



CPA ALBERTA ANNUAL REPORT

2017/2018



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
ALBERTA



THE PEOPLE

DISCUSSION

THE FIGURES

Sean Prior CPA, CA | Husky Energy

Sean is one of thousands of CPA Volunteers who support the growth of the profession.

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On the cover: Photos from the various activities during the profession's annual celebration, Elevate 2017: Celebrating Progress and Achievement.



Rachel Miller FCPA, FCA

Curtis Palichuk FCPA, FCA

MESSAGE FROM THE CHAIR AND CEO

When CPA Alberta looks back at 2017/18, there's little doubt that the year will be seen as one of progress, achievement, and growth—both for the organization and for the CPA profession in Alberta itself.

From an accountability perspective, CPA Alberta continued to seek and implement efficiencies in its operations in 2017/18. As the transitional business related to unification of the accounting profession moved further behind in the rearview mirror, the organization found more and more ways to successfully achieve its goals while being conscientiously accountable to its membership for how its dollars and other resources are used.

Perhaps the most important of those CPA Alberta goals is ensuring that the organization delivers on its legislated responsibility to protect the public. It does so by ensuring high levels of competency and ethical conduct among its members, and by providing a robust conduct and discipline process that helps build public confidence in the profession. In 2017/18, CPA Alberta completed a record number of practice reviews and successfully managed a wide range of complaints in its efforts to provide regulatory rigour across the profession. New services and products to help members strengthen their skills were also offered.

Beyond the primary priorities of accountability and public protection, CPA Alberta flourished in other ways as well in 2017/18. The profession welcomed a record 764 new CPAs into the profession at its annual convocation ceremonies, and anyone lucky enough to attend any of those ceremonies was almost certainly struck by the quality of Albertans who have chosen to earn the CPA designation.

During 2017/18, CPA Alberta also had many opportunities to raise awareness of the CPA

designation among Albertans through sponsorship of, and involvement in, various public events and activities across the province. Through CPA Alberta partnerships with organizations such as chambers of commerce, post-secondary institutions, and leading businesses, the CPA logo seemed to be everywhere last year. More important than logo placement, however, were the opportunities these sponsorships presented for Alberta CPAs to serve as ambassadors for the profession. From mingling with government leaders to speaking with university students, CPAs volunteered to help CPA Alberta reinforce what the profession represents with Albertans in all parts of the province.

CPA Alberta's achievements—many of which you can read about in this annual report—would not have been possible without the hard work and commitment of its volunteer Board members and its staff. We thank Board and staff members for their continuing dedication to the profession.

Above all, we thank the thousands of Alberta CPAs who volunteered with us to serve the profession over the past year. From those who sit on our regulatory committees to those who take part in our student recruitment activities, these volunteers personify the very best qualities of the CPA profession. Without their professionalism, enthusiasm, and willingness to generously lend their time and expertise, CPA Alberta would not have been able to accomplish what it did in 2017/18.

Sincerely,

Curtis Palichuk FCPA, FCA
Chair

Rachel Miller FCPA, FCA
Chief Executive Officer



THE PEOPLE

Johanna Bond CPA, CA | Hockey Canada

Johanna shares her wisdom with prospective CPAs in the fall 2017 edition of Capitalize Magazine, intended for post-secondary and recruitment audiences.

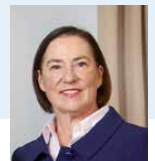
CPA ALBERTA BOARD

GOVERNANCE AND STRUCTURE



Pictured Left (Left to Right):
Rob Quilley FCPA, FCA, Damian Zapisocky CPA, CA, Geeta Tucker FCPA, FCMA, Ruth McHugh FCPA, FCMA, Simar Gill BEng, PMP (Public Member), Curtis Palichuk FCPA, FCA (Chair), Sonya von Heyking CPA, CA, CIA, Michelle Balmer CPA, CA, John Fuller CPA, CA, Karen Graham (Public Member), Darrell Jones FCPA, FCMA (Vice Chair)

Not Pictured:
Diane Pettie OC
(Public Member)



