

**INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA**

Financial Statements  
(Unaudited)

May 31, 2018

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## REVIEW ENGAGEMENT REPORT

To The Members 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, 2018 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 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, 2018, and the results of its operations and its cashflows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



**CHARTERED PROFESSIONAL ACCOUNTANTS**

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August 17, 2018

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**INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA**

STATEMENT 1

**STATEMENT OF OPERATIONS**

Year Ended May 31, 2018

(Unaudited)

	2018	2017
<b>Revenue</b>		
Services, programs, other	\$ 95,299	\$ 89,301
Membership fees	456,064	469,355
Conference sponsorship and ticket sales - note 3	322,333	282,796
	873,696	841,452
<b>Direct costs</b>		
Advertising and promotion	31,011	21,203
Conference costs - note 3	254,440	249,024
Printing and reproduction	2,412	3,885
Professional advancement	37,102	19,504
Services, programs and other costs	60,816	59,832
Wages and subcontract fees	220,617	195,338
Website, platforms and networks	17,203	17,357
	623,601	566,143
<b>Gross profit</b>	250,095	275,309
<b>General and administrative expenses</b>		
Amortization	1,442	146
Merchant fees, bank charges and interest	27,372	24,036
Insurance	8,337	6,874
Office and general	19,388	17,768
Professional fees - note 4	54,002	50,080
Senior and executive wages and fees	129,266	89,927
Travel	11,967	57
	251,774	188,888
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>\$ (1,679)</b>	<b>\$ 86,421</b>

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

**INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA**

STATEMENT 2

**STATEMENT OF CHANGES IN NET ASSETS**

Year Ended May 31, 2018

(Unaudited)

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	<b>2018</b>	<b>2017</b>
<b>Net assets, beginning of year</b>	\$ 305,971	\$ 219,550
Excess (deficiency) of revenue over expenses for the year	(1,679)	86,421
<b>Net assets, end of year</b>	<b>\$ 304,292</b>	<b>\$ 305,971</b>

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

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**INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA**  
**STATEMENT OF CASH FLOWS**  
Year Ended May 31, 2018  
(Unaudited)

**STATEMENT 3**

	<b>2018</b>	<b>2017</b>
<b>Cash flows from (for) operating activities:</b>		
Excess of revenue over expenses (expenses over revenue) for the year	\$ (1,679)	\$ 86,421
Items not requiring an outlay of funds		
Amortization	1,442	146
	(237)	86,567
Changes in non-cash working capital		
Increase in accounts receivable	(44,865)	(46,433)
Decrease (increase) in prepaid expenses	27,029	(45,394)
Increase (decrease) in accounts payable and accrued liabilities	(30,789)	27,436
Increase (decrease) in wages payable	14,939	(12,944)
Increase (decrease) in government agencies recoverable	(15,024)	20,885
Increase (decrease) in deferred revenue	57,062	(11,253)
	8,115	18,864
<b>Cash flows from (for) investing activities:</b>		
Purchase of capital assets	(5,584)	(1,314)
<b>Increase in cash</b>	<b>2,531</b>	<b>17,550</b>
<b>Cash, beginning of year</b>	<b>410,743</b>	<b>393,193</b>
<b>Cash, end of year</b>	<b>\$ 413,274</b>	<b>\$ 410,743</b>

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

**INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA**

STATEMENT 4

**STATEMENT OF FINANCIAL POSITION**

May 31, 2018

(Unaudited)

	2018	2017
<b>ASSETS</b>		
Cash	\$ 413,274	\$ 410,743
Accounts receivable	102,923	58,058
Prepaid expenses	56,648	83,677
	572,845	552,478
Capital assets - note 2	5,310	1,168
Trademarks, at cost	27,599	27,599
	\$ 605,754	\$ 581,245
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued liabilities	\$ 13,874	\$ 44,663
Deferred revenue - note 5	245,325	188,263
Government agencies payable	20,111	35,135
Wages payable	22,152	7,213
	301,462	275,274
Net assets	304,292	305,971
	\$ 605,754	\$ 581,245

See accompanying notes to financial statements.

