



*Raising and allocating funds to foster, encourage, assist, and advance  
teaching, education and research in accounting*

## BUILDING FOR THE FUTURE



Manitoba Chartered  
Accountants Foundation Inc.

*Supporting quality accounting education in Manitoba*

# President's Message

I am very pleased to report that Net Assets of the Foundation reached \$1,041,000 at March 31, 2007 and surpassed the \$1 million mark for the first time. This was the goal that the Foundation Board set for itself eight years ago. When we first started this journey in 1998, the Foundation's Net Assets were at the \$475,000 level. I must express my appreciation and the appreciation of the entire Board to those who have contributed so generously to the Foundation over the years.

We have two primary sources of income to support the work of the Foundation - donations from members, firms and the business community and investment income for funds managed by GWL Investment Management Ltd. During the past year we received contributions of nearly \$29,000 from over 45 different members, firms and businesses. We thank all those who have so generously contributed to the Foundation this past year.

We are also pleased to note that we benefited from strong market conditions this past year. In 2006-07 the Foundation experienced investment income of approximately \$79,600 compared to \$71,000 last year.

As well, I should point out that the Foundation Board agreed to a change in accounting policy with respect to the new accounting recommendations contemplated by Sections 3855 and 3861 of the CICA Handbook. The method used to record investments is appropriate for those "held for trading".

Under the new requirements, investments are recorded at market with all gains and losses being recognized in net income. As required by the CICA Handbook, implementation of these standards is retroactive without restatement. As such the value of the previous year's investments, which were recorded at cost, are not re-stated for comparative purposes, however an adjustment for the change in accounting policy is shown on a separate line in the Statement of Changes in Net Assets. The amount of the adjustment required to adjust this to market was approximately \$80,500 and was apportioned between General and Restricted Funds.

The Foundation's mission is to support quality accounting education in Manitoba. Over the past several years the Foundation's Board has identified a number of important initiatives in support of this mission. During 2006-07, I am pleased to report that we have been able to continue many of these initiatives.

Among the more significant areas that the Foundation

supports is university level accounting education. This past year, the Foundation made its fifth and final annual installment of \$25,000 to the I.H. Asper School of Business. As well, under an agreement reached a few years ago, the Foundation agreed to make 10 annual installments of \$12,500 to support accounting education at Brandon University. The Foundation made its third installment this past year.

The Foundation also continued its support of the Aboriginal Business Education Program (ABEP) at the University of Manitoba as we encourage young aboriginals to consider pursuing a career in the CA profession. This past year we made our ninth consecutive annual installment of \$5,000 in support of ABEP.

The Foundation has also continued to provide direct financial support to students by way of awards and bursaries. During the past year, \$1,000 was awarded to the eight Manitoba students who placed on the CICA National Honour Roll on the 2006 Uniform Evaluation. In addition, bursaries totaling \$3,250 were provided to three students who were deserving of such support.

Overall this resulted in an excess of revenue over expenses of approximately \$38,300 this year.

As I complete my term as President of the Foundation, I want to thank the many members who have served on the Board during my 11 years as President. Without your persistence and support we would not have been able to reach our goals. I must also thank all of those who have contributed financially to the work of the Foundation. For



## Advancing accounting education and research in Manitoba

those who have not already done so, please consider making a contribution to the Foundation so that your Board can help to ensure quality accounting education in Manitoba.

A handwritten signature in black ink that reads "M.L. Verin". The signature is written in a cursive, flowing style.

M.L. Verin, FCA  
President

# Auditors' Report

To the Members,  
Manitoba Chartered Accountants Foundation Inc.

We have audited the statement of financial position of the Manitoba Chartered Accountants Foundation Inc. as at March 31, 2007 and the statement of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Foundation'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 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Booke + Partners*

Winnipeg, Manitoba  
April 20, 2007

BOOKE & PARTNERS  
CHARTERED ACCOUNTANTS

# Manitoba Chartered Accountants Foundation Inc.

## Statement of Financial Position as at March 31

	2007	2006
<b>Assets</b>		
Cash	\$ 39,659	\$ 66,152
Long Term Investments (note 4)	1,009,956	860,892
Other	66	653
<b>Total Assets</b>	<u>\$1,049,681</u>	<u>\$927,697</u>
<b>Liabilities</b>	<u>\$ 8,250</u>	<u>\$ 5,000</u>
<b>Net Assets</b>		
Restricted Funds (note 5)	452,304	394,132
General Funds (note 6)	589,127	528,565
	<u>1,041,431</u>	<u>922,697</u>
<b>Total Liabilities and Net Assets</b>	<u>\$1,049,681</u>	<u>\$927,697</u>