The CPA Alberta Board consists of nine members elected by CPAs and three public members named by the Government of Alberta. The Board derives its authority from the *Chartered Professional Accountants Act*. Section 11 of the Act defines the Board's functions as:

- Governing the business and affairs of CPA Alberta;
- Fulfilling the purposes of the 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 these roles and duties, and in accordance with the CPA Alberta Directives, the Board has established seven non-statutory committees. These committees and their memberships are as follows:

Audit and Risk Committee:

- Rob Quilley FCPA, FCA (Chair)
- John Fuller CPA, CA
- Damian Zapisocky CPA, CA

Governance Committee:

- Darrell Jones FCPA, FCMA (Chair)
- John Fuller CPA, CA
- Rob Quilley FCPA, FCA
- Damian Zapisocky CPA, CA

Human Resources Committee:

- Curtis Palichuk FCPA, FCA (Chair)
- Darrell Jones FCPA, FCMA
- Rob Quilley FCPA, FCA

Bylaws and Rules Committee:

- Ruth McHugh FCPA, FCMA (Chair)
- 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 (Public Member)
- Liza Richer CPA, CA
- Betty Thompson FCPA, FCGA
- Damian Zapisocky CPA, CA

CPA Alberta Achievement Awards Review Committee:

- Donald Chandler FCPA, FCA (Chair)
- J. Steve Allan FCPA, FCA
- Nazz Baksh CPA, CMA
- Todd Robert Cook CPA, CA
- Jim Downie FCPA, FCMA
- David Inhaber FCPA, FCGA
- Colette Anne Miller FCPA, FCA
- David Niebach CPA, CGA
- Jason Schwab FCPA, FCMA
- Fred Robert Neal Snell FCPA, FCA
- Mark Woltersdorf FCPA, FCA, CGA, CMA

CPA Alberta Achievement Awards Nomination Committee:

- Joe Gagliardi FCPA, FCMA (Chair)
- Roger Arcand CPA, CMA
- Murray Bandura, FCPA, FCGA
- Alex Beis CPA, CA
- Lance Bick CPA, CA
- Dennis Bourgeault CPA, CA
- Matthew J. Creighton CPA, CA
- Robert Harrison CPA, CGA
- Raymond Hawrelak CPA, CA

COMMITTEES AND ROSTERS

The CPA Alberta Board is assisted in its duties and responsibilities through the contribution of CPAs and members of the public, who participate on Committees and Rosters. As of March 31, 2018, these Committees and Rosters were as follows:

COMPLAINTS INQUIRY COMMITTEE

Ron Allen CPA, CMA
Glen Arnston CPA, CMA, CA
Norm Asuchak CPA, CGA
Chris Burrows CPA, CA, CPA (IL, USA)
Paul Dytham CPA, CGA
Brian Farrell CPA, CA
Pam Gill, Public Member
Morley Hirsch FCPA, FCA
Adrian Kottke CPA, CGA
Alfred Lee CPA, CGA, CA
Heather Murk CPA, CA
Phyllis Phan CPA, CMA
Jay Schmidt CPA, CA, CPA (IL, USA)
Dereka Thibault FCPA, FCA
Stuart Weatherill (Public Member)
Randy Yatscoff (Public Member)

Discipline and Appeal Tribunal Roster

F.F. Abbott FCPA, FCA
Shelley J. Abray CPA, CGA
Brian Eric Alguire CPA, CMA
J. Steve Allan FCPA, FCA
Nazz 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
Bev Brennan FCPA, FCA
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
G. J. Daunheimer CPA, CA
Joan B. Davies CPA, CGA
J. R. Demcoe FCPA, FCA
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
Michael Gibbins FCPA, FCA
Eldon C. Godfrey FCPA, FCA
Tim O. Gore-Hickman CPA, CA
W. D. Grace FCPA, FCA
David D. Guebert CPA, CA
D. Harvey Hall CPA, CA
Grant Edwin Hanna CPA, CMA
Robert H. Hahn CPA, CA
Greg P. Hirtle CPA, CA
John Den Hoed FCPA, FCMA

