



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
ALBERTA



CPA Alberta
ANNUAL REPORT

2018/19



THE PEOPLE

DISCUSSION

THE FIGURES

Above: Kanwal Lali CPA, CMA was featured in the fall 2018 issue of Dividends, CPA Alberta's member magazine.

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Rachel Miller FCPA, FCA

Curtis Palichuk FCPA, FCA

MESSAGE FROM THE CHAIR AND CEO

Fiscal 2018/19 was a very good year for CPA Alberta. Two key principles underpinned the work of the organization during the year: a recognition that fulfilling our legislated mandate to protect the public must underscore all that we do; and doing our best to ensure that all Alberta Chartered Professional Accountants (CPAs) are engaged with, and receive good value from, the organization.

As the following pages outline, a great deal was accomplished in measuring up to both of those principles in 2018/19. On the regulatory side, for example, new internal timeline targets were introduced in the Conduct and Discipline area, in part to better ensure timeliness for all involved in disciplinary processes. As well, over 536 practice reviews were completed during the year, significantly helping to protect the public by monitoring the competency of members.

In terms of engaging with Alberta CPAs, the organization strived to remain relevant and accessible for as many CPAs as possible. The first-ever “Jumpstart Innovation” series of workshops was held in 22 centres across the province. These workshops provided information and perspectives for CPAs on how to respond positively to disruptive forces in the workplace. Of special note is that many of these workshops were in smaller communities, where there have historically been fewer opportunities for CPAs to connect in person with CPA Alberta representatives. Also in 2018/19, the CEO’s annual town hall forum events provided the opportunity for hundreds of CPAs to hear directly from the leader of CPA Alberta.

Continuing to grow the profession in Alberta was also a priority during the year. All of us at CPA Alberta were enormously proud

to welcome 802 new CFE graduates to the profession in 2018/19—a record that reflects the success of the organization’s recruitment work as well as the contributions of all CPAs toward maintaining the attractiveness of the CPA profession as a career choice for talented young Albertans.

Speaking of the contributions of CPAs, so much of what CPA Alberta does each year would not be possible without the involvement, advice, and commitment of the province’s more than 29,000 CPAs. We at CPA Alberta are grateful to the thousands of CPAs who volunteer to support our work and to contribute to the strength of the profession. And, whether they volunteer directly with us or not, all CPAs, through their skilled work and professionalism, continue to enhance the reputation and impact of the profession across the province.

As CPA Alberta’s Board Chair and CEO, respectively, we are honoured to play a part in the growth and the success of the CPA profession in Alberta. We want to thank all Board Members and the team at CPA Alberta for their conscientious commitment to the organization and for their dedication to protecting the profession and doing all they can to advance the profession. We deeply appreciate their efforts.

Sincerely,

Curtis Palichuk FCPA, FCA
Chair

Rachel Miller FCPA, FCA
Chief Executive Officer

CPA ALBERTA BOARD

GOVERNANCE AND STRUCTURE

The CPA Alberta Board consists of CPAs elected by Alberta CPAs as well as three public members appointed by the Government of Alberta.

The CPA Alberta Board derives its authority from the Chartered Professional Accountants (CPA) Act. Section 11 of the CPA Act defines the Board's functions as:

- governing the business and affairs of CPA Alberta;
- fulfilling the purposes of the CPA Act and;
- exercising CPA Alberta's powers in the name of and on behalf of the CPA Alberta.

The Board Chair and other executive positions are filled by elections by the Board.

The CPA Alberta Directives outline Board roles and duties in more detail. These roles and duties are focused on governance, leadership, ethics and integrity, meeting procedures, performance, strategic planning and budgets, and finance and risk management.

To help fulfill its roles and duties, and in accordance with the CPA Alberta Directives, the Board has established five non-statutory committees. These committees and their memberships are as follows:

Audit and Risk Committee:

Damian Zapisocky CPA, CA (Chair)
Michelle Balmer CPA, CA
John Fuller CPA, CA

Governance Committee:

Darrell Jones FCPA, FCMA (Chair)
John Fuller CPA, CA
Sonya von Heyking CPA, CA, CIA
Damian Zapisocky CPA, CA

Human Resources Committee:

Curtis Palichuk FCPA, FCA (Chair)
Darrell Jones FCPA, FCMA
Damian Zapisocky CPA, CA

Bylaws and Rules Committee:

Ruth McHugh FCPA, FCMA (Chair)
Stephen Bergstrom CPA, CMA
Brian Callaghan CPA, CMA
Tim Gilchrist CPA, CGA
Jody MacKenzie CPA, CA
Ross McNichol FCPA, FCA
John Stelter FCPA, FCA

CPA Assist Committee:

Howie Shikaze FCPA, FCA (Chair)
Debbie Gorsline FCPA, FCMA
Ron Helmhold FCPA, FCA
Mary Johnson
Liza Richer CPA, CA
Betty Thompson FCPA, FCGA



As of March 31, 2019, Board members were as follows (pictured: from left to right):

Sonya von Heyking CPA, CA, CIA
Geeta Tucker FCPA, FCMA*
Damian Zapisocky CPA, CA
Diane Pettie QC (Public Member)
Curtis Palichuk FCPA, FCA (Chair)
Ruth McHugh FCPA, FCMA
John Fuller CPA, CA
Darrell Jones FCPA, FCMA (Vice-Chair)
Rachel Kucharski CPA, CA
Michelle Balmer CPA, CA
Karen Graham (Public Member)
Simar Gill P.Eng, PMP (Public Member)

**Note: Late in the fiscal year, a Board vacancy was created when Board Member Geeta Tucker FCPA, FCMA stepped down from her Board position after accepting the position of CEO of CPA Manitoba. CPA Alberta wishes Ms. Tucker the very best in her new role in service of the profession in Canada.*

COMMITTEES AND ROSTERS

The CPA Alberta Board is assisted in its duties and responsibilities through the contributions of CPAs and members of the public who participate on committees and rosters. As of March 31, 2019, these Committees and Rosters were as follows.

COMPLAINTS INQUIRY COMMITTEE

Dereka Thibault FCPA, FCA
-(Chair)
Ron Allen CPA, CMA
Glen Arnston CPA, CMA, CA
Norm Asuchak CPA, CGA
Chris Burrows CPA, CA, CPA (IL, USA)
Paul Dytham CPA, CGA
Adrian Kottke CPA, CGA
Shari LaPearle (Public Member)
Alfred Lee CPA, CGA, CA
John Lindsay (Public Member)
Heather Murk CPA, CA
Jay Schmidt CPA, CA, CPA (IL, USA)
Gordon Thomas CPA, CMA
Stuart Weatherill (Public Member)

Discipline and Appeal Tribunal Roster

I.E.W. McConnan FCPA, FCA
-(Discipline Tribunal Chair)
G.J. Daunheimer CPA, CA
-(Discipline Tribunal Vice-Chair)
R. Matthews CPA, CA
-(Appeal Tribunal Chair)
Bev Brennan FCPA, FCA
-(Appeal Tribunal Vice-Chair)
F.F. Abbott FCPA, FCA
Shelley J Abray CPA, CGA
Brian Eric Alguire CPA, CMA
J. Steve Allan FCPA, FCA
Nazk Baksh CPA, CMA
C. Fred Barth FCPA, FCA
B.D. Bateman CPA, CA
Russell A. Bell CPA, CMA
J.A. Bennis FCPA, FCA
D.J. Block CPA, CA

David Bodnarchuk FCPA, FCA
L.P. Bourget CPA, CA
Myles E. Bourke FCPA, FCA
John E. Boyd CPA, CA
W. John Brennan FCPA, FCA
Darren Buma CPA, CA
W.D. Burch FCPA, FCA
Fred Callaway CPA, CA
George W. Campbell CPA, CGA
Calvin Carpenter CPA, CA
George Chan CPA, CGA
Donald W. Chandler FCPA, FCA
J.J. Colleaux FCPA, FCA
C. Crawford FCPA, FCA, CA•CBV
Donald M. Dart CPA, CA
Jayprakash Dattani CPA, CGA
Joan B. Davies CPA, CGA
J.R. Demcoe FCPA, FCA
John Den Hoed FCPA, FCMA
J. Joseph Doolan FCPA, FCA
J. Ian Douglas FCPA, FCA
John C. Eadie CPA, CA
R.E. Edwards CPA, CA
F. Wayne Ellis CPA, CA
R. Andy Farvolden FCPA, FCA
Gordon Flynn FCPA, FCA
A.T. Follinglo CPA, CA, ICD.D
A.D. Friesen CPA, CA
J.R. Friesen CPA, CA
Barry R. Gardiner FCPA, FCA
Peter R. Garrett FCPA, FCA
Eldon C. Godfrey FCPA, FCA
Tim O. Gore-Hickman CPA, CA
W.D. Grace FCPA FCA
David D. Guebert CPA, CA
Robert H. Hahn CPA, CA
D. Harvey Hall CPA, CA
Grant Edwin Hanna CPA, CMA
Greg P. Hirtle CPA, CA

D.A. Hoffman FCPA, FCA
C. Alan Holt FCPA, FCA
Richard Iwaniuk FCPA, FCA
W.R. Jacobson FCPA, FCA
C.A. Janz CPA, CA
L.O. Johannesen CPA, CA
J.B. Jorgensen CPA, CA
J.L. Kavanagh CA, CPA (IL, USA)
Gary Richard Keen FCPA, FCMA
Leo R. Kelly FCPA, FCA, CA•IFA
Ian R.W. Kinnel FCPA, FCA
Kasey K.C. Kozicky CPA, CA
Kam Laraway CPA, CGA
George A LeBlanc CPA, CGA
Darla J Lutness FCPA, FCGA
Michael Mannas FCPA, FCGA
Daniel McKinley FCPA, FCA
W.J. McNaughton CPA, CA
Ursula Marina Mergny FCPA, FCMA
S.M. Monaghan CPA, CMA
Al Mondor FCPA, FCA
William J. Nield FCPA, FCA
Tom Orysiuk CPA, CA
John M. Partridge CPA, CA
R.D. Penner FCPA, FCA
Stella M. Penner FCPA, FCGA, CA
K.D. Porter FCPA, FCA
E.N. Rahal CPA, CA
N.B. Ramsay CPA, CA
S. Romanovsky FCPA, FCA
Jayda Rosenthal CPA, CA
Allan Schroeder CPA, CA
M.D. Shabada CPA, CA
H. Arnold Sherman CPA, CA
Don E. Sieben FCPA, FCA
Fred R.N. Snell FCPA, FCA
W. Dale Somerville CPA, CA
W.G. Stephen FCPA, FCA

J.D.A. Struck FCPA, FCA
Z.P. Talavia CPA, CA
D.A. Tien FCPA, FCA
K. Tober CPA, CA
P.F. Turner CPA, CA
Barry J. Walker FCPA, FCA
W.E. Whitford CPA, CA

Public Member Roster

(The Lieutenant Governor in Council appointed the following persons as public members, each for a three-year term expiring on November 26, 2021)

Funmi Abiiba
Steven Armstrong
Michael D. Baron
Erika Bottcher
Geoff Chow
Charmaine Coutinho
Shari-Anne Doolaeye
Leo Flaman
Stephanie Fleck
Shari LaPerle
Adam O. (Olen) Letourneau, QC
John G. (Gordon) Lindsay
Jim McCartney
Tammy McCorkell
Barbara McKinley
Sharon McMullan-Baron
Thomas Pickard
Debi Lynn Piecowye
Helen Rice
Stuart J. Weatherill
Patricia Wheadon
Randall Yatscoff, PhD

Practice Review Committee

Mark J. DeBlois CPA, CA
-(Chair)
April Duffy CPA, CA
Phoebe J. Elliot MPAcc, CPA, CA
Ken Hankinson CPA, CMA
Christopher Jurkschat CPA, CA

Douglas Kroetsch CPA, CA
Kevin Napady CPA, CA
Debbie Ooms CPA, CA
Kara Penno Mah CPA, CA
James Trites CPA, CA
Paul Spiller (Public Member)
Henrietta Wildeman CPA, CA
Ian Woodman CPA, CGA

Registration Committee

Jason Mutschler CPA, CA
-(Chair)
Faye K. Brown CPA, CA
Raman Deol CPA, CA
Kendra Gowdy CPA, CGA
Candace Moody CPA, CA
Al-Nur Pradhan CPA, CMA
Jim E. Smith P.Eng, FEC, ICD.D
(Public Member)
Robert Vandervelde CPA CGA

CPA Alberta Achievement Awards Review Committee

Jim Downie FCPA, FCMA
-(Chair)
Steve J. Allan FCPA, FCA, CA•CIRP
Nazz Baksh CPA, CMA
Sue Bohaichuk FCPA, FCMA
Todd Cook CPA, CA
David Inhaber FCPA, FCGA
Colette Miller FCPA, FCA
David Niebach CPA, CGA
Frank Potter CPA, CMA
Jason Schwab FCPA, FCMA
Ellisha Sharma CPA
Fred Snell FCPA, FCA
Bruce Thurston FCPA, FCMA
Mark Woltersdorf FCPA, FCA

CPA Alberta Achievement Awards Nomination Committee

Joe Gagliardi FCPA, FCMA
-(Chair)
Ray Hawrelak CPA, CA
-(Vice-Chair)
Lance Bick CPA, CA
-(Second Vice-Chair)
Roger Arcand CPA, CMA
Murray Bandura FCPA, FCGA
Alex Beis CPA, CA
Dennis Bourgeault CPA, CA
Matthew Creighton CPA, CA
Robert Harrison CPA, CGA
Jessica Joss CPA, CA
Angela Loo CPA, CA
Jamie Lynne Smith CPA, CA
Tracey Zehl FCPA, FCA

HONOURING THE BEST OF OUR PROFESSION

In 2018/19, CPA Alberta honoured those CPAs who brought distinction to themselves and the CPA Alberta profession through their outstanding accomplishments. These individuals demonstrate the best of the profession and reflect the strong legacy of distinctive achievement and volunteerism that has characterized the designated accounting profession's history.

Lifetime Achievement Awards

The Lifetime Achievement Award is awarded to those CPAs whose continual commitment to the betterment of their profession, their communities, and the organizations they have served is unparalleled.



Brian Ferguson
FCPA, FCA



Bob Young
FCPA, FCA

Fellows of the Chartered Professional Accountants

The Fellow of Chartered Professional Accountants (FCPA) is granted to those members who have rendered exceptional service to the profession or whose achievements in their careers, the community, or in the profession have earned them distinction and brought honour to the profession.