## Statement of Operations and Changes in Net Assets for the Year Ended March 31

	General Funds		Restricted Funds	
	2007	2006	2007	2006
<b>Revenue</b>				
Contributions (note 7)	\$ 22,760	\$ 26,395	\$ 5,917	\$ 43,064
Investment (note 3)	47,369	41,001	32,193	29,975
	<u>70,129</u>	<u>67,396</u>	<u>38,110</u>	<u>73,039</u>
<b>Expense</b>				
University Support (note 8)	37,500	37,500	-	-
Uniform Evaluation (UFE) Awards	8,000	2,000	-	-
Investment Fees	5,067	4,659	3,443	3,406
Aboriginal Business Education Program Support	5,000	5,000	-	-
Miscellaneous	2,391	2,291	-	-
Projects	1,392	386	-	-
Awards and Bursaries	-	-	7,162	7,110
	<u>59,350</u>	<u>51,836</u>	<u>10,605</u>	<u>10,516</u>
<b>Excess Revenue</b>	10,779	15,560	27,505	62,523
<b>Net Assets, Beginning of Year</b>	528,565	515,766	394,132	328,848
<b>Change in Accounting Policy (note 3)</b>	49,783	-	30,667	-
<b>Allocation to Restricted Funds (note 5)</b>	-	(2,761)	-	2,761
<b>Net Assets, End of Year</b>	<u>\$589,127</u>	<u>\$528,565</u>	<u>\$452,304</u>	<u>\$394,132</u>

Approved on behalf of the Board,



M.L. Verin, FCA  
President



K.B. Phernambucq, CA  
Secretary-Treasurer

# Manitoba Chartered Accountants Foundation Inc.

## Notes to Financial Statements for the Year Ended March 31, 2007

### 1. General

The purpose of the Manitoba Chartered Accountants Foundation Inc. (Foundation) is to foster, encourage, assist and advance teaching, education, and research in accounting and related functions. Assistance is also provided to needy persons who, are or have been, members of the Institute and to their needy dependents and survivors.

The Foundation is controlled by The Institute of Chartered Accountants of Manitoba (Institute) through its approval of the annual business plans. The Institute provides and pays for a significant portion of administration costs. The Foundation is incorporated under *The Corporations Act* of Manitoba and is a registered charity under the *Income Tax Act*.

### 2. Significant Accounting Policies

Investments are classified as held-for-trading and are recorded at fair value. Fair values are estimated using quoted market prices.

The Foundation follows the restricted fund method of accounting for contributions. Restricted contributions are recognized as revenue of the applicable restricted fund in the year the contribution is received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as general revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recorded on a proportionate share of revenue, gains, losses, and expenses within the pooled funds, as well as on disposition of units owned. Investment income includes interest and dividend income and realized gains and losses. Commencing in 2007, unrealized gains and losses are also recognized. Investment income earned on restricted funds is recognized as revenue of those funds. Other investment income is recognized as revenue of the general fund.

### 3. Change in Accounting Policy

In April 2005, the Accounting Standards Board issued two new Handbook sections on financial instruments that affect the Foundation, 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 Foundation has adopted both of the sections for the fiscal year ended March 31, 2007. These standards were applied retroactively without restatement of comparative financial statements. As at April 1, 2006 the Foundation recorded a non-cash credit of \$80,450 to net assets for the change in accounting for financial assets which are classified as held-for-trading and are measured at fair value instead of cost. The effect of the change for the year ended March 31, 2007 was a decrease in investment and excess revenue of \$6,063.

## Notes to Financial Statements for the Year Ended March 31, 2007

### 4. Financial Instruments

The Foundation's financial instruments consist of cash, long term investments and accounts payable. For cash and accounts payable, the fair values approximate their carrying amounts.

The fair values of long term investments are as follows:

	2007		2006	
	Market	Cost	Market	Cost
Canadian fixed income funds	\$ 364,400	\$359,757	\$422,662	\$417,254
Equity funds	453,213	433,777	350,180	307,028
Canadian real estate funds	192,343	142,035	168,500	136,610
	<u>\$1,009,956</u>	<u>\$935,569</u>	<u>\$941,342</u>	<u>\$860,892</u>

Investments are in pooled funds, which are managed by GWL Investment Management Ltd.