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 FCPA, FCA, CPA (IL, USA)
Gary Richard Keen FCPA, FCMA
Leo R. Kelly FCPA, FCA, CA•IEA
Sandra King FCPA, FCGA
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
R. Matthews CPA, CA
I. E. W. McConnan FCPA, FCA
Daniel McKinley FCPA, FCA
W. J. McNaughton CPA, CA
Heather R. Mechalski FCPA, FCGA
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
G. F. Quinlan CPA, CA
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
Michael A. Williams FCPA, FCA

Public Member Roster

(The Lieutenant Governor in Council appointed the following persons as public members, each for a three-year term expiring on June 30, 2018)

Alistair Anderson
James Bailey, I.S.P
Rick Balbi
Michael Baron
Laurie Bowes, QC
Glen Buick
Geoff Chow
Leo Flaman, P.Eng., FEC
Douglas Fletcher
Bill Forbes
Pam Gill
Nancy Hack
Dolores Herman
John A Howard
Velma Hubbard
William L. Kaufmann
Robert Kuling

Ken Levins
Barry Massing
Jim McCartney
Ronald McIntosh, P.Geol
Sharon McMullan-Baron
James Miles, QC
Frank Nieboer
Lynn Patrick
Thomas Pickard
William Redmond
Don Sibbald, QC
B. A. R. (Quincy) Smith, QC
Bruce Symons
Douglas Taylor, P.Ag.
John Voorhorst
Philip Wazonek
Patricia Wheadon
Randall Yatscoff, PhD

Practice Review Committee Members

Kim Wallin CPA, CA (Chair)
Mark DeBlois CPA, CA
April Duffy CPA, CA
Phoebe Elliot CPA, CA
Ken Hankinson CPA, CMA
Brenda Hill CPA, CGA
Christopher Jurkschat CPA, CA
Douglas Kroetsch CPA, CA
Meghan McConnan CPA, CA
Debbie Ooms CPA, CA
Paul Spiller (Public Member)
James Trites CPA, CA
Ian Woodman CPA, CGA

Registration Committee

Faye K. Brown CPA, CA
Raman Deol CPA, CA
Kendra Gowdy CPA, CGA
Rob Harding CPA, CMA
Al-Karim Moloo CPA, CMA
Candace Moody CPA, CA
Jason Mutschler CPA, CA
Al-Nur Pradhan CPA, CMA
Jim E. Smith, P.Eng, FEC, ICD.D
Robert Vandervelde CPA, CGA

HONOURING THE BEST OF OUR PROFESSION

In 2017/18, CPA Alberta honoured and celebrated those 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 formally recognizes Fellows of the Chartered Professional Accountants who have continued to render exceptional services to the profession or whose achievements in their careers or in the community have earned them distinction and brought honour to the profession.



Harold Kingston
FCPA, FCA



Merwan Saher
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.



Tricia Antonini
FCPA, FCA



Eleanor Chiu
FCPA, FCA



Neil Cockburn
FCPA, FCA



David Elzinga
FCPA, FCA



Gill Hermanns
FCPA, FCGA



Wayne Irvine
FCPA, FCA



David Janzen
FCPA, FCA



Marc Joiner
FCPA, FCA



Jerry Larkin Kavanagh
FCPA, FCA



Kevin Keith
FCPA, FCA



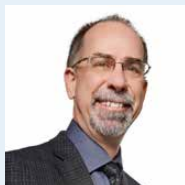
Chris Lee
FCPA, FCA



Ross McNichol
FCPA, FCA



John Stelter
FCPA, FCA



Rick Whitley
FCPA, FCA



Vivien Wulff
FCPA, FCA



Tracey Zehl
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.



Robert Andrews
CPA, CMA



Michael Burnyeat
CPA, CA



James Merkosky
CPA, CA



Randy Nicholls
CPA, CA



Shahid Qureshi
CPA, CGA



Aymie Rondeau
CPA, CA



Shannon Ryhorchuk
CPA, CA



Carol Sadler
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.



