

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

**Financial Statements**

**March 31, 2007**

**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") reviews and approves 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.

In addition, the financial statements have been audited by BDO Dunwoody LLP.

April 27, 2007



Richard Rees, FCA  
*Chief Executive Officer*



Jan Sampson, FCA  
*Chief Operating Officer*

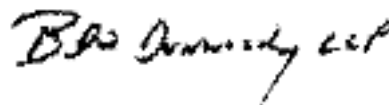
**AUDITORS' REPORT**

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, 2007 and the statements 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 British Columbia'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, 2007, 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.



BDO Dunwoody LLP  
*Chartered Accountants*

April 27, 2007  
Vancouver, BC

THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

STATEMENT OF FINANCIAL POSITION  
As at March 31

2007

2006

**ASSETS**

Cash (Note 3)	\$ 8,186	\$ 4,449
Investments (Note 3)	1,610,142	1,163,900
Accounts receivable	-	1,508
Interest receivable	5,000	4,500
	<b>\$ 1,623,328</b>	<b>\$ 1,174,357</b>

**LIABILITIES**

Educational funding payable	\$ 25,000	\$ 12,000
Accounts payable and accrued liabilities	30,290	8,384
	<b>55,290</b>	<b>20,384</b>

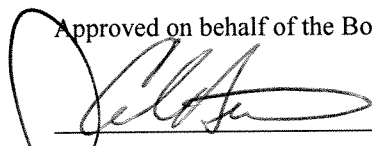
Commitments (Note 4)

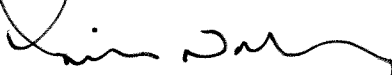
**NET ASSETS**

Net assets (Note 5)	1,568,038	1,153,973
	<b>\$ 1,623,328</b>	<b>\$ 1,174,357</b>

See accompanying notes

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

2007

2006

**REVENUES**

Investment income		
Vancouver Foundation (Note 6)	\$ 20,307	\$ 18,240
Cash and investments (Note 2f, 3)		
Earned during year	104,602	42,400
Unrealized gain at year end	43,175	-
Investment fee rebates	444	3,748
Institute of Chartered Accountants of British Columbia	31,000	31,000
Donations from members of the British Columbia Institute (Note 7)	4,259	9,323
Other donations	488	568
	<b>204,275</b>	<b>105,279</b>

**EXPENDITURES**

Educational funding		
Universities and colleges	25,500	25,500
Doctoral support program	15,000	-
Scholarship and bursaries	29,000	28,500
Events	1,170	19,691
	<b>70,670</b>	<b>73,691</b>

Administrative		
Audit and legal	4,440	3,552
Consulting	1,667	-
Meetings	628	340
General office	76	114
	<b>6,811</b>	<b>4,006</b>

	<b>77,481</b>	<b>77,697</b>
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**EXCESS OF REVENUES OVER EXPENDITURES**

**\$ 126,794 \$ 27,582**

**STATEMENT OF CHANGES IN NET ASSETS**

Year ended March 31

	Externally Restricted	Internally restricted	Unrestricted	2007	2006
<b>NET ASSETS</b> , beginning of year	\$ 41,702	\$ 918,348	\$ 193,923	<b>\$ 1,153,973</b>	\$ 1,126,391
Adjustment on adoption of financial instruments accounting policy (Note 2f)	-	-	287,271	<b>287,271</b>	-
Excess of revenues over expenditures	-	3,505	123,289	<b>126,794</b>	27,582
<b>NET ASSETS</b> , end of year	\$ 41,702	\$ 921,853	\$ 604,483	<b>\$ 1,568,038</b>	\$ 1,153,973

*See accompanying notes*

**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.

*b) Accounting for Educational Funding*

In 2006, the CAEF launched a new program of financial support in the form of forgivable loans for Chartered Accountants pursuing doctoral studies to prepare them for a career in teaching and research in accounting, assurance or taxation. These loans are forgivable if the candidate earns the doctoral degree and teaches at a BC educational institution. Each loan installment is recorded as an expense at the date the candidate is eligible to receive it, and any recoveries due to conditions not being met, are recorded as received.

*c) 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.

