

**INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)**

FINANCIAL STATEMENTS

MAY 31, 2025

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PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of the:

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)

Opinion

We have audited the financial statements of the Institute of Professional Bookkeepers of Canada (O/A CPB Canada - Certified Professional Bookkeepers of Canada), which comprise the Statement Of Financial Position as at May 31, 2025, and the Statements Of Changes In Net Assets, Operations, and Cash Flows for the year then ended, and 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 the Institute of Professional Bookkeepers of Canada (O/A CPB Canada - Certified Professional Bookkeepers of Canada) as at May 31, 2025, 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 Institute of Professional Bookkeepers of Canada (O/A CPB Canada - Certified Professional Bookkeepers of Canada) 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.

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 Institute of Professional Bookkeepers of Canada (O/A CPB Canada - Certified Professional Bookkeepers of Canada)'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 Institute of Professional Bookkeepers of Canada (O/A CPB Canada - Certified Professional Bookkeepers of Canada) or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute of Professional Bookkeepers of Canada (O/A CPB Canada - Certified Professional Bookkeepers of Canada)'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 Institute of Professional Bookkeepers of Canada (O/A CPB Canada - Certified Professional Bookkeepers of Canada)'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 Institute of Professional Bookkeepers of Canada'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 the Institute of Professional Bookkeepers of Canada to cease to continue as a going concern.

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



Parker Prins Lebano Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
August 14, 2025

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2025

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT		
Cash	\$ 667,173	\$ 635,542
Accounts receivable	141,307	120,578
Prepaid expenses	<u>137,362</u>	<u>147,600</u>
	945,842	903,720
CAPITAL ASSETS (Note 3)	4,452	2,404
INTANGIBLE ASSETS (Note 4)	115,010	9,966
LONG-TERM INVESTMENTS (Note 6)	551,821	529,239
OTHER ASSETS (Note 5)	<u>27,600</u>	<u>27,600</u>
	<u><u>\$ 1,644,725</u></u>	<u><u>\$ 1,472,929</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 55,749	\$ 42,224
Government remittances payable	16,707	16,409
Salaries payable	39,141	37,804
Deferred revenue	<u>432,521</u>	<u>403,689</u>
	<u>544,118</u>	<u>500,126</u>
NET ASSETS		
Unrestricted	141,897	260,594
Restricted to capital assets	4,452	2,404
Restricted to intangible assets	115,010	9,966
Restricted to trademarks	27,600	27,600
Internally restricted (Note 9)	<u>811,648</u>	<u>672,239</u>
	<u>1,100,607</u>	<u>972,803</u>
	<u><u>\$ 1,644,725</u></u>	<u><u>\$ 1,472,929</u></u>

On behalf of the Board:



Director



Director

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MAY 31, 2025

	<u>Unrestricted</u>	<u>Restricted to Capital Assets</u>	<u>Restricted to Intangible Assets</u>	<u>Restricted to Other Assets</u>	<u>Internally Restricted (Note 9)</u>	<u>2025</u>	<u>2024</u>
NET ASSETS							
BALANCE, BEGINNING OF YEAR	\$ 260,594	\$ 2,404	\$ 9,966	\$ 27,600	\$ 672,239	\$ 972,803	\$ 789,526
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	139,412	(2,408)	(9,200)	-	-	127,804	183,277
TRANSFERS	(258,109)	4,456	114,244	-	139,409	-	-
BALANCE, END OF YEAR	<u>\$ 141,897</u>	<u>\$ 4,452</u>	<u>\$ 115,010</u>	<u>\$ 27,600</u>	<u>\$ 811,648</u>	<u>\$ 1,100,607</u>	<u>\$ 972,803</u>

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MAY 31, 2025

	<u>2025</u>	<u>2024</u>
REVENUE		
Membership fees	\$ 790,020	\$ 722,100
Conference	583,593	547,426
Investment income	32,658	32,196
Services, programs and other	<u>321,709</u>	<u>291,226</u>
	<u>1,727,980</u>	<u>1,592,948</u>
DIRECT COSTS		
Wages and subcontract fees	799,574	681,631
Conference	428,336	381,568
Website, platforms and networks	24,716	22,643
Marketing, advertising and promotion	127,517	155,150
Services, programs and other costs	<u>21,193</u>	<u>31,524</u>
	<u>1,401,336</u>	<u>1,272,516</u>
GROSS PROFIT	<u>326,644</u>	<u>320,432</u>
EXPENSES		
Professional fees (Note 7)	60,962	51,241
Amortization	11,607	13,605
Merchant fees, bank charges and interest	33,999	28,229
Office, general and travel	84,061	38,191
Insurance	<u>8,211</u>	<u>5,889</u>
	<u>198,840</u>	<u>137,155</u>
EXCESS OF REVENUE OVER EXPENSES		
FOR THE YEAR	<u><u>\$ 127,804</u></u>	<u><u>\$ 183,277</u></u>