The fixed income funds invest primarily in federal and provincial government debt obligations, medium to high quality corporate debt securities and mortgages on Canadian property. The government debt obligations and medium to high quality corporate debt securities within the fixed income funds have an average effective interest rate of 5.2%, with maturity dates ranging from 3 to 20 years.

As at March 31, 2007, approximately 72% of the fixed income funds were comprised of mortgage investments. These investments have an average effective interest rate of 5.9% and an average term of 6.7 years.

The equity funds invest predominantly in shares of Canadian companies demonstrating above average growth potential, publicly traded shares in the U.S. market, and a combination of common shares and other equity investments issued by non-North American companies which are traded primarily outside Canada and the United States.

As at March 31, 2007, the Foundation's equity funds include the following foreign currencies: U.S. - \$115,792, European - \$81,399, Japanese - \$23,257, and Other - \$11,628.

Investment income is comprised of the following:

	2007	2006
Interest from cash	\$ 2,350	\$ 1,233
Interest and dividends from pooled funds	37,793	34,604
Realized gains on sale of investments	45,482	35,139
Unrealized loss on investments	(6,063)	-
	<u>\$79,562</u>	<u>\$70,976</u>

## Notes to Financial Statements for the Year Ended March 31, 2007

### 5. Restricted Funds

The Foundation manages these funds as directed by the donors in accordance with Board approved criteria. Investment income or loss is allocated proportionately to these funds. In 2006, with the agreement of the donor, a transfer was made from the General Fund to the William G. Eamer Fund.

Many of these funds were established to provide awards for student education courses which are no longer offered by the Institute. Alternative uses for these funds are being considered.

<b>a. Alexander Campbell and Howard W. Robinson Award Fund</b>	<b>2007</b>	<b>2006</b>
Investment revenue	\$ 3,863	\$ 3,692
Bursaries	<u>1,750</u>	<u>2,000</u>
Excess revenue	2,113	1,692
Balance, beginning of year	53,751	52,059
Change in accounting policy (note 3)	4,916	-
Balance, end of year	<u>\$60,780</u>	<u>\$53,751</u>

This fund is designated to provide bursaries for students who demonstrate financial need and a strong academic performance.

<b>b. Winnifred and Louis Rubin Memorial Fund</b>	<b>2007</b>	<b>2006</b>
Investment revenue	\$ 1,184	\$ 1,091
Balance, beginning of year	16,475	15,384
Change in accounting policy (note 3)	<u>1,408</u>	-
Balance, end of year	<u>\$19,067</u>	<u>\$16,475</u>

This fund is designated to finance professional refresher and curriculum development for Manitoba accountants, with particular emphasis on small and medium size public practices.

<b>c. John W. Corbett Awards in Auditing</b>	<b>2007</b>	<b>2006</b>
Investment revenue	\$ 2,922	\$ 2,692
Balance, beginning of year	40,660	37,968
Change in accounting policy (note 3)	<u>3,492</u>	-
Balance, end of year	<u>\$47,074</u>	<u>\$40,660</u>

This fund is designated to provide cash awards to the students attaining the highest standing in Institute courses in auditing.

<b>d. J.W. Abbott Awards in Accounting and Taxation</b>	<b>2007</b>	<b>2006</b>
Investment revenue	\$ 3,647	\$ 3,360
Balance, beginning of year	50,744	47,384
Change in accounting policy (note 3)	<u>4,360</u>	-
Balance, end of year	<u>\$58,751</u>	<u>\$50,744</u>

This fund is designated to provide cash awards to the students attaining the highest standing in Institute courses in accounting and taxation.

## Notes to Financial Statements for the Year Ended March 31, 2007

e. <b>D. Eric Mitchell Memorial Fund</b>	2007	2006
Contributions	\$ 317	\$ 564
Investment revenue	<u>813</u>	<u>728</u>
	1,130	1,292
Balance, beginning of year	10,994	9,702
Change in accounting policy (note 3)	<u>893</u>	-
Balance, end of year	<u>\$13,017</u>	<u>\$10,994</u>

This fund is designated to provide a cash award to the student attaining the highest average standing in the final Institute courses leading up to the UFE.

