



# The Canadian Bar Association - Alberta Branch

August 31, 2020



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December 14, 2020

Ms. Maureen Armitage  
The Canadian Bar Association - Alberta Branch  
710, 777 - 8 Avenue SW  
Calgary, AB T2P 3R5

PRIVATE AND CONFIDENTIAL

Dear Ms. Armitage:

**RE: Fiscal Year-end August 31, 2020**

We have completed our audit of the financial statements of The Canadian Bar Association - Alberta Branch (the "Association") for the year ended August 31, 2020 and enclose the following:

**FINANCIAL STATEMENTS**

1. One copy of the August 31, 2020 audited financial statements.

**TAX RETURNS**

**Federal**

1. One copy of the Association's August 31, 2020 federal corporate income tax return with supporting schedules. Per your instructions, we have transmitted the federal tax return electronically to the Canada Revenue Agency using Corporate Efile. The enclosed "CLIENT COPY" should be retained for your records.

Our work was based on information provided by you. We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of such information. It is our understanding that you have reviewed the tax return prior to our submission to the taxation authorities and have ensured that there are no significant omissions or misstatements.

Please note that there are no income taxes payable or refundable.

Upon receipt of the Notice of Assessment, please forward a copy to us, and notify us immediately if the Canada Revenue Agency's assessment differs from the return that we prepared.

2. One copy of the Association's August 31, 2020 Non-Profit Organization (NPO) Information Return (T1044) that has already been filed.

**Provincial**

1. One copy of the Association's August 31, 2020 Alberta corporate income tax return with supporting schedules. Per your instructions, we have transmitted the Alberta tax return electronically to the Alberta Tax and Revenue Administration using Corporate Net-File. The enclosed "CLIENT COPY" is for your records.

Please note that there are no income taxes payable or refundable.

Upon receipt of the Notice of Assessment, please forward a copy to us, and notify us immediately if Alberta Tax and Revenue Administration's assessment differs from the return that we prepared.

Provincial income tax instalments are not required for the current fiscal year.

## **OTHER ENCLOSURES**

1. One copy of our Management Letter. Please distribute the letter to the appropriate Company officials.
2. One copy of our Audit Findings report including the Independence Letter as previously provided.
3. One copy of the year-end journal entries and one copy of the closing trial balance for your records. Please ensure that these journal entries are posted to your general ledger, the general ledger is properly closed and your retained earnings balance agrees to the enclosed financial statements.

All records and documents should be retained in safekeeping for a minimum of seven years in the event that the Canada Revenue Agency demands them for audit purposes. This seven-year period is by Statute and, even after this time, the Canada Revenue Agency's permission to destroy records should be obtained.

We thank you for appointing our Firm as your auditors. Please contact us at any time if you have questions on accounting, finance, tax or other general business concerns. We appreciate your business and any referrals you may make to our Firm.

If you have any questions or comments, or if we can be of additional assistance, please feel free to contact me at 403-537-7633.

Yours truly,

Jillian Murdoch, CPA, CA  
Private Enterprise

/encls.



**The Canadian Bar Association - Alberta Branch**  
**Financial Statements**  
*August 31, 2020*

To the Members of The Canadian Bar Association - Alberta Branch:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Executive Committee is composed primarily of Directors who are neither management nor employees of the Association. The Executive Committee is responsible for overseeing management in the performance of its financial reporting responsibilities. The Executive Committee fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Executive Committee is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Executive Committee and management to discuss their audit findings.

December 4, 2020

 E-SIGNED by Maureen Armitage

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Maureen Armitage, Executive Director

To the Members of The Canadian Bar Association - Alberta Branch:

### Opinion

We have audited the financial statements of The Canadian Bar Association - Alberta Branch (the "Association"), which comprise the statement of financial position as at August 31, 2020, and the statements of operations, changes in net assets and cash flows and the related schedule 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 August 31, 2020, 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.

### 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.

### 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 related 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.
- 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.

Calgary, Alberta

December 4, 2020

*MNP LLP*

Chartered Professional Accountants

# The Canadian Bar Association - Alberta Branch

## Statement of Financial Position

*As at August 31, 2020*

	2020	2019
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	1,534,768	1,178,745
Marketable securities (Note 3)	647,639	677,458
Marketable securities - restricted (Note 3)	994,000	1,127,450
Accounts receivable	40,416	54,131
Goods and Service Tax receivable	8,261	68
Prepaid expenses and deposits	39,482	48,016
	<b>3,264,566</b>	<b>3,085,868</b>
<b>Property and equipment (Note 4)</b>	<b>50,890</b>	<b>61,089</b>
<b>Long term deposit (Note 5)</b>	<b>26,186</b>	<b>26,186</b>
	<b>3,341,642</b>	<b>3,173,143</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	53,661	86,097
Vacation pay accrual	24,041	36,019
Deferred revenue	33,310	115,241
	<b>111,012</b>	<b>237,357</b>
<b>Deferred rental incentive (Note 6)</b>	<b>53,875</b>	<b>62,271</b>
	<b>164,887</b>	<b>299,628</b>
<b>Commitments (Note 7)</b>		
<b>Significant event (Note 11)</b>		
<b>Net Assets</b>		
Unrestricted	2,182,755	1,746,065
Restricted (Note 8)	994,000	1,127,450
	<b>3,176,755</b>	<b>2,873,515</b>
	<b>3,341,642</b>	<b>3,173,143</b>
<b>Approved on behalf of the Executive Committee</b>		
E-SIGNED by Maureen Armitage	E-SIGNED by Bianca Kratt	
<b>Director</b>	<b>Director</b>	

The accompanying notes are an integral part of these financial statements

# The Canadian Bar Association - Alberta Branch

## Statement of Operations

*For the year ended August 31, 2020*

	<b>2020</b>	<b>2019</b>
<b>Operating revenue</b>		
Memberships	<b>1,347,604</b>	1,309,361
Interest	<b>84,362</b>	78,108
Sponsorship	<b>79,599</b>	67,652
Online advertising	<b>39,467</b>	75,141
Newsletter	<b>34,879</b>	48,524
Online PD	<b>25,121</b>	54,460
Conferences	<b>-</b>	20,797
	<b>1,611,032</b>	1,654,043
<b>Sections revenue</b>		
Registration - full	<b>264,090</b>	277,822
Administration fee	<b>178,690</b>	177,060
Meals receipts	<b>36,305</b>	58,625
Registration - materials only	<b>29,460</b>	27,450
	<b>508,545</b>	540,957
<b>Total revenue</b>	<b>2,119,577</b>	2,195,000

*Continued on next page*

# The Canadian Bar Association - Alberta Branch

## Statement of Operations

*For the year ended August 31, 2020*

	2020	2019
<b>Expenses</b>		
<b>Personnel - staff</b>		
Salaries, wages and benefits	715,872	808,494
Executive Director	16,765	26,553
	<b>732,637</b>	<b>835,047</b>
<b>Administrative</b>		
Office rent	273,446	373,157
Office	30,874	37,770
Computer expenses	27,526	21,343
Professional fees	21,799	16,629
Bank charges	11,419	12,192
Insurance	5,440	5,593
Delivery and postage	2,060	4,548
	<b>372,564</b>	<b>471,232</b>
<b>Committees</b>		
Special projects (various)	151,299	36,655
Newsletter	113,496	73,695
Committees and special projects	45,874	22,062
ASSIST program	20,000	20,000
Legislative review	9,706	1,338
Distinguished service awards	4,685	5,190
ENEWS	1,058	635
Advertising	-	6,021
	<b>346,118</b>	<b>165,596</b>
<b>Personnel - officers</b>		
President	53,076	55,759
Board expenses	23,921	-
Executive	7,523	14,481
Vice-President	6,561	17,040
Past-President	5,023	8,498
Secretary	4,161	4,095
Treasurer	1,625	7,116
	<b>101,890</b>	<b>106,989</b>
<b>Meetings</b>		
Council and Annual General Meetings	31,905	27,042
Conferences	-	5,718
National (recovery)	-	(79)
	<b>31,905</b>	<b>32,681</b>

*Continued on next page*

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

# The Canadian Bar Association - Alberta Branch

## Statement of Operations

*For the year ended August 31, 2020*

	2020	2019
<b>Sections</b>		
Meetings	143,248	232,687
Office	12,389	16,875
Speakers	8,036	9,900
Bank charges	7,776	7,833
Executive meetings	4,826	13,722
Donations	300	-
	<b>176,575</b>	<b>281,017</b>
<b>Total expenses</b>	<b>1,761,689</b>	<b>1,892,562</b>
<b>Excess of revenue over expenses before other items</b>	<b>357,888</b>	<b>302,438</b>
<b>Other items</b>		
Gain on disposal of marketable securities	4,079	-
(Loss) gain on change in fair value of marketable securities <i>(Schedule 1)</i>	(38,206)	55,431
Amortization	(20,521)	(31,718)
	<b>(54,648)</b>	<b>23,713</b>
<b>Excess of revenue over expenses</b>	<b>303,240</b>	<b>326,151</b>

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



# The Canadian Bar Association - Alberta Branch

## Statement of Changes in Net Assets

*For the year ended August 31, 2020*

	<i>Unrestricted</i>	<i>Restricted</i>	<i>2020</i>	<i>2019</i>
<b>Net assets, beginning of year</b>	1,746,065	1,127,450	<b>2,873,515</b>	2,547,364
<b>Excess of revenue over expenses</b>	303,240	-	<b>303,240</b>	326,151
<b>Inter-fund transfer (Note 8)</b>	133,450	(133,450)	-	-
<b>Net assets, end of year</b>	<b>2,182,755</b>	<b>994,000</b>	<b>3,176,755</b>	2,873,515

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

# The Canadian Bar Association - Alberta Branch

## Statement of Cash Flows

*For the year ended August 31, 2020*

	2020	2019
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Cash received from members and customers	1,958,806	2,120,778
Cash paid for program service expenses	(1,078,115)	(1,093,405)
Cash paid to employees	(727,850)	(806,428)
Interest received	50,804	44,215
	<b>203,645</b>	<b>265,160</b>
<b>Investing</b>		
Purchase of marketable securities	(406,000)	(70,000)
Proceeds on disposal of marketable securities	568,700	-
Purchase of property and equipment	(10,322)	(18,892)
	<b>152,378</b>	<b>(88,892)</b>
<b>Increase in cash resources</b>	<b>356,023</b>	<b>176,268</b>
<b>Cash resources, beginning of year</b>	<b>1,178,745</b>	<b>1,002,477</b>
<b>Cash resources, end of year</b>	<b>1,534,768</b>	<b>1,178,745</b>
<b>Cash resources are composed of:</b>		
Cash	1,307,316	1,146,663
Marketable securities	227,452	32,082
	<b>1,534,768</b>	<b>1,178,745</b>

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

# The Canadian Bar Association - Alberta Branch

## Notes to the Financial Statements

For the year ended August 31, 2020

### 1. Incorporation and nature of the organization

The purpose of The Canadian Bar Association - Alberta Branch (the "Association") is to be the voice of all members of the legal profession in Alberta. The Association builds public understanding and respect for the legal profession and the law.

The Association is the premier provider of personal and professional development and support to all members of the legal profession in Alberta. The Association is committed to enhancing the professional and commercial interests of the membership in the public and private sectors and to protecting the independence of the Judiciary and the Bar. As well, the Association participates in joint initiatives and brings the view of Canadian legal practitioners to international professional and policy making associations.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

#### ***Basis of presentation***

The Association provides additional activities in various "Sections", which incur expenses and receive contributions from participants. Section's assets, liabilities, net assets, revenue and expenses are included in these financial statements. Certain other programs operated by the Association are excluded from these financial statements and are reported on separately.

#### ***Cash and cash equivalents***

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

#### ***Marketable securities***

Marketable securities with prices quoted in an active market are measured at fair value. Changes in fair value are recorded immediately in the excess of revenue over expenses. Marketable securities subject to restrictions that prevent its use for current purposes are included in marketable securities - restricted.

#### ***Property and equipment***

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

Leasehold improvements are amortized over the life of the related lease.

	<b><i>Method</i></b>	<b><i>Rate</i></b>
Computer equipment	declining balance	45 - 55 %
Furniture and fixtures	declining balance	20 %

#### ***Revenue recognition***

The Association follows the deferral method of accounting for contributions. Restricted contributions and restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, and unrestricted investment income is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Membership fees are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Revenue from advertising is recognized upon publication. Event revenue is recognized when the event is held. Administrative revenue is recognized once services are completed and invoiced.

# The Canadian Bar Association - Alberta Branch

## Notes to the Financial Statements

*For the year ended August 31, 2020*

### 2. Significant accounting policies *(Continued from previous page)*

#### **Measurement uncertainty**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

#### **Financial instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred. Any impairment, which is not considered temporary, is included in current year statement of operations.

### 3. Marketable securities

Marketable securities consists of strip and discount bonds bearing interest at rates ranging from 2.73% to 5.75% (2019 - 2.40% to 4.25%).

