



THE CHARTERED ACCOUNTANTS'  
EDUCATION FOUNDATION OF BRITISH  
COLUMBIA

Financial Statements

March 31, 2008

# 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 24, 2008



Richard Rees, FCA  
*Chief Executive Officer*



Jan Sampson, FCA  
*Chief Operating Officer*

# THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

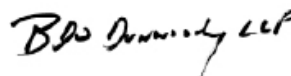
## AUDITORS' REPORT

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, 2008 and the statements of operations, changes in net assets, and cash flows 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, 2008, 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.



*April 24, 2008  
Vancouver, BC*

*BDO Dunwoody LLP  
Chartered Accountants*



# THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

## STATEMENT OF FINANCIAL POSITION

As at March 31	2008	2007
<b>ASSETS</b>		
Cash (Note 3)	\$ 23,255	\$ 8,186
Investments (Note 3)	1,490,380	1,610,142
Interest receivable	5,500	5,000
	<b>\$ 1,519,135</b>	<b>\$ 1,623,328</b>
<b>LIABILITIES</b>		
Educational funding payable	\$ 16,000	\$ 25,000
Accounts payable and accrued liabilities	12,142	30,290
	<b>28,142</b>	<b>55,290</b>
Commitments (Note 4)		
<b>NET ASSETS</b>		
Net assets (Note 5)	<b>1,490,993</b>	1,568,038
	<b>\$ 1,519,135</b>	<b>\$ 1,623,328</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	2008	2007
<b>REVENUES</b>		
Investment income		
Vancouver Foundation (Note 6)	\$ 22,274	\$ 20,307
Cash and investments (Note 2f, 3)		
Earned during year	139,199	115,797
Unrealized (loss)/gain at year end	(163,959)	43,175
Institute of Chartered Accountants of British Columbia	34,500	31,000
Donations from members of the British Columbia Institute (Note 7)	300	4,259
Other donations	-	488
	<b>32,314</b>	<b>215,026</b>
<b>EXPENDITURES</b>		
Educational funding		
Universities and colleges	25,500	25,500
Doctoral support program	30,000	15,000
Scholarship and bursaries	23,500	29,000
Events	36,455	1,170
	<b>115,455</b>	<b>70,670</b>
Investment fee	10,699	10,751
Administrative		
Audit and legal	5,507	4,440
Consulting	-	1,667
Meetings	433	628
General office	156	76
	<b>16,795</b>	<b>17,562</b>
	<b>132,250</b>	<b>88,232</b>
<b>EXCESS OF (EXPENDITURES OVER REVENUES) REVENUES OVER EXPENDITURES</b>	<b>\$ (99,936)</b>	<b>\$ 126,794</b>

*See accompanying notes*

# THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

## STATEMENT OF CHANGES IN NET ASSETS

Year ended March 31

	Externally Restricted	Internally restricted	Unrestricted	2008	2007
<b>NET ASSETS</b> , beginning of year	\$ 41,702	\$ 921,853	\$ 604,483	<b>\$ 1,568,038</b>	\$ 1,153,973
Adjustment on adoption of financial instruments accounting policy (Note 2f)	-	-	-	-	287,271
Set up of Peter Stanley Scholarship	22,891	-	-	<b>22,891</b>	-
Excess of revenues over expenditures (expenditures over revenues)	-	300	(100,236)	<b>(99,936)</b>	126,794
<b>NET ASSETS</b> , end of year	\$ 64,593	\$ 922,153	\$ 504,247	<b>\$ 1,490,993</b>	\$ 1,568,038

*See accompanying notes*

# THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

## STATEMENT OF CASH FLOWS

Year ended March 31	2008	2007
<b>OPERATING ACTIVITIES</b>		
Cash Receipts		
Investment Income	\$ 21,774	\$ 19,806
Donations Received	57,691	34,505
GST rebate	567	-
	80,032	54,311
 Cash Disbursements		
Educational Funding	92,000	50,500
Educational Symposium	37,036	-
Payments to suppliers	30,927	74
	159,963	50,574
	(79,931)	3,737
 <b>INVESTING AND FINANCING ACTIVITIES</b>		
Investments sold	95,000	-
 <b>NET INCREASE IN CASH</b>		
	15,069	3,737
<b>CASH, BEGINNING OF YEAR</b>	8,186	4,449
<b>CASH, END OF YEAR</b>	\$ 23,255	\$ 8,186

