



Certified General
Accountants Association
of Canada

Financial Statements

08/09

Certified General Accountants
Association of Canada

For the Year Ended June 30, 2009



Auditors' Report

To The Members of Certified General Accountants Association of Canada

We have audited the statement of financial position of Certified General Accountants Association of Canada as at June 30, 2009 and 2008 and the statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2009 and 2008 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

[Original copy signed by:]

EPR MAPLE RIDGE LANGLEY WHITE ROCK
CERTIFIED GENERAL ACCOUNTANTS

Langley, BC
August 7, 2009

Management Responsibility for Financial Reporting

The accompanying financial statements of the Certified General Accountants Association of Canada are the responsibility of its management and have been approved by the Board of Directors.

These financial statements have been prepared by management in conformity with Canadian generally accepted accounting principles and, where appropriate, include amounts that are based on management's best estimates and judgments.

Preparation of financial information is an integral part of the ongoing operations of the association. Management has established internal control systems to ensure that the financial information is accurate and complete in all material respects and that association assets are properly accounted for and safeguarded.

The Board of Directors carries out the responsibility for the financial statements through the association's Audit Committee, which comprises four members at large who are not members of the Board of Directors. The Audit Committee meets periodically with management and the auditors to satisfy itself of the adequacy of internal controls and to review the financial statements and auditors' report. The Audit Committee reports its findings to the Board of Directors and recommends acceptance of the audited financial statements to the Board and the membership.

The financial statements have been audited by the independent auditors Evancic Perrault Robertson (EPR), Certified General Accountants, whose report outlines the scope of their examination and their opinion on the financial statements. The auditors have full and independent access to the Audit Committee to discuss their audit and related findings.

[Original copy signed by:]

Anthony Ariganello, CPA (DE), FCGA
President & CEO

The complete annual report for 2008-09, outlining the successes and activities of CGA-Canada, may be seen on the website at: www.cga.org/canada/annualreport.

Management Discussion and Analysis

The management discussion and analysis provides an overview of the operating results, financial condition, expenditures and future strategies of the Certified General Accountants Association of Canada (CGA-Canada) and should be read in conjunction with the financial statements.

Overview

Founded in 1908, CGA-Canada is the national self-regulating body serving 71,000 Certified General Accountants (CGAs) and students in Canada and more than 80 countries around the world. Students are enrolled in the CGA Program of Professional Studies in Canada, Bermuda, the Caribbean, Hong Kong and the People's Republic of China.

CGA-Canada sets national educational and professional standards and practices, provides services to affiliates and members, and contributes to domestic and international accounting standard setting. Additionally, the association develops and maintains the CGA Program of Professional Studies, administers professional practice and member standards, conducts research and advocacy and promotes cooperative relationships with other leading national and international accounting bodies.

Financial Position

CGA-Canada is in a healthy financial position and is able to meet future financial commitments in alignment with the association's strategic plan. Taking into consideration the current state of the Canadian economy, the association plans to improve efficiencies and effectiveness of its cost structures, while managing continuous growth in revenue. The equity of the association continues to remain strong.

Cash and Short Term Investments

The increase of cash and short term investments is by \$1.216 million and includes \$594,000 reclassified from long term investments for securities maturing in 12 months.

Accounts Receivable

Accounts receivable decreased by \$197,000. The decrease is attributed to more effective collection of receivables and, as of June 30, 2009, majority of the receivables are current.

Insurance Fund

The total reported fair value of the insurance fund increased by \$997,000 in 2009. The increase is a result of premiums and interest received in excess of expenses and claims paid out as of year-end.

The purpose of the insurance fund is to maintain an insurance framework for public practitioners. For efficient operation of this insurance program, the insurer, the broker, the adjuster, CGA-Canada staff, the Chair of the Practitioner Liability Insurance Committee and the committee itself work closely together.

Two new programs, Corporate Identity Protection and Family Services Employee Assistance, were introduced this year to practitioners to extend their benefits while reducing exposure to risk.

Although included in CGA-Canada's financials, the insurance fund is internally restricted and is not used to fund CGA-Canada operations. It is made up of a portion of the premiums collected from practitioners in addition to accumulated interest minus CGA-Canada's liability for the claims, consulting fees and administrative expenses. Claims, consulting fees and administrative expenses are paid from the insurance fund. If the claims for a given year exceed CGA-Canada's self-retention aggregate, the insurer is responsible for those amounts.

The fund's investments are held in discount notes, bankers acceptance, guaranteed investment certificates, money market funds, government secured instruments and various other investment products. All investments in this portfolio are designated as available-for-sale investments since they are intended to meet future liquidity needs resulting from claims.

Capital Assets

Capital assets decreased by \$312,000 in fiscal 2009 as a result of higher amortization expense.

In fiscal 2009, investments were made to replace obsolete and unsupported computer equipment and servers. Additional expenditures included the establishment of Microsoft SharePoint 2007 software, a security system in the Burnaby office building and a telephone system for the Ottawa office.