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2025

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year	\$ 127,804	\$ 183,277
Item not requiring an outlay of cash:		
Amortization	11,607	13,605
Net change to non-cash items related to operations:		
Accounts receivable	(20,729)	(90,638)
Prepaid expenses	10,238	(51,917)
Accounts payable and accrued liabilities	13,525	7,681
Government remittances payable	298	(12,146)
Salaries payable	1,337	8,542
Deferred revenue	<u>28,832</u>	<u>65,973</u>
	<u>172,912</u>	<u>124,377</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of capital assets	(118,699)	(1,158)
Purchase of long-term investments, net	<u>(22,582)</u>	<u>(21,162)</u>
	<u>(141,281)</u>	<u>(22,320)</u>
CASH FLOWS USED FOR FINANCING ACTIVITIES		
Long-term debt	<u>-</u>	<u>(60,000)</u>
NET INCREASE IN CASH	31,631	42,057
CASH, BEGINNING OF YEAR	<u>635,542</u>	<u>593,485</u>
CASH, END OF YEAR	<u><u>\$ 667,173</u></u>	<u><u>\$ 635,542</u></u>

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2025

1. NATURE OF OPERATIONS

The Institute of Professional Bookkeepers of Canada ("the Institute") is a national not-for-profit organization, incorporated under the Society Act on January 31, 2007 and continued under the Canada Not-for-profit Corporations Act on August 14, 2014. The Institute is not liable for income taxes providing certain requirements are met.

The objectives of the Institute are to:

- Maintain and improve the qualifications and standards of the bookkeeping profession through the development and implementation of bookkeeping certification and continuing professional development programs;
- Promote and protect the interests and conserve the right of those engaged in the bookkeeping profession;
- Promote uniformity in bookkeeping standards and practices;
- Undertake technical and statistical research relating to the bookkeeping profession;
- Provide business information and statistics of interest to members of the organization;
- Organize and hold conferences, professional development events and networking groups and to provide trade related resources and opportunities for the benefit of members of the organization.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

CAPITAL ASSETS

Capital assets are stated at cost. Amortization is recorded using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. No amortization is recorded in the year of disposal. The annual amortization rate and method are as follows:

Computer equipment	3 years straight-line
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INTANGIBLE ASSETS

Intangible assets are recorded at cost and consist of a member management system, and an Association management system. Amortization is recorded on the member management system using the following method at rates designed to amortize the cost of the intangible assets over their estimated useful lives. No amortization is recorded in the year of disposal. The Association management system was not in use at year end, and as such, was not amortized for the year. The annual amortization rate and method are as follows:

Member management system	5 years straight-line
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OTHER ASSETS

Other assets are recorded at cost and consists of trademarks (two trademark phrases) and the purchased assets of the Canadian Institute of Bookkeeping. Amortization has not been recorded as the trademarks and purchased assets are determined to have an indefinite useful life. Other assets are tested on an annual basis for impairment when the events or changes in the circumstances indicate the carrying values will not be recoverable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment when events and circumstances indicate that cost may not be recoverable. Impairment exists when the carrying value of an asset is greater than the undiscounted future cash flows expected to be provided by the asset. The amount of an impairment loss, if any, is the excess of the carrying value over its fair value.

REVENUE RECOGNITION

Membership fees are recognized as revenue when received.

Conference revenues are recognized when the conference takes place. Any conference revenues received in advance of the conference are recorded as deferred revenue.

Investment income is recognized as revenue when earned.

Services, programs and other revenue are recognized at the same time the product is shipped or the services rendered.

LONG-TERM INVESTMENTS

In accordance with Canadian accounting standards for not-for-profit organizations, long-term investments which are bonds are carried at their amortized cost amount, while equity based investments are carried at their fair market value with any unrealized gains or losses recognized in the Statement of Operations.

FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Institute's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. These are carried at amortized cost which is equivalent to their fair values given their short-term maturities, unless otherwise noted. Changes in fair value are recognized in excess (deficiency) of revenues over expenses in the period incurred. It is management's opinion that the Institute is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Impairment

For financial assets measured at cost or amortized cost, the Institute determines whether there are indications of possible impairment. When there is an indication of impairment, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess (deficiency) of revenues over expenses. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenues over expenses.

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
NOTES TO FINANCIAL STATEMENTS (continued)
MAY 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS (continued)

Transaction costs

The Institute recognizes its transaction costs in excess (deficiency) of revenue over expenses in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their organization, issuance or assumption.

USE OF ESTIMATES

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Estimates are used for, but are not limited to, the accounting for doubtful accounts, accrued liabilities, useful lives of equipment, impairments and contingencies. Actual results may differ from those estimates.

