

**THE CHARTERED ACCOUNTANTS' EDUCATION
FOUNDATION OF BRITISH COLUMBIA**

Financial Statements

March 31, 2006

THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of the Chartered Accountants' Education Foundation of British Columbia (the "Foundation") are the responsibility of the management of the Institute of Chartered Accountants of British Columbia ("the Institute").


The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include, where appropriate, estimates based on the best judgment of management.

As part of its responsibilities the Institute maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Foundation's assets are appropriately accounted for and adequately safeguarded.

The Board of Governors of the Foundation (the "Board") has reviewed and approved these annual financial statements. The Board also recommends the engagement or re-appointment of the external auditors, reviews the scope of the audit and approves the fees of the external auditors for audit and non-audit services.

The financial statements have been approved by the Board. In addition, the financial statements have been audited by BDO Dunwoody LLP whose report is provided below.

May 2, 2006



Richard Rees, FCA
Chief Executive Officer



Jan Sampson, FCA
Senior Director, Member Services

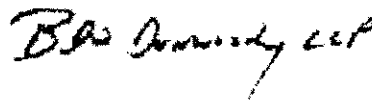
AUDITORS' REPORT

To the Board of Governors
The Chartered Accountants' Education Foundation of British Columbia

We have audited the statement of financial position of the Chartered Accountants' Education Foundation of British Columbia as at March 31, 2006 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Institute of Chartered Accountants of BC's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2006, the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



May 2, 2006
Vancouver, BC

BDO Dunwoody LLP
Chartered Accountants

THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

STATEMENT OF FINANCIAL POSITION

As at March 31

2006

2005

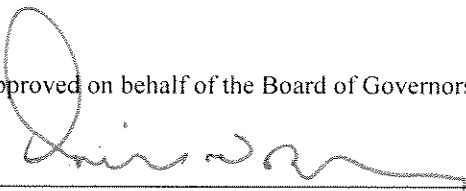
ASSETS

Cash and investments (Note 3)	\$ 1,168,349	\$ 1,137,241
Accounts receivable	1,508	3,106
Interest receivable	4,500	4,300
	\$ 1,174,357	\$ 1,144,647

LIABILITIES AND NET ASSETS

Educational funding payable	\$ 12,000	\$ 12,000
Accounts payable and accrued liabilities	8,384	6,256
	20,384	18,256
Net assets (Note 4)	1,153,973	1,126,391
	\$ 1,174,357	\$ 1,144,647

Approved on behalf of the Board of Governors:


_____ Governor


_____ Governor

THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

STATEMENT OF OPERATIONS

Year ended March 31

2006

2005

REVENUES

Investment income		
Vancouver Foundation (Note 5)	\$ 18,240	\$ 17,123
Cash and short-term investments	42,400	41,123
Investment fee rebates	3,748	2,700
Institute of Chartered Accountants of BC	31,000	31,000
Donations from members of the BC Institute	9,323	2,270
Other donations (Note 6)	568	3,141
	105,279	97,357

EXPENDITURES

Educational funding		
Universities and colleges	25,500	25,500
Scholarship and bursaries	28,500	17,850
Events	19,691	4,935
	73,691	48,285

Administrative		
Audit and legal	3,552	3,770
Meetings	340	35
General office	114	24
	4,006	3,829

77,697 **52,114**

EXCESS OF REVENUES OVER EXPENDITURES **\$ 27,582** **\$ 45,243**

STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Externally Restricted	Internally restricted	Unrestricted	2006	2005
NET ASSETS , beginning of year	\$ 41,702	\$ 909,025	\$175,664	\$ 1,126,391	\$1,081,148
Excess of revenues over expenditures	-	9,323	18,259	27,582	45,243
NET ASSETS , end of year	\$ 41,702	\$ 918,348	\$ 193,923	\$ 1,153,973	\$1,126,391

THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

1. PURPOSE

The Chartered Accountants' Education Foundation of British Columbia ("CAEF") was incorporated on July 12, 1990 under the Society Act (British Columbia) to advance accounting education in British Columbia. The CAEF intends to achieve this goal by enhancing the quality and quantity of students entering the profession, sponsoring relevant and practical research, and stimulating the ongoing educational experience of members and students of the Institute of Chartered Accountants of British Columbia ("BC Institute").