	2020	2019
Unrestricted	647,639	677,458
Restricted	994,000	1,127,450
<b>Total marketable securities (Schedule 1)</b>	<b>1,641,639</b>	<b>1,804,908</b>

### 4. Property and equipment

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	327,347	311,237	16,110	17,661
Furniture and fixtures	169,968	135,678	34,290	42,862
Leasehold improvements	339,209	338,719	490	566
	836,524	785,634	50,890	61,089

# The Canadian Bar Association - Alberta Branch

## Notes to the Financial Statements

For the year ended August 31, 2020

### 5. Long term deposit

During the year ended August 31, 2016, a long term deposit of \$7,648 was made in relation to the rental agreement for the Edmonton office lease. The deposit is refundable upon expiry of the lease on January 31, 2027.

During the year ended August 31, 2019, a long term deposit of \$18,538 was made in relation to the rental agreement for the Calgary office lease. The deposit is refundable upon expiry of the lease on June 30, 2024.

### 6. Deferred rental incentive

The deferred rental incentive is reduced rent provided by the landlord at the inception of the occupancy of the Calgary and Edmonton offices. The amount of \$53,875 (2019 - \$62,271) is deferred and amortized over the life of the leases. \$8,396 (2019 - \$8,396) of this amount will be amortized in the next year.

### 7. Commitments

The Association is committed under the terms of leases for office space in both Calgary and Edmonton until June 30, 2024 and January 31, 2027, respectively. In addition to basic rent, the Association is also committed to pay its share of the operating costs of the properties.

The Association has estimated minimal annual lease payments as follows:

2021	303,153
2022	299,417
2023	298,517
2024	236,068
2025	176,318
Thereafter	249,784
	<hr/>
	1,563,257

### 8. Restricted net assets

\$994,000 (2019 - \$1,127,450) are internally restricted by the Executive Committee.

A financial reserve fund is maintained at an amount equal to budgeted expenditures for the next six month period after year end. It is held separate from general revenue and is monitored under the normal financial controls by the Treasurer of the Executive Committee. Any encroachment upon the capital of the financial reserve fund requires prior approval of the Executive Committee. During the year, \$133,450 was transferred to the unrestricted fund from the restricted fund (2019 - \$136,900 was transferred to the restricted fund from the unrestricted fund).

Included in unrestricted net assets is \$50,890 (2019 - \$61,089) invested in property and equipment.

### 9. Income taxes

The Association is registered as a non-profit organization under the *Income Tax Act* (the "Act") and, as such, is exempt from income taxes. In order to maintain its status as a non-profit organization under the Act, the Association must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

# The Canadian Bar Association - Alberta Branch

## Notes to the Financial Statements

*For the year ended August 31, 2020*

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### 10. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

#### ***Interest rate risk***

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate risk with respect to marketable securities which are subject to floating interest rates ranging from 2.73% to 5.75% (2019 - 2.40% to 4.25%).

### 11. Significant event

During the year, there was a global outbreak of COVID-19 (Coronavirus), which has had a significant impact on businesses and governments through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Association as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions and quarantine/isolation measures that currently, or may be put in place, by Canada and other countries to fight the virus.

# The Canadian Bar Association - Alberta Branch

## Schedule 1 – Marketable Securities

For the year ended August 31, 2020

	Opening Book Value	Annual yield or interest rate	Annual yield or interest	Ending Book Value	Gain (loss) on change in market value	Market Value 2020	Market Value 2019
RES Fairfax Finhold, maturing December 2027, stated rate 4.15%	362,228	4.18%	15,214	377,442	13,488	<b>402,078</b>	373,376
RES Transalta, maturing November 2020, stated rate 5.00%	148,234	4.17%	3,064	-	(2,143)	-	150,377
RES BRP Financial ULC, maturing February 2022, stated rate 5.65%	217,455	2.85%	6,259	223,714	4,176	<b>229,891</b>	219,456
RES Brookfield Asset Management, maturing March 2021, stated rate 5.30%	153,469	3.35%	2,888	-	(2,318)	-	155,787
RES Canadian Imperial Bank of Commerce, maturing April 2023, stated rate 3.45%	72,291	3.51%	2,551	74,842	2,349	<b>79,196</b>	74,296
Cdn West Bank, maturing December 2020, stated rate 3.463%	194,904	3.46%	1,441	-	1,320	-	193,584
Laurentian Bank of Canada, maturing June 2027, stated rate 4.25%	149,279	4.25%	1,195	149,279	314	<b>150,287</b>	149,973
Inter Pipeline Ltd, maturing April 18, 2024, stated rate 2.734%	148,628	2.73%	1,451	148,628	3,263	<b>150,464</b>	147,201
Pembina Pipeline, maturing February 2025, stated rate 3.54%	268,195	3.54%	743	268,196	9,095	<b>286,223</b>	277,127
City of Toronto, maturing June 2027, stated rate 2.4%	58,959	2.40%	94	-	(4,772)	-	63,731
Cdn West Bank, maturing June 2029, stated rate 3.67%	-	3.67%	669	81,478	(228)	<b>81,250</b>	-
Chorus Aviation Inc., maturing December 2024, stated rate 5.75%	-	5.75%	1,461	150,000	(46,125)	<b>103,875</b>	-
AG Growth International, maturing December 2026, stated rate 5.25%	-	5.25%	1,556	175,000	(16,625)	<b>158,375</b>	-
			38,586		(38,206)	<b>1,641,639</b>	1,804,908



## **The Canadian Bar Association - Alberta Branch**

2020 Audit Findings

Report to the Executive Committee

August 31, 2020

Jillian Murdoch, CPA, CA  
T: 403 537-7633  
E: [jillian.murdoch@mnp.ca](mailto:jillian.murdoch@mnp.ca)



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December 4, 2020

Members of the Executive Committee of The Canadian Bar Association - Alberta Branch

Dear Sirs/Mesdames:

We are pleased to submit to you this report for discussion of our audit of the financial statements of The Canadian Bar Association - Alberta Branch (the "Association") as at August 31, 2020 and for the year then ended. In this report we cover those significant matters which, in our opinion, you should be aware of as members of the Executive Committee.

We have substantially completed our audit of the financial statements of the Association which has been carried out in accordance with Canadian generally accepted auditing standards.

Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the members of the Association. A draft copy of our proposed Independent Auditor's Report is attached at the end of this report.

This report is intended solely for the information and use of the Executive Committee and management and should not be distributed to or used by any other parties than these specified parties.

The matters raised in this and other reports that will flow from the audit are only those which have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising, and in particular we cannot be held responsible for reporting all risks in your business or all control weaknesses. This report has been prepared solely for your use and should not be quoted in whole or in part without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared for, and is not intended for, any other purpose.

We would like to express our appreciation for the excellent cooperation we have received from management and employees with whom we worked.

We appreciate having the opportunity to meet with you and to respond to any questions you may have about our audit, and to discuss any other matters that may be of interest to you.

Sincerely,



**Chartered Professional Accountants**

encls.



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## INTRODUCTION

As auditors, we report to the members on the results of our examination of the financial statements of The Canadian Bar Association - Alberta Branch (the "Association") as at and for the year ended August 31, 2020. The purpose of this Audit Findings Report is to assist you, as members of the Executive Committee, in your review of the results of our audit. To facilitate in your understanding of our findings, Appendix A to this report summarizes our audit process.

Our report will discuss the status of our engagement, as well as communicate to you significant audit, accounting and reporting matters arising from our procedures. We hope that this report is of assistance to you, and we look forward to discussing our findings and answering your questions.

## ENGAGEMENT STATUS

We have substantially completed our audit of the financial statements of the Association and are prepared to sign our Independent Auditor's Report subsequent to completion of the following procedures:

- Discussion of subsequent events with the Executive Committee;
- the Executive Committee review and approval of the financial statements.

## INDEPENDENT AUDITOR'S REPORT

We expect to have the above procedures completed and to release our Independent Auditor's Report upon approval.

Unless unforeseen complications arise, our Independent Auditor's Report will provide an unmodified opinion to the members of the Association. A draft copy of our proposed Independent Auditor's Report has been included with this report.

## SIGNIFICANT AUDIT, ACCOUNTING AND REPORTING MATTERS

### AUDIT AND REPORTING MATTERS

The following significant matters arose during the course of audit that we wish to bring to your attention.

AREA	COMMENTS
<b>CHANGES FROM AUDIT SERVICE PLAN</b>	There were no deviations from the Audit Service Plan previously presented to you.
<b>FINAL MATERIALITY</b>	<p>Materiality is a concept used to assess the significance of misstatements or omissions that are identified during the audit and is used to determine the level of audit testing that is carried out. The scope of our audit work is tailored to reflect the relative size of operations of the Association, and is affected by our assessment of materiality and audit risk.</p> <p>Final materiality used for our audit was \$83,000 for August 31, 2020.</p>
<b>DIFFICULTIES ENCOUNTERED</b>	No significant limitations were placed on the scope or timing of our audit.

AREA	COMMENTS
<b>IDENTIFIED OR SUSPECTED FRAUD</b>	<p>Due to the inherent limitations of an audit and the nature of fraud, including attempts at concealment through forgery or collusion, an audit conducted in accordance with Canadian generally accepted auditing standards cannot be relied upon to detect fraud.</p> <p>While our audit cannot be relied upon to detect all instances of fraud, no incidents of fraud, or suspected fraud, came to our attention in the course of our audit.</p> <p>The verification of the general ledger data integrity and testing of manual journal entries is a key audit step in understanding and addressing the risk of fraud. MNP utilized Mindbridge Ai in the completion of these steps.</p> <p>Mindbridge Ai is an auditing solution that leverages advanced machine learning and AI techniques to augment human capacity and cope with the enormous amounts of financial data that exist within organizations. While other audit tools only look at accounts and entries in isolation, Mindbridge Ai identifies unusual transactions by also looking at the monetary flows between accounts, all credits and all debits. This helps MNP to provide the Executive Committee with an unparalleled view into the state of the Association's data, arming the Association to better understand individual transactions and identify potential issues. An excerpt of our analysis is attached to this report.</p>
<b>IDENTIFIED OR SUSPECTED NON-COMPLIANCE WITH LAWS AND REGULATIONS</b>	<p>Nothing has come to our attention that would suggest any non-compliance with laws and regulations that would have a material effect on the financial statements.</p>
<b>MATTERS ARISING IN CONNECTION WITH RELATED PARTIES</b>	<p>No significant matters arose during the course of our audit in connection with related parties of the Association.</p>
<b>SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL</b>	<p>Our audit process focuses on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment allows us to concentrate our audit procedures on high risk areas and, where possible, place reliance on controls within the financial reporting system to reduce the extent of our testing.</p> <p>It is important to note that our assessment was not, nor was it intended to be, sufficient to comment or conclude on the sufficiency of internal controls.</p> <p>We are required under Canadian generally accepted auditing standards to communicate all significant deficiencies identified during an audit to the Executive Committee on a timely basis. However, we may not be aware of all significant deficiencies that do, in fact, exist.</p> <p>While our review of controls was not sufficient to express an opinion as to their effectiveness or efficiency, no significant deficiencies in internal control have come to our attention</p>

AREA	COMMENTS
<b>MATTERS ARISING FROM DISCUSSIONS WITH MANAGEMENT</b>	<p>We would like to formally acknowledge the cooperation and assistance we received from the management and staff of the Association.</p> <p>There were no significant matters discussed, or subject to correspondence, with management that in our judgment need be brought to your attention.</p>
<b>SIGNIFICANT DIFFERENCES</b>	A few significant differences were proposed to management with respect to the August 31, 2020 financial statements.

### AUDITOR'S VIEWS OF SIGNIFICANT ACCOUNTING PRACTICES

The application of Canadian accounting standards for not-for-profit organizations allows and requires the Association to make accounting estimates and judgments regarding accounting policies and financial statement disclosures.

As auditors, we are uniquely positioned to provide open and objective feedback regarding your Association's accounting practices, and have noted the following items during the course of our audit that we wish to bring to your attention.