Alexandra Arnell
CPA, CA



Zarina Bhambhani
CPA, CA



Stephanie Boldt
CPA, CA



Kelly Coley
CPA, CMA



Scott Gordon
CPA, CA



Brett Klawitter
CPA, CA



Jasmine Konsorada
CPA, CA



Angela Loo
CPA, CA



Darrell Mathews
CPA, CMA



Hailey Pinksen
CPA, CA



Elisha Sharma
CPA



Marvin Slingerland
CPA, CA



Patrick Teoh
CPA, CA



Devon Wardley
CPA, CA



Elmien Wingert
CPA, CA



DISCUSSION

Post-secondary students and candidates get the chance to mingle with local CPAs at the popular Bowl-a-Rama event. Bowl-a-rama is made possible with the support of the CPA Education Foundation.

Management's Discussion and Analysis

INTRODUCTION

In 2017/18, CPA Alberta began the first year of activity under its new five-year strategic plan, which outlines a consistent focus on five strategic priority areas endorsed by the CPA Alberta Board of Governors.

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

Being the first year of a new five-year strategic plan, this was an exciting year for CPA Alberta and a year for record-breaking excellence. The previous strategic plan focused on transition; the new plan reflects the organization's move towards longer-term priorities and new goals that serve the public and profession.

The first implementation phase for the plan was to develop a deeper understanding of the context and environment for the profession in Alberta. To this end, a series of research projects were undertaken in 2017/18 to provide qualitative data to inform future strategic goals.

Key findings of this research included the following:

1. The CPA designation will continue to be relevant in the future, even as robots and other forms of artificial intelligence begin to take over some of the tasks traditionally associated with accountants.

2. CPAs will need to be more committed than ever to continuous learning and professional development, especially in areas such as information technology, data analysis, and change management.

3. Employers are increasingly looking for CPAs to have well-developed soft skills. This means skills such as good written and spoken communications, ability to establish strong business relationships; professionalism; morale-building; empathy for others; and so on. More and more, employers are looking to skills such as these to differentiate good performers from great performers.

A report was produced in Q2 to support management in establishing corporate goals and strategies to guide business planning for the 2018/19 fiscal year and beyond.

In reporting on 2017/18, this Management's Discussion and Analysis (MD & A) will convey the key highlights and achievements from the 2017/18 fiscal year. We also anticipate what lies ahead of us in 2018/19.

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

Strategic Priority: Protect the Public

Focus of this 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.

Increased practical experience education and outreach

Practical experience is a mandatory and integral component of earning the CPA designation—it ensures candidates are equipped with “real world” skills to best serve the public when they graduate as CPAs.

In 2017/18 CPA Alberta took comprehensive measures to educate stakeholders on the Practical Experience requirements. This included redesigning website content to emphasize roles and responsibilities of each stakeholder group, allowing them to better understand their regulatory responsibilities. Also, new educational resources for candidates, mentors, and employers were developed.

The first formalized program of practical experience outreach was completed, resulting in presentations to 24 employers, reaching over 1,200 candidates on the practical experience requirements.

Based on survey results, these presentations resulted in an increase in knowledge of the practical experience requirements from 5/10 to 7.8/10 for mentors and candidates and from 6.1/10 to 8.9/10 for program leaders and program managers.

Candidate-specific content was developed regarding the impact of CPA Alberta’s varied registration model to Professional Accounting Firms, allowing candidates to understand the implications of upcoming changes to their specific situations.

Practical Experience also attended all Core 1 offerings of the CPA Professional Education Program (PEP), informing 1,205 new PEP candidates about the importance of the Practical Experience requirements.

Conduct and Discipline

As trusted advisors to the public, CPA Alberta registrants (including members, professional accounting firms, professional services providers, and professional corporations) are accountable for and manage critical, confidential financial information. Any complaints about registrants are managed by CPA Alberta’s Conduct and Discipline team, including the complaints inquiry process and other matters involving the Complaints Inquiry Committee (CIC). The Conduct and Discipline area is mandated with ensuring Discipline Tribunal and Appeal Tribunal hearings are conducted according to the requirements contained in the CPA Act.

In addition to the regular processes the Conduct and Discipline team performed in 2017/18 (stats below), the department also collaborated with the Government of Alberta to recruit Public Members for Conduct Committees. CIC members are responsible to make decisions around CPA Alberta member disciplinary hearings. Below are statistics on activity in the Conduct and Discipline area in 2017/2018.

