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**THE CANADIAN BAR ASSOCIATION  
BRITISH COLUMBIA BRANCH  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
AUGUST 31, 2014**

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## INDEPENDENT AUDITORS' REPORT

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To the Members of:  
The Canadian Bar Association - British Columbia Branch

We have audited the accompanying financial statements of The Canadian Bar Association - British Columbia Branch which comprise the statement of financial position as at August 31, 2014, and the statements of revenue and expenditure, changes in net assets and cash flows for the year then ended, and the related notes comprising 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.

### Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Canadian Bar Association - British Columbia Branch as at August 31, 2014, 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.

*Manning Elliott LLP*

Chartered Accountants  
Vancouver, British Columbia  
December 6, 2014

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**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH****STATEMENT OF FINANCIAL POSITION****AS AT AUGUST 31, 2014**

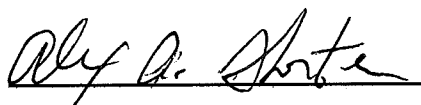
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	2014	2013
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 85,169	\$ 227,220
Marketable securities	534,477	743,186
Accounts receivable	46,968	81,616
Sales tax receivable	5,172	17,822
Prepaid expenses and deposits	67,155	57,589
	738,941	1,127,433
CAPITAL ASSETS (Note 3)	127,457	133,459
MARKETABLE SECURITIES - RESERVE	1,080,902	1,031,904
	\$ 1,947,300	\$ 2,292,796
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 248,887	\$ 220,267
Deferred revenue - member dues	105,419	494,507
Deferred revenue - other	251,392	351,384
Current portion of capital lease obligation (Note 5)	3,076	16,999
	608,774	1,083,157
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	12,955	24,636
CAPITAL LEASE OBLIGATION (Note 5)	-	3,076
	621,729	1,110,869
COMMITMENTS (Note 7)		
<b>NET ASSETS</b>		
INVESTED IN CAPITAL ASSETS	111,426	88,748
RESERVE FUND (Note 8)	1,049,677	1,008,069
OPERATING FUND	164,468	85,110
	1,325,571	1,181,927
	\$ 1,947,300	\$ 2,292,796

Approved by the Directors:



Director



Director



**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

	<b>2014</b>			<b>2013</b>		
	Invested in capital assets	Reserve fund	Operating fund	Total	Total	Total
BALANCE AT BEGINNING OF YEAR	\$ 88,748	\$ 1,008,069	\$ 85,110	\$ 1,181,927	\$ 1,419,031	
Excess (deficiency) of revenue over expenditure from operations	-	-	39,040	39,040	(267,725)	
Amortization of capital assets	-	-	(47,198)	(47,198)	(47,819)	
Amortization of deferred capital contributions	-	-	11,681	11,681	11,681	
Unrealized gain on marketable securities	-	-	5,123	5,123	5,373	
Transfer from reserve fund to operating fund	-	(93,390)	93,390	-	-	
Reserve fund transactions (Note 8)	-	134,998	-	134,998	61,386	
Increase in capital assets	41,196	-	(41,196)	-	-	
Amortization of capital assets	(47,198)	-	47,198	-	-	
Decrease in capital lease obligation	16,999	-	(16,999)	-	-	
Amortization of deferred capital contributions	11,681	-	(11,681)	-	-	
BALANCE AT END OF YEAR	\$ 111,426	\$ 1,049,677	\$ 164,468	\$ 1,325,571	\$ 1,181,927	



**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**STATEMENT OF REVENUE AND EXPENDITURE**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

	2014	2013
<b>REVENUE</b>		
From membership dues:		
Rebate from National Association	\$ 1,056,836	\$ 984,356
Branch assessment	327,057	315,923
Other National revenue	65,676	98,491
From branch operations:		
Professional development	519,726	460,066
Directory sales and advertising	257,403	332,139
Section registration fees	249,550	228,395
Communication	220,449	175,725
Section activities	125,582	-
Member services	94,829	92,670
Investment income	42,829	72,141
Golf tournament	34,915	30,268
Bench and bar dinner	24,514	29,585
Sundry and other activities	11,585	19,838
Grants (Note 9)	351,035	393,783
	3,381,986	3,233,380
<b>EXPENDITURE</b>		
Activities (Note 10)	1,968,391	2,029,674
Administration	1,115,329	1,166,254
Governance	259,226	305,177
	3,342,946	3,501,105
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FROM OPERATIONS</b>	39,040	(267,725)
<b>OTHER ITEMS</b>		
Amortization of capital assets	(47,198)	(47,819)
Amortization of deferred capital contributions	11,681	11,681
Unrealized gain on marketable securities	5,123	5,373
	(30,394)	(30,765)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURE FOR THE YEAR</b>	\$ 8,646	\$ (298,490)