AREA	COMMENTS
<b>ACCOUNTING POLICIES</b>	The accounting policies used by the Association are appropriate and have been consistently applied.
<b>FINANCIAL STATEMENT DISCLOSURES</b>	The disclosures made in the notes to the financial statements appear clear, neutral and consistent with our understanding of the entity and the amounts presented in the financial statements.
<b>OTHER MATTERS</b>	<p><b>Impact of COVID-19 (coronavirus)</b></p> <p>Prior to year-end, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.</p> <p>MNP discussed with management the financial impact of COVID-19, the Association's ability to continue as a going concern, and the plan going forward. Through these discussions, MNP noted that as a result of COVID-19, the Association may see a decline in membership but does not expect this to significantly impact operations.</p>

### SIGNIFICANT RISK AREAS AND RESPONSES

SIGNIFICANT RISK AREA	RESPONSE AND CONCLUSION
<b>Cash, cash equivalents and investments</b>	<p>Obtained confirmations and agreed to reconciliations and general ledger, with no variances identified; Reviewed year-end bank reconciliation for accuracy, with no variances identified; Traced outstanding cheques and deposits to the bank, with no variances identified.</p> <p>MNP concluded cash, cash equivalents and investments are reasonably stated as at August 31, 2020.</p>

SIGNIFICANT RISK AREA	RESPONSE AND CONCLUSION
<b>Deferred revenue</b>	<p>Compared current year balance to the prior year and discussed of any significant variances with management, with no issues identified.</p> <p>MNP concluded deferred revenue is reasonably stated as at August 31, 2020.</p>
<b>Revenue</b>	<p>Compared current year balances to the prior year and discussed of any significant variances with management; Traced a sample of revenue transactions from the general ledger to supporting documentation; no variances identified; Completed a proof-in-total calculation of Levy revenue, with no variances identified.</p> <p>MNP concluded revenue is reasonably stated for the year ended August 31, 2020.</p>
<b>Expenses</b>	<p>Compared current year balances to the prior year and discussed of any significant variances with management; Traced a sample of expenditure transactions from the general ledger to supporting documentation, with no variances identified.</p> <p>Traced a sample of payroll transactions from various pay periods, from the general ledger to supporting documentation, with trivial variances identified.</p> <p>Reviewed all legal expenses for the fiscal year, with the results of the legal invoice review as expected.</p> <p>MNP concluded expenses are reasonably stated for the year ended August 31, 2020.</p>

## OTHER MATTERS

### MANAGEMENT REPRESENTATIONS

We have requested certain written representations from management, which represent a confirmation of certain oral representations given to us during the course of our audit. This letter, provided by management, has been included as additional material to this report.

### AUDITOR INDEPENDENCE

We confirm to the Executive Committee that we are independent of the Association. Our letter to the Executive Committee discussing our independence is included as part of the additional materials attached to this report.

## APPENDIX A – MNP AUDIT PROCESS

Our audit was carried out in accordance with Canadian generally accepted auditing standards, and included a review of all significant accounting and management reporting systems, with each material year end balance, key transaction and other events considered significant to the financial statements considered separately.

Our audit process focused on understanding the controls utilized in management's reporting systems to the extent necessary to identify overall and specific financial reporting risks. This risk assessment enabled us to concentrate our audit procedures on the areas where differences were most likely to arise. Where possible, reliance was placed on the controls within these systems to reduce the extent of our testing of transactions and year-end balances. Our assessment was not, nor was it intended to be, sufficient to conclude on the effectiveness or efficiency of internal controls.

During the course of our audit, we have:

- Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessed the accounting principles used and significant estimates made by management;
- Obtained an understanding of the Association and its environment, including management internal controls (regardless of whether we relied on them for the purpose of the audit), sufficient to identify and assess the risks of material misstatement of the financial statements and to design and perform audit procedures;
- Reviewed and assessed those accounting systems deemed necessary to support our audit opinion;
- Evaluated the overall financial statement presentation;
- Performed a subsequent events review with management;
- Reviewed and assessed the status of contingencies, commitments and guarantees; and
- Reviewed and assessed exposure to environmental liabilities.

We have obtained written representations from management, included as additional materials following this report, in order to confirm oral representations given to us and reduce the possibility of misunderstanding. Specifically, we have obtained written confirmation of significant representations provided on matters that are:

- Directly related to items that are material, either individually or in the aggregate, to the financial statements;
- Not directly related to items that are material to the financial statements, but are significant, either individually or in the aggregate, to the engagement; and
- Matters relevant to management judgments or estimates that are material, either individually or in the aggregate, to the financial statements.

## APPENDIX B – SUMMARY OF SIGNIFICANT DIFFERENCES

### SIGNIFICANT ADJUSTED DIFFERENCES

DIFFERENCES NOTED AND ITEMS AFFECTED	BALANCE SHEET	EARNINGS
To accrue for the Assist Program payment for the 2019-2020 fiscal year, as provided by management.	\$ (20,000)	\$ 20,000
To adjust deferred rental incentive to actual as at year-end.	\$ 8,396	\$ (8,396)
Aggregate of all other adjusted differences	\$ 465	\$ (465)
<b>Total Adjusted Differences (Income Effect)</b>		<b>\$ 11,139</b>

The specific significant adjusted differences noted above are differences that we believe to be significant to the Executive Committee. A full list of all adjusted differences is available upon request.

No significant unadjusted differences were noted. A full list of all unadjusted differences is available upon request.

Canadian generally accepted auditing standards require that we request of management and the Executive Committee that identified unadjusted differences be corrected. We have made this request of management, however based on both quantitative and qualitative considerations management has decided not to correct those identified differences that remain unadjusted. They have represented to us that in their judgment the unadjusted differences are, both individually and in the aggregate, not material to the financial statements.

We concur with management's representation that the unadjusted differences are not material to the financial statements and, accordingly, these unadjusted differences have no effect on our Independent Auditor's Report.



## SUMMARY OF JOURNAL ENTRY TESTING

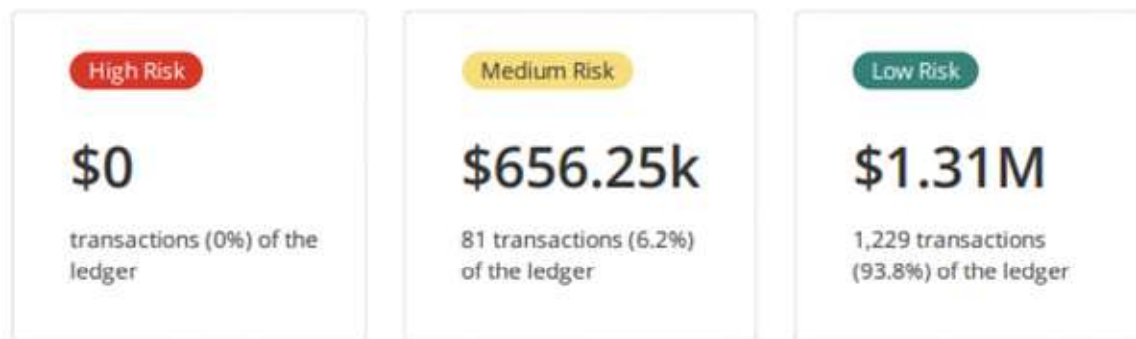
Audit period: Sunday September 1, 2019 - Monday August 31, 2020

### Overview

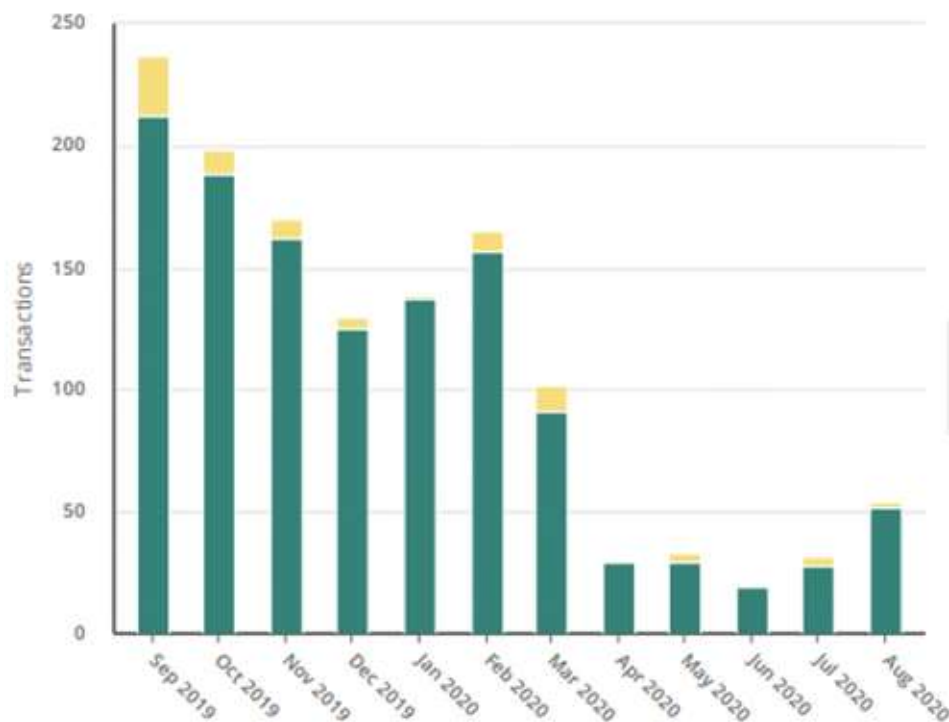
MindBridge's Ai Auditor was used to analyze 100% of the transactions in the Association's financial data to provide a summarized assessment of risk. Ai Auditor uses business rules, statistical methods, and machine learning based tests to risk score each transaction to provide more visibility into unusual trends or anomalies within the ledger detail. Each of these tests are referred to as control points within Ai Auditor. Key control points were used within the analysis, across the three main categories, business rules, statistical methods and machine learning.

### Results

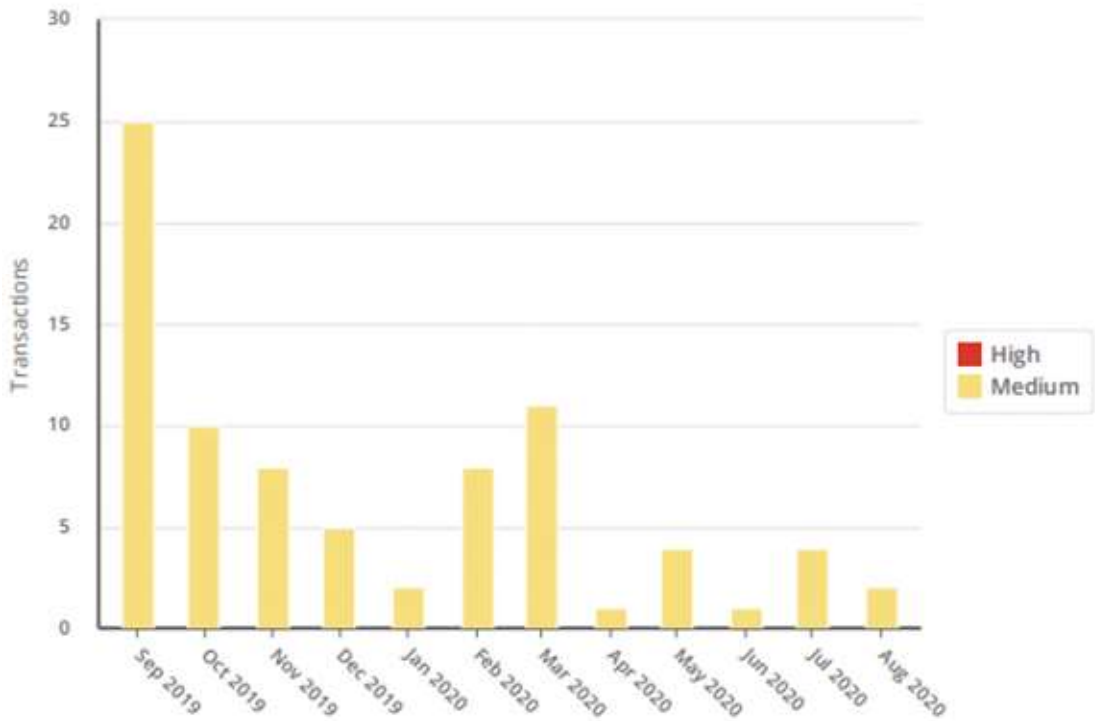
Ai Auditor classifies risk into three categories: High, Medium and Low Risk:



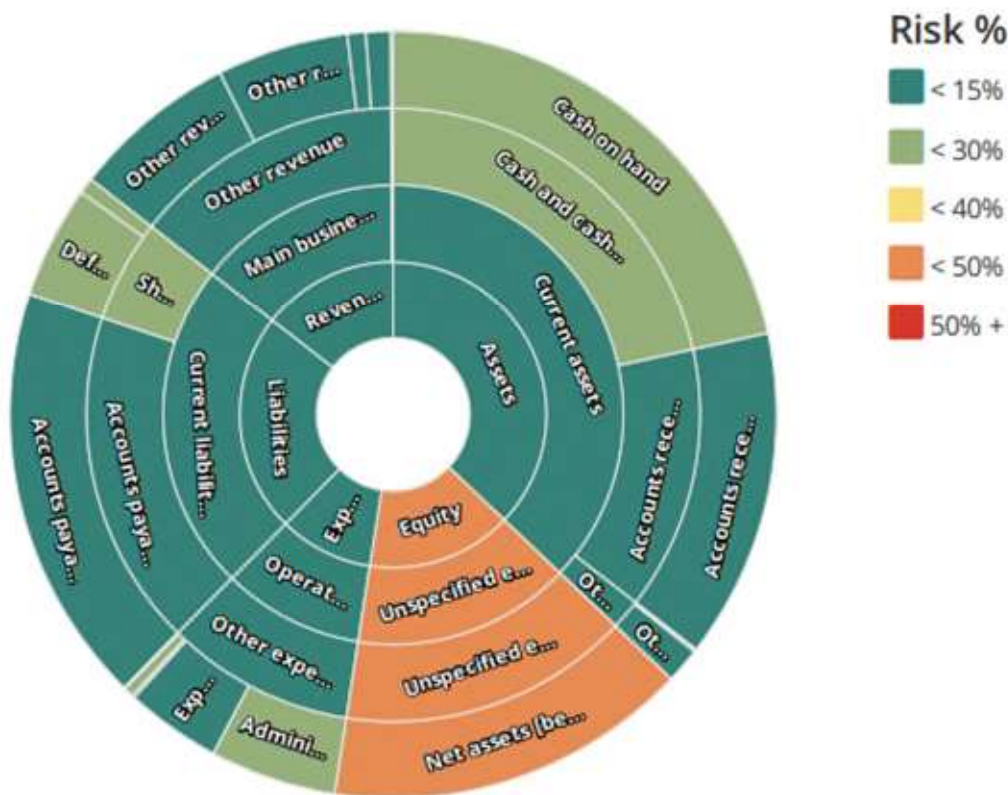
The risk breakdown by month and transaction risk over time:



