

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

FINANCIAL STATEMENTS

MAY 31, 2021

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PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT PRACTITIONERS' REVIEW ENGAGEMENT REPORT

To the Board of Directors of the:

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

We have reviewed the accompanying financial statements of the Institute Of Professional Bookkeepers Of Canada (O/A CPB Canada - Certified Professional Bookkeepers of Canada) that comprise the Statement of Financial Position as at May 31, 2021, and the Statements Of Changes in Net Assets, Operations and Cash Flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the organization, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards.

Other Matters

There is uncertainty in regards to the negative economic impacts of the COVID-19 pandemic. It is possible that there will be significant decreases in revenues and the inability of the organization to adjust expenditures may result in a significant negative impact on operational results. The ability for the organization to sustain operations will be dependent on a variety of factors. These financial statements do not include any adjustments or accruals for these potential effects.

The financial statements of the Institute Of Professional Bookkeepers Of Canada (O/A CPB Canada - Certified Professional Bookkeepers of Canada) for the year ended May 31, 2020 were reviewed by another practitioner who expressed an unmodified conclusion on the financial statements on September 10, 2020.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not 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, 2021, 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.

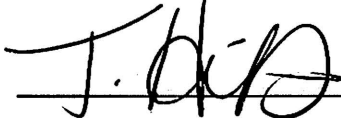
Parker Prins Lebano Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
August 23, 2021

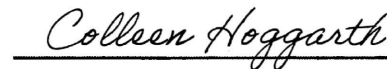
INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
STATEMENT OF FINANCIAL POSITION
AS AT MAY 31, 2021
(prepared without audit)

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT		
Cash	\$ 516,210	\$ 343,716
Accounts receivable	7,960	12,597
Prepaid expenses	<u>30,949</u>	<u>15,251</u>
	555,119	371,564
CAPITAL ASSETS (Note 3)	2,020	2,051
INTANGIBLE ASSETS (Note 4)	69,511	68,800
TRADEMARKS	<u>27,599</u>	<u>27,599</u>
	<u><u>\$ 654,249</u></u>	<u><u>\$ 470,014</u></u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 26,346	\$ 25,267
Government remittances payable	4,898	14,182
Salaries payable	31,551	38,739
Deferred revenue	<u>2,401</u>	<u>1,345</u>
	65,196	79,533
LONG-TERM DEBT (Note 5)	<u>60,000</u>	<u>-</u>
	125,196	79,533
NET ASSETS	<u>529,053</u>	<u>390,481</u>
	<u><u>\$ 654,249</u></u>	<u><u>\$ 470,014</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, 2021**

	<u>2021</u>	<u>2020</u>
NET ASSETS		
BALANCE, BEGINNING OF YEAR	\$ 390,481	\$ 396,485
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>138,572</u>	<u>(6,004)</u>
BALANCE, END OF YEAR	<u>\$ 529,053</u>	<u>\$ 390,481</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, 2021
(prepared without audit)

	<u>2021</u>	<u>2020</u>
REVENUE		
Membership fees	\$ 529,308	\$ 449,544
Conference (Schedule)	197,773	322,307
Services, programs and other (Note 6)	<u>144,024</u>	<u>28,116</u>
	<u>871,105</u>	<u>799,967</u>
DIRECT COSTS		
Wages and subcontract fees (Note 6)	310,579	303,065
Conference (Schedule)	145,535	259,516
Website, platforms and networks	17,920	13,462
Marketing, advertising and promotion	14,913	17,032
Services, programs and other costs	<u>13,108</u>	<u>5,291</u>
	<u>502,055</u>	<u>598,366</u>
GROSS PROFIT	<u>369,050</u>	<u>201,601</u>
EXPENSES		
Senior and executive wages and fees (Note 6)	87,659	103,474
Professional fees (Note 7)	77,442	51,507
Amortization	23,769	2,500
Merchant fees, bank charges and interest	18,666	23,448
Office, general and travel	17,464	21,260
Insurance	<u>5,478</u>	<u>5,416</u>
	<u>230,478</u>	<u>207,605</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 138,572</u>	<u>\$ (6,004)</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, 2021
(prepared without audit)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 138,572	\$ (6,004)
Item not requiring an outlay of cash:		
Amortization	23,769	2,500
Net change to non-cash items related to operations:		
Accounts receivable	4,637	5,298
Prepaid expenses	(15,698)	15,768
Accounts payable and accrued liabilities	1,079	(7,081)
Government remittances payable	(9,284)	14,182
Salaries payable	(7,188)	8,592
Deferred revenue	<u>1,056</u>	<u>(13,601)</u>
	<u>136,943</u>	<u>19,654</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchase of capital assets	(1,249)	(1,780)
Purchase of intangible assets	<u>(23,200)</u>	<u>(68,800)</u>
	<u>(24,449)</u>	<u>(70,580)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term debt	<u>60,000</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	172,494	(50,926)
CASH, BEGINNING OF YEAR	<u>343,716</u>	<u>394,642</u>
CASH, END OF YEAR	<u>\$ 516,210</u>	<u>\$ 343,716</u>

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021
(prepared without audit)

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 website development costs. Amortization is recorded using the following methods 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 annual amortization rate and method are as follows:

Member management system	5 years straight-line
Website	3 years straight-line

TRADEMARKS

Trademarks are recorded at cost and relate to two trademark phrases. Amortization has not been recorded as trademarks are determined to have an indefinite useful life. Trademarks 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.