*See accompanying notes*

# THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2008

### 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 receivable.

#### 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.

# THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2008

### 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 \$440,564 (2007 - \$440,264). These internally restricted amounts are not available for other purposes without approval of the Board of the CAEF.

#### f) *Financial Instruments*

The CAEF adopted fair value accounting for investments effective April 1, 2006. The valuation basis as at March 31, 2006 was cost since generally accepted accounting principles (CICA Handbook Section 3855) precluded restatement of prior years when adopting fair value 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.

The CAEF's financial instruments consist of cash, investments, interest receivable, educational funding payable, accounts payable and accrued liabilities. These financial instruments are accounted for as follows:

##### *Held-for-trading*

The CAEF has designated cash and investments as held-for-trading. Cash is recorded at fair value. Investments are recorded at their fair value, determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income.

Net gains and losses arising from changes in fair value are recognized immediately in income.

##### *Receivables and Liabilities*

Interest receivable, educational funding payable, accounts payable and accrued liabilities are non-interest bearing and stated at carrying values, which approximate fair value due to the short time to maturity.

# THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2008

### 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### g) *New Accounting Pronouncements*

Recent accounting pronouncements that have been issued, but are not yet effective and have a potential implication for the CAEF, are as follows:

##### *Capital Disclosures*

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies, and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for financial statements of fiscal years beginning on or after October 1, 2007. The CAEF is currently assessing the impact of the new standard.

### 3. CASH AND INVESTMENTS

The CAEF's investment philosophy is to invest conservatively with highly rated counterparties with the objective of preserving the purchasing power of the Foundation's capital over the long term 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.

### 4. COMMITMENTS

The CAEF has entered into agreements with four doctoral candidates, whereby the CAEF will provide them with a cumulative maximum of \$80,000 of 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, \$15,000 was funded in fiscal 2007, \$30,000 in fiscal 2008, and it is anticipated that \$15,000 will be funded in fiscal 2009, \$10,000 in fiscal 2010, and \$10,000 in fiscal 2011.

# THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2008

### 5. NET ASSETS

Details of the net assets are as follows:

	2008	2007
<b>Externally Restricted Funds</b>		
Scholarship and endowment fund	\$ 64,593	\$ 41,702
<b>Internally Restricted Funds</b>		
Donations to be held for a minimum of ten years	489,233	488,933
Bequests	432,920	432,920
	<u>922,153</u>	<u>921,853</u>
<b>Unrestricted</b>		
Contribution from the Memorial Scholarship Fund	86,929	86,929
Accumulated excess of revenues over expenditures	417,318	230,283
Adjustment on adoption of financial instruments accounting policy		287,271
	<u>504,247</u>	<u>604,483</u>
	<u>\$ 1,490,993</u>	<u>\$ 1,568,038</u>

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
- Peter Stanley

### 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 \$411,703 (2007 - \$453,486). 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.

# THE CHARTERED ACCOUNTANTS' EDUCATION FOUNDATION OF BRITISH COLUMBIA

## NOTES TO FINANCIAL STATEMENTS

March 31, 2008

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### **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 \$46,893 (2007 - \$18,031). In the current year the CAEF received \$0 (2007 - \$1,969) donated by the BC Institute as the net proceeds of the sale of centenary artwork, of which \$0 (2007 - \$1,969) was receivable at March 31. 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, 2008 the CAEF owed the BC Institute \$0 (2007 – \$18,031).

### **8. RECLASSIFICATION OF PRIOR YEAR FIGURES**

Certain figures on the comparative statement of operations have been reclassified to conform to the current year's presentation.