Duncan Au
FCPA, FCA



Linda Dalgetty
FCPA, FCA



Glen Gadowsky
FCPA, FCGA



Glen Jarbeau
FCPA, FCA



Paul Lanni
FCPA, FCA



Penny Leckie
FCPA, FCA



Deanna Muise
FCPA, FCA



Trevor Nakka
FCPA, FCA



Alan Norris
FCPA, FCA



Mary Persson
FCPA, FCMA



Michael Ross
FCPA, FCMA



Barry Sawada
FCPA, FCA



Aroon Sequeira
FCPA, FCA, CA•CBV



Murray Suey
FCPA, FCA



George Virtue
FCPA, FCA

Distinguished Service Awards

The Distinguished Service Award recognizes members or supporters of the profession who have demonstrated a significant achievement within the last five years and have therefore brought honour to the profession.



Dr. Sherif Elbarrad
CPA, CMA



Hugh Erickson
CPA, CA



Suzanne Henuset
CPA, CA



Jennifer Kaufield
CPA, CA



Ryan Krutzfeldt
CPA, CGA



Cynthia Kumar
CPA, CA



Leah Turner
CPA, CA



Niki Vlooswy-Steele
CPA, CMA



Corey Wight
CPA, CA



Ross Wilson
CPA, CA

Early Achievement Awards

The Early Achievement Award recognizes CPAs who have had their accounting designation for 10 years or less and have rendered exceptional service to the profession or whose achievements in their careers or in the community have earned them distinction and brought honour to the profession.



Cody Austin
CPA, CMA



Ashley Bodnarchuk
CPA, CA



Damara Casper
CPA, CA



Jane Davidson
CPA, CA



Krystal Huebl
CPA



Saqib Jalil
CPA, CA



Jan Nutting
CPA, CA



Janine Rogan
CPA



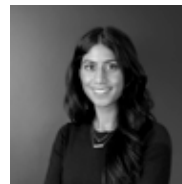
Jenna Truong
CPA



Steve Vaartstra
CPA, CA



Kiersten Walker
CPA, CA



Samantha Weerasekera
CPA



Greta Wierenga
CPA, CA

CPA Education Foundation Impact Award

As part of the profession's awards activities, the CPA Education Foundation named **Brian Hesje** as its 2018/19 Impact Award recipient. This award is presented annually to an individual or individuals whose contributions have had a lasting and positive impact on the work of the Foundation.



Brian Hesje
FCPA, FCA

Management's Discussion and Analysis

Below: Fifty-year honouree Al Budlong (centre) and wife Eileen enjoyed themselves with CPA Alberta Board Chair, Curtis Palichuk (left), and other distinguished guests at the Edmonton Member Recognition Luncheon.



Fiscal 2018/19 marked the second year of activity under CPA Alberta's five-year strategic plan. This plan, developed and endorsed by the CPA Alberta Board, outlines five strategic priorities for the organization. These five priorities are:

1. Protect the Public
2. Understanding the Alberta Landscape
3. Dealing with Disruption
4. Achieving Smart Growth
5. Maintaining Fiscal Accountability

This Management's Discussion and Analysis (MD & A) reports on the key highlights and achievements towards fulfilling those priorities in the 2018/19 fiscal year. The analysis concludes with a look ahead to what the organization expects to focus on during 2019/20.

The MD & A is an overall review of CPA Alberta's performance—how we upheld our mandate of protecting the public interest and created value for our over 29,000 Alberta CPAs—and it should be considered in conjunction with the organization's audited financial statements.

Strategic Priority:

PROTECT THE PUBLIC

Focus of the priority: CPA Alberta will continue to fulfill its mandate to protect the integrity of the profession, to promote and increase the competence of registrants, and to regulate the conduct of registrants.

Conduct and Discipline

CPA Alberta registrants (including CPAs, professional accounting firms, professional services providers, professional corporations, and candidates) are accountable for and manage critical and confidential financial information, and are considered trusted advisors to the public. Complaints about registrants are dealt with by CPA Alberta's Conduct and Discipline team in accordance with the processes set out under the CPA Act. Parts of these processes are to ensure that discipline and appeal hearings are conducted in a fair and timely manner as the CPA Act prescribes.

In November 2018, 14 new public members were appointed as volunteers to the tribunals' roster in the conduct process, and eight individuals were re-appointed to the roster. The appointments are the result of an extensive recruiting process by the Government of Alberta with support from CPA Alberta. These appointments fulfill requirements under the CPA Act to have members of the public involved in decision-making regarding unprofessional conduct by registrants, and furthers our mandate of protecting the public. Appointments are for a three-year period.

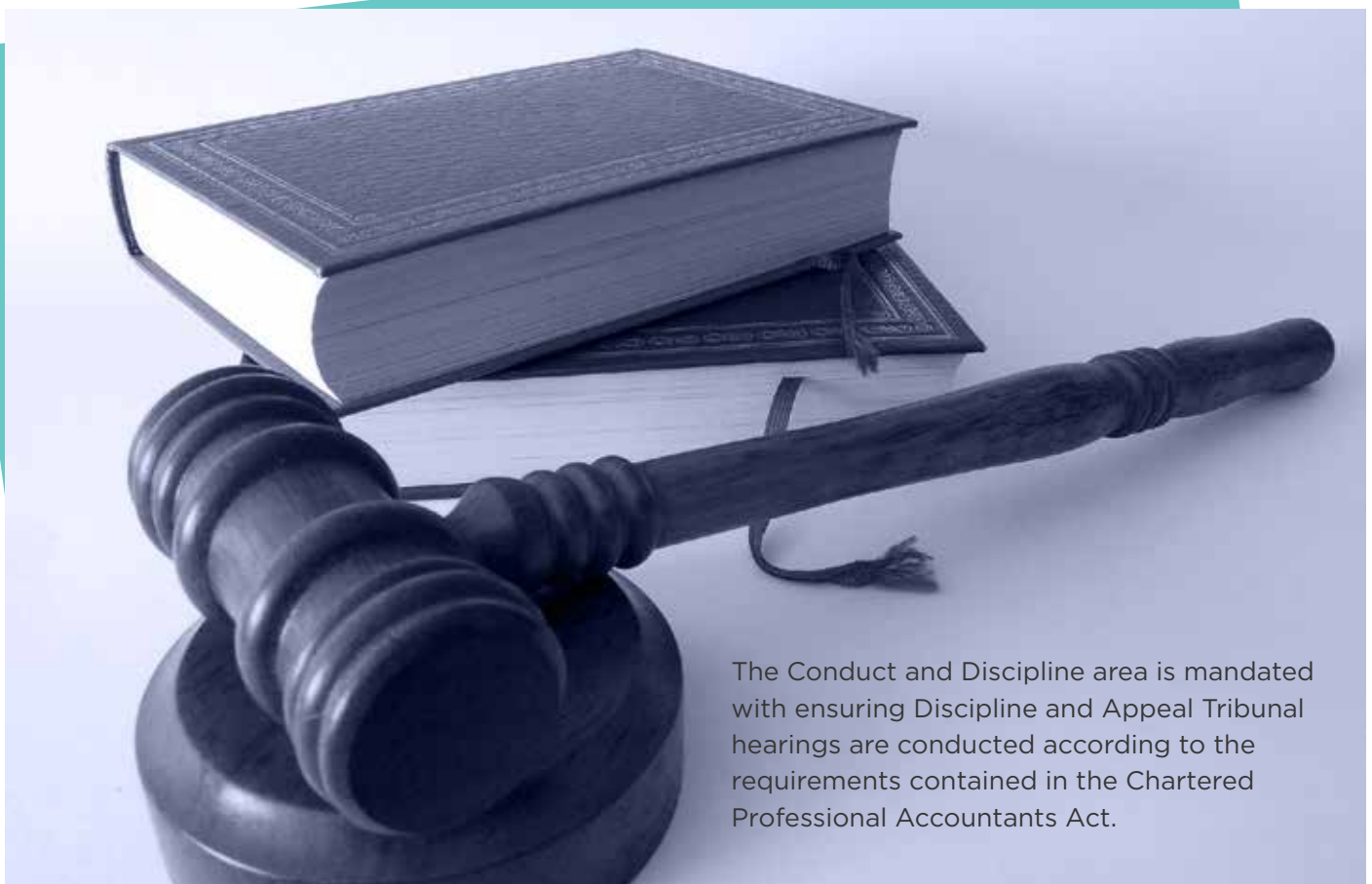
In fiscal year 2018/19, the Conduct and Discipline team developed internal targets for key regulatory processing timelines (over and above the requirements in the CPA Act), began monitoring those timelines, and have consistently met or exceeded targets.

Additionally, the Conduct and Discipline team updated and expanded information on CPA Alberta's website to increase transparency and understanding of the Complaint Inquiry Process.

Complaints

	2018/19	2017/18
Received	102	97
Referred to the complaint resolution process (s. 71)	0	0
Dismissed	89	70
Referred to Discipline Tribunal Roster Chair for a hearing	23	13
Referred back to the Complaints Inquiry Committee from Appeal	0	0

	2018/19	2017/18
Members temporarily suspended during a disciplinary process (s. 107)	3	2
Monitoring files - Self-reported Bankruptcy or Insolvency (Rule 601)	10	6



The Conduct and Discipline area is mandated with ensuring Discipline and Appeal Tribunal hearings are conducted according to the requirements contained in the Chartered Professional Accountants Act.

Hearings

	2018/19	2017/18
DISCIPLINE TRIBUNALS		
Referred to Discipline Tribunal Roster Chair for Hearing	23	13
Rescinded	0	0
Completed Hearings:		
Resolved through a Sanction Agreement	10	14
Findings of Unprofessional Conduct	5	4
No Finding of Unprofessional Conduct	0	0
Stayed	1	0

	2018/19	2017/18
APPEAL TRIBUNALS		
Appealed from Discipline Tribunal decision	0	0
Completed Appeal Hearings:		
Confirmed decision of Discipline Tribunal	0	2
Discipline Tribunal's decision varied	1	0
Referral back to CIC	0	0

Dismissal of Complaints Inquiry Committee appealed	13	7
Completed Appeal Hearings:		
Confirmed decisions of the Complaints Inquiry Committee	5	8
Reversed the dismissal and referred the matter to a hearing	0	0
Appeal withdrawn	4	4

Appeal of CPA Alberta decision to the Court of Appeal	1	0
Appeal Restored by Court of Appeal	0	0
Completed Appeal Hearings:		
Appeal Dismissed	0	0
Appeal Struck	0	1

	2018/19	2017/18
CLOSED HEARINGS		
Closed in whole	0	0
Closed in part	0	0

Practice Review

CPA Alberta's Practice Review program plays an essential role in protecting the public by assessing firms' compliance with professional standards, taking appropriate follow-up or remedial action in instances of non-compliance, and providing one-on-one education to firms.

In 2018/2019, the Practice Review department completed 536 reviews. Timeliness and efficiency were upheld with all required follow-up reviews completed within 12 months of a non-comply decision.

In addition, the department continued to educate firms by presenting on practice review related developments and standards highlights at the Banff Small Practitioner Forum and Entrepreneurial CPAs of Calgary luncheon.

A new Chair of the Practice Review Committee and three new committee members were transitioned in, ensuring standards mandated by the CPA Act for member terms were upheld.

PRACTICE REVIEWS COMPLETED BY CPA ALBERTA

	2018/19	2017/18
Comply	497	523
Non-comply	39	23
Total Reviews Assessed	536	546

Registrations

Another way CPA Alberta provides regulatory oversight is through its Registrations department, which strives to create an environment of regulatory excellence by providing accurate and informative responses to registrants or third parties (members of the public) who have questions or concerns regarding any registration entity or registration matter. Registrations also oversees the reporting and subsequent audit of members' Continuing Professional Development (CPD).

In 2018/19, in collaboration with the other Canadian CPA provincial and territorial regulatory bodies, harmonized CPD requirements were established, including implementation of

a prescribed four-hour professional ethics component (within each three-year rolling cycle). Alberta CPAs will be required to report on compliance with the professional ethics component starting December 31, 2021.

Reaching the final transitional deadlines for pre-certification in the legacy accounting designations marked a significant milestone for Alberta's designated accounting profession. Over 99.5 per cent of the candidates in the legacy programs at the time of unification successfully completed or voluntarily left the program prior to the deadlines. A fair and transparent appeal process was in place for candidates whose registration was cancelled due to failure to complete their legacy program.

NUMBER OF REGISTRANTS AS OF MARCH 31, 2019	2018/19	2017/18
Members	29,589	29,097
Candidates	4,455	4,534
Professional Accounting Firms	1,670	1,641
Professional Corporations	2,859	2,851
Professional Service Providers	27	30
Total Registrants	38,600	38,153

NUMBER OF APPLICANTS	2018/19	2017/18
Members	1,001	964
Candidates	1,141	1,173
Professional Accounting Firms	117	117
Professional Corporations	156	148
Professional Service Providers	1	3

Practical Experience

Practical experience is a mandatory and integral component of the CPA Certification Program. Through practical experience, candidates develop their ethical and professional behaviour, problem solving, decision-making, and communication, teamwork, and leadership skills. This allows them to best serve the public when they graduate as CPAs.

CPA Alberta held open house nights for Core 1 candidates in September 2018, allowing candidates to learn more about practical experience and other regulatory requirements. CPA Alberta also recorded a webinar about the practical experience and other regulatory requirements that was sent to all Core 1 candidates.



Above: The SVS Group LLP in Edmonton pictured celebrating their successful CFE writers.

Supporting CPAs and the Public with Technical Advisory Services

CPA Alberta's technical advisory services are provided to CPAs, candidates, and the public on a broad range of topics related to the profession. The advisory services team responded to over 2,300 inquiries from members and the public in 2018/19 in areas including ethical dilemmas, practice management, independence, conflict of interest, and accounting and auditing standards.

Thirteen roundtables and presentations were facilitated with organizations including: the Canada Revenue Agency, the Accounting Standards Board, the Auditing and Assurance Standards Board, the Canadian Public Accountability Board, and the Society of Trust and Estate Professionals, providing opportunities for involvement for over 600 members. These sessions helped CPAs to be engaged in the standard setting process and stay updated on recent developments within the profession.

Maintaining the Competency of CPAs

Providing CPAs with excellent opportunities for professional development (PD), networking, mentorship, volunteering, mental health, and career development helps the profession maintain the competency of CPAs, who are then able to best serve the public.

Professional Development

In 2018/19, CPA Alberta offered 402 in-person PD courses, 294 online offerings, and three conferences, for a total of 11,534 registrations. A new PD portal and registration system was launched in February 2019 to provide customers with an improved experience in purchasing and managing their PD needs. In the new system, users are able to register for PD, track their PD history, and access seminar materials all in one location. Easily accessible, quality PD continues to ensure that CPAs remain relevant and can maintain their skills as trusted business professionals.