*d) 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.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

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 \$440,264 (2006 - \$410,933). These internally restricted amounts are not available for other purposes without approval of the Board of the CAEF.

f) *Financial Instruments – Change in Accounting Policy*

The CAEF financial instruments consist of cash, investments, accounts receivable, interest receivable, educational funding payable and accounts payable and accrued liabilities. For accounts receivable, interest receivable, educational funding payable, accounts payable and accrued liabilities, the fair value approximates their carrying value due to their short term maturity or capacity of prompt liquidation.

In April 2005, the Accounting Standards Board issued new Handbook sections on financial instruments, Section 3855 and Section 3861. Section 3855 Financial Instruments – Recognition and Measurement addresses when financial instruments should be recognized and how they should be measured. Section 3861 Financial Instruments – Disclosure and Presentation provides standards for how financial instruments should be classified on financial statements and the disclosure requirements. The CAEF has adopted both of the sections for the fiscal year ended March 31, 2007. As a result of adopting these new sections, the CAEF classified investments as held for trading, measured at fair value rather than cost as at the commencement of the current fiscal year. The CAEF believes the new accounting policy more appropriately depicts investment performance and provides more relevant information. The valuation basis as at March 31, 2006 is cost since generally accepted accounting principles (CICA Handbook Section 3855) preclude restatement of prior years when adopting market valuation for investments. This change in accounting policy resulted in an increase in net assets at April 1, 2006 of \$287,271. The effect of the change for the year ended March 31, 2007 was to increase investment income and excess of revenue over expenditures by \$43,175.

It is management's opinion that the CAEF is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

**3. CASH AND INVESTMENTS**

The CAEF's investment philosophy is to invest conservatively with highly rated counterparties with the objective of preserving capital while earning a reasonable rate of return. The CAEF holds its investments in mutual funds on which it earns interest, dividend and capital gains income. These investments can be redeemed at any time prior to maturity. At March 31, 2007, the CAEF held mutual funds, which had a market value of \$1,610,142 (2006 - \$1,451,171). Cash of \$8,186 (2006 - \$4,449) is held at a chartered bank in a non-interest bearing chequing account

# THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2007

### 4. COMMITMENTS

During the year, the CAEF entered into agreements with three doctoral candidates, whereby the CAEF will provide them with a cumulative maximum of \$25,000 of future funding if they meet the conditions of the agreements. Under the terms of these Doctoral Support Program agreements, the candidates must be enrolled in an approved doctoral program at the time of the funding, complete all requirements for the doctoral degree within five years of commencing the doctoral program and teach accounting at a British Columbia university immediately upon completion of the doctorate (one year of teaching for each year of support).

Under the terms of the agreements, it is anticipated that \$15,000 will be funded in fiscal 2008 and \$10,000 in fiscal 2009.

### 5. NET ASSETS

Details of the net assets are as follows:

	2007	2006
<b>Externally Restricted Funds</b>		
Scholarship and endowment fund	\$ 41,702	\$ 41,702
<b>Internally Restricted Funds</b>		
Donations to be held for a minimum of ten years	488,933	485,428
Bequests	<u>432,920</u>	<u>432,920</u>
	921,853	918,348
<b>Unrestricted</b>		
Contribution from the Memorial Scholarship Fund	86,929	86,929
Accumulated excess of revenues over expenditures	230,283	106,994
Adjustment on adoption of financial instruments accounting policy	287,271	-
	<u>604,483</u>	<u>193,923</u>
	<b>\$ 1,568,038</b>	<b>\$ 1,153,973</b>

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

**6. VANCOUVER FOUNDATION**

The CAEF holds \$345,000 in contributed principal with the Vancouver Foundation. The market value of these funds at year-end is \$ 453,486 (2006 - \$435,761). 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.

**7. 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 \$18,031 (2006 - \$307). In the current year the CAEF received \$1,969 (2006 - \$568) donated by the BC Institute as the net proceeds of the sale of centenary artwork, of which \$1,969 (2006 - \$0) was receivable at March 31, 2007. These transactions are in the normal course of operations and are measured at the exchange amount, the amount of consideration established and agreed to by related parties.

At March 31, 2007 the CAEF owed the BC Institute \$18,031 (2006 – \$0).

**8. STATEMENT OF CASH FLOWS**

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