High and medium risk transactions over time:



Risk breakdown by financial statement area:



Detailed results by Control Point:

<b>5</b> Complex Structure	<b>283</b> Duplicate
<b>6</b> Empty Text Field	<b>332</b> Outlier Anomaly
<b>23</b> Unusual Amount	<b>380</b> 2 Digit Benford
<b>28</b> End of Analysis Period	<b>396</b> Expert Score
<b>28</b> End of Reporting Period	<b>542</b> Last 3 Digits
<b>30</b> Flow Analysis	<b>0</b> Weekend Post
<b>36</b> Suspicious Keyword	<b>0</b> Manual Entry
<b>51</b> Reversed	<b>0</b> Sequence Gap
<b>51</b> High Monetary Value	<b>0</b> Zero Entry
<b>57</b> Reversal	<b>0</b> Unbalanced Debits and Credits
<b>103</b> Start of Reporting Period	<b>0</b> Cash to Bad Debt Conversion
<b>103</b> Start of Analysis Period	<b>0</b> Reporting Period Adjustment
<b>150</b> Rare Flows	<b>0</b> Complex Instrument
<b>176</b> Cash Expenditures	<b>0</b> Analysis Period Adjustment

# Independent Auditor's Report

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To the Members of The Canadian Bar Association - Alberta Branch:

## Opinion

We have audited the financial statements of The Canadian Bar Association - Alberta Branch (the "Association"), which comprise the statement of financial position as at August 31, 2020, and the statements of operations, changes in net assets and cash flows and the related schedule 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 August 31, 2020, 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.

## 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.

## 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 related 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.
- 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.

Calgary, Alberta

Chartered Professional Accountants

December 4, 2020

The Executive Committee  
The Canadian Bar Association - Alberta Branch  
710, 777 - 8 Avenue SW  
Calgary, AB T2P 3R5

Dear Sirs and Mesdames:

We have been engaged to audit the financial statements of The Canadian Bar Association - Alberta Branch (the "Association") as at August 31, 2020 and for the year then ended.

CAS 260 *Communication With Those Charged With Governance* requires that we communicate with you matters that are significant to our engagement. One such matter is relationships between the Association and its related entities or persons in financial reporting oversight roles at the Association and MNP LLP and any affiliates ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence. In determining which relationships to report, the Standard requires us to consider relevant rules and related interpretations prescribed by the appropriate professional accounting body and applicable legislation, covering such matters as:

- (a) Holding a financial interest, either directly or indirectly, in a client;
- (b) Holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client or a related entity;
- (c) Personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client or a related entity;
- (d) Economic dependence on a client; and
- (e) Provision of non-assurance services in addition to the audit engagement.

We are not aware of any relationship between the Association and MNP that, in our professional judgment, may reasonably be thought to bear on our independence, which have occurred from September 1, 2019 to December 4, 2020.

We hereby confirm that MNP is independent with respect to the Association within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Alberta as of December 4, 2020.

This report is intended solely for the use of the Executive Committee, management and others within the Association and should not be used for any other purposes.

We look forward to discussing with you the matters addressed in this letter as well as other matters that may be of interest to you. We will be prepared to answer any questions you may have regarding our independence as well as other matters.

Yours truly,



**Chartered Professional Accountants**

## MNP LLP – Wherever Business Takes You

Assurance › Consulting › Tax

### About MNP LLP

MNP is a leading national accounting, tax and business consulting firm in Canada. We proudly serve and respond to the needs of our clients in the public, private and not-for-profit sectors. Through partner-led engagements, we provide a collaborative, cost-effective approach to doing business and personalized strategies to help organizations succeed across the country and around the world.





December 4, 2020

MNP LLP  
1500, 640 - 5th Avenue SW  
Calgary, Alberta T2P 3G4

**To Whom It May Concern:**

In connection with your audit of the financial statements of The Canadian Bar Association - Alberta Branch ("the Association") as at August 31, 2020 and for the year then ended, we hereby confirm to the best of our knowledge and belief, the following representations made to you during the course of your audit.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards. Accordingly, the audit included an examination of the accounting system, controls and related data, and tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances, for the purpose of expressing an opinion on the financial statements. We also understand that such an audit is not designed to identify, nor can it necessarily be expected to disclose, misstatements, non-compliance with laws and regulations, fraud or other irregularities, should there be any.

Certain representations in this letter are described as being limited to matters that are material. An item is considered material, regardless of its monetary value, if it is probable that its omission from or misstatement in the financial statements would influence the decision of a reasonable person relying on the financial statements.

**Financial Statements**

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated September 10, 2020, for the preparation and fair presentation of the Association's financial statements in accordance with Canadian accounting standards for not-for-profit organizations. We believe these financial statements are complete and present fairly, in all material respects, the financial position of the Association as at August 31, 2020, and the results of its operations and its cash flows, in accordance with Canadian accounting standards for not-for-profit organizations.
2. All transactions have been recorded in the accounting records and are reflected in the financial statements, and are reported in the appropriate period.
3. We acknowledge that we are responsible for the accounting policies followed in the preparation of the Association's financial statements. Significant accounting policies, and any related changes to significant accounting policies, are disclosed in the financial statements. The selection of accounting policies is appropriate in accordance with the requirements of Canadian accounting standards for not-for-profit organizations, and are applied consistently throughout the financial statements.
4. We have disclosed to you all significant assumptions used in making accounting estimates and judgments, and believe they are reasonable.
5. We are aware of and concur with the contents and results of the attached journal entries prepared by you, and accept responsibility for the financial statement effects of the entries.
6. We believe the effects of those uncorrected financial statement differences aggregated by you during the audit are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
7. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.
8. All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian accounting standards for not-for-profit organizations require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.



9. We further acknowledge the following items related specifically to COVID-19:

- We have assessed the impact of COVID-19 on the Association's operations and have provided you all information relevant to the impact it has had and/or is anticipated to have on the Association's operations.
- We have made available to you all source documentation requested, whether in original or scanned/electronic format. Where information has been provided in scanned/electronic format, it has been accurately reproduced.
- All events or transactions that have occurred subsequent to the statement of financial position and for which Canadian accounting standards for not-for-profit organizations require adjustment or disclosure have been adjusted or disclosed appropriately in the financial statements.

10. All plans or intentions that may affect the carrying value or classification of assets and liabilities are appropriately reflected in the financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

11. All liabilities, both known and contingent, requiring recognition or disclosure in the financial statements in accordance with the requirements of Canadian accounting standards for not-for-profit organizations have been adjusted or disclosed as appropriate.

12. All outstanding and possible claims, whether or not they have been discussed with legal counsel, have been disclosed to you and are appropriately reflected in the financial statements.

13. All assets, wherever located, to which the Association had satisfactory title at the year-end, have been fairly stated and recorded in the financial statements. The assets are free from hypothecation, liens and encumbrances, except as noted in the financial statements. We have disclosed the nature and carrying amounts of any assets pledged as collateral. All assets of uncertain value, and restrictions imposed on assets, are appropriately reported in the financial statements.

14. All aspects of laws, regulations or contractual agreements, including non-compliance, are appropriately reflected in the financial statements.

15. All restricted cash has been appropriately designated and separated from operating funds.

16. All cash accounts have been appropriately recorded in the financial statements and all terms and associated conditions have been disclosed to you in full. We have provided you with the most current banking agreements.

17. Investments in marketable securities are appropriately recorded in the financial statements in accordance with the requirements of Canadian accounting standards for not-for-profit organizations. All events or circumstances giving rise to impairments are reflected in the financial statements.

18. Accounts receivable are correctly described in the records and represent valid claims as at August 31, 2020. An appropriate allowance has been made for losses from uncollectible accounts and for costs or expenses that may be incurred with respect to sales made or services rendered.

19. All charges to property and equipment represent capital expenditures. No expenditures of a capital nature were charged to operations of the Association. Depreciation of property and equipment has been recorded according to our best estimates of their useful lives. All events or circumstances giving rise to impairments are appropriately reflected in the financial statements.

20. Revenue has been recognized only where sales have been made and items delivered, or services rendered, and the amounts have been collected or are collectible. Revenues do not include any amounts arising from consignment sales or from any other transaction from which the Association is not entitled to the proceeds.

21. We have identified all financial instruments, including derivatives, and hedging relationships. These have been appropriately recorded and disclosed in the financial statements in accordance with the requirements of Canadian accounting standards for not-for-profit organizations.

## Information provided

1. We have responded fully to all inquiries made to us and have made available to you:
  - A complete record of all financial records that are relevant to the preparation and presentation of the financial statements, and minutes of the meetings of members and board of directors held throughout the year to the present date;
  - Additional information that you have requested from us for the purpose of your audit;
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
2. We acknowledge management's responsibility for the design, implementation and operation of controls that have been designed to prevent and detect fraud.
3. We have assessed the risk that the financial statements may be materially misstated as a result of fraud, and have determined such risk to be low.
4. Where the impact of any frauds or suspected frauds, and non-compliance or possible non-compliance with laws and regulations, has a material effect on the financial statements, we have disclosed to you all known significant facts relating thereto, including circumstances involving management, employees having significant roles over controls, and others. We have made known to you any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators and others. The effects of such events, if any, are properly presented in the financial statements.
5. We have disclosed to you all deficiencies in the design or operation of internal controls over financial reporting of which we are aware.
6. We have disclosed to you all aspects of laws, regulations or contractual agreements that may affect the financial statements, including non-compliance.
7. We have disclosed to you the identities of all related parties to the Association and all related party relationships and transactions of which we are aware.
8. We have no knowledge of side agreements (contractual or otherwise) with any parties that have not been disclosed to you.
9. The previous year's representation letter dated December 13, 2019 is still applicable to the prior year's financial statements, and no matters have arisen that require restatement of those financial statements.
10. There are no discussions with your firm's personnel regarding employment with the Association.

**Professional Services**

1. We acknowledge the engagement letter dated September 10, 2020, which states the terms of reference regarding your professional services.
2. We are not aware of any reason why MNP LLP would not be considered independent for purposes of the Association's audit.

Sincerely,

The Canadian Bar Association - Alberta Branch

E-SIGNED by Maureen Armitage

\_\_\_\_\_  
Signature

Executive Director

\_\_\_\_\_  
Title

December 4, 2020

Ms. Maureen Armitage  
The Canadian Bar Association - Alberta Branch  
710, 777 - 8 Avenue SW  
Calgary, AB T2P 3R5

Dear Ms. Armitage:

**Management letter for the year ended August 31, 2020**

We have recently completed our audit of The Canadian Bar Association - Alberta Branch in accordance with Canadian generally accepted auditing standards ("GAAS"). The objective of our audit was to express an opinion on the financial statements, which have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Included in our audit was the consideration of internal control relevant to the preparation and fair presentation of the financial statements. This consideration of internal control was for the purpose of designing audit procedures that were appropriate in the circumstances. It was not for the purpose of expressing an opinion on the effectiveness of internal control or for identifying all significant control deficiencies that might exist.

An audit is not specifically designed to identify all matters that may be of interest to management in discharging its responsibilities, however, during the course of our audit, we did, identify some areas for improvement that we are bringing to your attention with this letter. It is our responsibility to communicate any significant deficiencies identified to those charged with governance. A significant deficiency in internal control is defined as a deficiency or combination of deficiencies in internal control that, in the auditor's professional judgment, is of sufficient importance to merit the attention of those charged with governance.

**Interest income in OPS ledger**

**Observation:**

During the current year audit, MNP notes that the interest income from the SEC bank account is being double-recorded in the OPS interest income account.

**Impact:**

This practice overstates interest revenue, and overstates bank charges by the same amount.

**Recommendation:**

MNP recommends that the internal reporting step to reflect SEC interest income in OPS no longer be continued.

**Management's response:**

Tara concurs with MNP's recommendation to no longer reflect SEC interest income in OPS, as the SEC interest is reported properly upon consolidation of the financial statements.