Above: Yuen Ip, CPA Alberta COO, and Larry Brownoff, Director of Member Engagement and Technical Advisory, travelled across Alberta for the Jumpstart Innovation series.

Chapter Events

CPA Alberta continued to work collaboratively with and support chapters and practitioner groups to assist CPAs in developing their professional networks and gaining and sharing professional knowledge. Over 5,200 members attended 75 events, resulting in an increase in member participation of nine per cent over 2017/18.

Volunteering

Participation in CPA Alberta's Volunteer Tax Clinic Program to assist low-income Albertans by preparing personal tax returns, remained strong in 2018/19, with 527 volunteers attending 300 clinics at 135 different locations. This year, a number of enhancements were made, including the automation of registration for volunteers and organizations participating, as well as the ability of volunteers to EFILE returns with CRA.

As part of CPA Alberta's volunteer management framework, the volunteer opportunities webpage was redesigned as a focal point for Alberta CPAs to explore volunteer opportunities in their particular area of interest. The page summarizes volunteer opportunities internal to CPA Alberta, enhancing transparency within the profession and the general community. Annually, over 3,000 volunteers assist CPA Alberta in meeting our organizational objectives.



Above: CPA, CMA Chioma Ufodike lent her skills to improve financial literacy for Albertans. Here she teaches the “Pet Shop,” a session about the financial responsibilities of pets, to a group of girls.

Mental Health Support from CPA Assist

CPA Assist provides confidential 24/7 counselling to Alberta CPAs, candidates, and their immediate families. In fiscal 2018/19, promotion of CPA Assist was integrated within the Member Products and Services department. The integration of internal services led to the creation of a PD sub-competency of health and wellness. The sub-competency allows CPAs to

search for PD seminars on the topic of health and wellness, such as stress management, burn out, mindfulness, healthy eating, and preventative workplace issues (e.g. bullying and sexual harassment).

CPA Assist supported CPA Alberta's signature series of events, Elevate 2018, in a number of ways, including co-hosting the first ever CPA Alberta volunteer days.

Strengthening Public Awareness of How CPA Alberta Protects the Public

To highlight the ways in which CPA Alberta meets its mandate to protect the public, a new brochure, titled *More than Numbers*, was developed and distributed to a number of stakeholders, including all Alberta MLAs.

Awareness of the profession among stakeholders, including the general public and business leaders, was increased through a number of innovative initiatives. These included a substantial branding campaign with out-of-home, radio, and digital advertisements, and an innovative series of videos produced by CPA Alberta, titled *Ask a CPA*. These fast-paced, informative, and sometimes humorous videos showed actual Alberta CPAs responding to frequently asked questions about the profession.

CPA Alberta was active on social media, including the launch of its Instagram, and has reached almost 10,000 followers across social media platforms. These followers include both members of the general public and Alberta CPAs, and help bring awareness to the role of CPA Alberta.

Representing Alberta CPAs Nationally

CPA Alberta continued to represent Alberta CPAs at the national level in several ways that contributed to the integrity of the profession. CPA Alberta's CEO acted as the Chair of the Council of Chief Executives (CCE), a council consisting of the CEOs of the provincial and national CPA bodies. The CCE supports the Council of Chairs in developing and implementing best practices for the profession nationally in areas such as governance, regulatory matters, reputation management, and education. In addition, CPA Alberta representatives sat on national committees that report to the CCE, including the Professional Education Committee, the Branding Committee, the Public Trust Committee, the Member Advisory Committee, the Professional Learning and Development Strategy Committee, and the International Qualifications Assessment Committee.



Above: A new brochure, titled *More than Numbers*, was developed and distributed to a number of stakeholders, including all Alberta MLAs.



Above: Graduates and guests let loose and literally light up the dance floor at the 2019 CPA Alberta Convocations.

Strategic Priority:

UNDERSTANDING THE ALBERTA LANDSCAPE

Focus of the priority: CPA Alberta will have a solid and broad comprehension of the forces shaping Alberta today and in the near future. With that comprehension, the profession can best ensure that it and its members remain relevant, valued, and, in fact, essential to the province.

Understanding Alberta's Landscape through Sponsored and Hosted Events

The organization sponsored 19 business-focused events to raise awareness of the profession and connect with the province's business leaders. This helps CPA Alberta engage with and understand the challenges and opportunities facing the province. A new sponsorship this year was the Chamber of Commerce Political Leaders Series, which saw CPA Alberta take a lead sponsor role in the political realm.

More than 4,000 CPAs attended CPA Alberta events throughout the province, helping us to connect directly with members.

One of CPA Alberta's annual conferences, Elevate Your Mind, was sold out, with approximately 350 delegates participating. Attendees had an engaging day of learning, which included hearing from author and political strategist David Frum as the keynote speaker. Frum spoke about the relationship between Canada and the U.S. during the Trump administration.



Above: Washington insider David Frum shared his insights during an engaging keynote address at the Elevate Your Mind conference.

Supporting CPAs Across Alberta with Career and Mental Health Development

The CPA Alberta Career Services team worked to stay on top of Alberta's hiring trends and areas of employment opportunity, in order to best advise CPAs. In 2018/19, one-on-one career advising increased 13 per cent over the previous year, and resulted in providing 1,392 individuals with personal advising services.

Overall Career Services event attendance increased by one per cent over the previous year, and reached a larger number of registrants outside of Calgary and Edmonton by offering increased online webinars.

CPA Assist hosted four webinars in 2018/19 on the subjects of Suicide Prevention and Awareness in the Workplace, Healthy Eating 9-5, Sexual Harassment in the Workplace, and Mental Health and Resiliency 101. In total, the webinars were viewed by 1,087 participants.

Continued Support of Local CPA Chapters

Guided by a volunteer executive, the Lethbridge Chapter of CPAs was successfully established. In its first year of operation, the chapter hosted a local graduation celebration and a networking event.

In 2018/19, CPA Alberta established the Advisory and Collaboration Committee with representation from the chapters, practitioner groups, and the Alberta CPA Community Ambassadors to collaborate in resource development, gain insight into member needs, develop content marketing, and enhance member participation in events.

The CPA Assist program collaborated with chapters to sponsor a speaker series titled Unlocking Happiness for a Healthy, Higher-Performing Work and Life, featuring happiness researcher Jennifer Moss. The events welcomed an additional 636 local professionals from across the province to engage directly with their local CPA chapter.

Working Closely With Alberta's Non-profit Sector

Working directly with Alberta's non-profit organizations helps CPA Alberta gain a better understanding of the needs of Albertans and the social and economic issues that our province is facing. Volunteer Days were held during Elevate Week 2018 in June and again in November 2018 during Financial Literacy month, deploying 143 CPAs volunteers to 16 organizations across five cities in Alberta.

CPA Alberta continued to work collaboratively with CPA Canada, delivering their Financial Literacy program presentations with the help of over 500 Alberta CPAs. A 12-session series was held with the Edmonton Chamber of Commerce, focusing on entrepreneurs. In addition, CPA Alberta hosted six financial literacy sessions during National Volunteer Week in November 2018.



Above: CPAs volunteered at Habitat Humanity's Carter Place during Elevate, as part of the CPA Alberta Volunteer Days.

Strategic Priority:

DEALING WITH DISRUPTION

Focus of the priority: CPA Alberta will understand the impacts of disruption on the CPA profession, and implement strategies to respond positively to those impacts.

Disruption-themed Professional Development and Learning Opportunities for CPAs

CPA Alberta's PD program provided quality learning opportunities in key competency areas such as accounting, assurance, tax, and finance. The program also expanded this year to include disruptive forces affecting the profession in the areas of technology and cybersecurity.

Awareness of disruptive influences and factors was also facilitated through chapter and practitioner event topics including: Game-Changing Technologies That Will Give Your Firm Superpowers, The Impact of Robotics/Analytics on the Accounting Profession, Understanding Power BI, The Business of Cannabis 101, Best Practices When Hiring and the Shifting Dynamics of Staffing in Accounting, Alberta Political Scene from an Unbiased Perspective, Challenges Ahead for Accountants in Oil & Gas Sector, and Edmonton's Changing Landscape—CFO Panel.

Disruption Educational Resources and Communications

In this fiscal year, CPA Alberta produced more than 60 communications centred on this critical issue, through the organization's magazine, *Dividends*; its news and update website, Daily Dividends, and accompanying e-newsletter, Daily Dividends Alert; and social media posts. As well, a special resource

CPA Alberta took learning on the road, delivering 30 sessions in 22 Alberta communities on Leveraging Disruption and Jumpstart Innovation. The sessions engaged over 400 CPAs, and focused on disruptive innovation theory. These sessions provided information to CPAs on how disruptors such as data analytics, big data, automation, artificial intelligence, mobile and cloud computing, and blockchain can be utilized as tools for innovation within their organizations to ensure future success and growth. In addition, the sessions helped to enhance the visibility of CPA engagement opportunities, member products and services, and the CPA Assist Program.

The Annual Forum for Members in Industry included hot topics such as a Crash Course on Cannabis to help attendees develop strategies to deal with disruption resulting from the legalization of cannabis.

section was created on the CPA Alberta website to connect Alberta CPAs to resources that can help them seize the opportunities created by disruption. On the cyber security front, CPA Alberta Business Systems published cybersecurity best practices guidance for CPAs.

Strategic Priority:

ACHIEVING SMART GROWTH

Focus of the priority: CPA Alberta will gain an understanding of the emerging needs for CPAs in the marketplace and set growth strategies to meet those needs.

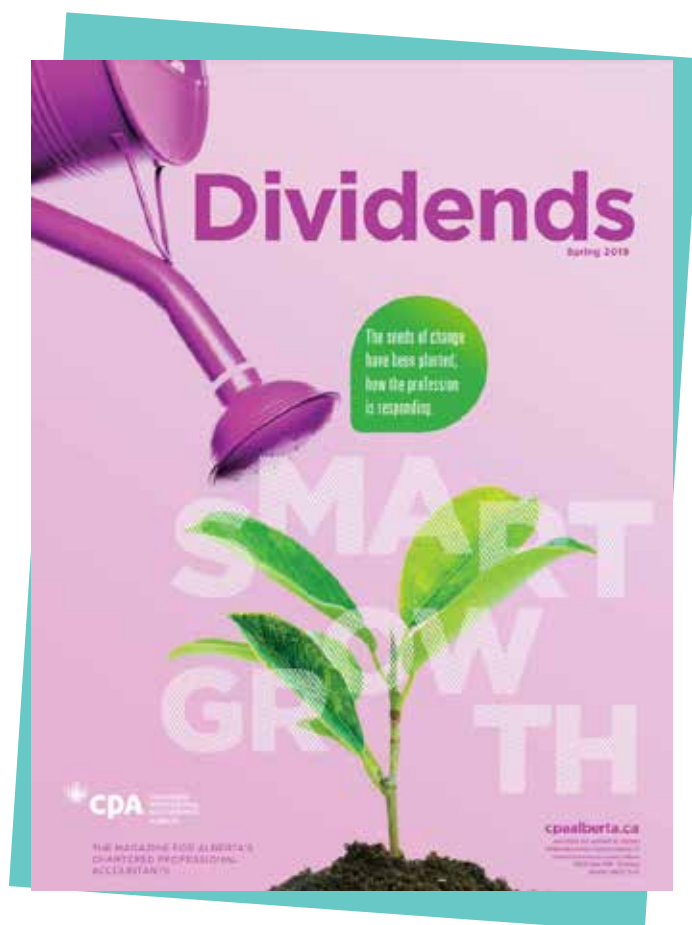
Through a variety of initiatives, CPA Alberta continued to grow membership and better understand the needs of incoming and new CPAs. Once again, the profession welcomed a record-setting number of candidates who passed the Common Final Examination (CFE): 802. They were ushered into the profession at convocation events in Calgary and Edmonton.

Smart Growth Strategy

In 2018/2019, with abundant research completed, a comprehensive strategy for achieving smart growth within the Alberta CPA profession was developed. The strategy provides a path for CPA Alberta to meet the three key elements of smart growth:

- working to ensure there is the proper number and mix of CPAs to meet future marketplace needs;
- working to ensure the training of CPA candidates and the professional development of CPAs meet employer and marketplace expectations and demands; and
- working to ensure the profession meets the career aspirations of those choosing or considering the CPA career path.

The spring 2019 *Dividends* magazine was focused on smart growth, to inform Alberta CPAs of the critical work being done to advance this strategic priority.



Above: The Spring 2019 issue of *Dividends* magazine was themed around the topic of smart growth.



Left: CPAs and CPA Candidates mix and mingle during a Bowl-a-Rama event hosted by the CPA Education Foundation.

Recruitment Activities

CPA Alberta undertook a number of activities to create awareness of the CPA designation among a variety of audiences, including post-secondary students, post-secondary academics, employers, high school students, key influencers, other professions, internationally educated and trained individuals, and Albertans currently in the workforce. The recruitment program consisted of over 123 hosted and sponsored events that helped connect CPA Alberta with over 2,300 potential future CPAs.

Many of these recruitment events were funded by and co-hosted with the CPA Education Foundation. In partnership with the Foundation, CPA Alberta continued to offer popular events that engaged and educated future CPAs, including the Business Case Competition, Bowl-a-Rama, Career Connections, and Get Connected.

Fifteen teams from post-secondary institutions across Alberta competed in the 11th annual Business Challenge Case Competition. Students were presented with a live case and had six hours to complete their presentations. First place went to Mount Royal University, second place to Athabasca University, and third place to MacEwan University.

Bowl-a-Rama events allow post-secondary students to network with local CPAs in a casual and fun setting. Approximately 150 students participated in Bowl-a-Rama evenings in three cities.

Diverse panels of CPAs in Calgary and Edmonton spoke at the Get Connected events, which are targeted to raising awareness about career options in accounting for post-secondary students. Over 160 students participated in Get Connected in 2018/19.

Career Connections is an information session about the accounting profession for high school students and their parents. In 2018/19, the event was hosted in Calgary. Students also met with representatives from Alberta post-secondary institutions to learn about their business and accounting programs.

One area of increased focus during the year was raising awareness of the benefits of the CPA designation and career among non-accounting major business students. To that end, CPA Alberta worked with groups such as the University of Calgary's International Business Students' Association and the University of Alberta's Business Leadership Association to increase the CPA profile among all students in the business faculty.

In part as a result of the 2018/2019 recruitment program, a total of 1,142 individuals in Alberta entered the profession's Professional Education Program, meeting CPA Alberta's enrolment target.

