

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

Financial statements
(Unaudited)

May 31, 2020

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

FINANCIAL STATEMENTS

May 31, 2020

| | |
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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of Institute of Professional Bookkeepers of Canada

We have reviewed the accompanying financial statements of Institute of Professional Bookkeepers of Canada that comprise the statement of financial position as at May 31, 2020, and the statements of operations, changes in net assets 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 entity, 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. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Institute of Professional Bookkeepers of Canada as at May 31, 2020, 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.



Chartered Professional Accountants

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INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA**STATEMENT OF OPERATIONS**

Year Ended May 31, 2020

(Unaudited)

| | 2020 | 2019 |
|---|-------------------|------------------|
| Revenues | | |
| Membership fees | \$ 449,544 | \$ 521,497 |
| Conference - schedule 1 | 322,307 | 369,589 |
| Services, programs, other | 28,116 | 40,491 |
| | 799,967 | 931,577 |
| Direct costs | | |
| Wages and subcontract fees | 303,065 | 273,384 |
| Conference - schedule 1 | 259,517 | 298,446 |
| Advertising and promotion | 16,578 | 24,695 |
| Website, platforms and networks | 13,462 | 13,009 |
| Profession advancement | 6,028 | 18,200 |
| Services, programs and other costs | 5,291 | 13,204 |
| Printing and reproduction | 455 | 4,047 |
| | 604,396 | 644,985 |
| Gross profit | 195,571 | 286,592 |
| Expenses | | |
| Senior and executive wages and fees | 103,474 | 99,060 |
| Professional fees - note 3 | 45,479 | 32,475 |
| Merchant fees, bank charges and interest | 23,448 | 21,629 |
| Office and general | 16,551 | 19,624 |
| Insurance | 5,416 | 7,334 |
| Travel | 4,707 | 11,737 |
| Amortization | 2,500 | 2,299 |
| | 201,575 | 194,158 |
| (Deficiency) excess of revenues over expenses for the year | \$ (6,004) | \$ 92,434 |

The accompanying notes are an integral part of these financial statements.

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA**STATEMENT OF CHANGES IN NET ASSETS**

Year Ended May 31, 2020

(Unaudited)

| | 2020 | 2019 |
|--|-------------------|-------------------|
| Net assets, beginning of year | \$ 396,485 | \$ 304,051 |
| (Deficiency) excess of revenues over expenses for the year | (6,004) | 92,434 |
| Net assets, end of year | \$ 390,481 | \$ 396,485 |

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

STATEMENT OF FINANCIAL POSITION

As at May 31, 2020

(Unaudited)

| | 2020 | 2019 |
|--|-------------------|-------------------|
| ASSETS | | |
| Current | | |
| Cash | \$ 343,716 | \$ 394,642 |
| Accounts receivable | 12,597 | 17,895 |
| Prepaid expenses | 15,251 | 31,019 |
| Government remittances receivable | - | 4,450 |
| | 371,564 | 448,006 |
| Capital assets - note 4 | 2,051 | 2,771 |
| Trademarks, at cost | 27,599 | 27,599 |
| Intangible assets - note 5 | 68,800 | - |
| | \$ 470,014 | \$ 478,376 |
| LIABILITIES AND NET ASSETS | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 25,267 | \$ 36,798 |
| Salaries payable | 38,739 | 30,147 |
| Government remittances payable | 14,182 | - |
| Deferred revenue | 1,345 | 14,946 |
| | 79,533 | 81,891 |
| Net assets | 390,481 | 396,485 |
| | \$ 470,014 | \$ 478,376 |

On behalf of the board



Director



Director

The accompanying notes are an integral part of these financial statements.

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA**STATEMENT OF CASH FLOWS**

Year Ended May 31, 2020

(Unaudited)

| | 2020 | 2019 |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| (Deficiency) excess of revenues over expenses | \$ (6,004) | \$ 92,434 |
| Adjustment for: | | |
| Amortization | 2,500 | 2,299 |
| | (3,504) | 94,733 |
| Changes in non-cash working capital items | | |
| Decrease in accounts receivable | 5,298 | 85,028 |
| Decrease in prepaid expenses | 15,768 | 25,629 |
| Decrease (increase) in government remittances receivable | 18,632 | (24,561) |
| (Decrease) increase in accounts payable and accrued liabilities | (11,531) | 22,923 |
| Increase in salaries payable | 8,592 | 7,995 |
| Decrease in deferred revenue | (13,601) | (230,379) |
| | 19,654 | (18,632) |
| Cash flows from investing activities | | |
| Purchase of capital assets | (1,780) | - |
| Intangible assets | (68,800) | - |
| | (70,580) | - |
| Decrease in cash | (50,926) | (18,632) |
| Cash, beginning of year | 394,642 | 413,274 |
| Cash, end of year | \$ 343,716 | \$ 394,642 |

The accompanying notes are an integral part of these financial statements.