f. <b>C. Oren Gilmore Fund</b>	2007	2006
Contributions	\$ 100	\$ -
Investment revenue	<u>1,952</u>	<u>1,812</u>
	2,052	1,812
Medals	<u>1,192</u>	<u>295</u>
Excess revenue	860	1,517
Balance, beginning of year	27,069	25,552
Change in accounting policy (note 3)	<u>2,389</u>	-
Balance, end of year	<u>\$30,318</u>	<u>\$27,069</u>

This fund is designated to provide medals for the top candidates on the UFE.

g. <b>Leonard Stoller Memorial Fund</b>	2007	2006
Investment revenue	\$ 872	\$ 803
Balance, beginning of year	12,133	11,330
Change in accounting policy (note 3)	<u>1,038</u>	-
Balance, end of year	<u>\$14,043</u>	<u>\$12,133</u>

This fund is designated to fund activities which will promote excellence in professional practice.

h. <b>Leonard Stoller Scholarship Fund</b>	2007	2006
Investment revenue	\$ 37	\$ 34
Balance, beginning of year	515	481
Change in accounting policy (note 3)	<u>48</u>	-
Balance, end of year	<u>\$ 600</u>	<u>\$ 515</u>

This fund is designated to provide a cash award to the student attaining the highest standing in Advanced Management Accounting.

i. <b>James W. Clarke Fund</b>	2007	2006
Contribution	\$ 5,000	\$ -
Investment revenue	<u>1,915</u>	<u>1,508</u>
	6,915	1,508
Awards	-	<u>1,131</u>
Excess Revenue	6,915	377
Balance, beginning of year	21,643	21,266
Change in accounting policy (note 3)	<u>1,971</u>	-
Balance, end of year	<u>\$30,529</u>	<u>\$21,643</u>

This fund is designated to provide cash awards to Aboriginal students upon successful completion of the UFE.

## Notes to Financial Statements for the Year Ended March 31, 2007

j. CA Benevolent Fund	2007	2006
Investment revenue	\$ 3,892	\$ 3,586
Balance, beginning of year	54,159	50,573
Change in accounting policy (note 3)	4,835	-
Balance, end of year	<u>\$62,886</u>	<u>\$54,159</u>

This fund was originally designated to provide financial assistance to members of the Institute and their families. If in any given year, there was no need for assistance, funds were made available to pay bursaries to CA students in financial need in a subsequent year. Alternative uses for these funds are being considered.

k. Walter Dubowec, FCA, Bursary Fund	2007	2006
Contributions	\$ -	\$15,000
Investment revenue	3,158	2,976
	<u>3,158</u>	<u>17,976</u>
Bursaries	1,500	1,000
Excess revenue	1,658	16,976
Balance, beginning of year	43,935	26,959
Change in accounting policy (note 3)	2,936	-
Balance, end of year	<u>\$48,529</u>	<u>\$43,935</u>

This fund is designated to pay bursaries to students, with some emphasis on those resident in Northern Manitoba. It was established by donations from The Joe Brain Foundation Inc., of which Walter Dubowec is a co-founder and President.

l. The Great-West Life Fund	2007	2006
Investment revenue	\$ 2,247	\$ 2,141
Awards	1,073	1,065
Excess revenue	1,174	1,076
Balance, beginning of year	31,266	30,190
Change in accounting policy (note 3)	1,239	-
Balance, end of year	<u>\$33,679</u>	<u>\$31,266</u>

The purpose of this fund is to provide The Great-West Life Leadership Award to the successful candidate on the UFE who exemplifies leadership in community, professional and academic activities.

m. William G. Eamer Fund	2007	2006
Contributions	\$ 500	\$27,500
Investment revenue	2,248	2,146
	<u>2,748</u>	<u>29,646</u>
Awards	1,647	1,619
Excess revenue	1,101	28,027
Balance, beginning of year	30,788	-
Change in accounting policy (note 3)	1,142	-
Transfer from general fund	-	2,761
Balance, end of year	<u>\$33,031</u>	<u>\$30,788</u>

This fund was established by a donation from William G. Eamer. Donations made in years prior to 2006, along with accumulated net interest were transferred to this fund in 2006 with the agreement of the donor. This fund is designated to provide awards to recognize overall academic achievement in the CA School of Business program.