Increased Practical Experience Pre-Approved Programs

By offering pre-approved programs, employers enable CPA candidates to complete their practical experience requirements more efficiently. The Practical Experience team created 36 new pre-approved programs at employers across Alberta. The focus this past year was on working with existing pre-approved program providers in both industry and public accounting to develop new and diverse roles.

Supporting Growing Career Advising Needs

An additional Career Advisor was hired for the CPA Alberta Edmonton office in 2018/19. Introduction of a local advisor resulted in a substantial growth in Edmonton-area engagement with Career Services by registrants.

- Edmonton rapid résumé reviews increased on average from five attendees per event to 12 per event;
- Edmonton Q4 career services event attendance improved by 51.5 per cent when compared to the previous year. (Q4 attendance 2017/18 = 66; Q4 attendance 2018/19 = 100).



Continued Improvement of Practical Experience

The Practical Experience team collaborated extensively in national efforts on the re-design of the Practical Experience Reporting Tool, which aims to better support candidates, mentors, and employers in the reporting of practical experience.

The Practical Experience team participated in comprehensive national calibration testing to measure fairness and consistency in the assessments being conducted.

CPA Alberta's Director of Practical Experience accepted a secondment to CPA Canada for a two-year strategic task force role to ensure national practical experience initiatives are prioritized and better coordinated.



Above: Students had a blast and networked with Alberta employers at Meet Your Employer in Calgary in September.

Left: Snober Bains CPA,CA shares her insights on Robotic Process Automation in *Capitalize* spring 2019. *Capitalize* magazine is distributed at post-secondary campuses to engage students in the CPA profession.

Strategic Priority:

MAINTAINING FISCAL ACCOUNTABILITY

Focus of the priority: CPA Alberta will maintain and demonstrate fiscal accountability.

Internal Projects to Enhance Technology and Improve Efficiency

Several projects in 2018/19 were implemented to sustain organizational capacity and ensure CPA Alberta is resilient and agile in responding to the changing business landscape. The organization implemented the first phase of a paperless accounts payable system. The software was successfully rolled out to staff in January 2019, with automated controls and significant reduction in data entry. This first phase focused on staff personal expense and corporate credit card expense submissions, and the implementation of a purchasing system is planned for the upcoming year.

The Finance Department began the scoping and design of a new financial reporting system. The system will provide enhanced and robust reporting for users, ensuring timely decision-making. The reporting functionality is scheduled to be rolled out to CPA Alberta departments in the upcoming fiscal year. This software will also support CPA Alberta's planning and budgeting process.

Other projects included the assessment of the Payment Card Industry (PCI) compliance system, identification of areas to improve the PCI footprint, and the development and maintenance of robust policies that are continually assessed against regulatory obligations and operations.

The first year of the three-year CPA Alberta Member Management System (CAMMS) project wrapped up successfully. The project is on schedule, on budget, and tracking for completion April 2021.

In April 2018, CPA Alberta implemented a new Human Resources Information System to fully integrate its payroll, HR, and time and attendance functionality. The capability of the new system in areas such as recruiting, onboarding, performance management, succession planning, and compensation management supports efficient and effective corporate activities.

CPA Alberta developed formal analytic dashboards to improve the visibility and work planning capabilities for internal teams. Ad hoc analytics dashboards were developed in multiple departments to inform business unit decisions and analysis.

Effective Budgeting

The budget presented to the Board provided forward-looking data with a balanced operating budget in 2019/20 and surplus position for the following two years. The Board approved the 2019/20 budget in March 2019.



Alberta CPAs volunteer for the Calgary Urban Project Society (CUPS) during Elevate 2018.

Newly appointed Auditor General Doug Wylie and recently retired Auditor General Merwan Saher at 2018's FCPA reception. Merwan was a 2018 Lifetime Achievement Award recipient.



CPA Alberta staff mingle with employers at Calgary's Employer Appreciation Reception held in June 2018.

Refining CPA Alberta's Strategy Map

CPA Alberta amended the organization's strategy map to simplify and better reflect its strategic priorities under stakeholder, programs and processes, organization capacity, and fiscal accountability perspectives. This also resulted in refining key performance indicators under the balanced scorecard methodology, providing improved business plan reporting to the Board and management in support of operational excellence and continuous improvement.

Developing and Maintaining High-performing Employees

Having high-performing, resilient, and engaged employees is key to CPA Alberta meeting its strategic priorities. The 2018/19 corporate training plan provided employees with 20 hours of internal learning opportunities aligned to their wellness, competency enhancement, and technical know-how. In addition, time dedicated to refreshing knowledge on ethics policies and security and safety awareness was provided.

In 2018/19, the organization maintained a high level of service to staff and members. The reception area provided excellent customer service with over 10,000 calls answered. The internal print shop facilitated the printing of many forms of information and marketing materials. As well, 23 new employees were efficiently onboarded.

Implementing Risk Management at the Operational Level

CPA Alberta implemented the enterprise risk management program at the operational level with a goal that each department develop its own risk register. Operational risk identification is built on the strategic risk register, which is monitored by the Audit and Risk Committee. Operational risk registers help inform business decision-making and mitigate operational risk across the organization. Another goal of the program is to provide the foundation for the future implementation of an internal controls framework to assess existing controls against fraud and risk, and to improve processes to better serve stakeholders.

Delivering Major Projects Under Budget

Elevate 2018: Celebrating Progress and Achievement, the annual week of events highlighting and celebrating the CPA profession, was held in May 2018. It attracted more than 2,100 attendees and came in significantly under budget.

Below: Distinguished Service Award recipients stood on stage to receive their awards during the Elevate Awards Gala.



Looking Ahead to 2019/20



As CPA Alberta begins 2019/20, it is poised to build on the progress and achievements of 2018/19 while continuing to be guided by its legislated mandate to protect the public. Its 2019/20 business plan lays out a number of planned activities that will further advance work under the five strategic priorities outlined in the strategic plan. The plan emphasizes new initiatives in the areas of smart growth and member products and services. It also includes new approaches in the following areas:

- implementing innovative data analytics to heighten the protection of the public;
- building foresight and planning capacity within the organization; and
- creating additional resources to assist Alberta CPAs in responding to and seizing opportunities created by disruption.

CPA Alberta will also stay fully involved in the profession at the national level. CEO Rachel Miller will continue to serve as Chair of the Council of

Chief Executives, the body that provides much of the strategic direction for the profession nationally. As well, leaders of CPA Alberta serve on all of the profession's national committees, helping to ensure that the voices and perspectives of Alberta CPAs are heard on the national stage.

With the change in provincial government resulting from the general election held early in the new fiscal year, CPA Alberta will seek to maintain its customary positive and productive relationship with the Government of Alberta. As a regulatory body, CPA Alberta values its partnership with the Government of Alberta as well as the shared commitment to serve the province.

As always, the support, advice, and encouragement of all Alberta CPAs will be essential in ensuring that CPA Alberta fulfills its mandate in 2019/20. The organization looks forward to working with Alberta CPAs in the year ahead.

Financial Discussion:



Overview ('000)

CPA Alberta commits to a balanced budget annually. The budget supports the Board of Director's strategic objectives while protecting the public through high regulatory standards and offering programs and services that provide value to the membership. The fiscal year ended March 31, 2019 planned an operating budget surplus of \$386 along with an estimated \$520 in unification transition expenses, resulting in a projected budget deficit of \$134. Transition expenses are funded through the Unification Stabilization Fund as established by the Board of Directors in 2014.

Operating results were favourable, reporting a surplus before transition expenses of \$2,985

compared to the projected surplus of \$386. After transition expenses, the actual financial results report a surplus of \$2,430.

Recoveries for program costs and facilities expenses received from the CPA Western School of Business (CPAWSB) accounted for a significant portion of the surplus.

Transition expenses, which primarily include non-capital expenditures related to the amalgamation of the Alberta premises, were nearly on target, reporting \$555 in expenses compared to the budgeted amount of \$520. The fund was exhausted during the year.

Understanding Our Business

FUNDING

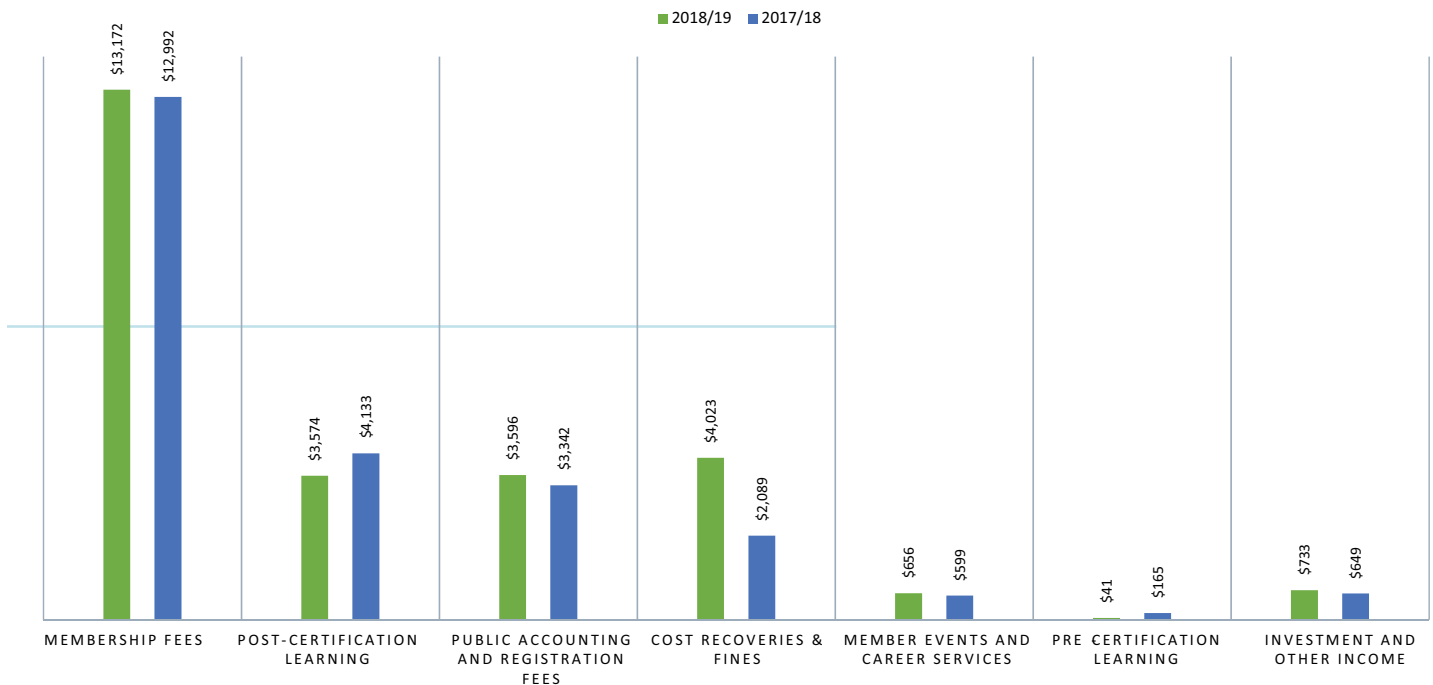
CPA Alberta is organized around three business areas: Member Services, Regulatory, and Communications & Recruitment. These business areas are assisted by a support team including Corporate Services, Business Systems, and the Executive Office.

CPA Alberta is funded through various sources of revenue in order to fulfill its mandate under the CPA Act. Membership fees continue to be the primary

source of funding. In fiscal 2019, cost recoveries were higher than the prior year due to an agreement with the CPAWSB to recover recruitment services provided by CPA Alberta.

These fees support the various activities and programs provided by CPA Alberta, and its ability to self-regulate.

REVENUE BY FUNDING SOURCE ('000)



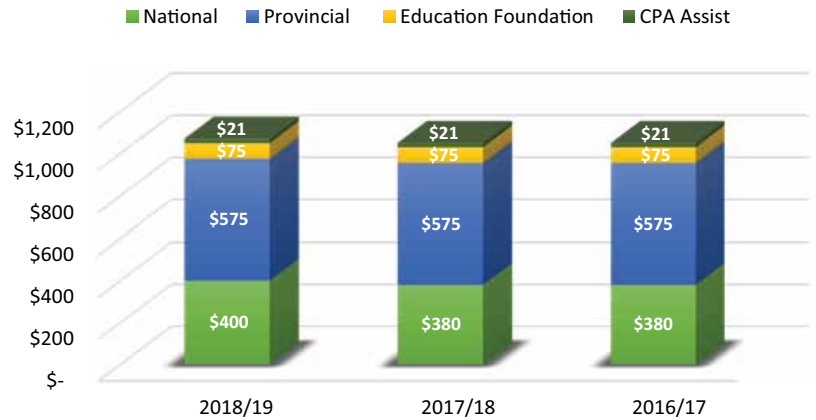
Membership Fees

There was no increase in provincial member fees in 2018/19; they remained at \$575 per member, as set when membership fees and fee reduction policies were harmonized during fiscal year 2016/17.

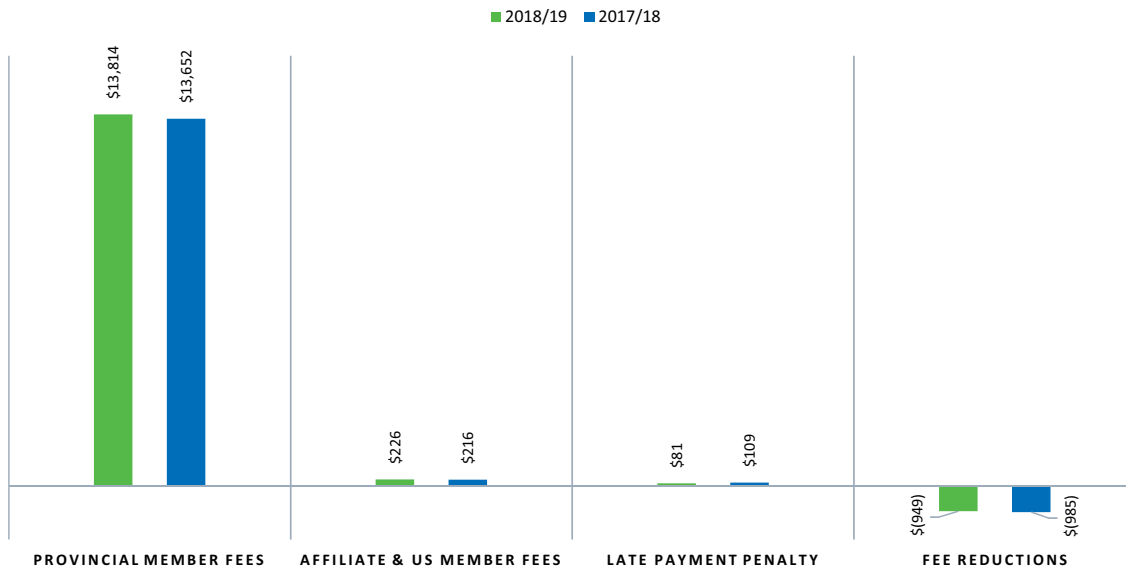
Provincial fees remain comparable to the other western Canadian provinces. National (CPA Canada) fees increased to \$400 from \$380 per member and are remitted to CPA Canada on behalf of the members.

