CGA and CMA legacy programs	185,796	638,916
National education and pre-requisite initiatives	<u>1,251</u>	<u>-</u>
	<u>\$ 244,976</u>	<u>\$ 638,916</u>

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**The Certified General Accountants Association of Manitoba**  
**Notes to the Consolidated Financial Statements**  
August 31, 2015

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**12. Disclosure of controlled entity**

The Certified General Accountants Association of Manitoba controls The Certified General Accountants Association of Manitoba Scholarship Trust Fund. The Scholarship Trust Fund was established by the Association in 1989 for the purpose of providing recognition of excellence and financial assistance to students in accounting and finance. The Scholarship Trust Fund is a registered charity under the Income Tax Act.

The financial statements of The Certified General Accountants Association of Manitoba do not consolidate financial information pertaining to The Certified General Accountants Association of Manitoba Scholarship Trust Fund.

The Scholarship Trust Fund reports on a June 30 year end. There have been no events or transactions that are significant to the Association's financial position or results of operations subsequent to June 30, 2015.

**Financial Position:**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total assets	\$ 551,367	\$ 540,720
Total liabilities	<u>(47,163)</u>	<u>(32,604)</u>
Net assets	<u>\$ 504,204</u>	<u>\$ 508,116</u>

**Results of Operations:**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Total revenue	\$ 30,589	\$ 48,189
Total expenditure	<u>(34,501)</u>	<u>(48,362)</u>
Excess expenditure	<u>\$ (3,912)</u>	<u>\$ (173)</u>

**Cash Flows:**

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Cash (used in) from operations	\$ (3,002)	\$ 3,431
Cash used in investing activities	(13,922)	(13,429)
Cash from financing activities	<u>14,559</u>	<u>10,127</u>
Change in cash	<u>\$ (2,365)</u>	<u>\$ 129</u>

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**The Certified General Accountants Association of Manitoba**  
**Notes to the Consolidated Financial Statements**

August 31, 2015

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**13. CPA Manitoba Joint Venture**

On April 1, 2014, a Joint Venture Agreement was signed by the Association, CA Manitoba and CMA Manitoba to form an unincorporated joint venture, CPA Manitoba Joint Venture. The Association's proportionate share of the CPA Manitoba Joint Venture's assets, liabilities, revenue, expenses, excess revenue and cash flows from operation, investing and financing activities is determined as the total number of certified general accountant members of the Association divided by the sum of the total number of Certified General Accountant members of the Association, the total number of Chartered Accountant members of the Institute and the total number of Certified Management Accountant members of CMA Manitoba as at the effective date and annually thereafter. The Association's share as at April 1, 2015 was 31.8% (April 1, 2014 - 31.2%).

CPA Manitoba Joint Venture ceased to exist on August 31, 2015 upon formation of CPA Manitoba.

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**14. Comparative figures**

Certain amounts for March 31, 2015 have been reclassified to conform with the presentation adopted in the current year.

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