

## Auditors' Report

TO THE MEMBERS,  
THE INSTITUTE OF CHARTERED ACCOUNTANTS OF MANITOBA

We have audited the statement of financial position of The Institute of Chartered Accountants of Manitoba as at March 31, 2004 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Institute'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 Institute as at March 31, 2004 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 21, 2004

BOOKE & PARTNERS  
CHARTERED ACCOUNTANTS

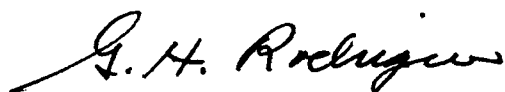
The Institute of Chartered Accountants of Manitoba

STATEMENT OF FINANCIAL POSITION  
As At March 31

	2004	2003
<b>Assets</b>		
Current		
Cash	\$738,700	\$655,200
Accounts receivable	24,600	18,400
Prepays	36,400	16,600
	<b>799,700</b>	<b>690,200</b>
Long term investments (note 5)	708,800	683,000
Capital (note 6)	178,400	211,800
	<b>\$1,686,900</b>	<b>\$1,585,000</b>
<b>Liabilities</b>		
Current		
Accounts payable	\$409,400	\$359,200
Unearned fees	441,400	386,900
Obligation under capital lease (note 7)	8,800	8,200
	<b>859,600</b>	<b>754,300</b>
Non-current		
Obligation under capital lease (note 7)	27,800	36,600
Deferred lease inducement (note 8)	62,000	75,100
	<b>89,800</b>	<b>111,700</b>
<b>Net Assets</b>		
Invested in capital assets	141,800	167,000
Unrestricted	595,700	552,000
	<b>737,500</b>	<b>719,000</b>
	<b>\$1,686,900</b>	<b>\$1,585,000</b>

Commitments (note 7)

Approved by Council



G.H Rodrigue, FCA  
President



R.A.M. Lawrence, CA  
Secretary-Treasurer

# The Institute of Chartered Accountants of Manitoba

## STATEMENT OF OPERATIONS For the Year Ended March 31

	2004	2003
<b>Revenue</b>		
Members annual fees	\$1,806,100	\$1,758,300
Less CICA portion	758,400	722,900
	<b>1,047,700</b>	<b>1,035,400</b>
Professional development	208,200	183,300
Practitioners assessments	197,200	193,700
Investment and other	76,900	31,600
Members activities	50,000	48,900
Entrance fees	36,200	36,500
Students annual fees	300	5,100
	<b>1,616,500</b>	<b>1,534,500</b>
<b>Expense</b>		
Administration (note 9)	894,400	884,000
University support	162,500	162,500
Professional development	147,000	104,500
Public relations	117,700	111,400
Members activities	79,200	82,900
Amortization	54,400	66,600
Professional conduct and membership (note 10)	33,100	22,700
Annual meetings and bylaws	30,200	11,200
CA School of Business support (note 4)	28,700	46,000
CICA and interprovincial meetings	15,100	19,600
Presidential honorarium	15,000	15,000
General and library	11,400	12,500
Cooperative national initiatives	5,800	2,700
Interest on capital lease	3,000	1,200
Student education	500	1,800
	<b>1,598,000</b>	<b>1,544,600</b>
<b>Excess revenue (expense)</b>	<b>\$18,500</b>	<b>(\$10,100)</b>

# The Institute of Chartered Accountants of Manitoba

## STATEMENT OF CHANGES IN NET ASSETS For the Year Ended March 31

			2004	2003
<b>NET ASSETS</b>	<b>Invested in Capital Assets</b>	<b>Unrestricted</b>		
Balance, beginning of year	\$167,000	\$552,000	<b>\$719,000</b>	\$729,100
Excess revenue (expense)	(54,400)	72,900	<b>18,500</b>	(10,100)
Investment in capital assets	29,200	(29,200)	-	-
Balance, end of year	<b>\$141,800</b>	<b>\$595,700</b>	<b>\$737,500</b>	<b>\$719,000</b>

# The Institute of Chartered Accountants of Manitoba

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## NOTES TO FINANCIAL STATEMENTS For the year ended March 31, 2004

### 1. Purpose and objectives

The Institute of Chartered Accountants of Manitoba (Institute) is the self-regulating body for all Chartered Accountants in Manitoba. Its mission is to continue to be the leading professional accounting organization in Manitoba, to protect the public interest, and to provide exceptional services and programs which members value.