There was a slight increase in overall member fee revenue compared to the prior year, due mainly to the influx of new members. These new members were a combination of those completing the Professional Education Program and legacy programs. The graph below provides a breakdown of the membership fees received by CPA Alberta.

MEMBER FEES COMPARISON



MEMBERSHIP FEES BY SOURCE ('000)



Through the CPA Alberta fee reduction program, Alberta CPAs can apply for a fee reduction, provided certain criteria are met. The objective of the program is to support members that have a reduced income for a variety of reasons. The economic downturn in Alberta over the past number of years has increased the use of this program, and the slow recovery has

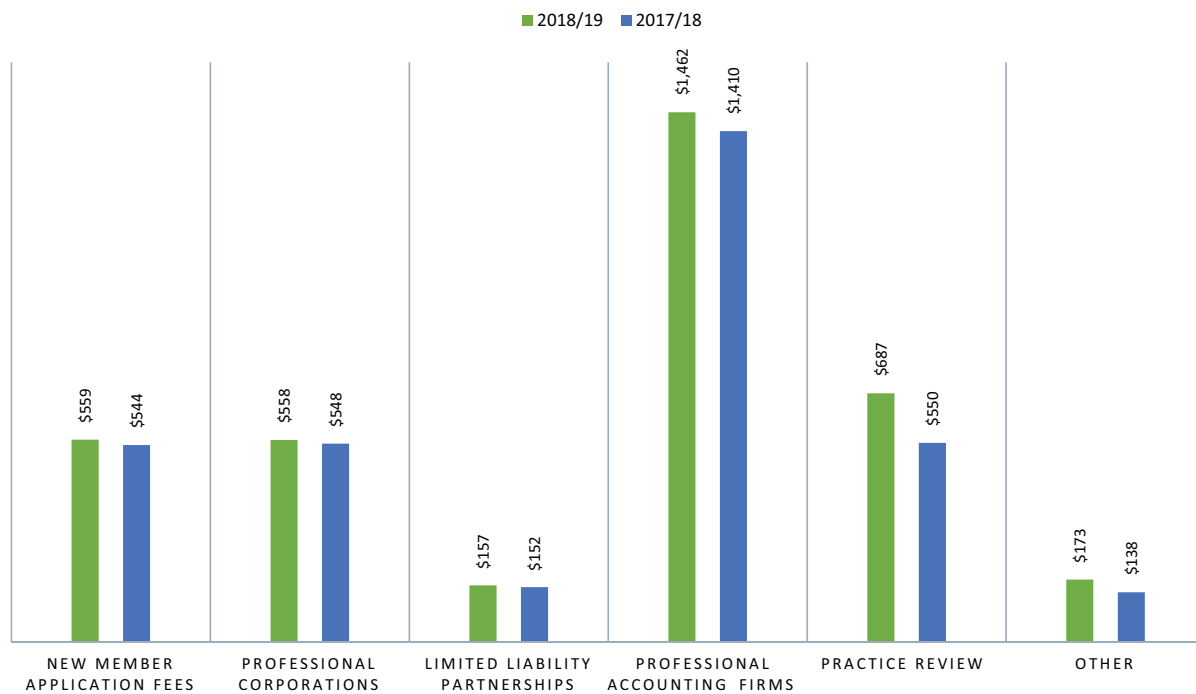
continued to impact member fee revenue due to an increased number of fee reduction applications. Although it is difficult to predict economic conditions, CPA Alberta has seen a gradual improvement and expects to see an increase in the number of members paying full fees in the upcoming years.

Public Accounting and Registration Fees

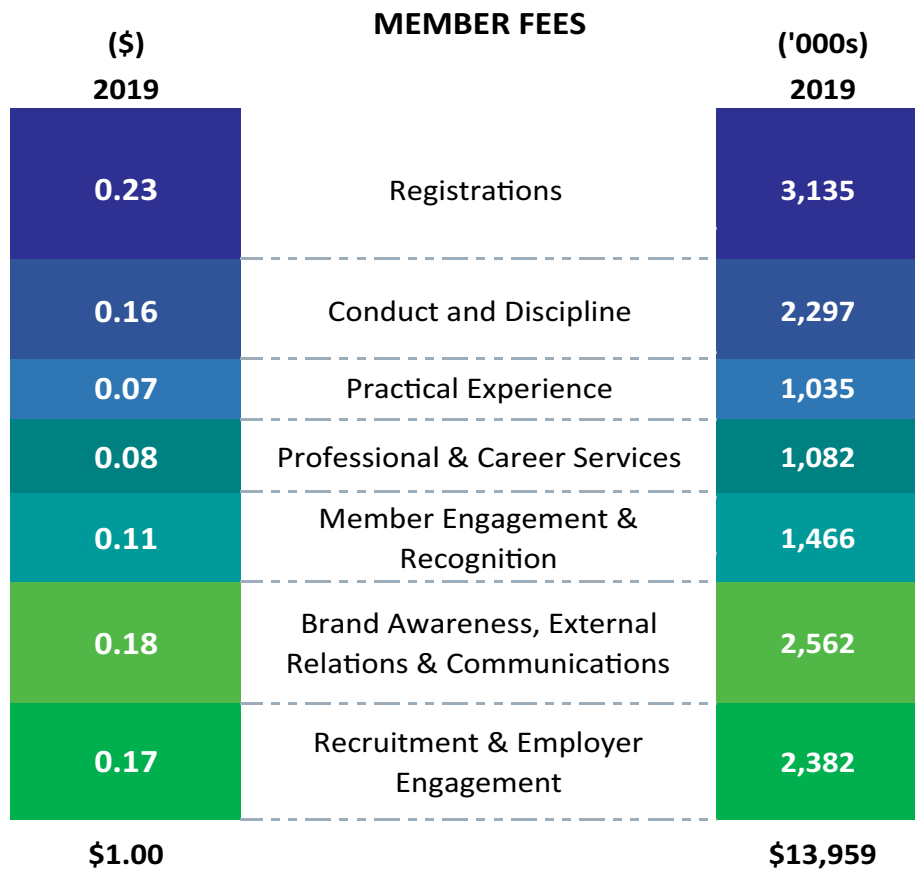
Public Accounting and Registration Fees were comparable to the prior year. There was a slightly higher influx of new members and firms in 2018/19.

Practice reviews are performed on a three year cycle. Annually, the cycle may fluctuate in terms of volume, complexity of the practice reviews performed, and location of the firms. Higher practice review revenues this year were due to an increase in review hours performed, driven by the types of firms reviewed, a change in reviewers, new firms, and firms with an increased risk cycle.

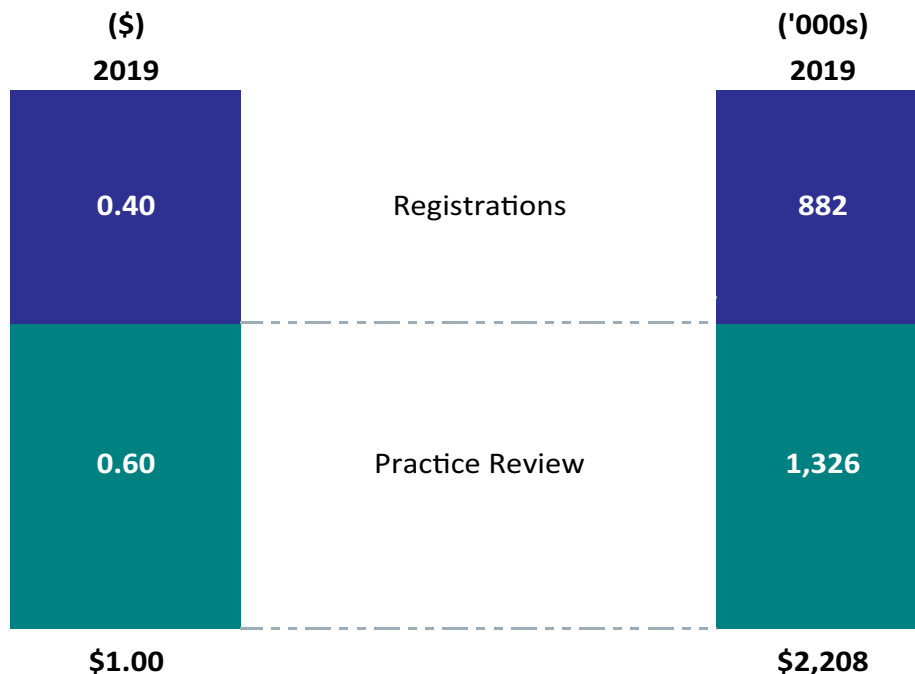
PUBLIC ACCOUNTING AND REGISTRATION FEES ('000)



**For every member dollar spent the activities and programs supported by
Member & Professional Accounting Firm Fees and Registration Fees**



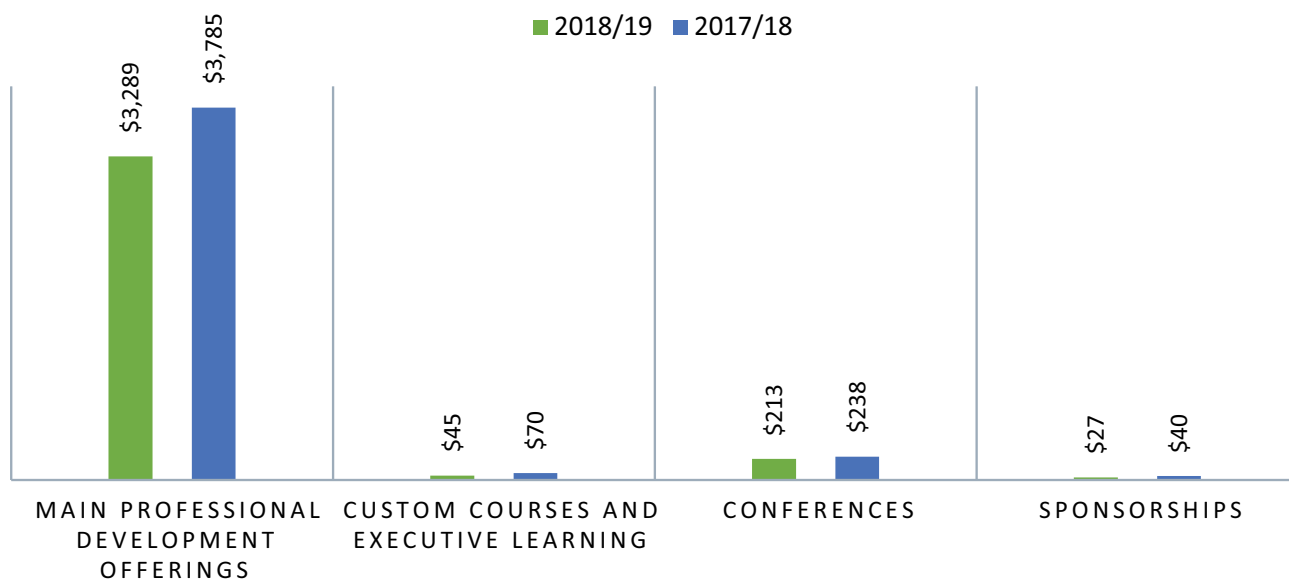
PROFESSIONAL ACCOUNTING FIRM AND REGISTRATION FEES



Post-certification Learning

Post-certification learning revenue encompasses a comprehensive program of professional development programs, conferences, and custom courses. Overall revenue from post-certification learning declined compared to the prior year, mainly due to lower registrations in the main program offerings, as shown in the graph below.

POST-CERTIFICATION LEARNING REVENUE BY PROGRAM ('000)

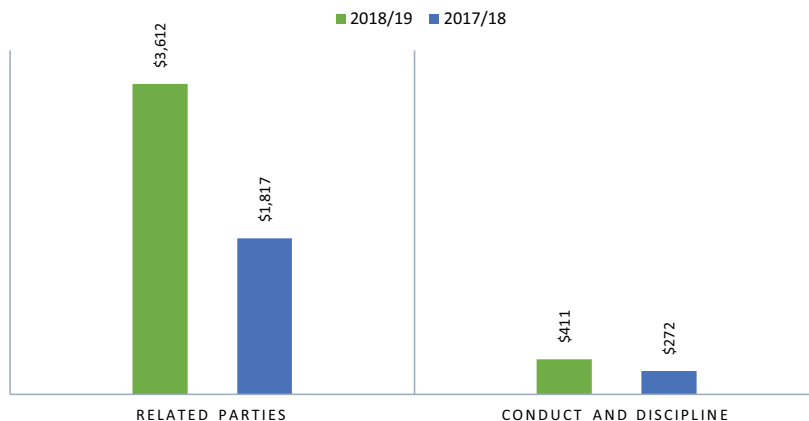


Cost Recoveries and Fines

Cost recoveries and fines include expense reimbursement from related parties for work CPA Alberta performs on their behalf, as noted in the financial statement disclosures. This also includes cost recoveries and fines for conduct and discipline.

There was a significant increase in cost recoveries related to funds received from the CPAWSB for recruitment services. Cost recoveries relating to conduct and discipline cases have also increased. The timing and amount of these recoveries vary year over year, depending on the nature and complexity of the case.