Accounts Payable

Accounts payable increased by \$150,000. The increase is attributed to the greater aging of payables and more flexible credit terms from suppliers.

Long term debt

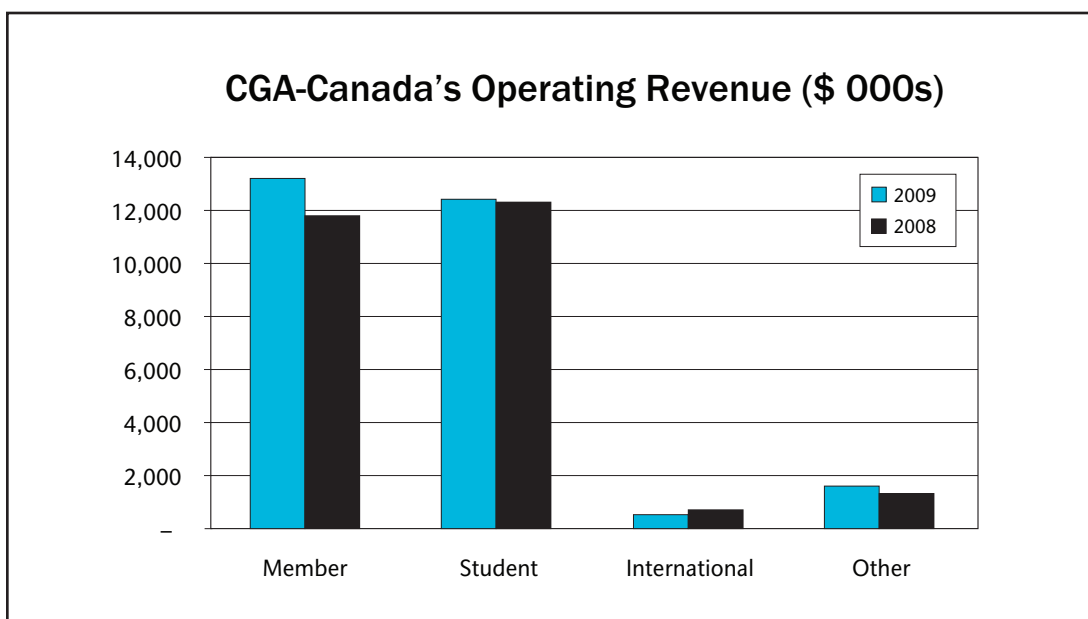
In fiscal 2009, a 10 year business term loan of \$1,192,500 was provided by the Vancouver City Savings Credit Union mainly to fund improvements to the building.

Operations

The deficiency of revenues over expenses totalled \$203,000. In fiscal 2008, the excess of revenues over expenses totalled \$718,000. This represents a difference of \$921,000 when comparing 2009 to 2008 results. Moreover, the surplus of revenues over expenses for the insurance fund totalled \$998,000, an increase of \$238,000 from fiscal 2008. Despite the rise in consultation fees and lower interest revenues in 2009, the increase in premium revenue coupled with lower claims contributed to the net increase.

Revenues

Overall operating revenues for fiscal 2009 totalled \$27.403 million, an increase of \$1.538 million from fiscal 2008.



Member revenues increased by \$1.365 million over fiscal 2008 reflecting a steady growth in membership, an increase in member service revenue such as subscriptions to the CGA-Canada Public Practice Manual and a rise in enrolments in continuing professional development courses offered through PDNet.

Student revenues, including student dues and education fees, increased in 2009 by \$110,000 due to higher enrolment in course modules.

International revenues decreased by \$217,000 in 2009. In 2008, international revenues were higher because of the project commissioned by the World Bank to develop and implement an accounting curriculum in Azerbaijan. No such project was undertaken in 2009.

Other revenue increased by \$280,000 in 2009. The increase is attributed to leasing of office space and *CGA Magazine* revenue. CGA-Canada leases a quarter of its Burnaby office to a tenant,

receiving 12 months of rental due as opposed to seven months of rent in 2008. In addition, advertising revenue in *CGA Magazine* rose slightly.

Expenses

CGA-Canada's expenses from operations increased by \$2.459 million over the previous year. The association's expenses are directly tied to the six strategic goals identified in its current five-year strategic plan. The education program continues to account for the association's largest expense, while in 2009 the new national brand campaign was the second largest expenditure.

1. Full Professional Equity

CGA-Canada has long advocated for the removal of barriers to the mobility of qualified public practitioners. This year, the association continued its work to bring positive change to the labour mobility provisions of the Agreement on Internal Trade (AIT). As the Forum of Labour Market Ministers prepared to review proposed exceptions to the

labour mobility provisions of the AIT, CGA-Canada issued an open letter to the Ministers, calling on them to critically review any barrier raised for public accounting. CGA-Canada continues to monitor this situation and actively pursues the goal of full mobility for public accountants in all jurisdictions across Canada.

