

**CHARTERED PROFESSIONALS IN
HUMAN RESOURCES OF BC & YUKON
FINANCIAL STATEMENTS
Year Ended December 31, 2019**



INDEPENDENT AUDITOR'S REPORT

To the Directors of Chartered Professionals in Human Resources of BC & Yukon

Report on the Financial Statements

Opinion

We have audited the financial statements of Chartered Professionals in Human Resources of BC & Yukon (the Association), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Billing system

The Association uses netForum, which is a web-based database system, owned by Abila in Texas, USA, to manage multiple events, various types of memberships and track payments received. The program also keeps track of registration dates and membership terms to defer revenue until such time as the event or membership dues are recognized as revenue.

As the Association heavily relies on netForum in their revenue billing system, our audit procedures were focused on testing the efficiency and accuracy of the billing system and related internal controls for consideration of assertions such as completeness and occurrence. Also, we interviewed the head of the IT department and reviewed the communications between the Association and Abila during the year to better understand the ongoing issues of the netForum system which might influence financial information recording and reporting.

We, as Auditors of the Association, are able to utilize the Independent Service Auditor's Report, or Service Organization Control Type II Report (SOC2), that has been prepared for the above service provider. We have reviewed this report and it has given us a high level of confidence in the systems of Abila's netForum, within which the Association's revenues are transacted.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

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Independent Auditor's Report to the Members of Chartered Professionals in Human Resources of BC & Yukon *(continued)*

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Societies Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations.

EPR

**EPR MAPLE RIDGE LANGLEY
CHARTERED PROFESSIONAL ACCOUNTANTS**

Langley, BC
March 13, 2020

CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
STATEMENT OF OPERATIONS
Year Ended December 31, 2019

	2019	2018
REVENUES		
Membership	\$ 2,865,126	\$ 2,671,063
Conference	1,193,557	1,217,796
Advertising and communication	527,372	544,826
Professional development	409,949	363,505
Other	138,351	125,419
	5,134,355	4,922,609
EXPENSES		
Advertising and communication	81,724	120,280
Amortization	55,734	57,333
Bank charges and credit card fees	115,460	113,622
Computer services	244,284	159,787
Conference	871,025	836,834
Legal and audit	48,956	34,382
Membership and professional designation	109,355	101,904
Office, printing, supplies and other	835,470	844,100
Professional development	185,810	174,198
Rent	206,590	193,610
Salaries, benefits and contracting	2,216,824	2,096,772
	4,971,232	4,732,822
Excess of revenues over expenses from operations	163,123	189,787
Other items		
Strategic initiatives expenses	139,114	130,923
(Increase) decrease in market value of investment	(166,318)	40,254
	(27,204)	171,177
EXCESS OF REVENUES OVER EXPENSES	\$ 190,327	\$ 18,610

See notes to financial statements

CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
STATEMENT OF CHANGES IN NET ASSETS
Year Ended December 31, 2019

	Invested in Capital Assets	Unrestricted Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 137,210	\$ 397,042	\$ 534,252	\$ 515,642
Excess of revenues over expenses	(55,734)	246,061	190,327	18,610
Acquisition of capital assets	2,352	(2,352)	-	-
NET ASSETS - END OF YEAR	\$ 83,828	\$ 640,751	\$ 724,579	\$ 534,252

See notes to financial statements

CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
STATEMENT OF CASH FLOWS
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 190,327	\$ 18,610
Item not affecting cash:		
Amortization	55,734	57,333
	246,061	75,943
Changes in non-cash working capital:		
Accounts receivable	107,786	(99,857)
Prepaid expenses	(29,179)	10,385
Accounts payable and accruals	192,748	12,592
Unearned revenue	47,701	335,650
	319,056	258,770
Cash flow from operating activities	565,117	334,713
INVESTING ACTIVITIES		
(Increase) decrease in short-term & long-term investments (net)	(366,638)	38,757
Acquisition of capital and intangible assets	(2,352)	(114,150)
Cash flow used by investing activities	(368,990)	(75,393)
INCREASE IN CASH FLOW	196,127	259,320
Cash - beginning of year	574,003	314,683
CASH - END OF YEAR	\$ 770,130	\$ 574,003

See notes to financial statements

CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
STATEMENT OF FINANCIAL POSITION
December 31, 2019

