

CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA FOUNDATION INC.

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

MARCH 31, 2022

CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA FOUNDATION INC.

MARCH 31, 2022

INDEX

	Page
INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12
Schedule of Endowment Funds	13

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Chartered Professional Accountants of Manitoba Foundation Inc.:

Opinion

We have audited the accompanying financial statements of Chartered Professional Accountants of Manitoba Foundation Inc. (the "Foundation"), 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 Foundation Inc. 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 Foundation 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 2, 2021.

Other Information

Management is responsible for the other information. The other information comprises the Foundation'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 the Foundation'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 the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 the Foundation'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 the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Foundation 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 3, 2022**

Fort Group
**CHARTERED PROFESSIONAL
ACCOUNTANTS INC.**

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA FOUNDATION INC.
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 567,651	717,702
GST receivable	1,176	643
Due from related party (Note 8)	33,436	21,470
Short-term investments (Note 3)	<u>52,509</u>	<u>-</u>
	654,772	739,815
LONG-TERM INVESTMENTS (Note 4)	4,036,479	3,817,437
CAPITAL ASSETS (Note 5)	<u>35,912</u>	<u>41,437</u>
	<u>\$ 4,727,163</u>	<u>4,598,689</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accruals	\$ 22,888	5,933
Deferred revenue (Note 6)	<u>509,000</u>	<u>600,000</u>
	<u>531,888</u>	<u>605,933</u>
COMMITMENTS (Note 7)		
NET ASSETS		
General fund	1,097,275	999,200
Invested in capital assets (Note 5)	35,912	41,437
Endowment funds (Schedule)	<u>3,062,088</u>	<u>2,952,119</u>
	<u>4,195,275</u>	<u>3,992,756</u>
	<u>\$ 4,727,163</u>	<u>4,598,689</u>

APPROVED BY THE BOARD:

_____ **Chair**

_____ **Treasurer**

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

	<u>General fund</u>	<u>Endowment funds</u>	<u>Total 2022</u>	<u>Total 2021</u>
REVENUE				
Contributions (Note 8)	\$ 192,678	53,321	245,999	227,406
Operating grant (Note 6)	91,000	-	91,000	100,000
Fundraising	12,080	-	12,080	3,250
Investment income (Note 4)	<u>65,653</u>	<u>179,223</u>	<u>244,876</u>	<u>611,324</u>
	<u>361,411</u>	<u>232,544</u>	<u>593,955</u>	<u>941,980</u>
EXPENSES				
Administration (Note 8)	76,813	29,521	106,334	109,299
Amortization	5,525	-	5,525	5,525
Awards, bursaries and scholarships	1,500	61,570	63,070	110,878
Direct program costs (Note 8)	38,558	-	38,558	34,350
Fundraising and promotion	24,025	-	24,025	18,244
Investment fees	5,943	16,859	22,802	20,510
Post secondary support (Note 7)	100,000	14,625	114,625	127,700
Support services	<u>16,497</u>	<u>-</u>	<u>16,497</u>	<u>9,339</u>
	<u>268,861</u>	<u>122,575</u>	<u>391,436</u>	<u>435,845</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 92,550</u>	<u>109,969</u>	<u>202,519</u>	<u>506,135</u>

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

	<u>General fund</u>	<u>Invested in capital assets</u>	<u>Endowment funds</u>	<u>Total 2022</u>	<u>Total 2021</u>
NET ASSETS, BEGINNING OF YEAR	\$ 999,200	41,437	2,952,119	3,992,756	3,486,621
Excess (deficiency) of revenue over expense	<u>98,075</u>	<u>(5,525)</u>	<u>109,969</u>	<u>202,519</u>	<u>506,135</u>
NET ASSETS, END OF YEAR	<u>\$ 1,097,275</u>	<u>35,912</u>	<u>3,062,088</u>	<u>4,195,275</u>	<u>3,992,756</u>

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

	<u>2022</u>	<u>2021</u>
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Contributions	\$ 115,771	157,096
Fundraising	15,330	28,100
Investment and other	55,818	76,805
Disbursements	<u>(530,268)</u>	<u>(348,952)</u>
	<u>(343,349)</u>	<u>(86,951)</u>
INVESTING ACTIVITIES		
Purchase of investments	(74,069)	(170,233)
Proceeds on sales of investments	<u>267,367</u>	<u>117,329</u>
	<u>193,298</u>	<u>(52,904)</u>
DECREASE IN CASH	(150,051)	(139,855)
CASH, BEGINNING OF YEAR	<u>717,702</u>	<u>857,557</u>
CASH, END OF YEAR	<u>\$ 567,651</u>	<u>717,702</u>

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

1. ACCOUNTING ENTITY

The Chartered Professional Accountants Foundation of Manitoba Inc. (the "Foundation") was established on July 15, 2015 with the purpose of supporting and funding the pursuit of quality business and accounting education.