3. CAPITAL ASSETS

2025		
<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Computer equipment	\$ 15,926	\$ 11,474
		\$ 4,452
2024		
<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Computer equipment	\$ 11,472	\$ 9,068
		\$ 2,404

4. INTANGIBLE ASSETS

2025		
<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Member management system	\$ 46,000	\$ 45,234
Association management system	114,244	-
	\$ 160,244	\$ 45,234
		\$ 115,010
2024		
<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Member management system	\$ 46,000	\$ 36,034
		\$ 9,966

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
NOTES TO FINANCIAL STATEMENTS (continued)
MAY 31, 2025

5. OTHER ASSETS

Other assets consist of two trademark phrases in the amount of \$27,599 and the purchased assets of the Canadian Institute of Bookkeeping in the amount of \$1. The purchased assets consist of registered trademarks, website domain assets, a membership list and incidental files related to the operation of the Canadian Institute of Bookkeeping.

6. LONG-TERM INVESTMENTS

Long-term investments consist of:

- fixed income bonds, carried at an amortized cost value of \$314,000 (market \$310,135)
- mutual funds, carried at a market value of \$224,019 (cost \$216,036)
- cash; cost is equivalent to market value of \$17,667

7. PROFESSIONAL FEES

During the fiscal year, the Institute incurred various professional fees as follows:

	<u>2025</u>	<u>2024</u>
Governance consulting fees	\$ 5,500	\$ 16,664
Bookkeeping fees	10,531	10,526
HR consulting fees	5,134	546
Accounting fees	12,825	10,500
Strategic planning consulting fees	16,465	3,395
Ethics investigation fees	4,500	8,308
Legal consulting fees	<u>6,007</u>	<u>1,302</u>
	<u>\$ 60,962</u>	<u>\$ 51,241</u>

8. FINANCIAL INSTRUMENTS

The Institute is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposures and concentrations at the statement of financial position dated May 31, 2025. Unless otherwise noted, it is management's opinion that the Institute is not exposed to significant credit, liquidity or interest rate risks arising from its financial instruments and the the fair values of its financial instruments approximate their carrying value.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Institute's main credit risks relate to its accounts receivable.

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
NOTES TO FINANCIAL STATEMENTS (continued)
MAY 31, 2025

8. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Institute is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Bonds bear interest at a fixed rate and the Institute is therefore exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Institute does not use derivative financial instruments to reduce its interest rate exposure.

9. INTERNALLY RESTRICTED NET ASSETS

During the current fiscal year, the Board of Directors of the Institute resolved to internally restrict net assets as follows:

	<u>2025</u>	<u>2024</u>
General operating reserve	\$ 97,586	\$ 137,817
Education and innovation reserve	10,456	14,766
Public affairs reserve	10,456	14,766
Strategic initiatives reserve	<u>20,911</u>	<u>29,532</u>
	<u>\$ 139,409</u>	<u>\$ 196,881</u>

GENERAL OPERATING RESERVE

The purpose of the general operating reserve fund is to provide a source of internal funds to cover 6 months of any costs incurred during a wind up of the Institute. The Board of Directors resolved to allocate 70% of any annual operating surplus before amortization to the fund. The current year consists of 70% of the fiscal 2025 operating surplus.

EDUCATION AND INNOVATION RESERVE

The purpose of the education and innovation reserve fund is to provide a source of internal funds to cover the costs associated with the development of training and development courses. The Board of Directors resolved to allocate 7.5% of any annual operating surplus before amortization to the fund. The prior year transfer consists of 7.5% of the fiscal 2024 operating surplus (\$14,766), 7.5% of the fiscal 2023 operating surplus (\$14,844) and 7.5% of the fiscal 2022 operating surplus (\$8,741).

PUBLIC AFFAIRS RESERVE

The purpose of the public affairs reserve fund is to provide a source of internal funds to cover the costs associated with any activity relating to government relations, advocacy or engagement for the purpose of advancing the Institute's mandate. The Board of Directors resolved to allocate 7.5% of any annual operating surplus to the fund. The prior year transfer consists of 7.5% of the fiscal 2024 operating surplus (\$14,766), 7.5% of the fiscal 2023 operating surplus (\$14,844) and 7.5% of the fiscal 2022 operating surplus (\$8,741).

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
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NOTES TO FINANCIAL STATEMENTS (continued)
MAY 31, 2025

9. INTERNALLY RESTRICTED NET ASSETS (continued)

STRATEGIC INITIATIVES RESERVE

The purpose of the strategic initiatives reserve fund is to provide a source of internal funds to cover any unbudgeted initiatives identified by the Institute that would further advance the Institute's causes. The Board of Directors resolved to allocate 15% of any annual surplus before amortization to the fund. The prior year transfer consists of 15% of the fiscal 2024 operating surplus (\$29,532), 15% of the fiscal 2023 operating surplus (\$29,688) and 70% of the fiscal 2022 operating surplus (\$17,484).

10. COMMITMENTS

The organization has entered into agreements for various software subscriptions. Minimum payments over the next five years are as follows:

2026	\$ 85,442
2027	18,117
2028	13,937
2029	5,541
2030	3,750