	2019	2018
ASSETS		
Current		
Cash	\$ 770,130	\$ 574,003
Term deposits - GIC (Note 3)	200,000	-
Accounts receivable (Note 4)	161,295	269,081
Prepaid expenses (Note 5)	238,615	209,436
	1,370,040	1,052,520
Long term Investments (Note 6)	1,311,936	1,145,297
Tangible assets (Note 7)	83,828	122,722
Intangible assets (Note 8)	-	14,488
	\$ 2,765,804	\$ 2,335,027
LIABILITIES		
Current		
Accounts payable and accruals	\$ 386,622	\$ 193,873
Unearned revenue (Note 9)	1,654,603	1,606,902
	2,041,225	1,800,775
NET ASSETS		
Invested in capital assets (Note 2)	83,828	137,210
Unrestricted fund (Note 2)	640,751	397,042
	724,579	534,252
	\$ 2,765,804	\$ 2,335,027

Related party transactions (Note 10)

Commitments (Note 11)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

1. NATURE OF THE ORGANIZATION

Chartered Professionals in Human Resources of BC & Yukon (the “Association”) was incorporated pursuant to the British Columbia Society Act in 1954. The Association is a community dedicated to advancing professional people practices that enhance organizational performance. The Association is a not-for-profit organization pursuant to Section 149(1)(L) of the Income Tax Act, and thus is not subject to income tax.

The Association changed its name to Chartered Professionals in Human Resources of BC & Yukon on June 21, 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”), applied on a basis consistent with that of the preceding year, and include the following significant accounting policies:

Use of Estimates

When preparing financial statement according to Canadian ASNPO, management makes estimates and assumption relating to:

- Reported amounts of revenue and expenses
- Reported amounts of assets and liabilities
- Disclosure of contingent assets and liabilities

Management bases their assumptions on a number of factors including historical experience, current events, actions that the Association may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. The Association uses estimates when accounting for certain items such as useful lives of capital assets, impairment of long-lived assets and allowance for doubtful accounts.

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CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Chartered Professionals in Human Resources of BC & Yukon follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are recognized as revenue over the term of the respective memberships.

Investment income, other than interest income, is recognized as revenue when dividends and other income are received and when an investment is sold.

Interest income is recognized in accordance with the terms of the underlying investment which is generally with passage of time.

Fees for events and services are recognized as revenue when the events are held or the services are rendered.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end.

Tangible capital assets

Tangible capital assets are recorded at cost, less accumulated amortization. Amortization is being recorded on a straight-line basis as follows, except in the year of acquisition when one half of the rate is used:

Computer equipment	3 years	straight-line method
Furniture and equipment	5 years	straight-line method
Leasehold improvements	6 years	straight-line method

The Association changed its asset capitalization policy in April 2017 to expense individual asset purchases of less than \$2,500. The assets are reviewed for impairment whenever events or changes in circumstances indicated that the carrying value might not be recoverable.

Intangible assets

Intangible assets are recorded at cost less accumulated amortization. Amortization was at the following rates, except in the year of acquisition when one half of the rate is used. The Association's computer software is amortized over its estimated useful life of four years on a straight-line basis. The Association's database is amortized over its estimated useful life of seven years on a straight-line basis. The assets are reviewed for impairment whenever events or changes in circumstances indicated that the carrying value might not be recoverable.

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CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned revenue

Membership renewals occur throughout the year. Revenues from membership fees are recognized over the term of the respective memberships. Fees collected but not yet earned are recorded as unearned revenue. Revenue received from pre-registration for events occurring subsequent to the year end are also recorded as unearned revenue.

Foreign currency translation

The Association uses the temporal method to translate its US foreign currency transactions.

Monetary assets and liabilities are translated at the US exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the US exchange rate in effect at the transaction date. Revenue and expense items, if any, are recorded in the statement of operations at the average rate for the year. Exchange gains and losses are included in the statement of operations.

Statement of cash flows

The statement of cash flows is prepared on a net basis and cash from operating activities are reported using the indirect method.

Net assets

Net assets invested in capital assets represents the organization's net investment in property and equipment which is comprised of the unamortized amount of property and equipment purchased with restricted fund.