The Foundation is incorporated under The Corporations Act of Manitoba and is a registered charity 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) Fund Accounting

General fund

The General fund reports the assets, liabilities, revenue and expenses related to the Foundation's administrative and operating activities.

Endowment funds

Endowment funds are externally restricted funds which are established by gifts and donations from donors to the Foundation in perpetuity. The investment income earned by these funds may be restricted by the donor for a specific use.

(b) Capital assets

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

Donor engagement display	10 years
--------------------------	----------

(c) Revenue Recognition

The Foundation follows the restricted fund method of accounting for contributions. Endowment contributions are recognized as revenue of the applicable endowment 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.

General contributions, donations and fundraising for which there are no external restrictions 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. General contributions, donations and fundraising for which external restrictions are imposed are recognized in the General fund when the related expenses are incurred.

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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Revenue Recognition (Continued)

Investment income on pooled funds is recorded on a proportionate share of revenues, gains, losses and expenses within the pooled funds, as well as on disposition of units owned. Investment income includes interest, dividend income and realized/unrealized gains and losses. Investment income earned on endowment funds is recognized as revenue of those funds. Other investment income is recognized as revenue of the General fund.

(e) Financial Instruments

The Foundation's financial instruments consist of cash, accounts receivable, short-term investments, long-term investments, due from related party and accounts payable and accruals. The Foundation initially measures its financial assets and liabilities at fair value. The Foundation 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.

(f) 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.

(g) Contributed Services and Donated Materials

The work of the Foundation is dependent on the voluntary service of many members and public representatives. The value of contributed services, other than those disclosed in note 8, is not recognized in these statements.

(h) Allocation of Expenses

The Foundation allocates administrative expenses to a number of programs to which the underlying expense relates. Administrative expenses have been allocated to direct program costs based on the number of hours incurred directly in the undertaking of the programs.

3. SHORT-TERM INVESTMENTS

Short-term investments consist of a GIC held with Scotiabank with a maturity date of March 3, 2023 and an interest rate of 0.295%.

	<u>2022</u>	<u>2021</u>
Scotiabank GIC	\$ <u>52,509</u>	<u>-</u>

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA FOUNDATION INC.
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	\$ 1,271,532	1,379,234
Equity funds	2,230,801	1,999,033
Canadian real estate funds	<u>534,146</u>	<u>439,170</u>
	<u>\$ 4,036,479</u>	<u>3,817,437</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.

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

The fixed income funds include bond funds - 84% (2021 - 84%) and mortgage funds - 16% (2021 - 16%). 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.

The Foundation's equity funds include the following:

	<u>2022</u>	<u>2021</u>
Canadian	\$ 901,950	751,884
U.S.	671,827	619,762
Various European	468,590	411,189
Japanese	88,698	100,319
Other	<u>99,736</u>	<u>115,879</u>
	<u>\$ 2,230,801</u>	<u>1,999,033</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 FOUNDATION INC.
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	\$ 2,476	2,909
Interest from investments	59,904	59,093
Dividends from investments	14,166	14,823
Net realized gains on sales of investments	189,058	37,532
Net unrealized gains on investments	<u>(20,728)</u>	<u>496,967</u>
	<u>\$ 244,876</u>	<u>611,324</u>

The Foundation 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. The Foundation does not use derivative financial instruments to manage its risk.

5. CAPITAL ASSETS

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Cost</u>	<u>Accumulated Amortization</u>
Donor engagement display	\$ <u>55,250</u>	<u>19,338</u>	<u>55,250</u>	<u>13,813</u>
Net book value	<u>\$ 35,912</u>		<u>41,437</u>	

6. DEFERRED REVENUE

In 2020, the Foundation received a payment of \$800,000 under the terms of the agreement (see note 8) with CPA Manitoba.