2. Fastest Growing Accounting Designation

A mutual recognition agreement (MRA) with CPA Ireland was signed in the spring of 2009 in Dublin, Ireland. The MRA establishes a strategic partnership between the two leading accounting organizations and gives members the opportunity to qualify for another designation. CGA-Canada and CPA Ireland share a global perspective on the advancement of the accountancy profession, notably the strengthening of already high professional and educational standards.

In 2009, the Institute of Chartered Accountants of India (ICAI) signed a joint declaration with CGA-Canada to augment and strengthen bilateral cooperation. CGA-Canada looks forward to working with the ICAI to develop a mutually beneficial relationship in the best interests of members and students.

3. Value Provider to the Profession and the Public

The association supported the profession this year by working with the International Federation of Accountants (IFAC), introducing an e-commerce function to the online Public Practice Manual (PPM), initiating a global research project on the availability of credit for the small medium enterprise (SME) sector, as well as collaborating with the Association of Chartered Certified Accountants (ACCA) to host a roundtable discussion on financial regulation.

On the international stage, CGA-Canada was commissioned by the IFAC SMP committee to develop the *Guide to Quality Control for Small and Medium-Sized Practices*. The guide assists SMPs in providing high-quality audit services to their clients and contributes to improving audit quality, particularly in small or developing economies. CGA-Canada is also providing financial support to a further SMP project, the *Guide to Practice Management for Use by Small and Medium-Sized Practices*. This product is currently in development and will be authored by CPA Australia.

Also worthy of note this year is that expenses relating to CGA-Canada's membership in IFAC increased. This was due to both higher membership dues and more active involvement in IFAC committees.

Each year, CGA-Canada updates and revises the Public Practice Manual. This year, an e-commerce function was added to the PPM online portal to enhance the efficiency of renewing and ordering subscriptions online.

CGA-Canada was pleased to host two high profile international events this year. In May, the Confederation of Asian and Pacific Accountants board meeting was held in Vancouver, BC and the Federation Internationale des Experts-Comptables Francophones was held in Montreal, QC.

In 2009, CGA-Canada along with the ACCA and CPA Australia began planning a joint global research project to assess the financing and access to capital situation for the SME sector. The project intends to seek the opinions of a large cross-section of business leaders in this sector, both in Canada and internationally, regarding the question of access to capital and the current environment for

business financing. The report will be launched simultaneously by all three bodies in the fall of 2009.

CGA-Canada collaborated with the ACCA to host a roundtable discussion on the future of financial regulation. The event was held in London, UK and featured a panel of financial experts from organizations within Canada and the UK. They debated financial regulatory reform and explored the implications of the G20 Summit report. Following the discussions, a summary report was published on the issue of global financial regulation.

4. Enhance our Leadership Position in Education, Certification and Continuing Professional Development

This year, CGA-Canada's work on strategic goal number four focused on providing various training opportunities on the implementation of International Financial Reporting Standards (IFRS), updating the competency framework for the CGA Program of Professional Studies and delivering new PDNet products.

Development costs were incurred to integrate IFRS and International Standards on Auditing (ISA) into CGA courses and examinations in preparation for the transition to the international standards in 2011. PDNet has also developed a range of IFRS related products to provide the necessary training for CGAs.

The first webcast series on PDNet was introduced this year, covering such topics as leadership, planned giving, money laundering, taxation and IFRS. *The Faculty Exchange*, an accounting resource for academics and consultants was also introduced.

CGA-Canada regularly updates the CGA Program of Professional Studies in order to remain relevant in a changing business environment. Based on an extensive practice analysis undertaken last year, the association has updated and reorganized the competency framework. The newly revised framework will be reflected in courses and exams for the 2010-2011 academic year.

5. Increased Visibility and High Brand Recognition

CGA-Canada is committed to increasing the profile of the CGA designation in the marketplace. This past year, a significant part of the association's budget was allocated to the development of a new national brand campaign. In addition, the association launched two new research reports with great success and developed a video promoting the competency framework.

At the beginning of 2009, CGA-Canada and its provincial and territorial affiliates launched a Canada-wide, multi-media advertising campaign. The campaign emphasized the skills and experience that CGAs bring to their employers and clients, in terms of leadership, efficiency, productivity, sustainability and risk management. Materials were developed for both image and recruitment advertising which included television, print, radio, internet and out of home applications. The remainder of the funds were used for a national media buy comprised of television, online and print image advertising.

In July 2008, CGA-Canada launched its ninth research paper *The Federal Budget Surplus: Surprise or Strategy?* The report was covered by key national publications and reached a total of 14 million media impressions in print, online and broadcast outlets. By mid-May 2009, CGA-Canada completed its tenth major work *Where Has the*

Money Gone: The State of Canadian Household Debt in a Stumbling Economy. The media launch was the most successful in CGA-Canada's history, with media coverage reaching over 80 million impressions and over six hours of broadcast air time.

The association also continued its national sponsorship program, including the *Top 40 Under 40* program, the *Financial Executives International* conference and the *Behind the Spin* discussions organized by the Fraser Institute.