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

FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Institute initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions, which are measured in accordance with CPA Handbook Part II section 3840 - Related Party Transactions.

The Institute subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value are recognized in excess (deficiency) of revenues over expenses in the period incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include account payable and accrued liabilities, deferred revenue, wages payable and long-term debt.

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
MAY 31, 2021
(prepared without audit)

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

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	<u>\$ 9,927</u>	<u>\$ 7,907</u>	<u>\$ 2,020</u>	<u>\$ 2,051</u>

4. INTANGIBLE ASSETS

			<u>2021</u>	<u>2020</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Member management system	\$ 46,000	\$ 8,433	\$ 37,567	\$ 34,400
Website	<u>46,000</u>	<u>14,056</u>	<u>31,944</u>	<u>34,400</u>
	<u>\$ 92,000</u>	<u>\$ 22,489</u>	<u>\$ 69,511</u>	<u>\$ 68,800</u>

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021
(prepared without audit)

5. LONG-TERM DEBT

Long-term debt consists of the Canada Emergency Business Account (CEBA). CEBA provided the Institute with a zero interest loan in the amount of \$60,000. Repayment of the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 33% (up to \$20,000). If the loan is not repaid by December 31, 2022, it will convert to a term loan of three years carrying interest at 5%. It is the intention of the Institute to repay the loan before December 31, 2022.

6. GOVERNMENT ASSISTANCE

Included in services, programs and other is \$74,761 (2020 - \$Nil) in assistance received from the Canada Emergency Wage Subsidy (CEWS) program. The CEWS program allowed employers to obtain a taxable subsidy of an amount of up to 75% of eligible employee remuneration for certain periods on the basis that prescribed decreases in revenues were experienced. The subsidy is subject to CRA verification.

Included in wages and subcontract fees/senior and executive wages and fees is \$1,124 (2020 - \$7,126) in assistance received from the Temporary Wage Subsidy (TWS). The TWS program was a 3-month measure that allowed eligible employers to reduce the amount of payroll deductions they needed to remit to the Canada Revenue Agency (CRA). The subsidy was equal to 10% of the remuneration paid from March 18 to June 19, 2020, up to \$1,375 for each eligible employee.

7. PROFESSIONAL FEES

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

	<u>2021</u>	<u>2020</u>
Governance consulting fees	\$ 32,604	\$ 5,457
Bookkeeping fees	10,534	10,613
Recruitment costs	10,507	8,954
Accounting fees	7,000	13,500
Strategic planning costs	6,438	-
Ethics investigation costs	6,000	6,028
Bylaw and legal fees	4,359	6,955
	<u>\$ 77,442</u>	<u>\$ 51,507</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, 2021.

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.

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NOTES TO FINANCIAL STATEMENTS
MAY 31, 2021
(prepared without audit)

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. The Institute is exposed to interest rate risk on its long-term debt which subjects the Institute to a fair value risk.

9. COMMITMENTS

During the current fiscal year, the Institute entered into a conference planning agreement in the amount of \$34,120 (net of HST). Under the terms of the agreement, the Institute is required to make 10 equal monthly payments in the amount of \$3,412 beginning in January 2021.

Included in prepaid expenses is \$17,060 in payments related to the agreement, the Institute is committed to paying the remaining balance of \$17,060 during the 2022 fiscal year.

10. COMPARATIVE FIGURES

The financial statements for the year ended May 31, 2020 were reviewed by another accountant. Certain of the comparative figures have been reclassified to conform to current year financial statement presentation.

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA
(O/A CPB CANADA - CERTIFIED PROFESSIONAL BOOKKEEPERS OF CANADA)
SCHEDULE OF CONFERENCE REVENUE AND EXPENSES
MAY 31, 2021
(prepared without audit)

	<u>2021</u>	<u>2020</u>
REVENUE		
Ticket sales	\$ 101,773	\$ 107,532
Sponsorship	<u>96,000</u>	<u>214,775</u>
	<u>197,773</u>	<u>322,307</u>
EXPENSES		
Planning, programming and technology	77,510	81,236
Staff wages and casual labour	47,562	39,767
Marketing, advertising and general	20,463	13,782
Hotel, travel and meals	<u>-</u>	<u>124,731</u>
	<u>145,535</u>	<u>259,516</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u><u>52,238</u></u>	<u><u>62,791</u></u>