COST RECOVERIES AND FINES ('000)



Investments and Other Income

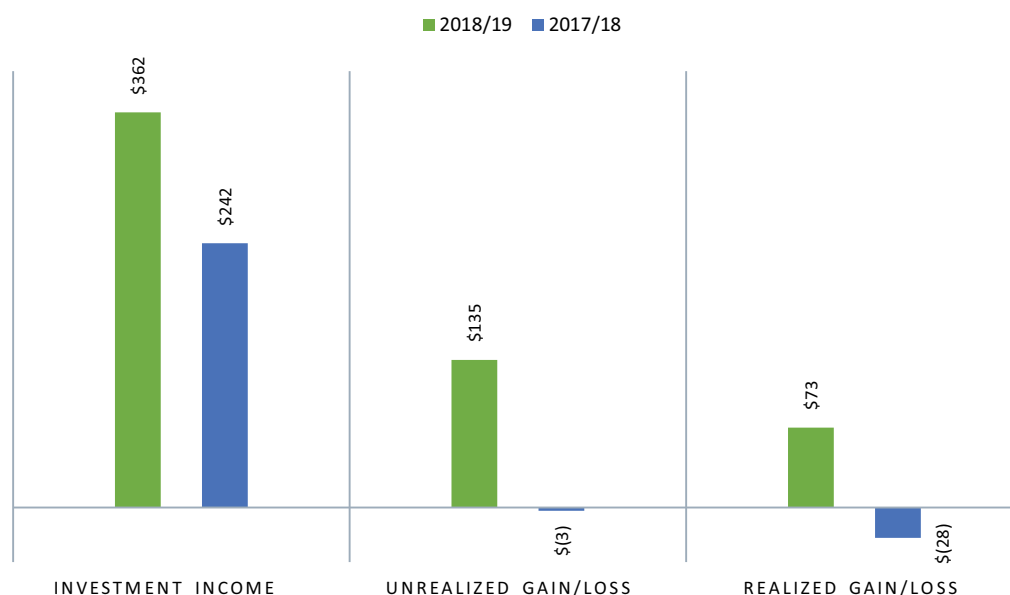
An Investment Policy Statement (IPS) for CPA Alberta was approved by the Board in March 2016, and subsequently amended in September 2017. The objective of the IPS is to focus on wealth preservation and some long term growth to retain the real (inflation adjusted) value of the portfolio. The IPS is reviewed by the Audit & Risk Committee on a regular basis to ensure compliance with the policy. During the year, there was an increase in investment income compared to the prior year due to economic improvement and a gain received upon the transition of investment portfolios from RBC Dominion Securities to Cidel Asset Management Inc.

CPA Canada is responsible for program development and operating expenses related to the Professional Education Program (PEP), the Preparatory Education Program (PREP), and the Advanced Certificate in Accounting and Finance (ACAF). The provinces fund these expenditures and share any related surplus or deficit. The program surplus is recorded in the current fiscal year.

INVESTMENT AND OTHER INCOME ('000)

	2018/19	2017/18
Investment Income	\$570	\$211
Advertising	\$61	\$29
Education Program	\$102	\$409
Total	\$733	\$649

INVESTMENT INCOME



Pre-certification Learning

Pre-certification learning revenue includes student fees received for legacy programs. Revenue from this source is expected to continually decline and will eventually be eliminated as the legacy program transition concluded this year.

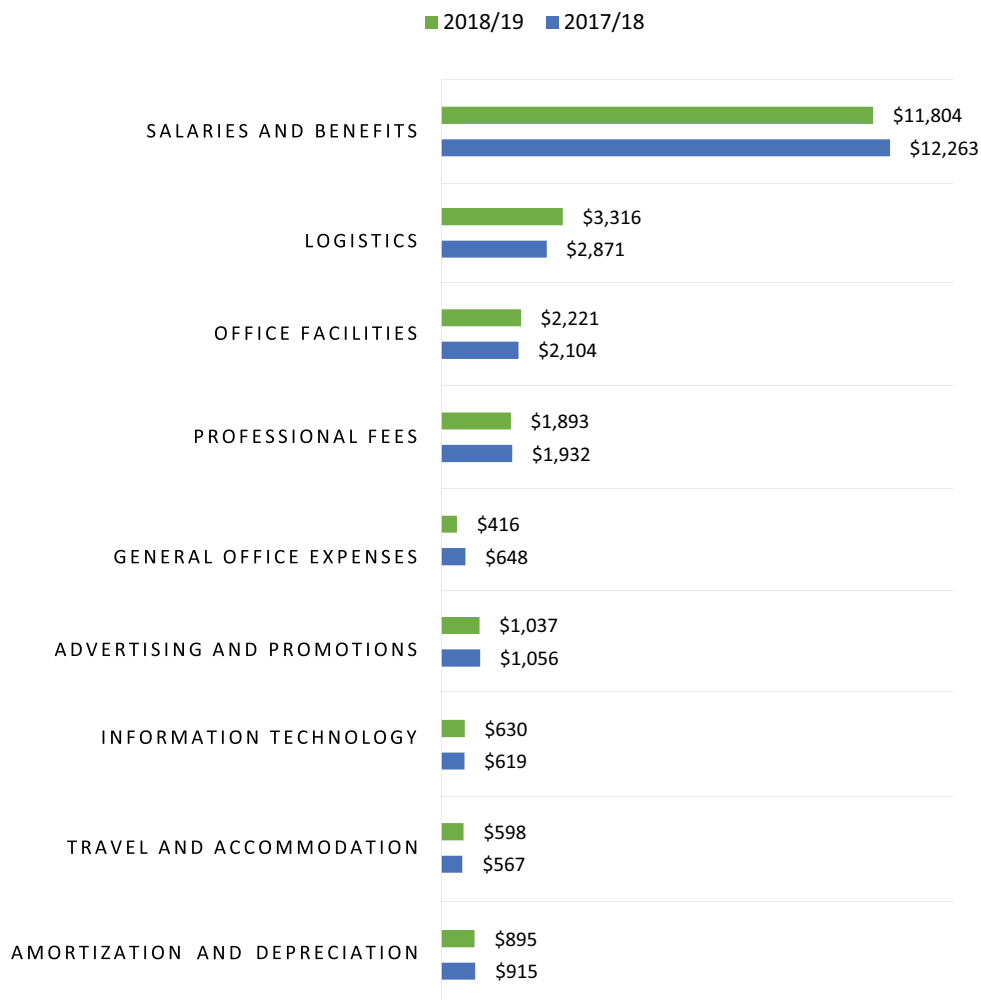
The CPA Western School of Business (CPAWSB) delivers programs on behalf of CPA Alberta as reported in the financial statement note disclosures (Note 7(b)).

Understanding Our Business

OPERATING EXPENSES

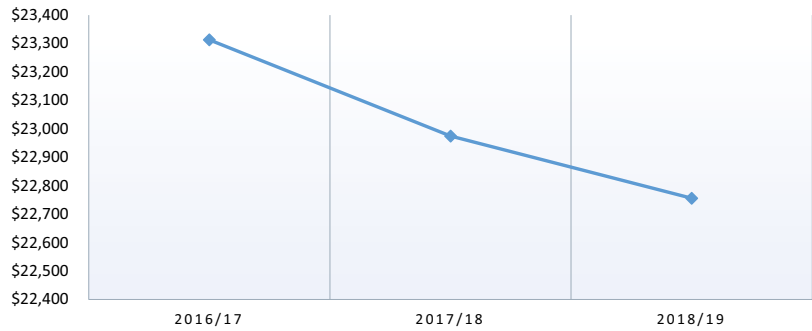
Operating expenses before transition expenses decreased over the prior year. This is primarily related to a decrease in salaries and benefits and general office expenses, offset by an increase in logistics expenses. Staff vacancies resulted in a decrease in salaries and benefits expenses, while a higher number of offerings for post-certification education courses (despite having a fewer number of registrants) resulted in an increase in logistics expenses over the prior year. The decrease in general office expense is mainly due to the wind-down of the CPA Assist entity in the prior year.

EXPENSES BY TYPE ('000)



Since unification, CPA Alberta has gained operational efficiencies in various areas, resulting in a decrease in operating expenses.

TREND IN OPERATING EXPENSES ('000)



Human Capital

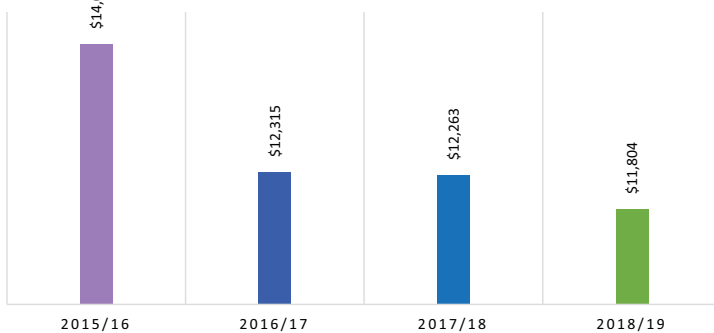
CPA Alberta prides itself on high service standards and support to its members. Accordingly, as a service organization, salaries and benefits continue to be CPA Alberta’s most significant expense. CPA Alberta completes a market assessment regularly to ensure compensation and benefits remain comparable to similar organizations.

Through its unification efforts, CPA Alberta has optimized staffing levels while ensuring a high-performing and effective team by strategically positioning itself as an employer of choice. CPA Alberta offers a competitive salary and benefits program compared to similar not-for-profit and public service entities. To ensure employees remain competent and engaged, CPA Alberta invests in a corporate training program to develop the skills and competencies required in the various roles and job families.

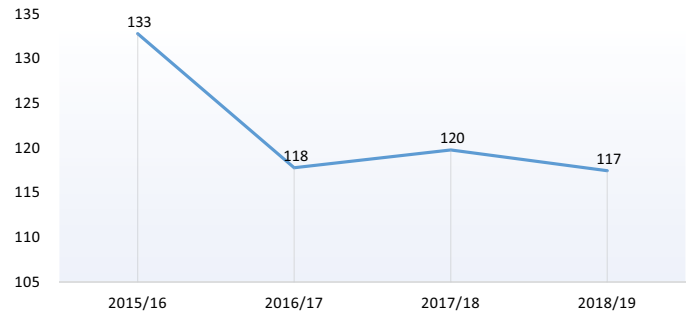
Employees meeting strategic objectives are rewarded through a rewards and recognition program that measures success towards goals and contribution to the workplace, including a peer-to-peer recognition program and long-term service awards. CPA Alberta also supports team building and social responsibility through its volunteer social committee, which provides events to employees throughout the year, including those that support organizations such as the Edmonton and Calgary Food Banks and Brown Bagging for Kids.

As illustrated by the graphs below, since unification CPA Alberta has committed to optimize the staff level to meet the mandate of the organization and to provide excellent services to members.

SALARIES & BENEFITS ('000)



TREND IN NUMBER OF FULL-TIME EMPLOYEES (FTE)



Understanding Our Business

FINANCIAL STEWARDSHIP

System and Processes

CPA Alberta maintains a high-quality system of accounting and administrative controls that is consistent with reasonable cost. Our system is designed to provide reasonable assurance that the financial information is reliable and accurate, and the assets are appropriately accounted for and adequately safeguarded. CPA Alberta is confident that there are no deficiencies that would impair its ability to provide reliable, timely disclosure, or affect its ability to execute its strategic plan.

Long Term Investments ('000)

Long-term Investments include fixed-income securities and common shares based on the asset allocation in the Investment Policy Statement (IPS). The IPS and investment advisor performance is reviewed annually by the Audit and Risk Committee. The objective of the IPS is to focus on wealth preservation and some long-term growth to retain the real (inflation-adjusted) value of the portfolio. The risk profile of the portfolio is low- to moderate-risk. Long-term investments balance as of March 31, 2019 was \$7,101, compared to \$6,630 in the prior year.

Tangible and Intangible Capital Assets ('000)

As of March 31, 2019, CPA Alberta held tangible capital assets with a net book value of \$6,303, compared to \$6,915 in the prior year. The decrease was due to the depreciation and amortization on the assets. Intangible Assets include development costs for upgrading the existing member management system in use (\$2,012). The system will continue to be upgraded in phases over the next two years.

CAPITAL ASSETS	2018/19	2017/18
Tangible	\$6,303	\$6,915
Intangible	\$2,012	\$596

Non-Financial Resources

CPA Alberta relies heavily on experienced volunteers and employees to enable it to carry out its mandate. The organization has an experienced team of directors, managers, staff, and volunteers that can be redeployed to meet changing market needs and support the organization in implementing its strategies.

Working Capital ('000)

The working capital position as of March 31, 2019 (which is defined as current assets minus current liabilities) is \$1,986, compared to \$880 in the prior year. The increase in working capital is primarily due to the cost recoveries from CPAWSB. The organization believes that the current cash position and anticipated cash flows from operations is sufficient to meet future short-term liability and capital expenditure requirements.

Capital Resources ('000)

As of March 31, 2019, CPA Alberta had a cash balance of \$8,649, compared to \$4,559 at March 31, 2018. The increase is primarily due to cost recovery payments from the CPAWSB.

Net Assets ('000)

CPA Alberta has a Net Assets Policy in place to ensure sufficient net assets are available to respond to adverse business conditions and to mitigate revenue and expense fluctuations year to year.

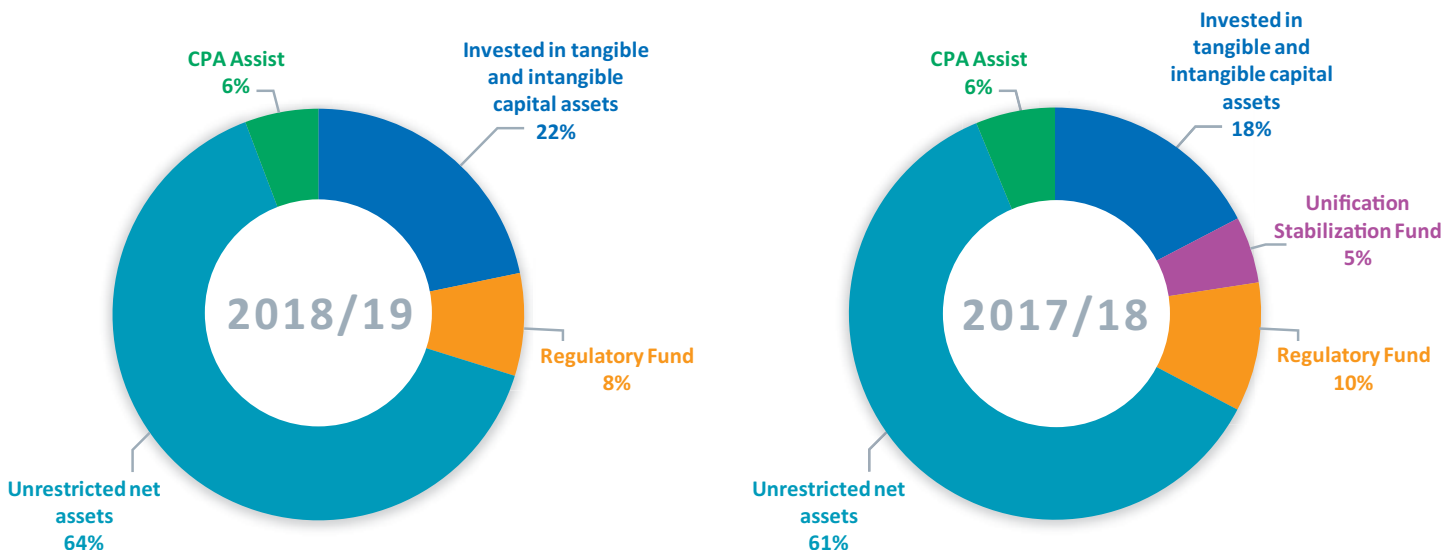
The Board has restricted a portion of net assets for capital assets, unification transition expenses, wellness programs for members, and the regulatory fund.