6. Organizational Health

For the second consecutive year, CGA-Canada was recognized as one of *Canada's Top 100 Employers* and one of *BC's Top 50 Employers*. Such positive recognition greatly enhances the association's ability to retain talented and skilled employees and reduce staff turnover costs and loss of intellectual capital. Funds were used to prepare the applications and to capitalize on the prestige of the awards through selectively placed advertisements.

This was the first year spent in CGA-Canada's new headquarters. Expenses were incurred for the operation of the building and for the property management company contracted to provide building management services to the association and the tenanted area. In addition, three months of rental expenses related to the old Vancouver office space were incurred until its lease expired in September 2008.

Looking Forward

CGA-Canada plans to implement a new strategic plan in the 2010 fiscal year. The new plan will re-align the association's strategic priorities and activities to ensure its success in the future.

The pursuit of full practice rights for all CGAs will continue to be a priority in the upcoming year. CGA-Canada will work to influence government policy in its areas of interest and advocate for the public interest.

The association is developing products and programs to expand the market of potential members. In the 2010 fiscal year, the association will work towards developing new strategic professional alliances and collaborate with current partners in Canada and abroad.

The renewal of the CGA competency framework will work to enhance education and professional development during the new fiscal year. This process provides direction for ongoing refinement of the CGA Program of Professional Studies and the Professional Applications and Competence Evaluations courses and examinations. Continuing professional development offerings will be enhanced with additional use of technologies such as video seminars and webcasting.

Further investment in the national advertising campaign will continue to raise the public profile of the CGA designation. New research reports will be used to draw attention to the work of the association and its advocacy efforts.

As always, CGA-Canada is committed to being an employer of choice. Work to ensure the stability and strength of the association is an ongoing commitment.

Financial Statements

Statement of Financial Position (\$ 000s)

As at June 30, 2009

	2009	2008
ASSETS		
Current assets		
Cash and short term investments (note 3)	\$ 2,838	\$ 1,622
Accounts receivable (note 4)	3,645	3,842
Prepaid expenses (note 5)	196	175
Insurance fund (note 6)	4,602	6,558
	11,281	12,197
Loan receivable (note 7)	180	180
Investments (note 8)	513	958
Capital assets (note 9)	14,986	15,298
Insurance fund (note 6)	3,448	495
	\$ 30,408	\$ 29,128
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 3,913	\$ 3,763
Revenue received in advance (note 10)	278	240
Current portion of long term debt (note 11)	382	200
	4,573	4,203
Long term debt (note 11)	10,051	9,936
Promissory note (note 12)	1,500	1,500
Security deposit (note 13)	20	20
	16,144	15,659
Net assets		
Invested in capital assets	3,033	3,642
Insurance fund (note 6)	8,050	7,053
Unrestricted	3,181	2,774
	14,264	13,469
	\$ 30,408	\$ 29,128

Commitments – note 17

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

Approved by the Board of Directors:

[Original copy signed by:]

[Original copy signed by:]

Tony Ducie, FCGA, Chair of the Board
August 26, 2009

Colin Bruintjes, FCGA, Chair of the Audit Committee
August 26, 2009

Statement of Operations (\$ 000s)

For the year ended June 30, 2009

	Operations	Insurance Fund 2009	Combined	Operations	Insurance Fund 2008	Combined
REVENUES						
Member	\$ 13,094		\$ 13,094	\$ 11,729		\$ 11,729
Student	12,354		12,354	12,244		12,244
International	411		411	628		628
Other (for Insurance Fund see note 6)	1,544	1,650	3,194	1,264	1,599	2,863
	27,403	1,650	29,053	25,865	1,599	27,464
EXPENSES						
Public Affairs	4,003		4,003	3,339		3,339
Research and Standards Development	1,702		1,702	1,552		1,552
Government Relations	1,114		1,114	1,258		1,258
International	1,504		1,504	1,339		1,339
Education and Professional Services	11,507		11,507	10,278		10,278
Corporate	2,562		2,562	2,445		2,445
Administration	5,214	652	5,866	4,936	839	5,775
	27,606	652	28,258	25,147	839	25,986
EXCESS / (DEFICIENCY) OF REVENUES OVER EXPENSES before unrealized gains and (losses)						
	\$ (203)	\$ 998	\$ 795	\$ 718	\$ 760	\$ 1,478

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

Statement of Changes in Net Assets (\$ 000s)

For the year ended June 30, 2009

	Invested in capital assets	Insurance fund	Unrestricted	2009	2008
Balance at beginning of year	\$ 3,642	\$ 7,021	\$ 2,768	\$ 13,431	\$ 11,953
Excess / (deficiency) of revenues over expenses before unrealized gains and (losses)	(1,275)	998	1,072	795	1,478
Investment in capital assets	666	-	(666)	-	-
	3,033	8,019	3,174	14,226	13,431
Accumulated unrealized gains and (losses) for financial instruments designated as available-for-sale					
Prior years unrealized gains and (losses)	-	32	6	38	20
Current period unrealized gains and (losses)	-	(1)	1	-	18
	-	31	7	38	38
Balance, end of year	\$ 3,033	\$ 8,050	\$ 3,181	\$ 14,264	\$ 13,469