**Authorization of Pay Changes**

**Observation:**

During the current year audit, we noted that only the increase in salary is not documented on the salary adjustment letter. The increase amount is then manually added to the previous salary to determine the new salary amount. This can result in unauthorized pay changes being made intentionally or erroneously.

**Impact:**

This can result in unauthorized pay changes being made intentionally or erroneously.

**Recommendation:**

The salary amount, in addition to the increase amount, should be noted on the salary adjustment letter to ensure the accurate salary amount is used for payroll.

**Management's response:**

Tara noted that emails from management and direct approval of Board members are sufficient in lieu of salary adjustment letters, and MNP concurs.

We have discussed the matters in this letter with Tara and received her comments thereon.

We would like to express our appreciation for the co-operation and assistance we have received during the course of our audit from all staff members.

We would be pleased to discuss with you further any matters mentioned in this letter at your convenience. This communication is prepared solely for the information of management and is not intended for any other purpose. We accept no responsibility to any third party who uses this communication.

Yours truly,

A handwritten signature in black ink that reads "MNP LLP". The letters are stylized and cursive.

**Chartered Professional Accountants**

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# The Canadian Bar Association - Alk

Year End: August 31, 2020

## Trial Balance

Account	Prelim	Adj's	Elim	Cons	Cons 08/19	Amount Chg	%Chg
9999 OPS Rounding	0.00	0.00	0.00	0.00	2.00	-2.00	-100
Entity OPS	0.00	0.00	0.00	0.00	2.00	-2.00	-100
<b>*** Unassigned Accounts ***</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2.00</b>	<b>-2.00</b>	<b>-100</b>
1040 SEC Petty Cash	150.00	0.00	0.00	150.00	150.00	0.00	0
1050 SEC Scotiabank	406,924.59	0.00	0.00	406,924.59	190,536.08	216,388.51	114
1055 SEC Scotiabank Business Inve	490,610.11	0.00	0.00	490,610.11	486,278.78	4,331.33	1
Entity SEC	897,684.70	0.00	0.00	897,684.70	676,964.86	220,719.84	33
1045 OPS Cash Investment Account	46,559.22	180,892.71	0.00	227,451.93	32,081.93	195,370.00	609
1049 OPS Telpay Clearing	0.01	0.00	0.00	0.01	0.00	0.01	0
1052 OPS Scotiabank-1052	202,149.59	0.00	0.00	202,149.59	63,875.21	138,274.38	216
1055 OPS Scotia Power Savings Ac	207,482.13	0.00	0.00	207,482.13	405,823.32	-198,341.19	-49
Entity OPS	456,190.95	180,892.71	0.00	637,083.66	501,780.46	135,303.20	27
<b>A Cash</b>	<b>1,353,875.65</b>	<b>180,892.71</b>	<b>0.00</b>	<b>1,534,768.36</b>	<b>1,178,745.32</b>	<b>356,023.04</b>	<b>30</b>
1090 OPS Merrill Lynch 1090	881,798.72	-227,218.89	0.00	654,579.83	646,193.00	8,386.83	1
1092 OPS Restricted investments-10	943,611.91	50,388.09	0.00	994,000.00	1,127,450.00	-133,450.00	-12
1093 OPS Contra	0.00	-6,940.98	0.00	-6,940.98	31,264.89	-38,205.87	-122
Entity OPS	1,825,410.63	-183,771.78	0.00	1,641,638.85	1,804,907.89	-163,269.04	-9
<b>B Marketable Securities</b>	<b>1,825,410.63</b>	<b>-183,771.78</b>	<b>0.00</b>	<b>1,641,638.85</b>	<b>1,804,907.89</b>	<b>-163,269.04</b>	<b>-9</b>
1200 SEC Accounts Receivable	2,768.65	0.00	0.00	2,768.65	50,827.07	-48,058.42	-95
1210 SEC A/R ED Credits Due from	2,190.46	0.00	0.00	2,190.46	19,882.51	-17,692.05	-89
MNP3 SEC Contra to AR	0.00	0.00	0.00	0.00	-25,929.00	25,929.00	-100
Entity SEC	4,959.11	0.00	0.00	4,959.11	44,780.58	-39,821.47	-89
1200 OPS Accounts Receivable 120	13,888.79	0.00	0.00	13,888.79	8,967.02	4,921.77	55
1210 OPS Accts Receiv - Other	0.00	0.00	0.00	0.00	383.25	-383.25	-100
1211 OPS Interco Due From Sector	236,409.64	0.00	-236,409.64	0.00	0.00	0.00	0
1250 OPS Accrued Accounts Receiv	26,484.82	-4,916.75	0.00	21,568.07	0.00	21,568.07	0
2650 OPS GST Charged on Receipt	0.00	8,260.64	0.00	8,260.64	68.19	8,192.45	2014
Entity OPS	276,783.25	3,343.89	-236,409.64	43,717.50	9,418.46	34,299.04	364
<b>C Accounts Receivable</b>	<b>281,742.36</b>	<b>3,343.89</b>	<b>-236,409.64</b>	<b>48,676.61</b>	<b>54,199.04</b>	<b>-5,522.43</b>	<b>-10</b>
1300 SEC Prepaids	1,986.52	0.00	0.00	1,986.52	1,528.94	457.58	30
Entity SEC	1,986.52	0.00	0.00	1,986.52	1,528.94	457.58	30
1300 OPS Prepaid Expense & Depo	37,495.48	0.00	0.00	37,495.48	46,487.51	-8,992.03	-19
1310 OPS Rent Deposit - 1310	26,185.95	-26,185.95	0.00	0.00	0.00	0.00	0
MNP3 OPS Rent deposit - long term	0.00	26,185.95	0.00	26,185.95	26,185.95	0.00	0
Entity OPS	63,681.43	0.00	0.00	63,681.43	72,673.46	-8,992.03	-12
<b>F Prepaid Expenses and Deposit</b>	<b>65,667.95</b>	<b>0.00</b>	<b>0.00</b>	<b>65,667.95</b>	<b>74,202.40</b>	<b>-8,534.45</b>	<b>-12</b>
1810 OPS Leasehold Improvements	339,209.17	0.00	0.00	339,209.17	339,209.17	0.00	0
1815 OPS Accum Deprec. - Leaseho	-338,718.89	0.00	0.00	-338,718.89	-338,643.46	-75.43	0

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Preparer SJ 30/09/2020	Detailed AR 07/10/2020	Supervisory
Peer	Tax	TB

# The Canadian Bar Association - Alk

Year End: August 31, 2020

## Trial Balance

Account	Prelim	Adj's	Elim	Cons	Cons 08/19	Amount Chg	%Chg
1820 OPS Office Furniture & Equipn	169,968.07	0.00	0.00	<b>169,968.07</b>	169,968.07	<b>0.00</b>	<b>0</b>
1825 OPS Accum. Deprec. - Furn &	-135,678.28	0.00	0.00	<b>-135,678.28</b>	-127,105.83	<b>-8,572.45</b>	<b>7</b>
1830 OPS computer equipment-1830	157,850.30	0.00	0.00	<b>157,850.30</b>	157,850.30	<b>0.00</b>	<b>0</b>
1835 OPS Accum depr -computer ec	-150,636.89	0.00	0.00	<b>-150,636.89</b>	-141,820.49	<b>-8,816.40</b>	<b>6</b>
1850 OPS Computer Equipment Cla	169,497.13	0.00	0.00	<b>169,497.13</b>	159,175.43	<b>10,321.70</b>	<b>6</b>
1855 OPS Accum. Dep. Comp Equip	-160,600.57	0.00	0.00	<b>-160,600.57</b>	-157,544.09	<b>-3,056.48</b>	<b>2</b>
Entity OPS	<b>50,890.04</b>	<b>0.00</b>	<b>0.00</b>	<b>50,890.04</b>	<b>61,089.10</b>	<b>-10,199.06</b>	<b>-17</b>
<b>P Capital assets</b>	<b>50,890.04</b>	<b>0.00</b>	<b>0.00</b>	<b>50,890.04</b>	<b>61,089.10</b>	<b>-10,199.06</b>	<b>-17</b>
1211 SEC Interco Due from Operatic	-193,636.45	0.00	193,636.45	<b>0.00</b>	0.00	<b>0.00</b>	<b>0</b>
2210 SEC Accounts Payable Other	0.00	0.00	0.00	<b>0.00</b>	-229.75	<b>229.75</b>	<b>-100</b>
2211 SEC Interco Due to Operations	-236,409.64	0.00	236,409.64	<b>0.00</b>	0.00	<b>0.00</b>	<b>0</b>
Entity SEC	<b>-430,046.09</b>	<b>0.00</b>	<b>430,046.09</b>	<b>0.00</b>	<b>-229.75</b>	<b>229.75</b>	<b>-100</b>
1212 OPS Interco Due From Law Dc	0.00	0.00	0.00	<b>0.00</b>	-3,702.00	<b>3,702.00</b>	<b>-100</b>
2100 OPS Accts Payable (Chqs) - 2	-18,658.00	0.00	0.00	<b>-18,658.00</b>	-55,074.07	<b>36,416.07</b>	<b>-66</b>
2205 OPS Accrued Accounts Payab	-15,000.00	-20,000.00	0.00	<b>-35,000.00</b>	-25,524.91	<b>-9,475.09</b>	<b>37</b>
2211 OPS Interco Due to Sections-2	193,636.45	0.00	-193,636.45	<b>0.00</b>	0.00	<b>0.00</b>	<b>0</b>
2250 OPS Accrued Liab vacation etc	-24,040.50	0.00	0.00	<b>-24,040.50</b>	-36,019.13	<b>11,978.63</b>	<b>-33</b>
2300 OPS VISA Clearing Account	0.00	0.00	0.00	<b>0.00</b>	-1,566.40	<b>1,566.40</b>	<b>-100</b>
Entity OPS	<b>135,937.95</b>	<b>-20,000.00</b>	<b>-193,636.45</b>	<b>-77,698.50</b>	<b>-121,886.51</b>	<b>44,188.01</b>	<b>-36</b>
<b>BB Accounts Payable and Accru</b>	<b>-294,108.14</b>	<b>-20,000.00</b>	<b>236,409.64</b>	<b>-77,698.50</b>	<b>-122,116.26</b>	<b>44,417.76</b>	<b>-36</b>
2845 SEC Prepaid Section Fees	-33,310.29	0.00	0.00	<b>-33,310.29</b>	-115,240.72	<b>81,930.43</b>	<b>-71</b>
Entity SEC	<b>-33,310.29</b>	<b>0.00</b>	<b>0.00</b>	<b>-33,310.29</b>	<b>-115,240.72</b>	<b>81,930.43</b>	<b>-71</b>
2845 OPS Def Rev-Rental Incentive	-62,271.23	8,396.04	0.00	<b>-53,875.19</b>	-62,271.23	<b>8,396.04</b>	<b>-13</b>
Entity OPS	<b>-62,271.23</b>	<b>8,396.04</b>	<b>0.00</b>	<b>-53,875.19</b>	<b>-62,271.23</b>	<b>8,396.04</b>	<b>-13</b>
<b>KK Deferred Revenue &amp; Restrict</b>	<b>-95,581.52</b>	<b>8,396.04</b>	<b>0.00</b>	<b>-87,185.48</b>	<b>-177,511.95</b>	<b>90,326.47</b>	<b>-51</b>
3560 SEC Excess Balance Forward	-19.99	19.99	0.00	<b>0.00</b>	0.00	<b>0.00</b>	<b>0</b>
4050 SEC Balance Forward_	-302,363.43	-19.99	0.00	<b>-302,383.42</b>	-299,793.86	<b>-2,589.56</b>	<b>1</b>
Entity SEC	<b>-302,383.42</b>	<b>0.00</b>	<b>0.00</b>	<b>-302,383.42</b>	<b>-299,793.86</b>	<b>-2,589.56</b>	<b>1</b>
3500 OPS Restricted Net Assets 35	-1,127,450.00	133,450.00	0.00	<b>-994,000.00</b>	-1,127,450.00	<b>133,450.00</b>	<b>-12</b>
3510 OPS Invested in Capital Asset	-73,914.90	0.00	0.00	<b>-73,914.90</b>	-73,914.90	<b>0.00</b>	<b>0</b>
3560 OPS Unrestricted Net Assets 3	-1,369,769.22	-133,450.00	0.00	<b>-1,503,219.22</b>	-1,046,207.05	<b>-457,012.17</b>	<b>44</b>
Entity OPS	<b>-2,571,134.12</b>	<b>0.00</b>	<b>0.00</b>	<b>-2,571,134.12</b>	<b>-2,247,571.95</b>	<b>-323,562.17</b>	<b>14</b>
<b>WW Net Assets</b>	<b>-2,873,517.54</b>	<b>0.00</b>	<b>0.00</b>	<b>-2,873,517.54</b>	<b>-2,547,365.81</b>	<b>-326,151.73</b>	<b>13</b>
4120 SEC Full Registration	-264,090.37	0.00	0.00	<b>-264,090.37</b>	-277,822.28	<b>13,731.91</b>	<b>-5</b>
4140 SEC Meal Receipts	-36,305.44	0.00	0.00	<b>-36,305.44</b>	-58,625.04	<b>22,319.60</b>	<b>-38</b>
4160 SEC Administration Fee	-178,690.00	0.00	0.00	<b>-178,690.00</b>	-177,060.24	<b>-1,629.76</b>	<b>1</b>
4180 SEC Materials Only Registratic	-29,460.00	0.00	0.00	<b>-29,460.00</b>	-27,450.00	<b>-2,010.00</b>	<b>7</b>
4200 SEC Interest Income	-4,331.33	0.00	0.00	<b>-4,331.33</b>	-3,856.06	<b>-475.27</b>	<b>12</b>
Entity SEC	<b>-512,877.14</b>	<b>0.00</b>	<b>0.00</b>	<b>-512,877.14</b>	<b>-544,813.62</b>	<b>31,936.48</b>	<b>-6</b>