Unrestricted net assets is the cumulative excess of revenue over expenses derived from current and past years' operations. These funds are available for investment, funding of projects or to cover shortfalls in operations.

Volunteer services

The Association and members benefit greatly from donated services in the form of volunteer time. Because of the difficulty in determining their fair value, the value of donated services is not recognized in these financial statements.

3. SHORT TERM INVESTMENTS

	2019	2018
Term deposits - GIC	\$ 200,000	\$ -

CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

4. ACCOUNTS RECEIVABLE

	2019	2018
Accounts receivable	\$ 174,409	\$ 257,908
Accounts receivable - related party	2,355	26,642
Allowance for doubtful accounts	(15,469)	(15,469)
	\$ 161,295	\$ 269,081

5. PREPAID EXPENSES

	2019	2018
Prepaid conference expenses	\$ 222,298	\$ 188,964
Security deposits	14,192	14,192
Prepaid office expenses and other	2,125	6,280
	\$ 238,615	\$ 209,436

6. LONG TERM INVESTMENTS

The Association's long-term investments are recorded at their fair value. The fair market value at December 31, 2019 is \$1,311,936. [December 31, 2018 - \$1,145,297]. The original investment was \$700,000.00 in November 2007.

7. TANGIBLE ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 125,452	\$ 109,407	\$ 16,045	\$ 36,350
Furniture and equipment	10,677	10,677	-	-
Leasehold improvements	108,459	40,676	67,783	86,372
	\$ 244,588	\$ 160,760	\$ 83,828	\$ 122,722

CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

8. INTANGIBLE ASSETS

	Cost	Accumulated amortization	2019	2018
Database	\$ 152,119	\$ (152,119)	\$ -	\$ 14,488
Computer software	3,090	(3,090)	-	-
	\$ 155,209	\$ (155,209)	\$ -	\$ 14,488

9. UNEARNED REVENUE

	2019	2018
Deferred revenue - membership	\$ 1,190,138	\$ 1,136,857
Deferred revenue - conference	435,545	456,422
Deferred revenue - other	28,920	13,623
	\$ 1,654,603	\$ 1,606,902

10. RELATED PARTY TRANSACTIONS

The Association is a member of the CPHR Canada. The following is a summary of the Association's related party transactions with CPHR Canada:

	2019	2018
Staff expense reimbursement	\$ 23,507	\$ 49,211
Membership fees	267,540	196,000
Consultants fees - national knowledge exam levy	58,336	47,710
	\$ 349,383	\$ 292,921

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

11. COMMITMENTS

Lease of Premises

The Association has entered into a lease agreement expiring on October 31, 2021. The annual basis rent, estimated common area costs and property tax payments, including applicable taxes, is as follows:

2020	\$ 171,511
2021	142,926

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CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

11. COMMITMENTS (continued)

Computer Services

The Association's current computer services agreement expired on August 31st, 2019. They are currently working with the provider to have a new contract put into place in 2020.

12. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash, short-term investments, accounts receivable and accounts payable. Unless otherwise noted, it is management's option that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of the instruments approximately their carrying values, unless otherwise noted.

The Association initially measures its financial assets and financial liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable.

Long-term investments, which include bond, equity and dividend funds, are measured at fair value.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of write-down is recognized in net income. The previously recognized impairment loss may be reversed to extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that has been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

The Association is exposed to various risks through its financial instruments. The following analysis presents the Association's exposures to significant risk as at December 31, 2019.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Association is exposed to credit risk with respect to its cash, short-term investments, accounts receivable and long-term investments. The Association assesses, on a continued basis, accounts receivable on the basis of the amount it is virtually certain to receive. The Association's cash, short-term investments, and long-term investments are invested with large financial institutions and the long-term investments are managed by professional investment managers.

Liquidity risk

Liquidity risk is the risk of being unable to meet requirement or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

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CHARTERED PROFESSIONALS IN HUMAN RESOURCES OF BC & YUKON
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2019

12. FINANCIAL INSTRUMENTS (continued)

The Association manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Association is exposed to interest rate risk on its short-term investments in so far that the initial rate may be higher than the current interest rate obtained on maturity and renewal as well as its long-term investments.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Association is exposed to market risk on its short-term investment and long-term investments.

Fair Value

The carrying value of the financial instruments reflected in the statement of financial position approximate their fair market value.