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

Statement of Cash Flows (\$ 000s)

For the year ended June 30, 2009

	2009	2008
CASH PROVIDED FROM (USED IN):		
OPERATING ACTIVITIES		
Cash receipts from members, students and other	\$ 27,512	\$ 25,059
Cash paid to suppliers and employees	(26,135)	(23,610)
Interest received	107	214
	<u>1,484</u>	<u>1,663</u>
INVESTING ACTIVITIES		
Purchase of investments	(884)	(265)
Proceeds on disposal of investments	1,273	968
Investment in CGA Shared Services Facility Corp.	8	(76)
Purchase of capital assets	(962)	(15,156)
	<u>(565)</u>	<u>(14,529)</u>
FINANCING ACTIVITIES		
Proceeds on long term debt	1,193	10,156
Principals paid on long term debt	(896)	-
Proceeds on promissory note	-	1,500
	<u>297</u>	<u>11,656</u>
INCREASE/(DECREASE) IN CASH	1,216	(1,210)
Cash and short term investments at beginning of year	1,622	2,832
CASH AND SHORT TERM INVESTMENTS AT END OF YEAR	<u>2,838</u>	<u>1,622</u>
Comprised of:		
Cash	845	1
Short term investments	1,993	1,621
	<u>\$ 2,838</u>	<u>\$ 1,622</u>

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

Certified General Accountants Association of Canada Notes to Financial Statements (audited)

For the year ended June 30, 2009

1. Purpose of organization

The Certified General Accountants Association of Canada (the "Association") was incorporated by a special Act of the Parliament of Canada in 1913 without share capital. The Association advances the interests of its members and the public through national and international representation, development of programs of studies and the establishment of professional standards, practices and services; and is operated without monetary gain to its members. Any profits or other accretions are to be used in promoting Association objectives and at no time will any dividends be paid to its members. The Association is a not-for-profit organization under paragraph 149(1)(l) of the Income Tax Act, and as such is not subject to federal and provincial income taxes.

2. Significant accounting policies

Revenue recognition

a) *Members' dues*

Members' dues and initiation fees are collected through the affiliated associations and recognized as revenue in the fiscal year due.

b) *Student operations*

Student dues and entrance fees are recognized in the fiscal year due. Course and examination revenue is recognized in the year in which the services are provided.

c) *Subscriptions*

Subscription revenue from magazine and accounting manual updates is recognized in the year in which it is received.

d) *Contributed Services*

Volunteer services are contributed to the Association by many members. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Capital assets

Capital assets are recorded at cost. Amortization is at the following rates, except in the year of acquisition when one half of rate is used:

Building	25 years	straight line
Building improvements	10 years	straight line
Computer systems	3 years	straight line
Furniture and equipment	20%	declining balance
Leasehold improvements	5 years	straight line

It is the Association's policy to expense individual capital asset purchases of \$1,000 or less except for computers, monitors and file servers which are always capitalized.

Foreign currency translation

Foreign currencies denominated monetary assets and liabilities are translated to Canadian dollars at current period-end exchange rates. Revenues and expenses are translated at the exchange rate at the time of the transactions. Foreign exchange gains and losses are reported in net income.

Financial instruments

The financial instruments of the Association consist of cash, receivables, payables, investments, long term debt and related party loans. In accordance with section 3855 (Financial Instruments – Recognition and Measurement) of the Canadian Institute of Chartered Accountants (CICA) handbook, these financial instruments are designated and measured as follows:

<u>Financial instruments</u>	<u>Category</u>	<u>Measurement</u>
Cash	Held-for-trading	Fair value
Accounts receivable, loan receivable	Loans and receivables	Amortized cost
Investments	Available-for-sale	Fair value
Accounts payable, long term debt	Other financial liabilities	Amortized cost

Investments are designated as available-for-sale investments as they are intended to meet future liquidity needs. These available-for-sale investments are grouped into fixed income securities and money market funds. Fixed income securities include Government of Canada and provincial bonds, bankers acceptance, discount notes, guaranteed investment certificates and Treasury bills. Money market funds provide current income and liquidity as well as preserving the value of the investment. They have no fixed terms, are cashable at anytime with no penalties, and interest revenue fluctuates along with the daily interest rate.

Interest income and realized gains and losses related to these available-for-sale investments are reported in net income. The unrealized fair value gains and losses which represent the changes between the carrying value and fair value on available-for-sale investments are reported under the Statement of Changes in Net Assets.

New accounting policies

In fiscal 2009, the Association has adopted the following sections of the CICA handbook:

- i) *Section 3862 (Financial instruments – Disclosures) and Section 3863 (Financial instruments – Presentation).* These new sections put emphasis on the disclosures of the nature and extents of risks and associated exposure arising from financial instruments, and outline how these risks are managed.
- ii) *Section 1535 (Capital Disclosures)* requires disclosure about the capital structure and how capital is managed.