The Institute was incorporated by *The Chartered Accountants Act*, a special act of the Manitoba Legislature. As a not-for-profit association, the Institute is exempt from tax under the *Income Tax Act*.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include the following significant accounting policies:

a) Long term investments

Long term investments are recorded at cost. Where there has been a loss in value of an investment that is other than a temporary decline, the investment is written down to recognize the loss. The written down value is deemed to be the new cost.

b) Capital assets

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

▪ Equipment under capital lease	5 years
▪ Office furniture and equipment	5-10 years
▪ Computer equipment	3 years
▪ Leasehold improvements	10 years
▪ Computer data base system	3 years
▪ Website development	3 years

c) Revenue recognition

Member, student, and practitioner fees are recognized in the year to which they relate. Course and activity revenue are recognized when the event is presented. Investment income is recorded on a proportionate share of revenue, gains and losses within the pooled funds, as well as on disposition of units owned.

d) Administration expenses

Administration expenses reflect all salaries and indirect costs, including those of professional development and office practice assistance. Salaries and indirect expenses are not allocated to other expense categories.

e) Financial instruments

The fair value of cash, accounts receivable, accounts payable and unearned fees is approximately equal to their carrying value due to the short-term maturity dates.

The fair value of long term investments is approximately equal to their quoted market value.

f) Donated services

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

# The Institute of Chartered Accountants of Manitoba

Notes to Financial Statements continued

g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

### 3. Disclosure of controlled entity

The Institute controls the Manitoba Chartered Accountants Foundation Inc. (Foundation) by its right to approve the Foundation's strategic plans. The purpose of the Foundation is to foster, encourage, assist and advance teaching, education and research in accounting and related functions in Manitoba. Assistance is also provided to needy persons who are, or have been, members of the Institute, their needy dependents or survivors. The Foundation is incorporated under *The Corporations Act* of Manitoba and is a registered charity under the *Income Tax Act*.

The Foundation has not been consolidated in the Institute's financial statements. Financial summaries as at March 31, 2004 and 2003 and for the years then ended are as follows:

#### Financial Position

	<u>2004</u>	<u>2003</u>
Total assets	\$788,900	\$789,600
Total liabilities	<u>2,500</u>	<u>3,500</u>
Net assets	<u>\$786,400</u>	<u>\$786,100</u>

Net assets are comprised of restricted funds of \$281,300 (2003 - \$275,800), and general funds of \$505,100 (2003 - \$510,300). The restricted funds are managed by the Foundation as directed by the donors in accordance with Board approved criteria to provide bursaries, student awards, benevolence and member education.

#### Results of Operations

	<u>2004</u>	<u>2003</u>
Total revenue	\$ 78,600	\$ 22,200
Total expense	<u>78,300</u>	<u>72,800</u>
Excess revenue (expense)	<u>\$ 300</u>	<u>\$(50,600)</u>

### 4. Related party information

#### CA School of Business

In June 2000, the Institute, along with the Institutes of Chartered Accountants of British Columbia, Alberta and Saskatchewan, entered into an agreement with the CA School of Business (CASB) to have CASB develop, deliver and administer pre-certification education for students in the four western provinces and the territories. CASB is a not-for-profit organization incorporated under the *Canada Corporations Act*, and is not subject to income taxes. CASB is governed by a nine member Board consisting of one member appointed by each participating Institute and the balance appointed by a nominating committee, comprised of the Presidents of the participating Institutes.

# The Institute of Chartered Accountants of Manitoba

## Notes to Financial Statements continued

The Agreement provided for the participating provinces to fund management fees charged by CASB to cover start up costs. During the current year, the Institute paid \$28,700 (2003-\$46,000) to CASB for these costs. Manitoba's portion represents 11.5% of the total start up costs. These costs are in the normal course of operations and are similar to those with unrelated parties.

