

CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
INDEPENDENT AUDITORS' REPORT
FINANCIAL STATEMENTS
MARCH 31, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA

MARCH 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Chartered Professional Accountants of Manitoba:

Opinion

We have audited the accompanying financial statements of Chartered Professional Accountants of Manitoba (CPA Manitoba), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in net assets and cash flows for the year then ended, and the notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chartered Professional Accountants of Manitoba as at March 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the CPA Manitoba in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The prior year financial statements were audited by another Chartered Professional Accountant firm who provided a report with an unmodified opinion dated June 3, 2021.

Other Information

Management is responsible for the other information. The other information comprises CPA Manitoba's annual report.

Our opinion on financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The annual report is expected to be made available to us after the date of the auditors' report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing CPA Manitoba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate CPA Manitoba or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CPA Manitoba's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CPA Manitoba's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CPA Manitoba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause CPA Manitoba to cease to continue as a going concern.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure, and content of the financial statements including the disclosures, and whether the financial statements representing the underlying transactions and events in a manner that achieved fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Winnipeg, Manitoba
June 2, 2022**

Fort Group
**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
(Incorporated by *The Chartered Professional Accountants Act of Manitoba*)
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

| | <u>2022</u> | <u>2021</u> |
|--|----------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 3,765,163 | 3,298,388 |
| Accounts receivable (Note 3) | 324,690 | 285,534 |
| Inventory | 3,988 | - |
| Prepaid expenses | 280,877 | 139,401 |
| Due from related parties (Note 11) | <u>1,903,302</u> | <u>2,259,390</u> |
| | 6,278,020 | 5,982,713 |
| LONG-TERM INVESTMENTS (Note 4) | 5,444,115 | 5,621,674 |
| CAPITAL ASSETS (Note 5) | 834,600 | 869,170 |
| INTANGIBLE ASSETS (Note 6) | <u>773,774</u> | <u>186,562</u> |
| | <u>\$ 13,330,509</u> | <u>12,660,119</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accruals (Note 7) | \$ 905,700 | 654,764 |
| Unearned fees (Note 8) | 4,155,163 | 4,025,424 |
| Due to related parties (Note 11) | 723,363 | 541,762 |
| Current portion of deferred lease inducement (Note 9) | <u>52,058</u> | <u>52,058</u> |
| | 5,836,284 | 5,274,008 |
| DEFERRED LEASE INDUCEMENT (Note 9) | <u>299,342</u> | <u>351,400</u> |
| | <u>6,135,626</u> | <u>5,625,408</u> |
| COMMITMENTS (Note 10) | | |
| Net assets | | |
| Invested in capital assets and intangible assets | 1,256,974 | 636,341 |
| Unrestricted | 5,655,564 | 5,263,023 |
| Internally restricted - information technology initiatives (Note 12) | <u>282,345</u> | <u>1,135,347</u> |
| | <u>7,194,883</u> | <u>7,034,711</u> |
| | <u>\$ 13,330,509</u> | <u>12,660,119</u> |

Approved by the Board

J. Dowhan Chair

J. Tucker Secretary-Treasurer

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2022**

| | <u>2022</u> | <u>2021</u> |
|---|--------------------|--------------------|
| REVENUE | | |
| Member fees | \$ 5,611,656 | 5,628,332 |
| Less: National fees and assessment (Note 11) | <u>(2,143,721)</u> | <u>(2,125,415)</u> |
| | 3,467,935 | 3,502,917 |
| Pre-certification (Note 11) | 4,239,329 | 4,368,593 |
| Investment (Note 4) | 459,398 | 826,728 |
| Member education, events and services | 651,714 | 604,360 |
| Practicing office assessments and practice review | 483,740 | 487,570 |
| Other | <u>118,235</u> | <u>93,051</u> |
| | <u>9,420,351</u> | <u>9,883,219</u> |
| EXPENSES | | |
| Pre-certification (Note 11) | 3,822,812 | 3,530,505 |
| Salaries and benefits | 2,906,997 | 2,912,638 |
| Office occupancy and operations | 1,156,979 | 996,841 |
| Amortization | 499,031 | 368,393 |
| Member education, events and services | 319,159 | 307,109 |
| Regulatory | 255,483 | 297,305 |
| External communications and student recruitment (Note 11) | 186,147 | 132,384 |
| Governance | <u>113,571</u> | <u>100,703</u> |
| | <u>9,260,179</u> | <u>8,645,878</u> |
| EXCESS OF REVENUE OVER EXPENSES | <u>\$ 160,172</u> | <u>1,237,341</u> |

