

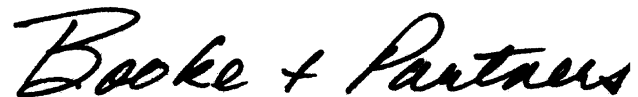
Auditors' Report

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, 2005 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, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "Boone & Partners". The signature is written in a cursive, flowing style.

Winnipeg, Manitoba
April 22, 2005

BOOKE & PARTNERS
CHARTERED ACCOUNTANTS

The Institute of Chartered Accountants of Manitoba

STATEMENT OF FINANCIAL POSITION
As At March 31

	2005	2004
Assets		
Current		
Cash	\$923,700	\$738,700
Accounts receivable	19,100	24,600
Prepays	44,100	36,400
	986,900	799,700
Long term investments (note 5)	764,600	708,800
Capital assets (note 6)	145,800	178,400
	\$1,897,300	\$1,686,900
Liabilities		
Current		
Accounts payable	\$513,100	\$409,400
Unearned fees	470,300	441,400
Obligation under capital lease (note 7)	9,400	8,800
	992,800	859,600
Non-current		
Obligation under capital lease (note 7)	18,400	27,800
Deferred lease inducement (note 8)	49,000	62,000
	67,400	89,800
Net Assets		
Invested in capital assets	118,000	141,800
Unrestricted	719,100	595,700
	837,100	737,500
	\$1,897,300	\$1,686,900

Commitments (note 7)

Approved by Council



C.D.H. Henaire, FCA
President



R.D. Potter, CA
Secretary-Treasurer

The Institute of Chartered Accountants of Manitoba

STATEMENT OF OPERATIONS For the Year Ended March 31

	2005	2004
Revenue		
Members annual fees	\$1,878,200	\$1,806,100
Less CICA portion	792,900	758,400
	1,085,300	1,047,700
Professional development	238,400	208,200
Practitioners assessments	181,800	197,200
Investment and other	76,000	76,900
Members activities	57,100	50,000
Entrance fees	45,500	36,200
Students annual fees	300	300
	1,684,400	1,616,500
Expense		
Administration (note 9)	891,600	894,400
University support	162,500	162,500
Professional development	130,100	147,000
Public relations	103,300	117,700
Members activities	92,500	79,200
Professional conduct and membership (note 10)	77,300	33,100
Amortization	52,400	54,400
Strategic initiatives	32,900	5,800
Presidential honorarium	15,000	15,000
General and library	10,800	11,400
CICA and interprovincial meetings	10,400	15,100
Annual meetings and bylaws	3,600	30,200
Interest on capital lease	2,400	3,000
CA School of Business support (note 4)	-	28,700
Student education	-	500
	1,584,800	1,598,000
Excess revenue	\$99,600	\$18,500

The Institute of Chartered Accountants of Manitoba

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

			2005	2004
NET ASSETS	Invested in Capital Assets	Unrestricted		
Balance, beginning of year	\$141,800	\$595,700	\$737,500	\$719,000
Excess revenue (expense)	(52,400)	152,000	99,600	18,500
Investment in capital assets	28,600	(28,600)	-	-
Balance, end of year	\$118,000	\$719,100	\$837,100	\$737,500

The Institute of Chartered Accountants of Manitoba

NOTES TO FINANCIAL STATEMENTS For the year ended March 31, 2005

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 database 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 expense

Administration expense reflects 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.

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, 2005 and 2004 and for the years then ended are as follows:

Financial Position

	<u>2005</u>	<u>2004</u>
Total assets	\$846,600	\$788,900
Total liabilities	<u>2,000</u>	<u>2,500</u>
Net assets	<u>\$844,600</u>	<u>\$786,400</u>

Net assets are comprised of restricted funds of \$328,800 (2004 - \$281,300), and general funds of \$515,800 (2004 - \$505,100). 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>2005</u>	<u>2004</u>
Total revenue	\$ 121,000	\$ 78,600
Total expense	<u>62,800</u>	<u>78,300</u>
Excess revenue	<u>\$ 58,200</u>	<u>\$ 300</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. In 2004, the Institute made the final payment of \$28,700 to CASB for these costs. Manitoba's portion represented 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, 2005 and 2004 and for the years then ended are as follows:

Financial Position

	<u>2005</u>	<u>2004</u>
Total assets	\$3,087,300	\$2,660,100
Total liabilities	<u>1,733,700</u>	<u>1,673,700</u>
Net assets	<u>\$1,353,600</u>	<u>\$ 986,400</u>

Results of Operations

	<u>2005</u>	<u>2004</u>
Total revenue	\$6,339,600	\$5,711,600
Total expense	<u>5,972,400</u>	<u>5,324,900</u>
Excess revenue	<u>\$ 367,200</u>	<u>\$ 386,700</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 \$20,700 (2004-\$22,600).

5. Long term investments

	<u>2005</u>	<u>2004</u>
Cost		
Fixed income funds	\$352,100	\$315,300
Equity funds	295,300	280,000
Real estate funds	<u>117,200</u>	<u>113,500</u>
	<u>\$764,600</u>	<u>\$708,800</u>
Market	<u>\$806,000</u>	<u>\$763,400</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

	2005		2004	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Equipment under capital lease	\$ 47,600	\$ 21,400	\$ 47,600	\$ 11,900
Office furniture and equipment	150,400	109,300	150,400	97,200
Computer equipment	105,000	81,600	97,300	80,300
Leasehold improvements	145,300	94,500	145,300	79,900
Computer database system	41,000	41,000	41,000	41,000
Website development	<u>8,500</u>	<u>4,200</u>	<u>8,500</u>	<u>1,400</u>
	<u>\$497,800</u>	<u>\$352,000</u>	<u>\$490,100</u>	<u>\$311,700</u>
Net book value	<u>\$145,800</u>		<u>\$178,400</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, 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	31,100	<u>\$229,000</u>
Less: Amount representing interest	<u>3,300</u>	
Present value of minimum payments	<u>\$27,800</u>	

Education support

The Institute made the third 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

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>2005</u>	<u>2004</u>
Salaries and benefits	\$538,900	\$592,400
Office occupancy	106,500	99,300
General expenses	70,700	60,300
Business taxes and insurance	47,200	30,100
Communications	44,300	45,000
Professional fees	34,600	18,800
Database support	30,000	30,000
Stationery and supplies	19,400	18,500
	<u>\$891,600</u>	<u>\$894,400</u>

10. Professional conduct and membership expense

Costs for professional conduct and membership are shown net of recoveries from fines assessed by the Discipline Committee. In 2005, there were no recoveries (2004-\$3,000).

11. Statement of Cash Flows

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