CASB's financial summary as at March 31, 2004 and 2003 and for the years then ended are as follows:

### Financial Position

	<u>2004</u>	<u>2003</u>
Total assets	\$2,660,100	\$2,109,600
Total liabilities	<u>1,673,700</u>	<u>1,509,900</u>
Net assets	<u>\$ 986,400</u>	<u>\$ 599,700</u>

### Results of Operations

	<u>2004</u>	<u>2003</u>
Total revenue	\$5,711,600	\$5,119,900
Total expense	<u>5,324,900</u>	<u>4,808,200</u>
Excess revenue	<u>\$ 386,700</u>	<u>\$ 311,700</u>

CASB's assets are for the sole use of CASB and would become available to the Institutes only upon CASB's ceasing operations. The Agreement between CASB and the participating Institutes provides for CASB's net assets to be distributed to qualified donees, as defined in the *Income Tax Act*, chosen by the participating institutes, proportionate to the number of CASB registrants resident in the province of that participating institute at the date of the most recent CASB year end. However, if a participating Institute opts out of the Agreement before operations cease, that Institute would have no right to any of the net assets.

### Western CA Services Association

Western CA Services Association (WCASA) is responsible for the operation of Chartered Accountants' benefit plans for the Institutes of Chartered Accountants of Manitoba, Saskatchewan, Alberta, British Columbia, Northwest Territories and Yukon. WCASA is a not-for-profit organization under the *Income Tax Act*. The Manitoba Institute nominates two of the eight members of the Board of WCASA. During the year, the Institute purchased benefit plan services from WCASA for its employees at a cost of \$22,600 (2003-\$20,300).

## 5. Long term investments

Cost	<u>2004</u>	<u>2003</u>
Fixed income funds	\$315,300	\$287,100
Equity funds	280,000	296,100
Real estate funds	<u>113,500</u>	<u>99,800</u>
	<u>\$708,800</u>	<u>\$683,000</u>
Market	<u>\$763,400</u>	<u>\$654,600</u>

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

# The Institute of Chartered Accountants of Manitoba

Notes to Financial Statements continued

## 6. Capital assets

	2004		2003	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment under capital lease	\$ 47,600	\$ 11,900	\$ 47,600	\$ 2,400
Office furniture and equipment	150,400	97,200	149,500	84,600
Computer equipment	97,300	80,300	85,700	63,900
Leasehold improvements	145,300	79,900	145,300	65,400
Computer database system	41,000	41,000	41,000	41,000
Website development	<u>8,500</u>	<u>1,400</u>	-	-
	<u>\$490,100</u>	<u>\$311,700</u>	<u>\$469,100</u>	<u>\$257,300</u>
Net book value	<u>\$178,400</u>		<u>\$211,800</u>	

## 7. Commitments

### Lease obligations

The Institute has leased office premises and certain equipment under capital lease. The following is a schedule of future minimum lease payments under capital and operating leases:

	Capital Lease	Operating Leases
Year ending March 31, 2005 -	\$11,300	\$59,900
2006 -	11,300	59,900
2007 -	11,300	60,500
2008 -	8,500	62,400
2009 -	<u>-</u>	<u>46,200</u>
Total minimum lease payments	42,400	<u>\$288,900</u>
Less: Amount representing interest	<u>5,800</u>	
Present value of minimum payments	<u>\$36,600</u>	

### Education support

The Institute made the second payment of its \$1.625 million pledge to the I.H. Asper School of Business. This pledge is being paid over a ten year period and is being funded by an education assessment on members.

### Database system

Annual costs for database support to December 2009 are currently under negotiation. The Institute will continue to make annual payments of \$30,000 until negotiations are finalized.

# The Institute of Chartered Accountants of Manitoba

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Notes to Financial Statements continued

## 8. Deferred lease inducement

On signing the ten year office lease, the Institute received a \$130,600 lease inducement which is being amortized to rent expense on a straight line basis over the term of the lease. This lease expires in December 2008.

## 9. Administration expense

	<u>2004</u>	<u>2003</u>
Salaries and benefits	\$592,400	\$574,300
Office occupancy	99,300	96,100
General expenses	60,300	63,100
Communications	45,000	45,500
Business taxes and insurance	30,100	21,900
Database support	30,000	30,000
Professional fees	18,800	19,600
Stationery and supplies	<u>18,500</u>	<u>33,500</u>
	<u>\$894,400</u>	<u>\$884,000</u>

## 10. Professional conduct and membership expense

Costs for professional conduct and membership are shown net of recoveries of \$3,000 (2003-nil) assessed by the Discipline Committee.

## 11. Statement of Cash Flows

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