	<u>Operating Fund</u>	<u>I.H. Asper School Support</u>	<u>Other Post Secondary Support</u>	<u>Total 2022</u>
Balance, March 31, 2021	\$ 150,000	250,000	200,000	600,000
Amounts recognized in 2022	<u>(41,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(91,000)</u>
Balance, March 31, 2022	<u>\$ 109,000</u>	<u>200,000</u>	<u>200,000</u>	<u>509,000</u>

7. COMMITMENTS

The Foundation has a commitment to the University of Winnipeg Faculty of Business and Economics to provide annual payments of \$10,000 for 2023.

The Foundation agreed to a 10-year commitment to provide \$100,000 annually to the I.H. Asper School of Business for the purposes of upgrading classrooms and increasing enrolment. The remaining commitment provides for annual payments of \$100,000 from 2023 to 2026, inclusive.

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

8. RELATED PARTY INFORMATION

The Foundation is under significant influence of Chartered Professional Accountants of Manitoba (CPA Manitoba).

In 2020, the Foundation and CPA Manitoba entered into a new agreement to assist the Foundation in achieving its objectives. Under the terms of the agreement, CPA Manitoba provided funding in the amount of \$800,000 in 2020 (Note 6). As part of the new funding agreement, CPA Manitoba provided in-kind resources including office space and operating and staff support for various initiatives in 2022 in the amount of \$141,000 of which \$102,700 (2021 - \$106,650) is reported as administration expense and \$38,300 (2021 - \$34,350) is reported as direct program costs

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.

At March 31, the following amounts were receivable from related parties:

	<u>2022</u>	<u>2021</u>
Due from CPA Manitoba	\$ <u>33,436</u>	<u>21,470</u>

The amounts receivable from CPA Manitoba is non-interest bearing and has no specific terms of repayment.

9. 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 the Foundation 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 the Foundation.

**CHARTERED PROFESSIONAL ACCOUNTANTS OF MANITOBA FOUNDATION INC.
SCHEDULE OF ENDOWMENT FUNDS
YEAR ENDED MARCH 31, 2022**

	<u>2022</u>	<u>2021</u>
Frederick Johnson, FCA, Family Fund	\$ 1,219,967	1,202,860
Elizabeth Wilson Brown and Thomas E. Brown, CA, Memorial Fund	382,486	374,752
Walter Dubowec, FCA, Bursary Fund	145,133	120,702
The Canada Life Fund	140,409	138,669
J.W. Abbott, FCA, Memorial Fund	92,255	88,282
John W. Corbett, CA, Memorial Fund	87,860	84,077
CA Benevolent Fund	81,198	80,094
Alexander Campbell, CA, and Howard W. Robinson, FCA, Award Fund	79,879	78,832
Anniversary Fund for Teaching Excellence	79,852	76,413
Allan M. Moore, FCA, Fund	75,643	74,778
William G. Eamer, FCPA, FCA, Fund	73,119	72,841
L.C. Taraska, FCPA, FCA, Fund	66,458	65,032
L.H. Frostiak, FCPA, FCA, Fund	60,863	59,678
Leonard Steingarten Fund	58,540	57,933
C. Oren Gilmore, FCPA, FCA, Fund	46,944	46,358
Connie Pope and Richard D. Pope, FCPA, FCA, Fund	45,697	40,380
D. Eric Mitchell Memorial Fund	45,137	42,236
Exchange Group Fund	44,262	42,356
James W. Clarke, FCPA, FCA, Fund	42,515	41,737
C. Mossman Fund	28,035	27,306
Leonard Stoller, CA, Memorial Scholarship Fund	27,774	26,578
Winnifred and Louis Rubin, CA, Memorial Fund	25,829	25,697
Red River Mutual Fund	22,436	22,331
G.T. Steiman Fund	21,565	17,378
Dowhan Family Fund	21,020	-
Kristin Dawn Hanson, CGA, Memorial Fund	16,343	16,261
A. Charach Fund	16,066	15,158
Paul and Margaret Wright Family Fund	<u>14,803</u>	<u>13,400</u>
	<u>\$ 3,062,088</u>	<u>2,952,119</u>