## Notes to Financial Statements for the Year Ended March 31, 2007

### 6. General Funds

J.D. Blazouske Memorial Fund	\$ 23,295
The Exchange Chartered Accountants LLP Fund	16,000
Elizabeth and Thomas E. Brown CA Memorial Fund	14,000
Gerard H. and M. Maureen Rodrigue Fund	13,000
D.A. Thompson Fund	11,100
G.T. Steiman Fund	10,000
S.W. Reid Fund	9,000
D.M. Gordon Fund	8,000
Grant Thornton LLP Chartered Accountants Fund	8,000
PricewaterhouseCoopers LLP Chartered Accountants Fund	8,000
L.C. Taraska Fund	7,550
Ernst & Young LLP Chartered Accountants Fund	7,500
E.R. Essery Fund	7,000
J. Mazur Fund	7,000
J.C. Wirth Memorial Fund	7,000
Collins Barrow Chartered Accountants Fund	6,200
G.J.L. Chaput Fund	6,000
L.O. Pollard Fund	6,000
L.P. Guenette Fund	5,650
A.M. Moore Fund	5,500
R.B. Wall Fund	5,375
D.G. Mitchell Fund	5,100
BCCA LLP Chartered Accountants Fund	5,000
W.M. and N.I. Hurley Memorial Fund	5,000
Fred Johnson Memorial Fund	5,000
G. Kalef Fund	5,000
W.G. Konantz Fund	5,000
S.W. Linhart Fund	5,000
Meyers Norris Penny LLP Chartered Accountants Fund	5,000
R.F. Phillips Fund	5,000
H.W. Robinson Fund	5,000
Christina Tibbs Fund	5,000
Partners of Touche Ross & Co. Chartered Accountants Fund	5,000
Jeanette Gusto Memorial Fund	2,900
Other Contributions:	
The Institute of Chartered Accountants of Manitoba	316,512
Certified Public Accountants Association of Manitoba	12,659
Chartered Accountants Student Society of Manitoba	12,108
Other Contributions less than \$5,000	<u>140,459</u>
	735,908
Change in accounting policy (note 3)	49,783
Less distributions in excess of income earned	<u>(196,564)</u>
	<u>\$589,127</u>

Over the years, T.E. Brown has made contributions to various general funds totaling \$26,000.

## Notes to Financial Statements for the Year Ended March 31, 2007

### 7. Contributions

Total contributions of \$28,677 (\$5,917 - Restricted Fund, \$22,760 - General Fund) were received during the current year at the following levels:

- **The President's Circle (Contributions of or exceeding \$5,000)**  
J.W. Clarke
- **Benefactors (Contributions between \$2,500 and \$4,999)**  
T.E. Brown
- **Contributors (Contributions between \$1,000 and \$2,499)**

A.C. Abas	L.C. Taraska
S.W. Linhart	The Exchange Chartered Accountants LLP
J. Mazur	R.B. Wall
PricewaterhouseCoopers LLP Chartered Accountants	R.H.G. Walton
- **Supporters (Contributions between \$500 and \$999)**

J.K.A. Campbell	B.S. Li
Canadian Parents for French (Manitoba) Inc.	R.D. Olfert
G.J.L. Chaput	Pope & Brookes, DFK LLP Chartered Accountants
P. Dueck	S.W. Reid
W.G. Eamer	G.H. Rodrigue
D. Halpern	P.D. and M.C. Wright
- **Donors (Contributions less than \$500)**

Booke & Partners Chartered Accountants	G.T. Markham
J-H.E. Desautels	D.A. Morison
G.J. Forest	Proceeds - Eric Mitchell Hockey Tournament
C.O. Gilmore	K.W. Powls
M.M. Gray	W.J. Pugh
L.P. Guenette	M.C. Rankin
G.J. Hanson	J.G.M. Scollan
W.L. Johnston	St. Joseph's Residence Inc.
R.M. Jones	S.F. Swain
D.R. Keatch	M.L. Verin
R.W. Kowalchuk	D.R. Winstone
B.M. Lapchuk	M.A. Wladyka