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022**

| | Invested in capital assets and intangible assets | <u>Unrestricted</u> | Internally restricted - information technology initiatives (Note 11) | <u>Total 2022</u> | <u>Total 2021</u> |
|---|--|---------------------|---|-----------------------|-----------------------|
| NET ASSETS, BEGINNING OF YEAR | \$ 636,341 | 5,263,023 | 1,135,347 | 7,034,711 | 5,797,370 |
| Excess of revenue over expenses | (446,974) | 792,391 | (185,245) | 160,172 | 1,237,341 |
| Investment in capital assets and intangible assets | 1,067,607 | (143,425) | (924,182) | - | - |
| Interfund transfer (Note 12) | - | (256,425) | 256,425 | - | - |
| NET ASSETS, END OF YEAR | <u>\$ 1,256,974</u> | <u>5,655,564</u> | <u>282,345</u> | <u>7,194,883</u> | <u>7,034,711</u> |

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022**

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|--------------------|
| CASH PROVIDED BY (USED IN): | | |
| OPERATING ACTIVITIES | | |
| Member fees and pre-certification | \$ 8,045,968 | 8,411,757 |
| Member education, events and services | 508,556 | 474,168 |
| Practicing office assessments and practice review | 481,618 | 474,671 |
| Investment and other | 675,257 | 220,373 |
| Cash disbursements | <u>(8,432,838)</u> | <u>(8,073,799)</u> |
| | <u>1,278,561</u> | <u>1,507,170</u> |
| INVESTING ACTIVITIES | | |
| Purchase of investments | (119,051) | (311,367) |
| Proceeds on sales of investments | 193,272 | 218,160 |
| Purchase of capital assets and intangible assets | <u>(1,067,607)</u> | <u>(288,735)</u> |
| | <u>(993,386)</u> | <u>(381,942)</u> |
| FINANCING ACTIVITIES | | |
| Repayment (to) from related parties | <u>181,600</u> | <u>(33,928)</u> |
| INCREASE IN CASH | 466,775 | 1,091,300 |
| CASH, BEGINNING OF YEAR | <u>3,298,388</u> | <u>2,207,088</u> |
| CASH, END OF YEAR | <u>\$ 3,765,163</u> | <u>3,298,388</u> |

CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

1. ACCOUNTING ENTITY

Chartered Professional Accountants of Manitoba (CPA Manitoba) is the self-regulating body for all Chartered Professional Accountants in Manitoba. Its mission is to foster public confidence in the CPA profession and act in the public interest through its development and support of CPAs and CPA students and candidates with the competencies and resources to excel in all sectors.

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

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

An underlying assumption of the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements include the following significant accounting policies:

(a) Investments

Investments are comprised of units of pooled funds.

Pooled funds are initially recognized and subsequently measured at fair value, determined using quoted market prices. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in operations.

(b) Capital Assets

Capital assets are recognized at cost and amortized over their estimated lives using the straight-line method as follows:

| | |
|--------------------|----------|
| Furniture | 10 years |
| Office equipment | 5 years |
| Computer equipment | 3 years |
| Signs | 5 years |

Amortization of leasehold improvements is recorded on a straight-line basis over the remaining term of the lease.

Subsequent to initial recognition, capital assets are accounted for at cost less accumulated amortization and accumulated impairment losses. When the organization observes conditions that indicate that a capital asset is impaired, the net carrying amount of the capital asset is written down to the asset's fair value or replacement cost. The write-downs of capital assets are accounted for as expenses in the statement of operations.

(c) Intangible Assets

Intangible assets are recognized at cost and amortized over their estimated lives using the straight-line method as follows:

| | |
|--------------------------|-----------|
| Website | 2-3 years |
| Member management system | 3 years |

Internally generated intangible assets include the costs incurred for the development of the website and member management system and are not amortized until completed and operational.

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Intangible Assets (Continued)

Subsequent to initial recognition, intangible assets are accounted for at cost, less accumulated amortization and accumulated impairment losses. When the organization observes conditions that indicate that an intangible asset is impaired, the net carrying amount of the intangible asset is written down to the asset's fair value or replacement cost. The write-downs of intangible assets are accounted for as expenses in the statement of operations.

(d) Deferred Lease Inducements

Lease inducements are amortized on a straight-line basis over the remaining term of the lease.

(e) Revenue Recognition

Member fees, practicing office assessments and practice review revenue are recognized in the year to which they relate. Pre-certification, member education and events revenue are recognized when the event is presented. On-demand member education is recognized when the member receives access to the seminar.

Investment income on pooled funds 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 dividend, interest, and realized/unrealized gains and losses.