**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

	2014	2013
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditure for the year	\$ 8,646	\$ (298,490)
Reserve fund transactions (Note 8)	134,998	61,386
Items not involving cash:		
Amortization of capital assets	47,198	47,819
Amortization of deferred capital contributions	(11,681)	(11,681)
Imputed interest on capital lease obligation	1,815	4,104
Unrealized gain on marketable securities	(5,123)	(5,373)
Unrealized gain on marketable securities - reserve	(90,006)	(28,780)
	85,847	(231,015)
Change in non-cash working capital items:		
Marketable securities	213,832	935,942
Accounts receivable	34,648	(2,264)
Sales tax receivable	12,650	(11,884)
Prepaid expenses and deposits	(9,566)	29,459
Accounts payable and accrued liabilities	28,620	(79,697)
Deferred revenue	(489,080)	(156,991)
	(123,049)	483,550
INVESTING AND FINANCING ACTIVITIES		
Capital lease payments	(18,814)	(18,814)
Disposition (purchase) of marketable securities - reserves, net	41,008	(297,635)
Purchase of capital assets	(41,196)	(62,109)
	(19,002)	(378,558)
(DECREASE) INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR	(142,051)	104,992
CASH AND EQUIVALENTS, BEGINNING OF YEAR	227,220	122,228
CASH AND EQUIVALENTS, END OF YEAR	\$ 85,169	\$ 227,220



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**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

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**PURPOSE OF THE ORGANIZATION**

The Canadian Bar Association - British Columbia Branch ("the Association") is a professional organization, which was formed in 1896 and incorporated under a Special Act of Parliament in 1921. The mission of the Association is:

- a) to improve the law;
- b) to improve the administration of justice;
- c) to improve and promote access to justice;
- d) to promote equality in the legal profession and in the justice system;
- e) to improve and promote the knowledge, skills, ethical standards and well-being of members of the legal profession;
- f) to represent the legal profession nationally and internationally; and
- g) to promote the interest of the members of the Association.

**1. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CPA Canada Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles ("GAAP").

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

**a) Financial instruments**

**i) Measurement**

The Association's financial instruments consist of cash and equivalents, marketable securities, accounts receivable, accounts payable and capital lease obligation.

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all debt and equity securities that are quoted in an active market at fair value. All other financial instruments are subsequently measured at amortized cost. Changes to financial instruments measured at fair value are recognized in the Association's operating and reserve funds in the period incurred.

**ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of revenue and expenditure. A previously recognized impairment loss may be reversed to the extent of any improvement, 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 the statement of revenue and expenditure in the period in which it is determined.



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**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

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1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Cash and equivalents

Cash and equivalents consist of highly liquid investments that are readily convertible into known amounts of cash, having a maturity of three months or less from the date of acquisition or which are convertible to cash on demand.

c) Capital assets

Capital assets are recorded at historical cost and amortized over their estimated useful lives at the following annual rates:

Computer equipment	30%	declining balance basis
Computer equipment under capital lease	30%	declining balance basis
Furniture and equipment	20%	declining balance basis
Leasehold improvements	5 years	straight-line method
Office equipment	20%	declining balance basis
Phone/voice equipment	20%	declining balance basis
Website	5 years	straight-line method

The Association monitors the recoverability of capital assets based on their long-term service potential. When a capital asset no longer has any long-term service potential to the Association, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of revenue and expenditure. Write-downs recognized under this policy are not reversed.

d) Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred.

At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value at the beginning of such lease. Assets recorded under capital leases are amortized as described in Note 1(c).



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**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

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**1. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**e) Revenue recognition**

The Association follows the deferral method of accounting for revenue. Committed revenue is recognized in the year in which the related expenses are incurred. Uncommitted revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Reserve investment income is allocated directly to reserves. Unrestricted investment income is recognized as revenue when earned.

Member dues consist of branch assessments and rebates from the National Association.

Dues are collected with respect to a member's anniversary date with the Association. Accordingly, that portion of the fees received, which relates to the period subsequent to August 31, is recorded in the accounts as deferred members' dues.

Other deferred revenues consist of grant revenue, professional development registration and sponsorship fees and directory revenue. These amounts have been received at year end but will not be recognized as revenue until the related services have been performed.

Restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital asset.

**f) Donated services**

The Association and its members benefit greatly from donated services in the form of volunteer time for various committees. The value of donated services is not recognized in these financial statements.

**g) Allocation of expenses**

The Association reports its expenses under the following functions: Activities, Administration and Governance. Each of the functions is allocated a portion of the Association's total salaries and benefit expense. This allocation is based on the relative amount of time the Association's employees work within each function.

**h) Use of estimates**

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of or during the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of assets for amortization, measurement of deferred revenue and the amounts recorded as accrued liabilities.



**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

**2. FINANCIAL INSTRUMENTS RISKS**

The Association's financial instruments are described in Note 1(a). In management's opinion, the Association is not exposed to significant currency, liquidity, credit, interest rate, market or other price risks except as explained below. In addition, the Association is not exposed to any material concentrations of risk and there has been no change in risk exposures from the prior year.

**Market Risk**

The Association's marketable securities include fixed income debt securities and equity securities. The fair value and related investment income stream from these marketable securities will fluctuate according to changes in interest rates among other factors.

**3. CAPITAL ASSETS**

			<b>2014</b>	<b>2013</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Computer equipment	\$ 108,783	\$ 89,668	\$ 19,115	\$ 25,101
Computer equipment under capital lease	45,468	29,873	15,595	22,279
Furniture and equipment	35,492	18,938	16,554	6,277
Leasehold improvements	52,033	41,626	10,407	20,813
Office equipment	18,248	13,623	4,625	5,780
Phone/voice equipment	14,349	10,097	4,252	5,316
Website	77,788	20,879	56,909	47,893
	<b>\$ 352,161</b>	<b>\$ 224,704</b>	<b>\$ 127,457</b>	<b>\$ 133,459</b>

**4. RELATED PARTY TRANSACTIONS**

Included in accounts payable is \$45,021 (2013 - \$44,959) held on behalf of the CBA (BC) Benevolent Society ("the Society"). The President of the Association appoints the majority of members of the board of directors of the Society. The Society is a separate entity from the Association. The balance owing to the Society has been repaid subsequent to year end.



**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

**5. CAPITAL LEASE OBLIGATION**

The Association entered into a lease agreement in 2012 to acquire computer equipment. The liability recorded under the capital lease represents the minimum lease payments payable net of imputed interest. The Association's obligations under capital leases consist of:

	<b>2014</b>	<b>2013</b>
National Leasing Group Inc., payable in monthly instalments of \$1,568, which include imputed interest at an effective annual rate of 15.56%, secured by specific equipment, due on October 31, 2014	\$ 3,132	\$ 21,945
Less: imputed interest	56	1,870
	3,076	20,075
Less: current portion	3,076	16,999
	\$ -	\$ 3,076

Imputed interest charged as an expense to the statement of revenue of expenditure for the year totaled \$1,816 (2013 - \$4,104).

**6. DEFERRED CAPITAL CONTRIBUTIONS**

	<b>2014</b>	<b>2013</b>
Balance at beginning of year	\$ 24,636	\$ 36,317
Amortized to revenue	(11,681)	(11,681)
	\$ 12,955	\$ 24,636

**7. COMMITMENTS**

The Association leases its office premises under a lease agreement which expires September 30, 2018. In addition to basic rent, the Association is required to pay a portion of certain operating costs and property taxes. The Association has also leased equipment under a lease agreement which expires during October 2018. Basic rent under the office premises lease agreement and payments under the equipment lease for the next five fiscal years are anticipated to be as follows:

2015	\$ 143,028
2016	143,028
2017	143,028
2018	143,028
2019	12,881
	\$ 584,993



**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2014**

**8. RESERVE FUND**

The Association's reserve fund was established in 1989. Disbursements from this fund are to be made only with the approval of the Provincial Council. The Association invests the assets comprising this fund separately from unrestricted net assets. The continuity of the reserve fund is as follows:

	<b>2014</b>	<b>2013</b>
Balance at beginning of year	\$ 1,008,069	\$ 688,600
Reserve fund transactions:		
Investment income - marketable securities - reserve	52,382	39,551
Investment counsel fees - marketable securities - reserve	(7,390)	(6,945)
Unrealized gain - marketable securities - reserve	90,006	28,780
	134,998	61,386
Transfer (to)/from operating fund	(93,390)	258,083
	<u>\$ 1,049,677</u>	<u>\$ 1,008,069</u>

**9. GRANTS**

Total grants received during the year are as follows:

	<b>2014</b>	<b>2013</b>
Law Foundation of British Columbia	\$ 324,310	\$ 294,310
Law Society of British Columbia	55,000	80,000
Vancouver Bar Association	4,500	4,500
Grants received and deferred to the next fiscal year	(32,775)	-
Deferred grants recognized as revenue	-	14,973
	<u>\$ 351,035</u>	<u>\$ 393,783</u>

**10. ACTIVITIES EXPENDITURE**

Detail on certain expenditure categories is provided below for additional information. These expenditures are included in the total activities expenditure of \$1,968,391 (2013 - \$2,029,674) for the year.

	<b>2014</b>	<b>2013</b>
Professional development	\$ 417,364	\$ 368,154
Sections- administration	217,055	270,319
Sections- activities	118,997	-
Public service programs	271,578	270,841
Member services	50,693	50,409