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Preparer SJ 30/09/2020	Detailed AR 07/10/2020	Supervisory
Peer	Tax	

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# The Canadian Bar Association - Alk

Year End: August 31, 2020

## Trial Balance

Account	Prelim	Adj's	Elim	Cons	Cons 08/19	Amount	Chg	%Chg
4005 OPS Mem/Rebates - Nat'l 4005	-939,436.78	0.00	0.00	-939,436.78	-922,324.16	-17,112.62	2	
4010 OPS Mem/Levy - Nat'l 4010	-429,709.08	0.00	0.00	-429,709.08	-406,089.27	-23,619.81	6	
4205 OPS Interest - Op funds 4205	-44,452.00	-31,247.42	0.00	-75,699.42	-70,396.16	-5,303.26	8	
4210 OPS Interest - Sec acct 4210	-4,331.33	0.00	0.00	-4,331.33	-3,856.06	-475.27	12	
4230 OPS Law Matters Newsletter a	-34,878.90	0.00	0.00	-34,878.90	-48,524.00	13,645.10	-28	
4232 OPS ENEWS Advertising Rev	-15,852.00	0.00	0.00	-15,852.00	-14,355.00	-1,497.00	10	
4235 OPS Online Advertising Reven	-23,615.00	0.00	0.00	-23,615.00	-60,785.50	37,170.50	-61	
4245 OPS Alberta Law Conference	0.00	0.00	0.00	0.00	-20,797.21	20,797.21	-100	
4250 OPS CBA Nat'l Sponsorship 42	-10,093.94	0.00	0.00	-10,093.94	-3,288.40	-6,805.54	207	
4255 OPS CBIA Sponsorship 4255	-68,504.67	0.00	0.00	-68,504.67	-63,363.77	-5,140.90	8	
4260 OPS Special Projects Online P	-21,776.86	-3,343.89	0.00	-25,120.75	-54,460.31	29,339.56	-54	
4270 OPS Sponsor member serv 42	-1,000.00	0.00	0.00	-1,000.00	-1,000.00	0.00	0	
5342 OPS Section Education credit	21,541.77	0.00	0.00	21,541.77	19,052.82	2,488.95	13	
Entity OPS	-1,572,108.79	-34,591.31	0.00	-1,606,700.10	-1,650,187.02	43,486.92	-3	
<b>20 Revenue</b>	<b>-2,084,985.93</b>	<b>-34,591.31</b>	<b>0.00</b>	<b>-2,119,577.24</b>	<b>-2,195,000.64</b>	<b>75,423.40</b>	<b>-3</b>	
5030 SEC Food/Meeting Expenses	146,648.12	0.00	-3,399.63	143,248.49	232,686.69	-89,438.20	-38	
5040 SEC Donations	300.00	0.00	0.00	300.00	0.00	300.00	0	
5070 SEC Photocopy/Distribution Ex	1,649.37	0.00	0.00	1,649.37	2,497.47	-848.10	-34	
5080 SEC Speaker Expenses	3,336.48	0.00	0.00	3,336.48	2,426.46	910.02	38	
5090 SEC Speaker Gifts	4,700.00	0.00	0.00	4,700.00	7,473.13	-2,773.13	-37	
5100 SEC General expenses	45.00	0.00	-45.00	0.00	-4,003.53	4,003.53	-100	
5140 SEC Executive Expenses	4,826.31	0.00	0.00	4,826.31	13,721.89	-8,895.58	-65	
5510 SEC Bank charges	7,775.96	0.00	0.00	7,775.96	7,833.38	-57.42	-1	
5570 SEC Bad debts	0.00	0.00	0.00	0.00	2.48	-2.48	-100	
5580 SEC CBA Administration fees	204,705.37	0.00	-204,705.37	0.00	0.00	0.00	0	
Entity SEC	373,986.61	0.00	-208,150.00	165,836.61	262,637.97	-96,801.36	-37	
5005 OPS Salaries 5005	592,018.55	0.00	0.00	592,018.55	647,817.77	-55,799.22	-9	
5006 OPS Vacation pay expense-50	-11,978.63	0.00	0.00	-11,978.63	0.00	-11,978.63	0	
5008 OPS Casual Labour-5008	24,393.24	0.00	0.00	24,393.24	21,807.23	2,586.01	12	
5009 OPS Contractor Expense-5009	8,655.86	0.00	0.00	8,655.86	1,019.00	7,636.86	749	
5010 OPS EI/CPP 5010	30,513.24	0.00	0.00	30,513.24	31,606.93	-1,093.69	-3	
5015 OPS Employee benefits 5015	37,168.10	0.00	0.00	37,168.10	50,864.40	-13,696.30	-27	
5016 OPS RSP Benefits 5016	23,262.24	0.00	0.00	23,262.24	29,817.91	-6,555.67	-22	
5020 OPS Exec Directr expenses 50	16,765.25	0.00	0.00	16,765.25	26,552.84	-9,787.59	-37	
5025 OPS Staff expenses 5025	11,839.34	0.00	0.00	11,839.34	25,561.21	-13,721.87	-54	
5105 OPS President's travel 5105	5,441.77	0.00	0.00	5,441.77	14,379.38	-8,937.61	-62	
5110 OPS President's admin 5110	17,633.99	0.00	0.00	17,633.99	11,379.20	6,254.79	55	
5112 OPS President's Honorarium -	30,000.00	0.00	0.00	30,000.00	30,000.00	0.00	0	
5115 OPS Vice-Pres travel 5115	6,465.19	0.00	0.00	6,465.19	16,339.75	-9,874.56	-60	
5120 OPS Vice-Pres admin 5120	96.06	0.00	0.00	96.06	700.58	-604.52	-86	
5122 OPS Treasurer's Expenses-51	1,625.11	0.00	0.00	1,625.11	7,116.44	-5,491.33	-77	
5123 OPS Secretary Expenses-5123	4,160.64	0.00	0.00	4,160.64	4,095.41	65.23	2	
5125 OPS Past Pres expenses 5125	5,023.42	0.00	0.00	5,023.42	8,498.05	-3,474.63	-41	
5140 OPS Executive expenses 5140	7,522.52	0.00	0.00	7,522.52	14,480.60	-6,958.08	-48	
5150 OPS Board Travel Expenses -	4,518.81	0.00	0.00	4,518.81	0.00	4,518.81	0	
5160 OPS Board Meeting Exp - 5160	19,402.43	0.00	0.00	19,402.43	0.00	19,402.43	0	
5205 OPS Office rental 5205	281,842.46	-8,396.04	0.00	273,446.42	373,157.41	-99,710.99	-27	
5208 OPS Premises maintenance 52	2,301.38	0.00	0.00	2,301.38	4,842.88	-2,541.50	-52	

04/12/2020

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Preparer	Detailed	Supervisory
SJ 30/09/2020	AR 07/10/2020	
Peer	Tax	

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# The Canadian Bar Association - Alk

Year End: August 31, 2020

## Trial Balance

Account	Prelim	Adj's	Elim	Cons	Cons 08/19	Amount Chg	%Chg
5210 OPS Leasehold improvements	0.00	0.00	0.00	0.00	1,539.41	-1,539.41	-100
5220 OPS Telephone 5220	11,124.56	0.00	0.00	11,124.56	12,183.08	-1,058.52	-9
5225 OPS Office supplies 5225	11,324.90	0.00	0.00	11,324.90	10,777.99	546.91	5
5230 OPS Equip rent/maint/serv 5230	6,516.23	0.00	0.00	6,516.23	9,538.01	-3,021.78	-32
5235 OPS Photocopy (equip/paper)	-392.59	0.00	0.00	-392.59	-1,177.14	784.55	-67
5240 OPS Postage 5240	1,328.33	0.00	0.00	1,328.33	2,587.31	-1,258.98	-49
5245 OPS Delivery/courier 5245	731.42	0.00	0.00	731.42	1,960.24	-1,228.82	-63
5250 OPS Insurance 5250	5,440.27	0.00	0.00	5,440.27	5,592.95	-152.68	-3
5260 OPS Computer expenses 5260	27,525.82	0.00	0.00	27,525.82	21,343.19	6,182.63	29
5305 OPS Annual - National	0.00	0.00	0.00	0.00	-79.07	79.07	-100
5320 OPS Alberta Law Conference	0.00	0.00	0.00	0.00	1,223.50	-1,223.50	-100
5325 OPS Online PD	0.00	0.00	0.00	0.00	4,494.44	-4,494.44	-100
5335 OPS Council: AGM Leadership	31,905.26	0.00	0.00	31,905.26	27,041.58	4,863.68	18
5340 OPS Section expenses 5340	10,404.07	0.00	0.00	10,404.07	13,696.32	-3,292.25	-24
5345 OPS Section Co-ord 5345	336.00	0.00	0.00	336.00	4,681.80	-4,345.80	-93
5403 OPS Membership comm 5403	38,876.23	0.00	0.00	38,876.23	7,864.20	31,012.03	394
5410 OPS Newsl expenses/comm 5410	113,495.61	0.00	0.00	113,495.61	73,694.67	39,800.94	54
5412 OPS ENEWS Expenses-5412	1,057.52	0.00	0.00	1,057.52	635.48	422.04	66
5415 OPS ASSIST Program	0.00	20,000.00	0.00	20,000.00	20,000.00	0.00	0
5420 OPS Special Projects (Director	0.00	0.00	0.00	0.00	783.75	-783.75	-100
5421 OPS Special Projects (various)	151,299.13	0.00	0.00	151,299.13	36,655.48	114,643.65	313
5422 OPS Equity & Diversity Project	2,100.00	0.00	0.00	2,100.00	2,165.96	-65.96	-3
5430 OPS Leg Review comm 5430	9,705.57	0.00	0.00	9,705.57	1,337.91	8,367.66	625
5432 OPS Law Day 5432_	62.09	0.00	0.00	62.09	0.00	62.09	0
5440 OPS PR & Advertising	0.00	0.00	0.00	0.00	6,020.66	-6,020.66	-100
5445 OPS General comm fund 5445	1,596.46	0.00	0.00	1,596.46	9,712.46	-8,116.00	-84
5468 OPS Access to Justice Comm-	3,238.91	0.00	0.00	3,238.91	1,535.36	1,703.55	111
5472 OPS DSA Awards-5472	4,684.69	0.00	0.00	4,684.69	5,190.18	-505.49	-10
5505 OPS Professional fees 5505	21,798.50	0.00	0.00	21,798.50	16,628.92	5,169.58	31
5510 OPS Bank service charges 5510	11,419.18	0.00	0.00	11,419.18	12,192.41	-773.23	-6
5511 OPS Bad Debt Write Off Accou	0.00	0.00	0.00	0.00	66.00	-66.00	-100
Entity OPS	1,584,249.13	11,603.96	0.00	1,595,853.09	1,629,924.04	-34,070.95	-2
<b>40 Expenses</b>	<b>1,958,235.74</b>	<b>11,603.96</b>	<b>-208,150.00</b>	<b>1,761,689.70</b>	<b>1,892,562.01</b>	<b>-130,872.31</b>	<b>-7</b>
4220 OPS Section admin 4220	-208,150.00	0.00	208,150.00	0.00	0.00	0.00	0
5265 OPS Depreciation-5265	20,520.76	0.00	0.00	20,520.76	31,717.72	-11,196.96	-35
5550 OPS Gain/Loss on disposal of	0.00	-4,079.38	0.00	-4,079.38	0.00	-4,079.38	0
5560 OPS Gain (Loss) on FV of inve	0.00	38,205.87	0.00	38,205.87	-55,430.82	93,636.69	-169
Entity OPS	-187,629.24	34,126.49	208,150.00	54,647.25	-23,713.10	78,360.35	-330
<b>70 Other Items</b>	<b>-187,629.24</b>	<b>34,126.49</b>	<b>208,150.00</b>	<b>54,647.25</b>	<b>-23,713.10</b>	<b>78,360.35</b>	<b>-330</b>
	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0</b>
<b>Net Income (Loss)</b>	<b>314,379.43</b>			<b>303,240.29</b>	<b>326,151.73</b>	<b>-22,911.44</b>	<b>-7</b>