- The unification stabilization fund was exhausted in 2018/19.
- The regulatory fund supports the complexity of the regulatory processes and any related unforeseen costs which fluctuate annually.
- The CPA Assist Fund has been established to support mental health initiatives for members.

The Results ('000)

CPA Alberta had an operating surplus of \$2,985, compared to \$993 in the prior year before transition expenses. After transition expenses of \$555 (\$1,045 - 2018), CPA Alberta had an excess of revenues over expenses of \$2,430 (deficit of \$2,313 - 2018), increasing net assets from \$9,867 to \$12,297, as the graph below shows.

As noted earlier in the financial analysis, CPA Alberta received a significant cost recovery from the CPAWSB. This recovery is not anticipated to extend beyond 2018/19, and served to restore the net assets subsequent to the disposal of the member management system in development as reported in the 2017/18 annual report.



Understanding Our Business

EFFICIENT AND EFFECTIVE USE OF RESOURCES

Project Management

CPA Alberta has established a project management office (PMO) to ensure the efficient and effective use of resources. The PMO provides resources, templates, and support to guide and help project managers succeed in project execution. Established criteria for approvals ensure projects are consistently evaluated and confirm one or more of the organization's strategic priorities will be addressed, either directly or indirectly. Documentation and reporting ensures project teams are clear on deliverables and are able to report progress against agreed upon goals.

By applying project management methodologies, the three pillars of scope, budget, and schedule are monitored throughout the life cycle of a project. Project Managers are encouraged to share lessons learned that may benefit future initiatives. The PMO monitors all projects, thereby improving visibility of where resources are allocated. For fiscal 2019, all initiatives that met an approval threshold had a project charter formally documented and approved. The success rate, on time and on budget, of completed projects steadily increased throughout the year.

Internal Controls and Analytics

A Business Partner, Operations and Analytics joined the organization in 2018/19 with a goal of supporting CPA Alberta in providing value to the membership by demonstrating accountability, transparency, and compliance through business analysis and reporting. CPA Alberta has developed a program for implementation in 2019/20 to enhance and protect organizational value through risk-based and objective assurance, advice, and insight, building on the existing enterprise risk management program.

Procurement and Contract Management

The procurement and contract management office is responsible to ensure that procurement initiatives of the organization are transparent and optimize value for money. Through vendor negotiations and formal requests for proposals, CPA Alberta has realized cost savings and improvements in service and value. In order to improve efficiencies and strengthen internal controls, CPA Alberta is implementing requisition software in two phases. The recently completed Phase I streamlined the expense claim process for preparing and submitting expenses. Phase II will begin in 2019/20 and will be focused on vendor invoices, significantly streamlining processes and reducing CPA Alberta's paper footprint.

Risks and Opportunities

An Enterprise Risk Management Program (ERMP) based on the ISO: 31000 standard was developed and implemented in the 2017/18 fiscal year to report on strategic risks. The objectives of CPA Alberta's ERMP are to:

1. Develop a common understanding and implementation of risk management across the organization.
2. Develop and implement:
 - methods to integrate risk management into the organization's structure;
 - a standard methodology for managing risks;
 - education, support, and guidance to risk owners, and;
 - reporting to senior management and the Board.
3. Maintain risk registers for all key risks.
4. Develop effective risk treatments, or controls to manage risk.

In CPA Alberta's governance structure, the Audit & Risk Committee, on behalf of the Board, has the responsibility for oversight of risk management. This responsibility includes reviewing guidelines and policies to understand the process by which risk management is handled, and to obtain assurance on the adequacy and effectiveness of risk management.

Through CPA Alberta's Directives, the Board has delegated the responsibility for risk management to the CEO, to ensure that proper processes and procedures are in place to continuously identify and manage key business risks within the guidelines established by the Audit & Risk Committee and the Board. The ERMP has been designed to meet these obligations and to help ensure that CPA Alberta will achieve its objectives. The strategic risk register, developed by senior management, is presented to and monitored by the Audit & Risk Committee and provided to the Board as part of the Committee's mandate.

In 2018/19, the ERMP was updated to the 2018 standard and introduced across the organization for development of department-specific operational risk registers. CPA Alberta continues to ensure the principles of effective risk management become part of, and are integrated into, the CPA Alberta culture and workplace.

CPA Alberta monitors several strategic risks, including:

- Ensuring CPA Alberta and the profession maintains their positive and strong reputation.
- Ensuring CPA Alberta fulfills its mandate and will continue in its self-regulatory role.
- That members are competent and continue to be respected by the public for professional accounting services and advisory and high ethical standards.
- That members continue to see value in CPA Alberta's services and its ability to self-regulate.
- Ensuring that CPA Alberta continues to understand the unique Alberta landscape and the impact on its members.
- To monitor and address disruptive forces to the organization and its members.
- To ensure member's private information is secured through increased cybersecurity programs and continual monitoring and awareness of the cyber environment.
- To safeguard the organization's assets and ensure its viability in the long term.

Looking Ahead

CPA Alberta's 2019/20 corporate business plan outlines the goals and strategies for the organization, guided by the current five-year strategic plan. A detailed budget was prepared in support of this plan and the Board's strategic priority to maintain fiscal accountability. The budget does not anticipate any significant one-time recoveries in the upcoming fiscal year, such as that from the CPAWSB which led to this year's surplus. Management anticipates a balanced budget for 2019/20 fiscal year.

CPA Alberta maintains a healthy net asset position that is in line with its Net Asset Policy. It will continue to do so during the next fiscal year to ensure CPA Alberta can serve its mandate under the legislation, and has enough net assets available to withstand adverse business conditions.

In the 2019/20 year, the following changes to CPA Alberta's member and firm annual renewal fees have been approved by the CPA Alberta Board:

- Alberta member fees will increase from \$575 to \$585
- Professional Accounting Firm fees will increase from \$135 per full-time employee to \$145 per full-time employee
- Professional Corporation fees will increase from \$185 to \$195
- Practice Review fees will increase from \$190 per hour to \$210 per hour

These slight increases are the first since fees were harmonized upon unification of the profession. During that time, the increased costs of doing business due to inflationary factors were absorbed by CPA Alberta and offset by finding efficiencies. In fact, those efficiencies have led to a reduction in expenditures of over 30 per cent from the expenditures of the three legacy accounting bodies pre-unification. After four years, a small increase in fees was deemed necessary so the organization could respond to inflationary pressures without impacting services.

CPA Alberta will be focusing on key initiatives in its 2019/20 corporate business plan, which will enhance member products and services, achieve key strategic objectives, and enrich operational effectiveness.

Below: Competitive curler and CPA Education Foundation Scholarship recipient Jesse Iles poses for the Fall 2018 issue of Capitalize magazine, CPA Alberta's magazine for post-secondary students.





Chartered Professional Accountants of Alberta

Financial Statements

For the year ended March 31, 2019

Management's Responsibilities for Financial Reporting

The accompanying financial statements of the Chartered Professional Accountants of Alberta ("CPA Alberta") and all the information in this annual report are the responsibility of management.

The financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate under the circumstances to ensure that the financial statements are presented fairly in all material respects. Management has prepared the financial information presented elsewhere in the Annual Report and has ensured that it is consistent with that in the financial statements.

CPA Alberta maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that CPA Alberta's assets are appropriately accounted for and adequately safeguarded.

The CPA Alberta Board (the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for the financial statements. The Board carries out this responsibility principally through its Audit and Risk Committee (the "Committee").

The Committee, which is composed of certain board members, reviews the financial statements and other information contained in the annual report and recommends them to the Board for approval. The Committee meets with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters, and financial reporting issues, to satisfy itself that each party is discharging its responsibilities properly, and to review the financial statements, and the external auditor's report. The Committee also recommends the appointment of the external auditor, which is appointed by the members at the Annual General Meeting.

The financial statements have been audited by RSM Alberta LLP, in accordance with Canadian generally accepted auditing standards, on behalf of the members. RSM Alberta LLP has full and free access to the Committee.

Rachel Miller FCPA, FCA
Chief Executive Officer
July 5, 2019

Cindy Priebe FCPA, FCMA
Chief Financial Officer



RSM Alberta LLP

777 8th Ave SW
Suite 1400
Calgary, AB T2P 3R5

O +1 403 298 1500
F +1 403 298 5814

www.rsmcanada.com

Independent Auditor's Report

To the Members of the Chartered Professional Accountants of Alberta

Opinion

We have audited the financial statements of the Chartered Professional Accountants of Alberta (the "Organization"), which comprise the statement of financial position as at March 31, 2019 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and its financial performance 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 Organization 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.

Other Matter

The financial statements of the Organization for the year ended March 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on June 21, 2018.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

RSM Alberta LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

Calgary, Canada
July 5, 2019

Chartered Professional Accountants of Alberta

Statement of Financial Position

As at March 31, 2019

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash	\$ 8,649,246	\$ 4,559,139
Accounts receivable (Note 7-8, 10)	8,640,698	1,926,813
Prepaid expense	252,431	201,979
Deposits	51,750	31,444
	<u>17,594,125</u>	<u>6,719,375</u>
Non-Current Assets		
Lease incentive receivable (Note 10)	-	145,036
Long term investments (Note 3)	7,101,403	6,630,113
Tangible capital assets (net) (Note 4)	6,302,706	6,914,552
Intangible capital assets (net) (Note 4)	2,012,246	595,624
	<u>15,416,355</u>	<u>14,285,325</u>
	<u>\$ 33,010,480</u>	<u>\$ 21,004,700</u>
Liabilities		
Current Liabilities		
Deferred revenue (Note 7(b))	\$ 10,598,216	\$ 2,418,566
Accounts payable and accrued liabilities (Note 7)	5,009,567	3,420,950
	<u>15,607,783</u>	<u>5,839,516</u>
Non-Current Liabilities		
Deferred lease incentives (Note 10)	5,105,971	5,298,279
	<u>20,713,754</u>	<u>11,137,795</u>
Net Assets		
Invested in tangible and intangible capital assets	2,699,524	1,702,440
Internally restricted (Note 12)		
Unification Stabilization Fund (Note 13)	-	515,235
Regulatory Fund	1,000,000	1,000,000
CPA Assist	716,775	625,185
Unrestricted net assets	7,880,427	6,024,045
	<u>12,296,726</u>	<u>9,866,905</u>
	<u>\$ 33,010,480</u>	<u>\$ 21,004,700</u>

Commitments and Contingencies (Note 5-6)

Subsequent Event (Note 7(b))

Approved on behalf of the CPA Alberta Board

Curtis Palichuk, FCPA, FCA
Board Chair

Rachel Miller, FCPA, FCA
Chief Executive Officer

Chartered Professional Accountants of Alberta

Statement of Operations

For the year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
Revenues		
Membership fees	\$ 13,172,106	\$ 12,991,595
Cost recoveries and fines (Note 7)	4,023,379	2,089,249
Public accounting and registration fees	3,596,229	3,341,839
Post-certification learning	3,573,826	4,133,099
Investment and other income (Note 7)	732,844	648,872
Member events and career services (Note 7)	656,176	598,930
Pre-certification learning	40,969	164,624
	<u>25,795,529</u>	<u>23,968,208</u>
Expenses		
Administration	8,705,683	8,882,067
Regulatory	5,558,118	5,646,781
Member services	5,757,456	5,345,370
Communications and recruitment	2,789,710	3,100,863
	<u>22,810,967</u>	<u>22,975,081</u>
Excess of revenues over expenses before the following	2,984,562	993,127
Capital asset impairment	-	2,260,892
Excess (deficiency) of revenues over expenses before the following	2,984,562	(1,267,765)
Transition expenses (Note 13)	554,741	1,044,759
Excess (deficiency) of revenues over expenses	<u>\$ 2,429,821</u>	<u>\$ (2,312,524)</u>

The accompanying notes are an integral part of these financial statements

Chartered Professional Accountants of Alberta

Statement of Changes in Net Assets

For the year ended March 31, 2019

	Invested in tangible and intangible capital assets	Internally Restricted			Unrestricted	2019	2018
		Unification Stabilization Fund	Regulatory Fund	CPA Assist			
Balance, beginning of year	\$ 1,702,440	\$ 515,235	\$ 1,000,000	\$ 625,185	\$ 6,024,045	\$ 9,866,905	\$12,179,429
Excess of revenue over expenses (expenses over revenue)	(702,439)	(554,741)	-	91,590	3,595,411	2,429,821	(2,312,524)
Purchase of capital assets, net of disposals	1,699,523	-	-	-	(1,699,523)	-	-
Inter-fund transfer (Note 13)	-	39,506	-	-	(39,506)	-	-
Balance, end of year	\$ 2,699,524	\$ -	\$ 1,000,000	\$ 716,775	\$ 7,880,427	\$12,296,726	\$ 9,866,905

The accompanying notes are an integral part of these financial statements

Chartered Professional Accountants of Alberta

Statement of Cash Flows

For the year ended March 31, 2019

	<u>2019</u>	<u>2018</u>
Cash provided by (Used for) the following activities		
<i>Operating</i>		
Excess (deficiency) of revenues over expenses	\$ 2,429,821	\$ (2,312,524)
Lease incentive cash allowance	-	2,485,841
Non-cash adjustments:		
Amortization of tangible capital assets	894,747	914,720
Amortization of deferred lease incentives	(192,308)	(175,308)
Loss on disposal of capital assets	5	2,276
Capital asset impairment	-	2,260,892
Unrealized (gain) loss on investments	(134,564)	2,718
Realized (gain) loss on investments	(73,003)	28,232
	<u>2,924,698</u>	<u>3,206,847</u>
Changes in working capital accounts (Note 14)	3,128,660	(692,142)
	<u>6,053,358</u>	<u>2,514,705</u>
<i>Investing</i>		
Purchase of capital assets	(1,699,528)	(1,842,417)
Proceeds on disposal of capital assets	-	6,804
Purchase of investments	(10,635,611)	(3,964,285)
Proceeds on sale of investments	10,371,888	3,844,338
	<u>(1,963,251)</u>	<u>(1,955,560)</u>
Increase (decrease) in cash	4,090,107	559,145
Cash, beginning of year	4,559,139	3,999,994
Cash, end of year	\$ 8,649,246	\$ 4,559,139

The accompanying notes are an integral part of these financial statements

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2019

1 Incorporation and nature of operations

The Chartered Professional Accountants of Alberta ("CPA Alberta") is a professional regulatory organization established by the Chartered Professional Accountants Act ("the Act"), and the purpose of CPA Alberta is to protect the interest of the public, to protect the integrity of the profession, to promote and increase the competence of registrants, and to regulate the conduct of registrants.