Other income, which includes various cost recoveries and revenue from services provided to other accounting bodies, is recorded in the year to which it relates.

(f) Financial Instruments

Financial instruments held by the Organization include cash, accounts receivable, due from(to) related parties, long-term investments, and accounts payable and accruals. The Organization initially measures its financial instruments at fair value when the asset or liability is first recognized. The Organization subsequently measures all financial assets and liabilities at amortized cost, except for long-term investments held in pooled funds which are measured at fair value.

(g) Accounting Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 year. Estimates include amounts payable for services not billed yet at the time these financial statements were approved and the useful life of capital assets. Actual results may differ from estimates.

(h) Contributed Services and Donated Materials

The work of CPA Manitoba is dependent on voluntary services of many members and public representatives. The value of these donated services is not recognized in financial statements.

3. ACCOUNTS RECEIVABLE

| | <u>2022</u> | <u>2021</u> |
|-----------------------|-------------------|----------------|
| CPA accounting bodies | \$ 275,531 | 266,010 |
| Member and other | <u>49,159</u> | <u>19,524</u> |
| | <u>\$ 324,690</u> | <u>285,534</u> |

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

4. LONG-TERM INVESTMENTS

The fair value of long-term investments is disclosed below:

| | <u>2022</u> | <u>2021</u> |
|-----------------------------|---------------------|------------------|
| Canadian fixed income funds | \$ 1,959,623 | 2,264,294 |
| Equity funds | 2,778,208 | 2,661,559 |
| Canadian real estate funds | <u>706,284</u> | <u>695,821</u> |
| | <u>\$ 5,444,115</u> | <u>5,621,674</u> |

Investments in pooled funds are made available through The Canada Life Assurance Company. The managers of the funds include Mackenzie Investments, GWL Realty Advisors, The Canada Life Assurance Company (Commercial Mortgage Investments team) and JP Morgan Asset Management.

CPA Manitoba is exposed to various risks through its investments. The following analysis provides a measure of CPA Manitoba's exposure to credit, market, currency and interest rate risks and concentrations.

The fixed income funds include bond funds - 48% (2021 - 49%) and mortgage funds - 52% (2021 - 51%). The bond funds are diversified by sector, industry, and credit quality. These investments have a market yield range of 3.0% to 5.0% (2021 - 1.8% to 2.6%) and an average term of 9.5 to 12.4 years (2021 - 9.0 to 9.3 years).

The mortgage funds are diversified by type and location. These investments have a market yield of 3.2% (2021 - 2.0%) and an average term of 3.7 years (2021 - 4.2 years).

The equity funds invest predominately in shares of publicly traded Canadian medium and large capitalized companies, publicly traded shares in the United States (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 U.S

CPA Manitoba's equity funds include the following:

| | <u>2022</u> | <u>2021</u> |
|------------------|---------------------|------------------|
| Canadian | \$ 1,771,569 | 1,604,684 |
| U.S. | 508,745 | 530,831 |
| Various European | 355,097 | 344,769 |
| Japanese | 75,730 | 84,114 |
| Other | <u>67,067</u> | <u>97,161</u> |
| | <u>\$ 2,778,208</u> | <u>2,661,559</u> |

The real estate funds consist of income producing real estate properties diversified by both location and type. Approximately 68% (2021 - 65%) of the portfolio is located in Ontario, with the remainder spread across Canada. A total of 31% (2021 - 37%) is invested in office real estate.

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

4. LONG-TERM INVESTMENTS (Continued)

Investment income is composed of the following:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|----------------|
| Interest from cash | \$ 4,079 | 5,061 |
| Interest from investments | 87,861 | 90,844 |
| Dividends from investments | 31,190 | 33,524 |
| Net realized gains on sales of investments | 378,979 | 56,185 |
| Net unrealized gains (losses) on investments | <u>(42,711)</u> | <u>641,114</u> |
| | <u>\$ 459,398</u> | <u>826,728</u> |

CPA Manitoba manages its exposure to the risks associated with financial instruments that have potential to affect its operating and financial performance in accordance with its investment policy. The objective of these policies is to reduce volatility in cash flow and earnings. CPA Manitoba does not use derivative financial instruments to manage its risk.