04/12/2020

11:18 AM

Preparer SJ 30/09/2020	Detailed AR 07/10/2020	Supervisory
Peer	Tax	

TB-3

# The Canadian Bar Association - Alberta Branch

Year End: August 31, 2020

Adjusting Journal Entries

Date: 01/09/2019 To 31/08/2020

Number	Date	Name	Account No	Reference	Debit	Credit
1	31/08/2020	Excess Balance Forward	3560 SEC	WW	19.99	
1	31/08/2020	Balance Forward_	4050 SEC	WW		19.99
To reconcile opening net assets						
2	31/08/2020	Def Rev-Rental Incentive-2845	2845 OPS	KK. 2	8,396.04	
2	31/08/2020	Office rental 5205	5205 OPS	KK. 2		8,396.04
To adjust deferred rental incentive to actual as at year-end.						
3	31/08/2020	Merrill Lynch 1090	1090 OPS	B		31,264.89
3	31/08/2020	Contra	1093 OPS	B	31,264.89	
To reallocate the prior year fair value adjustment recorded to investment book cost account.						
4	31/08/2020	Merrill Lynch 1090	1090 OPS	B. 4	4,079.38	
4	31/08/2020	Merrill Lynch 1090	1090 OPS	B. 4	31,247.42	
4	31/08/2020	Contra	1093 OPS	B. 4		38,205.87
4	31/08/2020	Interest - Op funds 4205	4205 OPS	B. 4		31,247.42
4	31/08/2020	Gain/Loss on disposal of assets	5550 OPS	B. 4		4,079.38
4	31/08/2020	Gain (Loss) on FV of investments	5560 OPS	B. 4	38,205.87	
To adjust investments to fair value as at August 31 2020.						
5	31/08/2020	Restricted Net Assets 3500	3500 OPS	WW. 2	133,450.00	
5	31/08/2020	Unrestricted Net Assets 3560	3560 OPS	WW. 2		133,450.00
To adjust the allocation of restricted net assets at August 31 2020 per the Board directive.						
PBC1	31/08/2020	Accrued Accounts Receivable	1250 OPS		3,343.89	
PBC1	31/08/2020	Special Projects Online PD Rev 4260	4260 OPS			3,343.89
To record the accrual of PD programs Ontario for the 50% share of online PD from July 1, 2019 - August 31, 2020.						
PBC2	31/08/2020	Accrued Accounts Payable	2205 OPS	PBC		20,000.00
PBC2	31/08/2020	ASSIST Program	5415 OPS	PBC	20,000.00	
To accrue for the Assist Program payment for the 2019-2020 fiscal year.						
					<b>270,007.48</b>	<b>270,007.48</b>
<b>Net Income (Loss)</b>			<b>303,240.29</b>			

04/12/2020  
11:18 AM

<b>Preparer</b> SJ 07/10/2020	<b>Detailed</b> AR 29/10/2020	<b>Supervisory</b> JMM 23/10/2020
<b>Peer</b>	<b>Tax</b>	
<b>TB1</b>		

# The Canadian Bar Association - Alberta Branch

Year End: August 31, 2020

Closing Entries

Date: 01/09/2019 To 31/08/2020

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
ELIM1	31/08/2020	Interco Due from Operations	1211 SEC	C, BB	193,636.45			
ELIM1	31/08/2020	Interco Due From Sections-1211	1211 OPS	C, BB		236,409.64		
ELIM1	31/08/2020	Interco Due to Operations	2211 SEC	C, BB	236,409.64			
ELIM1	31/08/2020	Interco Due to Sections-2211	2211 OPS	C, BB		193,636.45		
		To eliminate intercompany AR and AP (DO NOT POST).						
ELIM2	31/08/2020	Section admin 4220	4220 OPS	70	208,150.00			
ELIM2	31/08/2020	Food/Meeting Expenses	5030 SEC	70		3,399.63		
ELIM2	31/08/2020	General expenses	5100 SEC	70		45.00		
ELIM2	31/08/2020	CBA Administration fees	5580 SEC	70		204,705.37		
		To eliminate intercompany revenue and expenses (DO NOT POST).						
					638,196.09	638,196.09		
		Net Income (Loss)	303,240.29					

04/12/2020  
11:18 AM

Preparer	Detailed	Supervisory
SJ 07/10/2020	AR 15/10/2020	JMM 23/10/2020
Peer	Tax	

TB3

September 10, 2020

Ms. Maureen Armitage  
The Canadian Bar Association - Alberta Branch  
710, 777 - 8 Avenue SW  
Calgary, AB T2P 3R5

Dear Ms. Armitage:

This letter will confirm the arrangements discussed with you regarding the services we will render to The Canadian Bar Association - Alberta Branch (the "Association") commencing with the fiscal year ended August 31, 2020.

### **Our responsibilities**

We will audit the financial statements of The Canadian Bar Association - Alberta Branch for the year ended August 31, 2020.

Our audit will be conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we will plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements taken as a whole are free of material misstatement, whether caused by fraud or error.

Our responsibilities, objective, scope, independence and the inherent limitations of an audit conducted in accordance with Canadian generally accepted auditing standards are detailed in Appendix A, which forms part of our mutual understanding of the terms of this engagement.

### **Management's responsibilities**

The operations of the Association are under the control of management, which has responsibility for the accurate recording of transactions and the preparation and fair presentation of the Association's financial statements in accordance with Canadian accounting standards for not-for-profit organizations. This includes the design, implementation and maintenance of internal control relating to the preparation and presentation of the Association's financial statements.

Appendix B, which describes in detail management's responsibilities with respect to this engagement, forms part of our mutual understanding of the terms of this engagement.

### **Reporting**

Unless unanticipated difficulties are encountered, our report will be substantially in the form illustrated in Appendix C.

### **Tax services**

As agreed, we will also prepare the following corporate income tax returns for the Association:

- Federal Corporation Income Tax Return (T2) and Alberta Corporate Income Tax Return (AT1).



Canadian income and capital tax returns are generally due within six months of the Association's year-end. Failure to file on a timely basis can result in penalty and interest charges.

We will prepare the corporate tax returns based on information provided by you, as well as through our discussions with management personnel. We will not audit, review or otherwise attempt to verify the accuracy or completeness of such information.

We, as tax preparers, are required by legislation to electronically file all corporate income tax returns with the Canada Revenue Agency for taxation periods beginning on and after January 1, 2012 (certain exceptions apply for returns not eligible for electronic filing). When the return is complete, we will provide you with Form T183 *Information Return for Corporations Filing Electronically*, which must be reviewed and signed by an authorized signing officer to certify the information reported on the income tax return and to authorize MNP to electronically submit the return on your behalf.

We will electronically file the AT1 Alberta Corporate Income Tax Return on your behalf once completed.

As agreed, we will also prepare the following information return for the Association:

- Non-Profit Organization (NPO) Information Return (T1044).

The information return is due within six months of the Association's year-end. Failure to file on a timely basis can result in penalty charges.

We will prepare the information returns based on information provided by you, as well as through our discussions with management personnel. We will not audit, review or otherwise attempt to verify the accuracy or completeness of such information.

### **Fees and expenses**

Our fees and expenses are discussed in detail in Appendix D.

### **Other matters**

We will, as permitted by the Rules of Professional Conduct, provide additional services upon request, in areas such as taxation, leadership and human resource management, communication, marketing, strategic planning, financial management and technology consulting.

Our standard terms and conditions, included as Appendix E, form part of our mutual understanding of the terms of this engagement. In the event that you choose to terminate this engagement based on the terms outlined in Appendix E, we reserve the right to notify all financial statement users of the change.

The privacy and security of the personal information you provide is important to us. We strive to ensure the strictest compliance with all applicable provincial and federal standards of protection and disclosure of personal information by any and all of our employees, agents, divisions and/or affiliates (referred to collectively as "MNP"). You may review our privacy policy at [www.mnp.ca](http://www.mnp.ca). We will not collect, use, or disclose any of your personal information without your knowledge and consent, unless required to do so by legal authority or the applicable provincial Rules of Professional Conduct.

By signing this engagement letter you agree that for the purposes of this engagement MNP may collect, use, and disclose personal information in accordance with our privacy policy. You also agree that MNP may collect and use personal information from you for the purposes of providing other services or informing you of other opportunities from time to time ("Other Matters"). Personal information that is not relevant to the purposes of this engagement or to any Other Matters will not be disclosed to anyone for any reason without your further prior consent.

In accordance with professional regulations (and by Firm policy), our client files must be periodically reviewed by provincial or national practice inspectors and by other Firm personnel to ensure we are adhering to professional and Firm standards. Confidentiality of client information will be maintained throughout this process.

The arrangements outlined in this letter and its appendices will continue in effect from year to year, unless changed in writing.

We believe the foregoing correctly sets forth our understanding, but if you have any questions, please let us know. If you find the arrangements acceptable, please acknowledge your agreement to the understanding by signing and returning the second copy of this engagement letter to us.

It is a pleasure for us to be of service to you. We look forward to many years of association with you and The Canadian Bar Association - Alberta Branch.

Yours truly,




**Chartered Professional Accountants**

encls.

**RESPONSE:**

This letter correctly sets forth the understanding of The Canadian Bar Association - Alberta Branch.



E-SIGNED by Maureen Armitage  
\_\_\_\_\_  
Officer Signature

Executive Director  
\_\_\_\_\_  
Title

2020-Sep-24  
\_\_\_\_\_  
Date

## **Appendix A: Our Audit Responsibilities, Objective, Scope and Limitations**

The following details our responsibilities as auditors and the objective, scope, independence and inherent limitations of an audit conducted in accordance with Canadian generally accepted auditing standards.

### **Our responsibilities, objective and scope**

Our audit will be planned and performed to obtain reasonable assurance that the Association's financial statements taken as a whole are free of material misstatement, whether caused by fraud or error. If any of the following matters are identified, they will be communicated to the appropriate level of management:

- Misstatements, resulting from error, other than immaterial misstatements;
- Fraud or any information obtained that indicates that a fraud may exist;
- Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern;
- Any evidence obtained that indicates non-compliance or possible non-compliance with laws and regulations has occurred;
- Significant deficiencies in the design or implementation of controls to prevent and detect fraud or misstatements; and
- Related party transactions identified that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure.

The matters communicated will be those that we identify during the course of our audit. Audits do not usually identify all matters that may be of interest to management in discharging its responsibilities. The type and significance of the matter to be communicated will determine the level of management to which the communication is directed.

Furthermore, we will consider the Association's controls over financial reporting for the purpose of identifying types of potential misstatement, considering factors that affect the risks of material misstatement, and determining the nature, timing and extent of auditing procedures necessary for expressing our opinion on the Association's financial statements.

### **Independence**

The Rules of Professional Conduct require that we are independent when conducting this engagement. We will communicate to the Executive Committee any relationships between the Association (including related entities) and MNP LLP ("MNP") that, in our professional judgment, may reasonably be thought to bear on our independence.

Further, we will confirm in writing our independence with respect to the Association.

If matters should arise during this engagement that can reasonably be assumed to have impaired our independence, we may need to withdraw from this engagement.

### **Audit limitations**

An audit involves performing procedures to obtain audit evidence regarding the amounts and disclosures in the Association's financial statements. This 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 Association's financial statements.



## **Appendix A: Our Audit Responsibilities, Objective, Scope and Limitations** *(continued from previous page)*

It is important to recognize that an auditor cannot obtain absolute assurance that material misstatements in the Association's financial statements will be detected because of factors such as the use of judgment, selective testing of data, inherent limitations of controls, and the fact that much of the audit evidence available is persuasive rather than conclusive in nature.

Furthermore, because of the nature of fraud, including attempts at concealment through collusion and forgery, an audit designed and executed in accordance with Canadian generally accepted auditing standards may not detect a material misstatement due to fraud.

While effective controls reduce the likelihood that misstatements will occur and remain undetected, they do not eliminate that possibility. Therefore, we cannot guarantee that fraud, misstatements and non-compliance with laws and regulations, if present, will be detected when conducting an audit in accordance with Canadian generally accepted auditing standards.

The audit of the Association's financial statements and the issuance of our audit opinion are solely for the use of the Association and those to whom our report is specifically addressed. We make no representations of any kind to any third party in respect of these Association's financial statements and we accept no responsibility for their use by any third party. If our name is to be used in connection with the Association's financial statements, you will attach our independent audit report when distributing the Association's financial statements to third parties.

We ask that our names be used only with our consent and that any information to which we have attached a communication be issued with that communication unless otherwise agreed to by us.



## Appendix B: Management Responsibilities

During the course of our audit, you will be required to provide and make available complete information that is relevant to the preparation and presentation of the Association's financial statements, including:

- Financial records and related data;
- Copies of all minutes of meetings of members, directors and committees of directors and council;
- Access to personnel to whom we may direct our inquiries;
- Information relating to any known or possible instances of non-compliance with laws, legislative or regulatory requirements (including financial reporting requirements);
- Information relating to all related parties and related party transactions; and
- Allowing access to those within the entity from whom the auditor determines it necessary to obtain audit evidence.