The CAEF is a public foundation under the Income Tax Act (Canada) and as such is exempt from income taxes and able to issue donation receipts for income tax purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

a) *Basis of Accounting*

All revenue and expenses are accounted for on the accrual basis of accounting, except donations, which are recorded when received.

Educational funding is accounted for in the fiscal year, which most closely matches the academic year for which it is awarded.

b) *Use of Estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The area requiring management estimates was the amount of education funding payable.

c) *Donated Services*

The CAEF benefits from donated services in the form of volunteer time for various committees. Donated services are not recognized in these financial statements.

d) *Investments*

Investments are recorded at the lower of aggregate cost or market value.

e) *Donations*

The CAEF intends to retain all donations, other than specific purpose donations and other donations from the BC Institute, for a minimum of ten years and to fund its objectives from specific purpose donations and the net investment income earned on its retained donations. The Board has also internally restricted bequests and all donations contributed more than 10 years ago. The donations made more than ten years ago amount to \$410,933 (2005-\$377,288). These internally restricted amounts are not available for other purposes without approval of the Board of the CAEF.

f) *Financial Instruments*

The CAEF financial instruments consist of cash and investments, accounts receivable, interest receivable, educational funding payable and accounts payable and accrued liabilities. It is management's opinion that the Foundation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. The carrying value of these instruments approximates their fair values due to their immediate or short-term maturity with the exception of investments for which fair value is disclosed in Note 3.

3. CASH AND INVESTMENTS

The CAEF holds its investments in mutual funds on which it earns interest, dividend and capital gains income. All income that is earned is used to purchase more units of the mutual fund. These investments can be redeemed at any time prior to maturity. At March 31, 2006, the CAEF held \$1,163,900 (2005 - \$1,135,374) in mutual funds, which had a market value of \$1,451,171 (2005 - \$1,305,150). Cash of \$4,449 is held at a chartered bank in a non-interest bearing chequing account.

4. NET ASSETS

Details of the net assets are as follows:

	2006	2005
Externally Restricted Funds		
Scholarship and endowment fund	\$ 41,702	\$ <u>41,702</u>
Internally Restricted Funds		
Donations to be held for a minimum of ten years	485,428	476,105
Bequests	<u>432,920</u>	<u>432,920</u>
	918,348	909,025
Unrestricted		
Contribution from the Memorial Scholarship Fund	86,929	86,929
Accumulated excess of revenues over expenditures	<u>106,994</u>	<u>88,735</u>
	193,923	175,664
	<u>\$ 1,153,973</u>	<u>\$ 1,126,391</u>

THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

NOTES TO FINANCIAL STATEMENTS

March 31, 2006

Awards for educational funding are made in the name of:

- Alexander Campbell
- Geoffrey W.J. Carter
- Desmond O'Brien
- John Hadfield
- Jim Miller Educational Endowment Fund

5. VANCOUVER FOUNDATION

The CAEF holds \$345,000 in contributed principal with the Vancouver Foundation. The market value of these funds at year-end is \$435,761 (2005 - \$404,100). In accordance with the provisions of the Vancouver Foundation Act, the amounts are held permanently by the Vancouver Foundation. As the CAEF has the right to receive only the investment income on these funds and has no access to the contributed principal, the CAEF financial statements do not include amounts placed with the Vancouver Foundation.

6. RELATED PARTY INFORMATION

The CAEF elects its Board of Governors from among candidates recommended by the BC Institute Council. The CAEF receives administrative and support services from the BC Institute without charge, and is charged only for costs incurred on its behalf, which amounted to \$307 (2005 - \$149). In the current year the CAEF received \$568 donated by the BC Institute as the net proceeds of the sale of centenary artwork, of which \$0 was receivable at March 31, 2006.

7. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared, as the cash flows are readily apparent.