

CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

Audited Financial Statements

Year Ended June 30, 2025

CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

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Year Ended June 30, 2025

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Independent auditor's report

To the Members of Canadian Centre for Professional Legal Education

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Centre for Professional Legal Education (CPLED) as at June 30, 2025 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.

What we have audited

CPLED's financial statements comprise:

- the statement of financial position as at June 30, 2025;
- the statement of operations and changes in net assets for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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

Independence

We are independent of CPLED in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

PricewaterhouseCoopers LLP

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In preparing the financial statements, management is responsible for assessing CPLED'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 CPLED or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CPLED'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 CPLED'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 CPLED'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 CPLED 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Calgary, Alberta
October 14, 2025

CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

Statement of Financial Position

June 30, 2025

	2025 \$	2024 (restated) \$
ASSETS		
Current		
Cash	7,229,850	5,096,783
Accounts receivable	193,867	888,577
Prepaid expenses	131,366	63,752
	7,555,083	6,049,112
Capital assets	1,763	2,294
Intangible assets (Note 4)	1,613,770	1,948,918
	9,170,616	8,000,324
LIABILITIES		
Current		
Deferred revenue (Note 2)	2,741,827	2,869,205
Current portion of debt	304,163	292,465
Accounts payable and accrued liabilities	591,153	349,042
	3,637,143	3,510,712
Long-Term Debt (Note 5)	1,341,756	1,645,919
	4,978,899	5,156,631
NET ASSETS		
Internally Restricted (Note 6)	256,173	339,054
Unrestricted	3,935,544	2,504,639
	4,191,717	2,843,693
	9,170,616	8,000,324

COMMITMENTS (Note 7)

APPROVED ON BEHALF OF THE BOARD

Cori Ghitter, KC Director

Dr. Mark T. Morpurgo, FCPA, FCMA Director

The accompanying notes are an integral part of the financial statements.

CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

Statement of Operations and Changes in Net Assets

Year Ended June 30, 2025

	2025 \$	2024 (restated) \$
REVENUE		
Student Tuition	4,642,223	3,650,095
Law Society of Alberta	1,355,249	1,290,901
Law Society of Manitoba	247,433	326,517
Nova Scotia Barristers' Society	173,171	227,754
Law Society of Saskatchewan	148,633	192,616
Legal Research and Writing	899,150	661,575
Other Income	111,690	25,440
	7,577,549	6,374,898
EXPENSES		
PROGRAM DELIVERY		
Contractors	1,671,120	1,418,280
Delivery platform license, hosting, and support	383,437	339,546
Legal Research and Writing	454,265	374,503
Managed Services	81,216	53,105
OPERATIONS		
Salaries, contractors and benefits	2,306,320	2,016,129
Management fee (Note 8)	554,100	473,315
Amortization	335,679	354,788
PREP 2024	82,881	186,928
Office and miscellaneous	341,930	174,245
Loan interest	77,535	88,784
Professional fees	119,272	60,541
	6,407,755	5,540,164
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	1,169,794	834,734
OTHER ITEMS		
Interest Income	178,230	187,742
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	1,348,024	1,022,476
NET ASSETS, BEGINNING OF YEAR	2,843,693	1,821,217
NET ASSETS, END OF YEAR	4,191,717	2,843,693
APPROVED ON BEHALF OF THE BOARD		

Cori Gitter, KC Director

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CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

Statement of Cash Flows

Year Ended June 30, 2025

	2025	2024 (restated)
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	<u>1,348,024</u>	<u>1,022,476</u>
Items not affecting cash		
Amortization	335,679	354,788
Changes in non-cash working capital items:		
Prepaid expenses	(67,614)	(32,376)
Accounts receivable	694,710	(792,182)
Accounts payable and accrued liabilities	242,111	(129,788)
Deferred revenue	<u>(127,378)</u>	<u>831,970</u>
	2,425,532	1,254,888
FINANCING ACTIVITY		
Repayment of long-term financing	<u>(292,465)</u>	<u>(281,216)</u>
Increase In Cash	2,133,067	973,672
Cash - Beginning of year	<u>5,096,783</u>	<u>4,123,111</u>
Cash - End of year	<u>7,229,850</u>	<u>5,096,783</u>
 Interest received	 178,230	 187,742

APPROVED ON BEHALF OF THE BOARD

Cori Gitter, KC Director

Dr. Mark T. Morpurgo, FCPA, FCMA Director

The accompanying notes are an integral part of the financial statements.

CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

Notes to Financial Statements

Year Ended June 30, 2025

1. GENERAL

Canadian Centre for Professional Legal Education ("CPLED") is a society incorporated on March 26, 2004 under the Societies Act of the Province of Alberta. CPLED provides educational and assessment services for the bar admissions course ("PREP Program") for the Law Society of Alberta, Law Society of Saskatchewan, Law Society of Manitoba, and the Nova Scotia Barristers' Society. The Organization is a not-for-profit entity and accordingly is exempt from income taxes under Section 149(1)(l) of the Canadian Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements of CPLED are prepared in accordance with Canadian Accounting Standards for not for profit organizations ("ASNPO"). The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Cash

Cash consists of bank deposits.

Capital and intangible assets

Capital and intangible assets are recorded at cost net of accumulated amortization. Amortization is calculated on a straight-line basis over the following years:

CPLED PREP	10 years
PREP Course development (Foundation Workshop)	3 years
PREP Course development (Foundation Modules)	5 years
Computer	3 years
Furniture	10 years

The CPLED PREP program is a learning platform CPLED developed for its students. The costs consisted of module development, platform development and testing, learning platform support, competency framework, gap analysis, and staffing costs related to the project.

The cost of capital and intangible assets made up of significant separable component parts is allocated to the component parts when practicable and when estimates can be made of the estimated useful lives of the separate components. Capital and intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability is assessed by comparing the carrying amount to the discounted future net cash flows the program is expected to generate. When a fair value is determined to be less than the carrying value, the resulting impairment is reported in the statement of income and retained earnings. An impairment loss is not reversed if fair value subsequently increases.

CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

Notes to Financial Statements

Year Ended June 30, 2025

Financial instruments policy

CPLED initially measures its financial assets and liabilities at fair value. CPLED subsequently measures all financial assets and financial liabilities at amortized cost.

Financial asset subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities and long term debt.

Revenue recognition and deferred revenue

CPLED follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or when program phases are delivered. Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired assets. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Fees from law societies, for the provision of legal education services to their students, as well as direct fees from students, in form of student tuition, are recognized as revenues as the program phases are delivered.

Other income is recognized when earned.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Donated services

A portion of CPLED's work is dependent on the service of many volunteers, particularly the significant contribution of the Board and committees of the Board. These services are not normally purchased by CPLED. Due to the difficulty in determining their fair value, donated services are not recognized in these financial statements.

3. PRIOR PERIOD RESTATEMENT

The comparative figures of the 2024 financial statements were restated as the treatment of recording a receivable for future phases of the PREP program and recording the future revenue as deferred revenue within the Statement of Financial Position does not comply with ASNPO.

The restatement did not impact the Statement of Operations and Changes in Net Assets.

CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

Notes to Financial Statements

Year Ended June 30, 2025

Statement of Financial Position – Impacted line items:

	As previously reported	June 30, 2024 Adjustment	June 30, 2024 Restated
	\$	\$	\$
Assets			
Accounts receivable	2,620,607	(1,732,030)	888,577
Total Assets	9,732,354	(1,732,030)	8,000,324
Liabilities			
Deferred revenue	4,601,235	(1,732,030)	2,869,205
Total Liabilities	6,888,661	(1,732,030)	5,156,631

Statement of Cash Flows – Impacted line items:

	As previously reported	June 30, 2024 Adjustment	June 30, 2024 Restated
	\$	\$	\$
Changes in non-cash working capital:			
Accounts receivable	(1,265,151)	472,969	(792,182)
Deferred revenue	1,304,939	(472,969)	831,970

In addition, the comparative figures were modified to reclassify \$77,535 of long term debt from the long term portion to short term.

CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

Notes to Financial Statements

Year Ended June 30, 2025

4. CAPITAL AND INTANGIBLE ASSETS

	Cost	Accumulated Amortization	2025 Net	2024 Net
CPLED PREP	3,291,357	1,681,925	1,609,432	1,938,567
PREP Course Development (Workshops)	18,789	18,789	-	-
PREP Course Development (Modules)	30,060	25,721	4,339	10,351
Computer	74,067	74,067	-	241
Furniture	2,911	1,149	1,762	2,053
	3,417,184	1,801,651	1,615,533	1,951,212

The capital and intangible assets totaling \$92,856 (2024 - \$91,502) have been recorded and are fully amortized. These items are considered to be still in use by CPLED.

5. LONG-TERM DEBT

Long-term debt relates to the financial support received from the Law Society of Alberta, Law Society of Saskatchewan, and Law Society of Manitoba. The financial support is intended to cover the start-up costs related to the implementation of the new CPLED PREP program. CPLED received \$3,000,000 in total over three fiscal periods; \$1,800,000 from the Law Society of Alberta, \$600,000 from the Law Society of Saskatchewan, and \$600,000 from the Law Society of Manitoba. The loans bear interest at 4% and will be repaid in annual equal instalments over a ten-year period starting in 2021 until June 30, 2030. Repayment on June 30, 2025 was in the amount of \$370,000 (2024 - \$370,000). The following table illustrates the long-term debt balance as at June 30, 2025:

	2025	2024
Law Society of Alberta	\$ 987,551	\$ 1,163,030
Law Society of Saskatchewan	329,184	387,677
Law Society of Manitoba	329,184	387,677
	1,645,919	1,938,384

Current portion of long-term debt is \$304,163 (2024 - \$292,465).

CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

Notes to Financial Statements

Year Ended June 30, 2025

6. INTERNALLY RESTRICTED FUNDS

In 2022, CPLED's Board approved an allocation of \$750,000 from Unrestricted Assets to Internally Restricted for future expenditures related to enhancement of the PREP Program. During the year, CPLED incurred expenses (PREP Enhancements) totaling \$82,881 (2024 - \$186,928); thereby reducing the internally restricted assets to \$256,173 (2024 - \$339,054).

7. COMMITMENTS

CPLED is committed to professional services and licenses until 2028. Future payments are as follows:

Fiscal Year 2026-2027	\$406,271
Fiscal Year 2027-2028	<u>90,353</u>
Total	\$496,624

8. FINANCIAL INSTRUMENTS

CPLED is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at June 30, 2025.

Credit risk

CPLED is not exposed to significant credit risk on any of its financial assets. CPLED manages credit risk by maintaining bank accounts with a reputable financial institution. Accounts receivable are from law students enrolled in the PREP program as well as subsidies due from affiliated law societies.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk, interest rate risk, and other price risk as further described below.

Currency risk

Currency risk is the risk that the value of financial instruments denominated in currencies other than the reporting currency of CPLED will fluctuate due to changes in foreign exchange rates. CPLED does not hold any foreign cash, accounts receivable or accounts payable and is not exposed to foreign currency exchange risk.

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. CPLED is exposed to interest rate risk to the extent of the fixed rate interest on its financial support for CPLED PREP described in Note 3. Included in the other income is interest received from CPLED's financial institution of \$178,230 (2024- \$187,742).

CANADIAN CENTRE FOR PROFESSIONAL LEGAL EDUCATION

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Year Ended June 30, 2025

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. CPLED is not exposed to significant other price risk.

Liquidity risk

Liquidity risk is the risk that CPLED will encounter difficulty in meeting obligations associated with financial liabilities. CPLED is not exposed to significant liquidity risk.

9. RELATED PARTIES

CPLED's Board members include representatives from the Law Societies of Alberta, Saskatchewan, Manitoba, and Nova Scotia. The Law Societies may at times be engaged by CPLED in the normal course of business. CPLED has long term debts from these societies the details of which are disclosed in Note 5.

During the year, CPLED paid the Law Society of Alberta \$554,100 (2024 – \$473,300) for management fees as per the Service Agreement dated January 1, 2020 and calculated annually during the Law Society of Alberta's annual budget process. There is no amount outstanding to be payable as at year end.