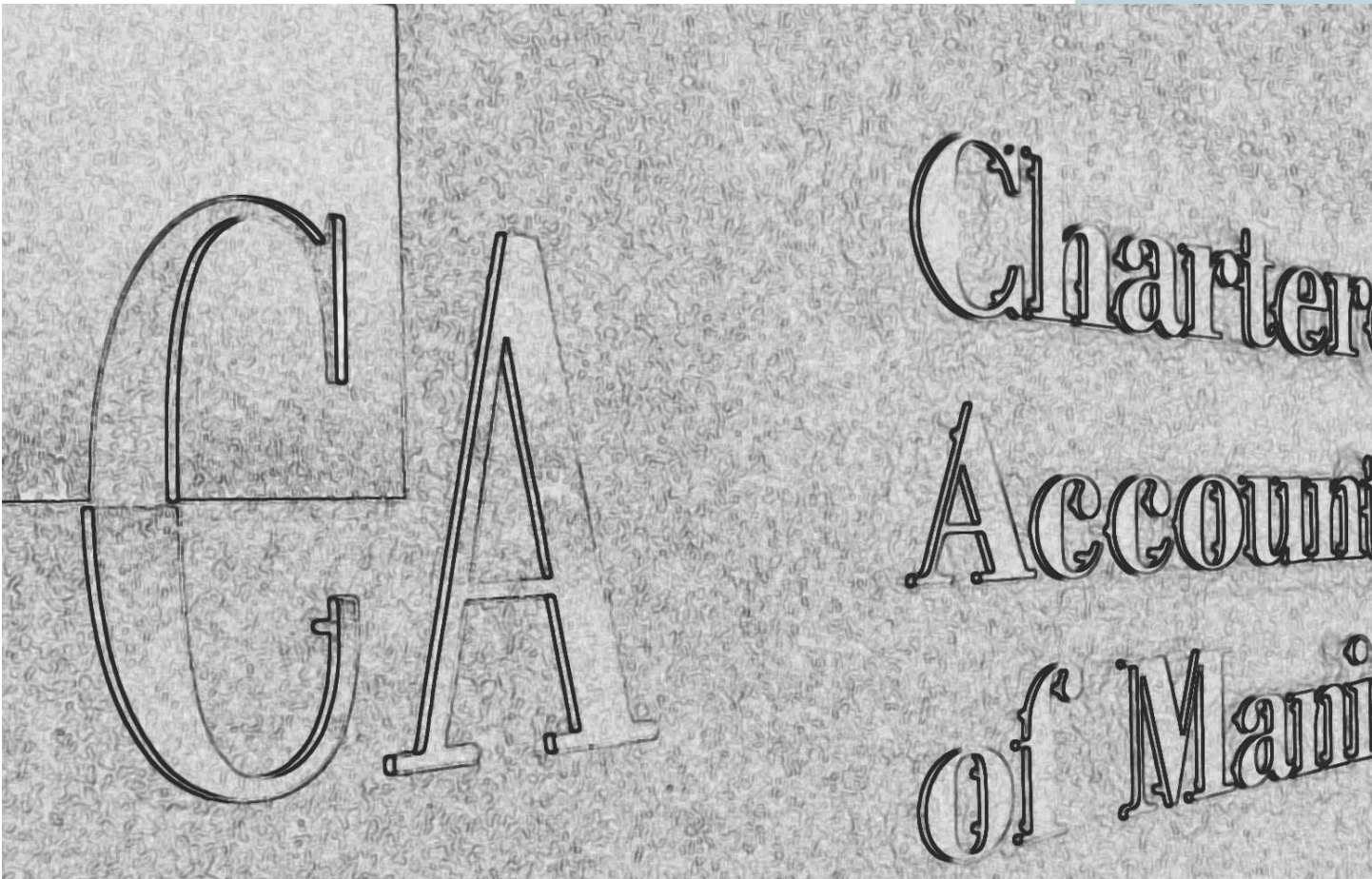
### 8. University Support

In 2007, the Foundation made the third payment in its agreement with Brandon University. The agreement provides for annual payments of \$12,500 for ten years.

During the year the Foundation made the final payment of \$25,000 in its agreement with the I.H. Asper School of Business.

### 9. Statement of Cash Flows

A statement of cash flows is not considered to provide additional meaningful information and accordingly is not included.



*Raising and allocating funds to foster, encourage, assist, and advance teaching, education and research in accounting*

# BUILDING FOR THE FUTURE

## Board of Directors and Officers

- President* M.L. Verin, FCA
- Vice President* P.D. Wright, FCA
- Secretary-Treasurer* K.B. Phernambucq, CA
- Members at Large*
  - D.J. Einarson, CA
  - K.J. Haugen, FCA
  - C.D.H. Henaire, FCA
  - R.D. Pope, CA
  - R.E.G. Popel, CA
  - L.C. Taraska, FCA
- Public Representative* L.O. Pollard, Hon. CA
- Executive Secretary* G.B. Hannaford, FCA



**Manitoba Chartered Accountants Foundation Inc.**  
*Supporting quality accounting education in Manitoba*

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