The adoption of the above new sections mainly enhances disclosure information which allows financial statement users to evaluate the significance of financial instruments for the Association's financial position and performance as well as effectiveness of capital management. The financial results are not impacted by the additional disclosure in the financial statements.

Use of estimates

The preparation of the Association's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities as at the date of the financial statements as well as reported amounts of revenues and expenses during the reported period. These estimates are subject to measurement uncertainty and may have an effect on the financial statements in future periods.

3. Cash and short term investments

(\$ 000s)	2009	2008
Cash		
Canadian accounts	\$ 663	\$ 288
Canadian account - bank indebtedness	-	(537)
US account	9	25
RMB account	173	225
	845	1
Short term investments		
Fixed income securities	587	-
Money market funds	1,399	1,621
Unrealized gains and (losses)	7	-
	1,993	1,621
	\$ 2,838	\$ 1,622

Surplus cash is invested in bankers acceptance, discount notes, guaranteed investment certificates, Treasury bills and money market funds.

4. Accounts receivable

(\$ 000s)	2009	2008
Affiliated associations	\$ 2,969	\$ 3,004
CGA Magazine	28	64
CGA Shared Services Facility Corp.	-	2
Other	648	772
	\$ 3,645	\$ 3,842

5. Prepaid expenses

Prepaid expenses consist of travel advances and general expenses.

6. Insurance fund

The purpose of the Insurance Fund is to maintain an insurance framework for public practitioners. The Insurance Fund consists of a portion of the premium received from practitioners and accumulated interest. The operation of the Insurance Fund is closely monitored by the Practitioner Liability Insurance Committee.

A financial summary of the Insurance Fund at June 30 is as follows:

(\$ 000s)	2009	2008
Assets		
Cash and short term investments		
Cash	\$ 861	\$ 390
Fixed income securities	2,860	4,883
Money market funds	881	1,285
	4,602	6,558
Investments – long term		
Fixed income securities	3,448	495
	3,448	495
	8,050	7,053
Net assets		
Cash and investments	8,019	7,021
Unrealized gains and (losses)	31	32
	8,050	7,053
Revenue		
Premium	1,414	1,292
Investment income	236	307
	1,650	1,599
Expenses		
Claims	465	791
Loss prevention - practitioner assistance premiums	104	-
Administrative expenses	83	48
	652	839
	\$ 998	\$ 760

7. Loan receivable

The loans receivable are from CGA-Saskatchewan of \$45,000 and CGA-Hong Kong of \$135,000. As approved by the Board of Directors, the loans are non-interest bearing and are repayable in the fiscal years commencing July 1, 2010 and July 1, 2011 respectively.

8. Investments

(\$ 000s)	2009	2008
Fixed income securities	\$ 363	\$ 723
Money market funds	-	4
Unrealized gains and (losses)	-	6
CGA Shared Services Facility Corp.	150	225
	\$ 513	\$ 958

The Association owns a 39.8% interest in the CGA Shared Services Facility Corp. The losses from the investment under the equity method at June 30 are \$66,562 in 2009 and \$66,557 in 2008, and are included in expenses in the statement of operations.

9. Capital assets

The major categories of capital assets and accumulated amortization are as follows:

(\$ 000s)	Cost	Accumulated amortization	2009	2008
Land	\$ 3,661	\$ -	\$ 3,661	\$ 3,661
Building	8,543	513	8,030	8,372
Building improvements	2,216	306	1,910	1,854
Computer systems	3,354	2,440	914	981
Furniture and equipment	734	265	469	425
Leasehold improvements	14	12	2	5
	\$ 18,522	\$ 3,536	\$ 14,986	\$ 15,298

Amortization expense at June 30 is \$1.275 million in 2009 and \$1.052 million in 2008.

10. Revenue received in advance

Revenue received in advance consists of receipts relating to events that will occur in the 2010 fiscal year.

11. Long term debt

The Vancouver City Savings Credit Union (Vancity) provided to the Association two credit facilities (collectively, the "Credit Facilities") on the terms and conditions set out in the consolidated and restated Commitment Letter dated for reference October 3, 2007.

Credit Facility #1 is in the amount of \$10,136,250 (business mortgage), is fully advanced and is evidenced by a note payable issued by the Association in favour of Vancity together with interest at a fixed rate 5.74% per annum, payable monthly, up to and including the maturity date which is October 17, 2017, when the amount outstanding is due and payable in full. Currently the Association pays \$64,186 per month, as blended payments of principal and interest for Credit Facility #1.

Credit Facility #2 is in the amount of \$1,192,500 (business term loan), is fully advanced in July 2008, and is evidenced by a note payable issued by the Association in favour of Vancity with interest at a fixed rate 5.14% per annum, payable monthly, up to and including the maturity date which is August 4, 2018, when the amount outstanding is due and payable in full. Currently the Association pays \$15,686 per month, as blended payments of principal and interest for Credit Facility #2.