5. CAPITAL ASSETS

| | <u>2022</u> | | |
|------------------------|---------------------|-------------------------------------|---------------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net book Value</u> |
| Leasehold improvements | \$ 1,173,431 | 595,712 | 577,719 |
| Furniture | 382,562 | 269,833 | 112,729 |
| Computer equipment | 283,144 | 198,709 | 84,435 |
| Office equipment | 199,717 | 140,000 | 59,717 |
| Signs | <u>2,039</u> | <u>2,039</u> | <u>-</u> |
| | <u>\$ 2,040,893</u> | <u>1,206,293</u> | <u>834,600</u> |

| | <u>2021</u> | | |
|------------------------|---------------------|-------------------------------------|---------------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net book Value</u> |
| Leasehold improvements | \$ 1,144,816 | 508,755 | 636,061 |
| Furniture | 381,441 | 236,971 | 144,470 |
| Office equipment | 175,662 | 121,982 | 53,680 |
| Computer equipment | 252,673 | 217,918 | 34,755 |
| Signs | <u>2,039</u> | <u>1,835</u> | <u>204</u> |
| | <u>\$ 1,956,631</u> | <u>1,087,461</u> | <u>869,170</u> |

6. INTANGIBLE ASSETS

| | <u>2022</u> | | |
|--------------------------|---------------------|-------------------------------------|---------------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net book Value</u> |
| Website | \$ 497,176 | 493,554 | 3,622 |
| Member management system | <u>924,182</u> | <u>154,030</u> | <u>770,152</u> |
| | <u>\$ 1,421,358</u> | <u>647,584</u> | <u>773,774</u> |

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

6. INTANGIBLE ASSETS (Continued)

| | | <u>2021</u> | |
|--------------------------|-------------------|-------------------------------------|---------------------------|
| | <u>Cost</u> | <u>Accumulated Amortization</u> | <u>Net book Value</u> |
| Website | \$ 497,176 | 314,885 | 182,291 |
| Member management system | <u>5,125</u> | <u>854</u> | <u>4,271</u> |
| | <u>\$ 502,301</u> | <u>315,739</u> | <u>186,562</u> |

7. ACCOUNTS PAYABLE AND ACCRUALS

| | <u>2022</u> | <u>2021</u> |
|------------------------|-------------------|----------------|
| Accounts payable | \$ 358,163 | 134,317 |
| Accruals and other | 394,538 | 357,390 |
| Government remittances | <u>152,999</u> | <u>163,057</u> |
| | <u>\$ 905,700</u> | <u>654,764</u> |

CPA Manitoba maintains credit cards with an aggregate limit of up to \$100,000. The balance owing on the credit cards at March 31, 2022 is \$25,096 (2021 - \$20,659) and is included in accounts payable.

8. UNEARNED FEES

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|------------------|
| Member fees | \$ 2,707,319 | 2,605,373 |
| Student and course module fees (Note 10) | 1,430,085 | 1,414,816 |
| Other | <u>17,759</u> | <u>5,235</u> |
| | <u>\$ 4,155,163</u> | <u>4,025,424</u> |

9. DEFERRED LEASE INDUCEMENT

The current lease for office space provides for a lease inducement for leasehold improvements. It is being amortized over the life of the lease to December 2028.

| | <u>2022</u> | <u>2021</u> |
|----------------------|-------------------|-----------------|
| Opening balance | \$ 403,458 | 455,516 |
| Amortization | <u>(52,058)</u> | <u>(52,058)</u> |
| | 351,400 | 403,458 |
| Less current portion | <u>(52,058)</u> | <u>(52,058)</u> |
| Closing balance | <u>\$ 299,342</u> | <u>351,400</u> |

Amortization of lease inducements is included in office occupancy and operations in the statement of operations.

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

10. COMMITMENTS

Office Space

CPA Manitoba currently leases office space through to December 31, 2028. The following schedule includes future lease payments for the next five years and thereafter under this lease:

| | <u>2022</u> |
|------------|---------------------|
| 2023 | \$ 226,436 |
| 2024 | 234,523 |
| 2025 | 258,784 |
| 2026 | 258,784 |
| 2027 | 258,784 |
| Thereafter | <u>452,872</u> |
| | <u>\$ 1,690,183</u> |

Software Services Agreement

During the previous year, CPA Manitoba entered into a three-year agreement for new software for a Member management system. The total commitment over the term of the agreement is \$230,940 with \$152,920 to be paid in future fiscal years.

Communications Contracts

CPA Manitoba has entered into a communications contract with Rogers and Bell MTS. The total commitment over the next three years is \$32,400.

Post Secondary Support

CPA Manitoba agreed to a 7-year commitment to provide \$28,571 annually to Red River College to be used in support of the College's educational purposes. The remaining commitment provides for annual payments of \$28,571 from 2023 to 2028.