Management's responsibility with respect to fraud and misstatement includes:

- The design and implementation of controls for its prevention and detection;
- An assessment of the risk that the Association's financial statements may be materially misstated;
- Disclosure of situations where fraud or suspected fraud involving management, employees who have significant roles in controls, or others, where the fraud could have a material effect on the Association's financial statements, have been identified or allegations have been made; and
- Communicating your belief that the effects of any uncorrected Association's financial statement misstatements aggregated during the audit are immaterial, both individually and in the aggregate, to the Association's financial statements taken as a whole.

In accordance with Canadian generally accepted auditing standards, we will request a letter of representation from management at the close of our audit in order to confirm oral representations given to us and reduce the possibility of misunderstanding concerning matters that are the subject of the representations. These representations are used as evidence to assist us in deriving reasonable conclusions upon which our audit opinion is based.

If the Association plans any reproduction or publication of our report, or a portion thereof, printer's proofs of the complete documents should be submitted to us in sufficient time for our review, prior to making such documents publicly available. It will also be necessary for you to furnish us with a copy of the printed report. Further, it is agreed that in any electronic distribution, for example on The Canadian Bar Association - Alberta Branch's website, management is solely responsible for the accurate and complete reproduction of our report and the subject matter on which we reported, and for informing us of any subsequent changes to such documents. However, we are responsible to read the documents to ensure accuracy, and consider the appropriateness of other information accompanying the audited Association's financial statements, upon initial posting.

## Appendix C: Illustrative Independent Auditor's Report

To the Members of The Canadian Bar Association - Alberta Branch:

### Opinion

We have audited the financial statements of The Canadian Bar Association - Alberta Branch (the "Association"), which comprise the statement of financial position as at August 31, 2020, 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 August 31, 2020, 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.

### 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.

### 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 related 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.

## Appendix C: Illustrative Independent Auditor's Report *(continued from previous page)*

- 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.
- 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.

Calgary, Alberta

"Date of approval"

Chartered Professional Accountants

## Appendix D: Fees and Expenses

Our fees are determined on the basis of time spent on the engagement at the tariff rates of various members of our team. Any disbursements will be added to the billing.

The estimate of fees for the audit and tax return preparation services to be provided are \$15,000.

Invoices will be rendered as work progresses in accordance with the following schedule:

Progress billing #1 - upon commencement of fieldwork	\$	6,000
Progress billing #2 - upon release of draft financial statements	\$	6,000
Final billing – upon release of the independent auditors' report	\$	3,000

In signing this letter, you acknowledge your approval of the above billing schedule and amounts. Invoices expected to be issued that do not adhere to this schedule, or are in excess of the amounts noted above, will be discussed with you for your approval. Fees collected will be applied to overdue invoices first, followed by subsequently issued invoices in order of issuance. If payment is not received in accordance with the above schedule, we will at our discretion cease all work until the scheduled payments are received.

Our estimated fees are based on our past experience and our knowledge of the Association. This estimate relies on the following assumptions:

- No significant deficiencies in internal controls which cause procedures to be extended;
- No major unadjusted misstatement(s) or un-reconciled balances;
- Significantly all adjusting entries are completed prior to trial balance and journal entries being provided to the audit team;
- All management and required staff are available as needed;
- Information and working papers required, as outlined in our letter of fiscal year-end requirements, are provided in the mutually agreed form and timing; and
- There are no changes to the agreed upon engagement timetable and reporting requirements.

We will ask that your personnel, to the extent possible, prepare various schedules and analysis, and make various invoices and other documents available to our team. This assistance will facilitate the progress of our work and minimize the cost of our service to you.

If any significant issues arise during the course of our audit work which indicate a possibility of increased procedures or a change in the audit timetable, these will be discussed with management by the practitioner leading your engagement so a mutually agreeable solution can be reached. In accordance with our standard terms and conditions, included as Appendix E, if significant changes to the arrangements set forth in this engagement letter are required, any change in scope of the engagement will need to be agreed in writing, in a "Change Order" agreement.



## Appendix E: Standard Terms and Conditions

The following standard terms and conditions and the engagement letter to which they are attached form one agreement and set out the terms and conditions upon which MNP LLP ("MNP") will provide services to you (the "Association").

1. **Timely Performance** - MNP will use all reasonable efforts to complete, within any agreed-upon time frame, the performance of the services described in the engagement letter to which these terms and conditions are attached. However, MNP shall not be liable for failures or delays in performance that arise from causes beyond our control, including the untimely performance by the Association of its obligations as set out in the engagement letter.
2. **Right to Terminate Services** - The Association may terminate the engagement upon 30 days written notice. If this occurs, the Association shall pay for time and expenses incurred by MNP up to the termination date, together with reasonable time and expenses incurred to bring the services to a close in a prompt and orderly manner. Should the Association not fulfil its obligations as set out herein and in the engagement letter, and in the event that the Association fails to remedy such default within 30 days following receipt of notice from MNP to that effect, MNP may, upon written notification and without prejudice to its other rights and resources, terminate provision of our services as described in the engagement letter. In such case, MNP shall not be responsible for any loss, costs, expenses, or damages resulting from such termination.
3. **Change Order** - If, subsequent to the date of this engagement letter, the Association requires significant changes to the arrangements set forth in this engagement letter, the Association will be required to agree to the change in scope of the engagement in writing, in a "Change Order" agreement. The "Change Order" agreement will set forth the revised arrangements and scope of services to be performed and any related additional fees associated.
4. **Fees** - Any fee estimates by MNP take into account the agreed-upon level of preparation and assistance from the Association's personnel. MNP undertakes to advise the Association's management on a timely basis should this preparation and assistance not be provided, or should any other circumstances arise which cause actual time to exceed the estimate.
5. **Administrative Expenses** - Administrative expenses include costs such as long distance telephone and telecommunication charges, photocopying, delivery, postage, and clerical assistance. These expenses are based on a percentage of our fees for professional services (5%). Where applicable, federal, provincial, or other goods and services or sales taxes have been paid on these expenses. Other major costs such as travel, meals, accommodation and other significant expenses will be charged as incurred.
6. **Billing** - Bills will be rendered on a regular basis as the assignment progresses. Accounts are due and payable upon receipt. Interest may be charged on the balance of any accounts remaining unpaid for more than 30 days, at a rate of 1.5% per month (19.56% per annum).
7. **Taxes** - All fees and other charges do not include any applicable federal, provincial, or other goods and services or sales taxes, or any other taxes or duties whether presently in force or imposed in the future. The Association shall assume and pay any such taxes or duties, without deduction from the fees and charges hereunder.
8. **Governing Law** - The engagement will be governed and construed in accordance with the laws of the Province of Alberta, and shall be deemed in all respects to be an Alberta contract. The Association and MNP submit to the courts of that jurisdiction with respect to all matters arising under or by virtue of this Agreement.



## Appendix E: Standard Terms and Conditions *(continued from previous page)*

9. **Working Papers** - MNP owns all working papers and files, other materials, reports and work created, developed or performed during the course of the engagement, including intellectual property used in the preparation thereof. We will provide management with a copy of all practitioner-prepared working papers necessary for the Association's accounting records. MNP may develop software, including spreadsheets, documents, databases, and other electronic tools, to assist us with our assignment. As these tools and working papers were developed specifically for our purposes and without consideration of any purpose for which the Association might use them, any such tools which may be provided to the Association, will be made available on an "as is" basis only, at our discretion, and should not be distributed to or shared with any third party. Except as indicated in the Rules of Professional Conduct or by any legal proceeding, we have no responsibility to share our working papers with you or with any other parties.
10. **Out-sourcing** - MNP may out-source to third party service providers certain data-entry functions. To protect our clients, we have imposed detailed contractual obligations on these service providers regarding the safeguarding, confidentiality and security of your personal information. Nevertheless, our service provider may be required by the applicable laws of a foreign country to disclose personal information in its custody to that country's government or agencies pursuant to a lawful court order made in that country.
11. **Nature of the Limited Liability Partnership (LLP)** - MNP is a registered limited liability partnership, as permitted by legislation enacted in our governing jurisdiction of the Province of Alberta. This legislation provides that a partner of an LLP is not personally liable for any of the debts, obligations, or liabilities of the LLP or any of the other partners which may arise as a result of any negligent act or omission of another partner of the LLP, or by any employee of the partnership, unless such act or omission is committed by the partner him or herself or by a person under the partner's direct supervision and control. All partners of an LLP remain personally liable for any acts or omissions arising as a result of their own negligence, and for the acts or omissions of those directly under their supervision or control, and shall continue to be subject to unlimited personal liability for all of the other liabilities of the partnership. The legislation does not reduce or limit in any way the liability of the partnership itself, and all of the partnership's assets and insurance coverage remain at risk.
12. **Release and Limitation of Liability** - The Association and MNP agree to the following with respect to MNP's liability to the Association:
  - a. In any action, claim, loss or damage arising out of the engagement, the Association agrees that MNP's liability will be several and not joint and the Association may only claim payment from MNP of MNP's proportionate share of the total liability based on the degree of fault of MNP as finally determined by a court of competent jurisdiction.
  - b. Other than for matters finally determined to have resulted from the gross negligence, fraud or willful misconduct of MNP, whether the claim be in tort, contract, or otherwise:
    - i. MNP shall not be liable to the Association and the Association releases MNP for all claims, damages, costs, charges and expenses (including legal fees and disbursements) incurred or suffered by the Association related to, arising out of, or in any way associated with the engagement to the extent that the aggregate of such amounts is in excess of the total professional fees paid by the Association to MNP in connection with this engagement during the 12 month period commencing from the date of the engagement letter to which these terms and conditions are attached; and,
    - ii. MNP shall not be liable to the Association for any consequential, indirect, lost profit or similar damages, or failure to realize expected savings, relating to MNP's services provided under the engagement letter to which these terms and conditions are attached.



## Appendix E: Standard Terms and Conditions *(continued from previous page)*

13. **Indemnity** - The Association agrees to jointly and severally indemnify and hold harmless MNP against:
- All claims, damages, costs, charges and expenses (including legal fees and disbursements) which are related to, arise out of, or are in any way associated with the engagement, whether the claims are civil, penal, regulatory, or administrative in nature, other than those finally determined by a court of competent jurisdiction to have resulted from MNP's gross negligence, fraud or willful misconduct; and,
  - Notwithstanding "a.," all claims, damages, costs, charges and expenses (including legal fees and disbursements) which are related to, arise out of, or are in any way associated with the engagement, whether the claims are civil, penal, regulatory, or administrative in nature, that arise from or are based on any deliberate misstatement or omission in any material, information or representation supplied or approved by any officer or member of the Board of Directors of the Association.

For the purposes of paragraph 12. and 13., "MNP" shall mean MNP LLP and its directors, officers, partners, professional corporations, employees, subsidiaries and affiliates and to the extent providing services under the engagement letter to which these terms are attached, MNP LLP, its member firms, and all of their partners, principals, members, owners, directors, staff and agents; and in all cases any successor or assignee.

14. **Survival of Terms** - The Association and MNP agree that clauses 12. and 13. will survive termination of the engagement.
15. **Electronic Communications** - Unless the Association prefers we use a particular manner of communication and specifies as much in writing, MNP will use whatever form of communication it deems most efficient in the circumstances. In many instances, this will involve the use of internet e-mail. With respect to internet e-mail, MNP and the Association both acknowledge that neither party has control over the performance, reliability, availability, or security of internet e-mail. Additionally, MNP staff may be required or requested to work from your offices during which visits access to and use of and reliance upon your electronic environment (including but not limited to, your network, Internet, and extranet resources) is necessitated. The Association accepts that MNP shall not be liable for any loss, damage, expense, harm or inconvenience resulting from any loss, delay, interception, corruption, security breach, delivery failure, incompatibility, incompleteness or alteration of any document or transmission arising from the use of e-mail or the transmission of any document outside of MNP's electronic environment.
16. **Confirmation.com** - By signing this engagement letter, you agree to the use by MNP of Capital Confirmation Inc. ("CCI") as a third party service provider and the use of CCI's platform (the "Platform") to prepare, request and receive confirmations required to perform the engagement. You acknowledge and agree that data being uploaded/downloaded via the Platform may reside on servers located in the United States and that CCI could be required to disclose data, including personal information, in its custody to the United States government, government agencies, courts or law enforcement or regulatory agencies pursuant to the laws of the United States. MNP shall not be liable for any loss or damage arising from your or MNP's use of CCI as a service provider or use of the Platform, including any losses relating to CCI's collection, use, disclosure or loss of your data or personal information. You agree to pay all fees for requesting and receiving confirmations. For more information, you can review the third party service provider's Terms and Conditions and Privacy Policy on CCI's website at: <https://www.confirmation.com/>