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2020

(Unaudited)

1. NATURE OF OPERATIONS

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 organization 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 education programs;
- ♦ Promote and protect the interests and conserve the rights 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, educational events and round-table discussion groups and to provide trade related resources and opportunities for the benefit of members of the organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

Capital assets and amortization

Capital assets are recorded at cost. The Institute provides for amortization 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 |
|--------------------|-----------------------|

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.

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2020

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Intangible assets

Intangible assets are recorded at cost and consist of a member management system and website development costs. During the year, the Institute entered into a contract to build the member management system and website but did not complete the project until after year end. As such, no useful life has been determined by management and no depreciation has been taken on the asset.

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 time the product is shipped or the services rendered.

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2020

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Financial instruments

(i) Measurement of financial instruments

The organization 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 organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Changes in fair value are recognized in (deficiency) excess 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 accounts payable and accrued liabilities, deferred revenue and wages payable..

(ii) Impairment

For financial assets measured at cost or amortized cost, the organization 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 (deficiency) excess 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 (deficiency) excess of revenues over expenses.

(iii) Transaction costs

The Institute recognizes its transaction costs in (deficiency) excess 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.

(iv) Financial instrument risks

Liquidity risk

Liquidity risk is the risk that the Institute will encounter difficulty in raising funds to meet its short term commitments. The Institute is exposed to this risk mainly in respect of its trade accounts payable and wages payable. The Institute manages liquidity by appropriately taking into account expected cash flow from operations and holdings of cash and cash equivalents to meet its short-term operating requirements.

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2020

(Unaudited)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 reported 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. PROFESSIONAL FEES

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

| | 2020 | 2019 |
|----------------------------|-----------|-----------|
| Accounting fees | \$ 13,500 | \$ 16,250 |
| Bookkeeping fees | 10,613 | 10,143 |
| Bylaw and legal fees | 6,955 | 5,684 |
| Recruitment costs | 8,954 | 398 |
| Governance consulting fees | 5,457 | - |
| | \$ 45,479 | \$ 32,475 |

4. CAPITAL ASSETS

| | 2020 | | 2019 | |
|--------------------|----------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated amortization | Net Book Value | Net Book Value |
| Computer equipment | \$ 8,678 | \$ 6,627 | \$ 2,051 | \$ 2,771 |

5. INTANGIBLE ASSETS

| | 2020 | | 2019 | |
|---------------------|-----------|-----------------------------|-------------------|-------------------|
| | Cost | Accumulated amortization | Net Book Value | Net Book Value |
| Website Development | \$ 68,800 | \$ - | \$ 68,800 | \$ - |

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2020

(Unaudited)

6. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The outbreak has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. The extent to which COVID-19 impacts the future financial results of Institute of Professional Bookkeepers of Canada will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain the virus or its impact, among others.

The Institute received a temporary subsidy for salaries and wages from the Canada Emergency Wage Subsidy in the amount of \$7,126 during the April - May 2020 period. This amount is included in the 2020 statement of operations in the staff wages and casual labour as well as the senior and executive wages and fees. The Institute also applied for and received additional subsidies of \$34,589 under the 75% Canadian Emergency Wage Subsidy Program subsequent to year end. These amounts will be credited to (deficiency) excess of revenues over expenses and reported in the 2021 statement of operations.

Additionally, the Institute applied for and received the \$40,000 Canadian Emergency Account loan to use for 2021 cashflow purposes.

7. COMPARATIVE FIGURES

Certain balances of the preceding year have been reclassified to conform with the current year's financial statement presentation.

INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA**SCHEDULE OF CONFERENCE**

Year Ended May 31, 2020

(Unaudited)

| | 2020 | 2019 |
|---|------------------|------------------|
| Revenue | | |
| Sponsorship | \$ 214,775 | \$ 222,250 |
| Ticket sales | 107,532 | 147,339 |
| | 322,307 | 369,589 |
| Costs | | |
| Hotel, travel and meals | 140,785 | 163,966 |
| Printing, marketing and advertisement | 24,029 | 25,491 |
| Presentations and general | 54,936 | 35,924 |
| Staff wages and casual labour | 39,767 | 73,065 |
| | 259,517 | 298,446 |
| Net excess of conference revenue over direct costs | \$ 62,790 | \$ 71,143 |