These Credit Facilities are secured by:

- i. A demand all indebtedness first mortgage and assignment of rents charging the Burnaby office of the Association;
- ii. A general security agreement charging all present and after-acquired personal property of the Association (specifically excluding the Insurance Retention Fund, the Public Practice Liability Trust Fund and other trust funds of the Association, against which Vancity does not have security nor recourse).

(\$ 000s)	2009	2008
Vancity credit facility #1	\$ 9,409	\$ 10,136
Vancity credit facility #2	1,024	-
	10,433	10,136
Current portion	(382)	(200)
	\$ 10,051	\$ 9,936

The aggregate amount of principal payments required in each of the next five years on long term debt is as follows:

(\$ 000s)	Year	Amount
	2010	\$ 382
	2011	403
	2012	425
	2013	451
	2014	475
		\$ 2,136

12. Promissory note

CGA-Ontario lent \$1.500 million to the Association in order for the Association to complete the purchase of the Association's Burnaby office. The note is evidenced by a term promissory note due October 15, 2012, or earlier upon a default by the Association. The term promissory note bears interest at the rate of 3.475% per annum payable monthly. The interest rate is fixed until the maturity date of the term promissory note.

The note is secured by an assignment agreement granted by the Association to CGA-Ontario, creating in favour of CGA-Ontario a perfected security interest in all membership dues (being the amounts owing by CGA-Ontario to the Association in respect of entrance fees, dues and assessments) collected by CGA-Ontario from time to time on behalf of the Association from CGA-Ontario members and students.

13. Security deposit

The security deposit payable is the lease deposit from the tenant of the Burnaby building.

14. Financial instruments**Fair value**

The fair value of cash, accounts receivable and accounts payable approximate their carry value because of their short term nature.

The fair value of available-for-sale investments is quoted by RBC Financial Group at the reporting period and is reported in the Statement of Financial Position. The unrealized fair value gains and losses which represent the changes between the carrying value and fair value on available-for-sale investment are reported in the Statement of Changes in Net Assets.

Credit risk

Credit risk is the risk of other parties' inability to discharge their financial obligations to the Association.

The Association's credit risk derives from cash and short term investments, accounts receivable, investments and loan receivable.

The maximum exposure of credit risk is as follows:

(\$ 000s)	2009
Operations	
Cash and short term investments	\$ 2,838
Accounts receivable	3,645
Loan receivable	180
Investments	513
	<u>7,176</u>
Insurance Fund	
Short term investments	4,602
Long term investments	3,448
	<u>8,050</u>
	<u>\$ 15,226</u>

The Association maintains cash and investments with reputable and major Canadian financial institutions. The Association invests only in debt instruments with investment grade rating by an independent third party as stipulated in the Investment Guidelines approved by the Board of Directors.

The Association believes the credit risk associated with accounts receivable and loan receivable is minimal as majority of the accounts receivables are from affiliates and customers of high credibility.

The maximum risk exposed on accounts receivables and aging analysis is as follows:

(\$ 000s)					2009
	Current	31 - 60 Days	61 - 90 Days	91 and over	
Affiliates	\$ 2,594	\$ 307	\$ 68	\$ -	\$ 2,969
CGA Magazine	-	22	-	6	28
Other	517	-	-	131	648
	\$ 3,111	\$ 329	\$ 68	\$ 137	\$ 3,645
	85%	9%	2%	4%	100%

Liquidity risk

Liquidity risk is the risk of holding assets that cannot be readily converted into cash and also the risk of the Association's inability to meet its liabilities. The financial instruments that are exposed to liquidity risk are accounts receivable, investments, accounts payable and other financial liabilities.

The Association minimizes liquidity risk by investing only in highly liquid investments that can be readily converted into cash. The Association's Investment Guidelines further address this risk by restricting the term of the investments the Association may invest in. As at June 30, 2009, the maturity dates for short term investments range from November 2009 through March 2010, while the maturity dates for long term investments range from December 2010 through June 2013.

The Association manages liquidity risk of current and long term liabilities by effective cash management to ensure sufficient cash to meet its commitments and to minimize any opportunity cost of holding idle cash.

In addition, the Association has a credit facility with a financial institution to lend the Association cash to purchase securities or to draw cash from. It is similar to a bank line of credit or a loan. The loan in the account is collateralized by the securities and cash. If the value of the security drops sufficiently, the Association will be required to deposit more cash or sell a portion of investments. Interest is charged on the amount which is loaned. In fiscal 2009, the Association did not borrow and/or withdraw cash from the credit facility.

The summary of current and long term payments required in the coming five fiscal years on the commitments is as follows:

(\$ 000s)					
	2010	2011	2012	2013	2014
Accounts payable	\$ 3,913	\$ -	\$ -	\$ -	\$ -
Principal payment – credit facility# 1	243	257	271	289	304
Principal payment – credit facility# 2	139	146	154	162	171
Promissory note	-	-	-	1,500	-
	\$ 4,295	\$ 403	\$ 425	\$ 1,951	\$ 475

Interest rate risk

Interest rate risk is the risk of the change in the financial instruments' fair value or related interest revenue/expense due to fluctuations in the current interest rate. The financial instruments that are exposed to interest rate risk are cash, investments and long term liabilities.