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

11. RELATED PARTY INFORMATION

Chartered Professional Accountants of Manitoba Foundation Inc. (CPA Foundation)

CPA Manitoba has significant influence over the CPA Foundation through a combination of factors including the provision of operating support. The organizations have shared staff and CPA Manitoba's President and CEO serves as an ex-officio member of the CPA Foundation Board. The CPA Foundation was established on July 1, 2015 to support the pursuit of business and accounting education. The CPA Foundation is incorporated under The Corporations Act of Manitoba and is a registered charity under the Income Tax Act.

In 2020, CPA Manitoba and the CPA Foundation entered into a new funding agreement to provide assistance to the CPA Foundation to help achieve its objectives. Under the terms of the agreement, CPA Manitoba provided funding in the amount of \$800,000. This amount was paid from the internally restricted fund established for this purpose. As part of the funding agreement, CPA Manitoba provides in-kind resources including office space and operating and staff support for various initiatives in the amount of \$141,000 (2021 - \$141,000).

During the year, CPA Manitoba collected \$50,854 (2021 - \$61,988) in contributions and event revenue on behalf of the CPA Foundation. CPA Manitoba also provided support totaling \$nil (2021 - \$22,720) for various initiatives.

CPA Insurance Plans West (CPAIPW)

CPAIPW administers benefits plans for members of the CPA accounting bodies in the four western provinces and the territories. CPA Manitoba appoints two persons to serve on the CPAIPW's eight member board. There were no related party transactions noted with CPAIPW during the year.

CPA Western School of Business (CPAWSB)

CPAWSB is responsible for delivering pre-certification education for students and candidates in the four western provinces and the territories, in accordance with an agreement established on September 29, 2015. Effective June 1, 2018, the western CPA provincial bodies approved changes to its governance structure. The Board of Directors of CPAWSB is now composed of the CEOs from the four western provinces.

CPAWSB and the four western provinces signed an operating agreement effective April 1, 2019 whereby CPAWSB acts as an independent agent collecting revenue and incurring costs on behalf of the four western provinces for delivery of the CPA Education Program.

During the year CPAWSB collected annual student/candidate dues and module fees of \$4,203,423 (2021 - \$4,403,199) on behalf of CPA Manitoba. \$4,177,813 (2021 - \$4,250,924) has been recognized as revenue and \$1,430,085 (2021 - \$1,414,816) has been recorded as unearned fees.

CPAWSB incurred costs totaling \$3,727,190 (2021 - \$3,467,597) to deliver programs to Manitoba's students. Cost recoveries for other agreements totaled \$nil (2021 - \$nil).

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022**

11. RELATED PARTY INFORMATION (Continued)

Chartered Professional Accountants of Canada (CPA Canada)

CPA Manitoba, along with other CPA accounting bodies in Canada, have entered into a Collaboration Accord with CPA Canada which allows the bodies to work together to achieve a common mission and vision that best serves the interests of both the public and the CPA profession. CPA Manitoba collects dues on behalf of CPA Canada and participates in various strategic and cost-sharing initiatives.

CPA Manitoba collected \$2,143,721 (2021 - \$2,125,415) of member dues on behalf of CPA Canada. These amounts are recognized as part of member fees revenue.

CPA Manitoba's proportionate share of the strategic and cost-sharing initiatives was \$92,089 (2021 - \$73,653). The amounts are recognized as expenses in these financial statements.

Due (to) from related parties

At March 31 the following amounts were (payable to) receivable from related parties:

| | <u>2022</u> | <u>2021</u> |
|----------------|---------------------|------------------|
| CPAWSB | \$ <u>1,903,302</u> | <u>2,259,390</u> |
| CPA Foundation | \$ (33,436) | (21,470) |
| CPA Canada | <u>(689,927)</u> | <u>(520,292)</u> |
| | \$ <u>(723,363)</u> | <u>(541,762)</u> |

The amounts (payable to) receivable from CPA Foundation are unsecured and have no specific terms of repayment. The amounts receivable from CPAWSB are unsecured. The Operating Agreement provides for annual settlement of the net contribution from operations.

12. INTERNALLY RESTRICTED NET ASSETS

During the year, the Board transferred \$256,425 (2021 - \$500,000) to internally restricted - information technology initiatives.

13. UNCERTAINTY DUE TO COVID-19

The safety measures to combat COVID-19 (Coronavirus) and the government response continue to evolve and change quickly. It is management's opinion that CPA Manitoba has adequately adapted to the impact of this pandemic and will continue to maintain operations for the foreseeable future. While management will continue to monitor and evaluate the implications of the pandemic, it is difficult to predict the extent and duration this pandemic could have on the future finances and operations of CPA Manitoba.

14. COMPARATIVE FIGURES

Certain of the comparative figures have been restated to reflect the financial statement presentation adopted for the current year.