On behalf of the Board

Connie Sparks Director

Aug 20/18 Date

[Signature] Director

August 20/18 Date

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

# INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended May 31, 2018

(Unaudited)

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### STATUTE OF INCORPORATION AND NATURE OF BUSINESS

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 organization is exempt from income taxes under section 149 (1) (l) of the Income Tax Act.

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.

### 1. 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. Amortization is provided on the straight-line basis over the assets' estimated useful life as follows:

Computer equipment	3 years
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#### 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 impairment loss, if any, is the excess of the carrying value over its fair value.

# INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended May 31, 2018

(Unaudited)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

#### **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.

#### **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.

#### **Financial Instruments**

##### *Measurement of financial instruments*

The Institute initially measures its financial assets and liabilities at fair value and subsequently measures all its financial assets and financial liabilities at amortized cost.

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.

##### *Impairment*

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess of revenue over expenses. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no 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 of revenue over expenses.

##### *Transaction costs*

The Institute recognizes its transaction costs in 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 origination, issuance or assumption.

# INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended May 31, 2018

(Unaudited)

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

#### 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.

#### Risk Management

##### *Liquidity Risk*

Liquidity risk is the risk that the Institute will encounter difficulty in raising funds to meet its short term commitments. 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.

##### *Credit Risk*

Credit risk is the risk that one party to a financial statement instrument will cause a financial loss for the other party by failing to discharge an obligation. The institution is exposed to credit risk from their conference sponsorship providers. The institute considers their risk to be acceptable and appropriately managed.

### 2. CAPITAL ASSETS

			<b>2018</b>	<b>2017</b>
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 6,898	\$ 1,588	\$ 5,310	\$ 1,168

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# INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA

## NOTES TO THE FINANCIAL STATEMENTS

Year Ended May 31, 2018

(Unaudited)

### 3. CONFERENCES

	2018	2017
<b>Revenue</b>		
Sponsorship	\$ 196,345	\$ 163,500
Ticket sales	125,988	119,296
	<b>322,333</b>	<b>282,796</b>
<b>Costs</b>		
Hotel, travel and meals	126,771	112,995
Printing, marketing and advertisement	11,381	17,958
Presentations and general	41,343	54,601
Staff wages and casual labour	74,945	63,470
	<b>254,440</b>	<b>249,024</b>
<b>Net excess of conference revenue over direct costs</b>	<b>\$ 67,893</b>	<b>\$ 33,772</b>

### 4. PROFESSIONAL FEES

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

	2018	2017
Accounting fees	\$ 8,750	\$ 8,000
Bookkeeping fees	9,469	9,000
Bylaw and legal fees	7,483	13,094
Consulting fees	17,984	2,700
Recruitment costs	10,316	17,286
	<b>\$ 54,002</b>	<b>\$ 50,080</b>

### 5. DEFERRED REVENUE

	2018	2017
Ticket Sales	\$ 135,275	\$ 87,263
Gold Sponsorships	83,750	76,500
Silver Sponsorships	22,500	24,500
Bronze Sponsorships	3,800	-
	<b>\$ 245,325</b>	<b>\$ 188,263</b>

The above amounts represent sponsorship fees and ticket sales received for a conference to be held after the year end.

# **INSTITUTE OF PROFESSIONAL BOOKKEEPERS OF CANADA**

## **NOTES TO THE FINANCIAL STATEMENTS**

Year Ended May 31, 2018

(Unaudited)

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### **6. RELATED PARTY TRANSACTIONS**

During the year, the Institute paid a company controlled by the chair of the board \$5,000 (2017 - \$12,500) for serving as interim executive director and \$9,606 (2017 - \$24,793) for service provided with respect to Sage 50 training program and trade show.

All related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties