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**THE CANADIAN BAR ASSOCIATION  
BRITISH COLUMBIA BRANCH  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
AUGUST 31, 2015**

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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, 2015, 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, we consider 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, 2015, 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 Professional Accountants

Vancouver, British Columbia

December 5, 2015

**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT AUGUST 31, 2015**

	2015	2014
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 20,311	\$ 85,169
Marketable securities	377,780	534,477
Accounts receivable	47,456	46,968
Sales tax receivable	7,084	5,172
Prepaid expenses and deposits	33,663	67,155
	486,294	738,941
CAPITAL ASSETS (Note 3)	89,867	127,457
MARKETABLE SECURITIES - RESERVE	1,152,010	1,080,902
	\$ 1,728,171	\$ 1,947,300
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 232,379	\$ 248,887
Deferred revenue - member dues	4,087	105,419
Deferred revenue - other	116,197	251,392
Capital lease obligation	-	3,076
	352,663	608,774
DEFERRED CAPITAL CONTRIBUTIONS (Note 5)	1,274	12,955
	353,937	621,729
COMMITMENTS (Note 6)		
<b>NET ASSETS</b>		
INVESTED IN CAPITAL ASSETS	88,593	111,426
RESERVE FUND (Note 7)	1,112,702	1,049,677
OPERATING FUND	172,939	164,468
	1,374,234	1,325,571
	\$ 1,728,171	\$ 1,947,300

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, 2015**

				<b>2015</b>	<b>2014</b>
	Invested in capital assets	Reserve fund	Operating fund	Total	Total
BALANCE AT BEGINNING OF YEAR	\$ 111,426	\$ 1,049,677	\$ 164,468	\$ 1,325,571	\$ 1,181,927
Excess of revenue over expenditure from operations	-	-	19,265	19,265	39,040
Amortization of capital assets	-	-	(42,786)	(42,786)	(47,198)
Amortization of deferred capital contributions	-	-	11,681	11,681	11,681
Loss on disposal of capital assets	-	-	(3,784)	(3,784)	-
Unrealized loss on marketable securities	-	-	(7,451)	(7,451)	5,123
Unrealized foreign exchange gain	-	-	8,713	8,713	-
Reserve fund transactions (Note 7)	-	63,025	-	63,025	134,998
Purchase of capital assets	9,386	-	(9,386)	-	-
Loss on disposal of capital assets	(3,784)	-	3,784	-	-
Proceeds from disposal of capital assets	(406)	-	406	-	-
Amortization of capital assets	(42,786)	-	42,786	-	-
Decrease in capital lease obligation	3,076	-	(3,076)	-	-
Amortization of deferred capital contributions	11,681	-	(11,681)	-	-
<b>BALANCE AT END OF YEAR</b>	<b>\$ 88,593</b>	<b>\$ 1,112,702</b>	<b>\$ 172,939</b>	<b>\$ 1,374,234</b>	<b>\$ 1,325,571</b>



**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**STATEMENT OF REVENUE AND EXPENDITURE**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>REVENUE</b>		
From membership dues:		
Rebate from National Association	\$ 977,969	\$ 1,056,836
Branch assessment	581,518	327,057
Other National revenue	72,766	65,676
From branch operations:		
Professional development	458,321	519,726
Communication	252,248	220,449
Directory sales and advertising	207,128	257,403
Section activities	164,375	125,582
Bench and bar dinners	58,465	24,514
Investment income	50,755	42,829
Member services	45,633	94,829
Scholarship fundraisers	17,228	34,915
Sundry and other activities	10,413	11,585
Section registration fees	320	249,550
Grants (Note 8)	377,253	351,035
	<b>3,274,392</b>	<b>3,381,986</b>
<b>EXPENDITURE</b>		
Activities (Note 9)	1,913,013	1,968,391
Administration	1,098,363	1,115,329
Governance	243,751	259,226
	<b>3,255,127</b>	<b>3,342,946</b>
<b>EXCESS OF REVENUE OVER EXPENDITURE FROM OPERATIONS</b>	<b>19,265</b>	<b>39,040</b>
<b>OTHER ITEMS</b>		
Amortization of capital assets	(42,786)	(47,198)
Amortization of deferred capital contributions	11,681	11,681
Loss on disposal of capital assets	(3,784)	-
Unrealized (loss) gain on marketable securities	(7,451)	5,123
Unrealized foreign exchange gain	8,713	-
	<b>(33,627)</b>	<b>(30,394)</b>
<b>(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURE FOR THE YEAR</b>	<b>\$ (14,362)</b>	<b>\$ 8,646</b>



**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

	2015	2014
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenditure for the year	\$ (14,362)	\$ 8,646
Reserve fund transactions (Note 7)	63,025	134,998
Items not involving cash:		
Amortization of capital assets	42,786	47,198
Amortization of deferred capital contributions	(11,681)	(11,681)
Imputed interest on capital lease obligation	56	1,815
Unrealized loss (gain) on marketable securities	7,451	(5,123)
Loss on disposal of capital assets	3,784	-
Unrealized gain on marketable securities - reserve	103,838	(90,006)
	194,897	85,847
Change in non-cash working capital items:		
Marketable securities	149,246	213,832
Accounts receivable	(488)	34,648
Sales tax receivable	(1,912)	12,650
Prepaid expenses and deposits	33,492	(9,566)
Accounts payable and accrued liabilities	(16,508)	28,620
Deferred revenue	(236,527)	(489,080)
	122,200	(123,049)
INVESTING AND FINANCING ACTIVITIES		
Capital lease payments	(3,132)	(18,814)
Disposition (purchase) of marketable securities - reserves, net	(174,946)	41,008
Proceeds from disposal of capital assets	406	-
Purchase of capital assets	(9,386)	(41,196)
	(187,058)	(19,002)
DECREASE IN CASH AND EQUIVALENTS DURING THE YEAR	(64,858)	(142,051)
CASH AND EQUIVALENTS, BEGINNING OF YEAR	85,169	227,220
CASH AND EQUIVALENTS, END OF YEAR	\$ 20,311	\$ 85,169



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**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

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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 and accounts payable.

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, 2015**

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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
Furniture and equipment	20%	declining balance basis
Leasehold improvements	5 years	straight-line method
Office 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) 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 and recognized in alignment with the Association's fiscal year.

Other deferred revenues consist of grant revenue, professional development registration, 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.

e) 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.



**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) 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.

g) 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 and the amounts recorded as accrued liabilities.

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 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>2015</b>		<b>2014</b>
	Cost	Accumulated Amortization	Net Book Value		Net Book Value
Computer equipment	\$ 153,774	\$ 129,710	\$ 24,064	\$	34,710
Furniture and equipment	36,470	22,444	14,026		16,554
Leasehold improvements	52,033	52,033	-		10,407
Office equipment	18,248	14,549	3,699		4,625
Phone/voice equipment	-	-	-		4,252
Website	86,196	38,118	48,078		56,909
	<b>\$ 346,721</b>	<b>\$ 256,854</b>	<b>\$ 89,867</b>	<b>\$</b>	<b>127,457</b>

4. RELATED PARTY TRANSACTIONS

Included in accounts payable is \$12,130 (2014 - \$45,021) 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, 2015**

5. DEFERRED CAPITAL CONTRIBUTIONS

	<b>2015</b>	<b>2014</b>
Balance at beginning of year	\$ 12,955	\$ 24,636
Amortized to revenue	(11,681)	(11,681)
	<u>\$ 1,274</u>	<u>\$ 12,955</u>

6. 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 lease agreements which expire during December 2017 and October 2018. Basic rent under the office premises lease agreement and payments under the equipment leases for the next four fiscal years are anticipated to be as follows:

2016	\$ 152,223
2017	152,223
2018	147,293
2019	13,031
	<u>\$ 464,770</u>

7. 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>2015</b>	<b>2014</b>
Balance at beginning of year	\$ 1,049,677	\$ 1,008,069
Reserve fund transactions:		
Investment income - marketable securities - reserve	174,946	52,382
Investment counsel fees - marketable securities - reserve	(8,083)	(7,390)
Unrealized (loss) gain - marketable securities - reserve	(103,838)	90,006
	<u>63,025</u>	<u>134,998</u>
Transfer (to)/from operating fund	-	(93,390)
	<u>\$ 1,112,702</u>	<u>\$ 1,049,677</u>



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**THE CANADIAN BAR ASSOCIATION - BRITISH COLUMBIA BRANCH**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

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8. GRANTS

Total grants received during the year are as follows:

	<b>2015</b>	<b>2014</b>
Law Foundation of British Columbia	\$ 302,711	\$ 324,310
Law Society of British Columbia	47,710	55,000
Vancouver Bar Association	4,500	4,500
Grants received and deferred to the next fiscal year	(10,443)	(32,775)
Deferred grants recognized as revenue	32,775	-
	<hr/> <b>\$ 377,253</b>	<hr/> <b>\$ 351,035</b>

9. ACTIVITIES EXPENDITURE

Detail on certain expenditure categories is provided below for additional information. These expenditures are included in the total activities expenditure of \$1,913,013 (2014 - \$1,968,391) for the year.

	<b>2015</b>	<b>2014</b>
Communication and BarTalk	\$ 236,718	\$ 257,550
Professional development	407,576	417,364
Public service programs	225,789	271,578
Sections- activities	166,788	118,997
Sections- administration	223,861	217,055