As a not-for-profit organization under the Income Tax Act (Canada), CPA Alberta is not subject to income taxes.

2 Significant accounting policies

The financial statements of CPA Alberta ("financial statements") have been prepared in accordance with Part III of the CPA Canada Handbook, Canadian Accounting Standards for Not-for-Profit Organizations ("Part III"). Significant accounting policies are described below:

Cash

Cash includes bank balances and cash held in a high-interest savings account.

Measurement uncertainty

The preparation of financial statements in conformity with Part III 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 revenues 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 the tangible and intangible capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

Revenue recognition

Revenue is recognized when evidence of an arrangement exists, the service has been rendered, and the price is determinable, as follows:

- Membership, public accounting, and registration fees are recognized as revenue in the year to which they relate. Included in public accounting and registration fees are practice review fees that are recognized when practice review services are performed;
 - Pre-certification learning fees and Post-certification learning fees are recognized as revenue in the year to which they relate or when the courses are presented;
 - Member events and career services registration fees, sponsorships and other related income are recognized when the event is held;
 - Cost recoveries and fines resulting from hearings and appeals are recognized when decisions are made and collections are considered reasonably assured;
 - Investment income is recognized as it is earned over the term of investment; and
 - Other income is recognized as it is earned and collection is reasonably assured.
-

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2019

Tangible and Intangible assets

Capital assets (when a single asset, or multiple assets grouped together as appropriate, meets the capital asset criteria) are initially recorded at cost. Amortization is calculated using the straight-line method over their estimated useful lives as follows:

	Rate
Furniture	10 years
Office equipment	5 years
Computer software and hardware	3 years
Leasehold improvements	Lease term
Artworks	Indefinite
Intangible capital assets	10 years

The expenditures incurred on internally generated intangible assets during the development phase of the new member management system are capitalized as intangible assets.

Contributed materials and services

Contributed materials and services are recorded at fair value when the amount can reasonably be determined and would have been purchased by CPA Alberta if not contributed. Due to the difficulty of determining their fair value, volunteer services are not recognized in the financial statements. There were no contributed materials and services recorded for the years ended March 31, 2019 and March 31, 2018.

Deferred lease incentives

Lease incentives received, including rent-free periods and tenant inducements for leasehold improvements, are recognized on a straight-line basis over the term of the lease as a reduction in rental expense as a component of administration expenses.

Financial instruments

CPA Alberta initially measures financial assets and financial liabilities at their fair value. The organization subsequently measures its financial assets and financial liabilities, other than investments, at amortized cost. The financial assets subsequently measured at amortized cost include cash, accounts receivable and lease incentive receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. Investments are recorded at fair value.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2019

3 Investments

Long-term investments consist of fixed income securities, preferred shares, and common shares that can be readily liquidated. The distribution of the long-term investments, and change in market value, are as follows:

	March 31, 2019		March 31, 2018	
	Fair Value	Cost	Fair Value	Cost
Fixed income	\$ 4,144,545	\$4,006,613	\$ 4,000,017	\$4,063,949
Canadian equity	1,377,450	1,314,861	1,079,686	1,052,363
US equity	1,269,304	1,253,088	1,502,374	1,357,950
International equity	310,104	283,169	48,036	46,743
	<u>\$7,101,403</u>	<u>\$6,857,731</u>	<u>\$6,630,113</u>	<u>\$6,521,005</u>

The long-term investments balance includes an unrealized gain of \$243,672 (2018 – \$109,108). A gain of \$73,003 that was realized in the 2019 fiscal year (2018 – loss of \$28,232) and an unrealized gain of \$134,564 (2018 – loss of \$2,718) are included in investment and other income. Annual interest rates on fixed income range from approximately 1.67% to 8.35%, and mature at various dates from April 2019 to July 2046. (In 2018, the annual interest rates on bonds ranged from 0.75% to 6.4%, and maturity dates ranged from August 2019 to December 2048).

Cash earned interest for the year ended March 31, 2019 of \$90,676 (2018 - \$44,485). Interest earned on long-term investments for the year ended March 31, 2019 was \$271,651 (2018 - \$197,321). Annual interest rates on cash in 2019 ranged from 0.65% to 1.9% (2018 – 0.65% to 1.4%).

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2019

4 Capital assets

	March 31, 2019			March 31, 2018
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 2,105,386	\$ 856,103	\$1,249,283	\$1,414,147
Office equipment	993,206	730,162	263,044	356,329
Computer software and hardware	5,099,244	4,702,768	396,476	406,243
Leasehold improvements	6,152,945	1,786,182	4,366,763	4,710,693
Artworks	27,140	-	27,140	27,140
Tangible capital assets	14,377,921	8,075,215	6,302,706	6,914,552
Intangible capital assets	2,015,712	3,466	2,012,246	595,624
	<u>\$16,393,633</u>	<u>\$ 8,078,681</u>	<u>\$8,314,952</u>	<u>\$7,510,176</u>

Leasehold improvements, furniture, and office equipment of \$1,359,213 related to the construction of the new premises in the prior year are available for use in the current year. Intangible assets of \$1,599,836 (2018 – \$595,624) in development has not been amortized. This consists of the new member management system software.

Amortization amounted to \$894,747 for the year ended March 31, 2019 (2018 – \$914,720), and is included in the Administration expenses. CPA Alberta disposed of certain assets for a loss of \$0 (2018 - \$1,705 loss) included in transition expenses. Other assets disposed resulted in a loss of \$5 that remained in Investment and other income (2018 - \$571 loss).

5 Commitments

Discipline

Under the Act, CPA Alberta is required to regulate the conduct of its members. At March 31, 2019, a number of investigations and hearings were in progress.

Contractual obligations

CPA Alberta has various leases for office space which expire between December 2022 and February 2032. The future minimum cash lease payments (exclusive of occupancy charges) for the year ending March 31 are as follows:

2020	\$ 1,071,419
2021	1,200,393
2022	1,476,211
2023	1,394,427
2024	1,167,593
Thereafter	6,465,576
	<u>\$12,775,619</u>

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2019

6 Contingencies

CPA Alberta is defending one statement of claim. The outcome and an estimate of loss in relation to that claim, if any, is not determinable. Defense costs to date have been covered by the CPA Alberta's insurer. As such, no amounts related to the claim are recorded in the financial statements.

7 Related Party Transactions

(a) CPA Education Foundation

CPA Education Foundation ("the Foundation") is related to CPA Alberta through common management as its Executive Director is also the Chief Executive Officer ("CEO") of CPA Alberta. The CPA Alberta Board establishes the level of contributions to the Foundation by way of a component of fees assessed to members.

For the year ended March 31, 2019, CPA Alberta contributed \$1,706,658 (2018 – \$1,674,188) towards the Foundation's general revenue. In addition, CPA Alberta contributed to the Foundation the proceeds received from the Family Day events in the amount of \$0 (2018 - \$5,915). The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended March 31, 2019, CPA Alberta has recovered \$362,178 (2018– \$398,832) for operating costs incurred on behalf of the Foundation and are included in cost recovery and fines. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due from the Foundation at March 31, 2019 totaled \$50,694 (2018 – \$360,638), and are included in accounts receivable. Amounts due to the Foundation at March 31, 2019 totaled \$1,687 (2018 - \$212) and are included in accounts payable and accrued liabilities.

(b) CPA Western School of Business

CPA Western School of Business ("CPAWSB") is responsible for delivering pre-certification education for students in the four western provinces, in accordance with an agreement signed by the CPA bodies in Alberta, British Columbia, Saskatchewan, and Manitoba and CPAWSB effective September 29, 2015. Effective June 1, 2018, the western CPA provincial bodies approved changes relating to the governance structure of CPAWSB. The new Board of Directors of the CPAWSB is now comprised of the CEOs from the four western provincial bodies.

CPAWSB is a registered charity incorporated under the Canada Not for Profit Corporations Act, and is not subject to income taxes. In the event of dissolution or winding up of the corporation, all of its remaining assets after payment of liabilities shall be distributed to qualified donees as defined in Section 149.1(1) as amended, of the Income Tax Act (Canada), and therefore not available to the four western provincial bodies including CPA Alberta. Accordingly, no ownership interest of CPAWSB is reflected in the financial statements. If a provincial body withdraws from the agreement prior to operations ceasing, that body would have no right to any of the assets or other property of CPAWSB.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2019

The following event occurred subsequent to the year ended March 31, 2019: An operating agreement has been signed between CPAWSB and the four western provincial bodies effective April 1, 2019. Under the operating agreement, CPAWSB will be an independent contractor that delivers education on behalf of each of the four western provinces. The revenue and costs collected and incurred by CPAWSB will be allocated to each of the four western provinces based on the number of learners in each province.

During the year ended March 31, 2019, CPA Alberta recovered \$3,479,498 (2018 – \$1,529,342) for operating costs incurred on behalf of CPAWSB and are included in cost recovery and fines. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Prior to the year-end, invoices were issued and fees were collected on behalf of CPA Alberta under the operating agreement as described above. As a result, amounts due from CPAWSB at March 31, 2019 totaling \$7,432,689 (2018 - \$nil) are included in accounts receivable and deferred revenue.

(c) CPA Insurance Plans West

CPA Insurance Plans West (“CPAIPW”) provides insurance and other benefit programs exclusively to Chartered Professional Accountant firms, individual Chartered Professional Accountants and their dependents in Western Canada.

CPAIPW is a not-for-profit organization continued under the Canada Not-for-profit Corporations Act. CPA Alberta Board appoints two persons to serve on the eight person board of CPAIPW. As a not-for-profit organization under the Income Tax Act (Canada), CPAIPW is not subject to income taxes.

During the year ended March 31, 2019, CPA Alberta purchased benefit plan services for its employees from CPAIPW costing \$478,019 (2018 – \$487,433) and are included in salaries and benefits expense, which are allocated to four categories of business unit expenses. In addition, CPAIPW purchased advertising from CPA Alberta for \$5,040 (2018 – \$5,040) and provided sponsorships of \$110,000 (2018 – \$185,000). These are included in other income and member events and career services revenue, respectively. CPA Alberta recovered \$4,083 (2018 - \$4,204) for costs incurred on behalf of the CPAIPW. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due from CPAIPW at March 31, 2019 totaled \$2,520 (2018 - \$62,600) and are included in accounts receivable.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2019

(d) Chartered Professional Accountants of Canada

CPA Alberta has an agreement with Chartered Professional Accountants of Canada ("CPA Canada") to work together to achieve a common mission and vision, to administer their affairs in accordance with agreed principles, and to act in the spirit of utmost faith and trust to best serve the interests of the CPA profession and the public. Provincial bodies which govern Chartered Professional Accountants across Canada, such as CPA Alberta, fund the operations of CPA Canada through sharing national committee costs, marketing expenses, and collecting national member fees on its behalf.

Amounts due from CPA Canada at March 31, 2019 totaled \$117,705 (2018 - \$434,026) and are included in accounts receivable. Amounts due to CPA Canada at March 31, 2019 totaled \$119,721 (2018 - \$553,822) and are included in accounts payable.

8 Accounts receivable

Accounts receivable is net of an allowance for doubtful accounts of \$1,131,959 (2018 - \$1,199,981).

9 Member fees and other amounts received in advance

Included in accounts payable are member fees collected in March 2019 for the 2019/20 billing year (Note 7(a) and Note 7(d)). These are amounts owing to CPA Canada of \$1,348,447 (2018 - \$828,680), and amounts owing to the Foundation of \$245,019 (2018 - \$150,775). Amounts due will be paid within the next fiscal year with no interest charged.

10 Deferred lease incentives

For the year ended March 31, 2019, rent expenses were reduced by \$192,308 (2018 - \$175,309) which represents the amortization of deferred lease incentives.

	<u>March 31, 2019</u>	<u>March 31, 2018</u>
Deferred lease incentive, beginning of year	\$ 5,807,736	\$ 3,154,145
Add: lease incentive (cash)	-	2,485,841
Add: lease incentive receivable	-	343,059
Less: amortization	(192,308)	(175,309)
Deferred lease incentive, end of year	<u>\$ 5,615,428</u>	<u>\$ 5,807,736</u>
Current portion (included in accounts payable)	\$ 509,457	\$ 509,457
Long-term portion	\$ 5,105,971	\$ 5,298,279

Total lease incentive receivable is \$145,036 for the year ended March 31, 2019 (2018 - \$343,059), of which \$145,036 (2018 - \$198,023) is included in accounts receivable. These amounts will be applied against future rent expenses until December 2019.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2019

11 Government remittances

Government remittances at March 31, 2019 consisted of \$570,929 payable to government authorities (2018 payable - \$66,488) related to Goods and Services Tax.

12 Internally restricted net assets

Internally restricted net assets represents amounts the board of directors internally restricted for the costs associated to the unification of accounting designations in Alberta, the cost related to providing CPA Alberta members, candidates and their immediate families assistance in addressing their personal or professional issues through CPA Assist program, and unforeseen costs related to regulating registrants, which is not available for other purposes without the approval of the board of directors.

13 Transition expenses

With the ongoing effort from both the national and provincial bodies to unify Canada's three legacy accounting designations under a single "Chartered Professional Accountant" designation, and to provide support during the transition period, some expenses related to the transition have been incurred for the 2016 to 2019 fiscal years.

The Board has previously set up several internally restricted funds, including the Unification Stabilization Fund, comprised of one time transitional expenses required to complete the harmonization and unification of the profession. At the end of the 2018/19 fiscal year, the Unification Stabilization Fund is exhausted. \$39,506 was transferred from the General fund to cover fund deficiency of the Unification Stabilization Fund.

14 Changes in working capital accounts

	March 31, 2019	March 31, 2018
Decrease (increase) in current assets	\$ (6,639,607)	\$ 713,738
Increase (decrease) in current liabilities	9,768,267	(1,405,876)
Changes in working capital accounts	<u>\$ 3,128,660</u>	<u>\$ (692,142)</u>

15 Financial Instruments

CPA Alberta's risk exposures related to its financial instruments are outlined as follows:

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. CPA Alberta's main credit risk relates to its cash and accounts receivable.

 CPA Alberta

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