The Association mitigates interest rate risk by investing in fixed income securities and money market funds. The fixed income securities have a fixed term with fixed interest revenue, but their fair value fluctuates inversely along with current interest rate. Interest revenue from daily cash balance and money market funds fluctuate along with current interest rate.

Total interest revenue as at June 30 as are as follows:

(\$ 000s)	2009	2008
Operations		
Daily cash balance	\$ 21	\$ 68
Short term and long term investments	86	151
	<u>107</u>	<u>219</u>
Insurance Fund		
Daily cash balance	9	17
Short term and long term investments	227	290
	<u>236</u>	<u>307</u>
	<u>\$ 343</u>	<u>\$ 526</u>

The Association has limited exposure to interest rate risk on long term debt. The interest rates for credit facility #1, credit facility #2 and the promissory note are fixed with a range from 5 to 10 years.

Total interest expenses as at June 30 as are as follows:

(\$ 000s)	2009	2008
Long term debt – credit facility# 1	\$ 568	\$ 384
Long term debt – credit facility# 2	57	-
Promissory note	54	34
	<u>\$ 679</u>	<u>\$ 418</u>

Currency risk

Currency risk is the risk of the change in cash value of foreign currencies relative to Canadian dollar due to changes in exchange rate. The financial instruments that are exposed to currency risk are cash, accounts receivable and accounts payable. The Association does not use derivatives to manage the currency risk.

The Association mitigates currency risk by holding limited amount of foreign currencies, US dollar and Chinese RMB, in cash accounts. These foreign currency accounts are to facilitate transactions denominated in foreign currency. As at June 30, 2009, the Association holds a Canadian equivalent of \$9,000 in US dollar and \$173,000 in Chinese RMB.

The exposure to currency risk for accounts receivable and accounts payable is limited to the operation of the Association.

15. Capital disclosures

The capital structure of the Association consists of net assets invested in capital assets, insurance fund, unrestricted net assets and interest bearing long term debts. The objective of the Association's capital management is to safeguard its stability of financial structure and maximize the benefits in order to meet the mission of advancing the interests of its members and the public through national and international representation and the establishment of professional standards, practices and services. The Association is not subject to any capital requirements imposed by a regulator nor any externally restricted fund.

16. Controlled entities

The Association controls the CGA-Canada Research Foundation (the "Foundation") through the Board of Directors' representation. The Foundation was incorporated as a not-for-profit organization under the Canada Corporations Act. The Foundation's purpose is to encourage, foster and promote the advancement of research and education in connection with the practice of the profession of accountancy. The Foundation is a registered charity under the Income Tax Act. The Foundation's financial statements have not been consolidated with the Association's financial statements as the Association believes separate note disclosure of the Foundation provides a more meaningful presentation of the Association's activities.

A financial summary of the Foundation at June 30 is as follows:

(\$ 000s)	2009	2008
Financial position		
Total assets	\$ 90	\$ 104
Total liabilities	(2)	(2)
	88	102
Results of operations		
Total revenues	69	39
Total expenses	(83)	(48)
	(14)	(9)
Cash flows		
Decrease in cash from operations	(6)	(26)
	\$ (6)	\$ (26)

17. Lease commitments

The Association leases office equipment for its warehouse and offices in Ottawa and Burnaby. The minimum lease payments are included in the table below. The lease for the office equipment expires in 2014.

The Association leases offices and warehouse space under operating leases. The lease for the Ottawa office expires in 2010. The lease for the Vancouver warehouse space expires in December 2011. The Association is subleasing portion of the warehouse for a 3 year term expiring in December 2011.

The amounts included in the table below consist of office equipment, office rent, property taxes, common area expenses and maintenance. Revenues from subletting the warehouse are netted against the lease expenses.

(\$ 000s)	Year	Amount
	2010	\$ 244
	2011	102
	2012	68
	2013	37
	2014	6
		\$ 457

18. Future accounting changes

i) *International Financial Reporting Standards*

The Accounting Standards Board has announced that all Canadian reporting entities, subject to certain exceptions including not-for-profit organizations, will adopt International Financial Reporting Standards (IFRSs) as Canadian generally accepted accounting principles for years beginning on or after January 31, 2011. The Association has the option to adopt IFRSs if it so chooses. The Association is currently evaluating the implications of adopting the new standards.

ii) *CICA Section 4460 (Disclosure of Related Party Transactions by Not-for-Profit Organizations)*

Section 4460 has been amended to make the language in Section 4460 consistent with Related Party Transactions, Section 3840. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The Association is currently assessing the impact of the new standard.

iii) *CICA Section 4470 (Disclosure of Allocated Expenses by Not-for-Profit Organizations)*

This new Section 4470 establishes disclosure standards for not-for-profit organizations that choose to classify their expenses by function and allocate expenses from one function to another. The changes are effective for interim and annual financial statements beginning on or after January 1, 2009. The Association is currently assessing the impact of the new standard.

19. Comparative figures

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