Complaints

	Fiscal 2017/18	Fiscal 2016/17
Received	97	72
Referred to the complaint resolution process (s. 71)	0	0
Dismissed	70	73
Referred to Discipline Tribunal Roster Chair for a hearing	13	23
Referred back to the Complaints Inquiry Committee from Appeal	0	0

	Fiscal 2017/18	Fiscal 2016/17
Members temporarily suspended during a disciplinary process (s.107)	2	3
Monitoring files – Self-reported Bankruptcy or Insolvency (Rule 601)	6	5

Hearings

	Fiscal 2017/18	Fiscal 2016/17
DISCIPLINE TRIBUNALS		
Referred to Discipline Tribunal Roster Chair for hearing	13	17*
Rescinded	0	0
Completed Hearings:		
Resolved through a Sanction Agreement	14	11
Findings of Unprofessional Conduct	4	9
No Finding of Unprofessional Conduct	0	4
Stayed	0	3

**Decisions from the March 30, 2017 meeting of the Complaint Inquiry Committee have not been ratified and referred to the Discipline Tribunal Roster Chair, and therefore were not reflected in the Hearing statistics by the year end, date due to administrative processes.*

	Fiscal 2017/18	Fiscal 2016/17
APPEAL TRIBUNALS		
Appealed from Discipline Tribunal decision	0	2
Completed Appeal Hearings:		
Confirmed decision of Discipline Tribunal	2	1
Discipline Tribunal's decision varied	0	1
Referral back to CIC	0	0

Dismissal of Complaints Inquiry Committee appealed	7	10
Completed Appeal Hearings:		
Confirmed decisions of the Complaints Inquiry Committee	8	6
Reversed the dismissal and referred the matter to a hearing	0	1
Appeal withdrawn	4	2

Appeal of CPA Alberta decision to the Court of Appeal	0	1
Appeal Restored by Court of Appeal	0	1
Completed Appeal Hearings:		
Appeal Dismissed	0	2
Appeal Struck	1	0

	Fiscal 2017/18	Fiscal 2016/17
CLOSED HEARINGS		
Closed in whole	0	0
Closed in part	0	1

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 2017/2018, the Practice Review Department completed 546 reviews, the most ever in a single year.

The National Harmonized Approach to practice review was unified in Alberta in 2015/2016. The three-year practice review cycle was completed in 2017/2018 and all legacy firms have now undergone a practice review under the National Harmonized Approach.

In 2017/18, risks to the public were mitigated by ensuring all required follow-up reviews were completed within 12 months of a Non-Comply decision.

PRACTICE REVIEWS COMPLETED BY CPA ALBERTA

	2017/18	2016/17
Comply	523	483
Non-comply	23	35
Total Reviews Assessed	546	518



Registrations

Another way CPA Alberta provides regulatory oversight is through its Registrations department, which strives to maintain accurate, timely information on all registrants (including members, professional accounting firms, professional services providers, and professional corporations).

The Registrations team 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.

In 2017/18, a firm registration model that permits tiered registration on the basis of services provided (varied registration model) was implemented. The new model makes it very clear what services a firm is permitted to provide and not provide. This protects the public, as it is also very clear to members of the public what services a firm is permitted to provide.

NUMBER OF REGISTRANTS	As of March 31, 2018	As of March 31, 2017
Member	29,097	28,569
Candidates	4,534	4,584
Professional Accounting Firms	1,641	1,599
Professional Corporations	2,851	2,816
Professional Service Providers	30	29
Total Registrants	38,153	37,597

NUMBER OF APPLICANTS	Between April 1 2017 and March 31, 2018	Between April 1, 2016 and March 31, 2017
Member	964	1,179
Candidates	1,173	1,216
Professional Accounting Firms	117	103
Professional Corporations	148	194
Professional Service Providers	3	4

Maintaining the competency of members through Professional Development and Career Services.

Ensuring members have excellent opportunities for Professional Development, networking, mentorship, volunteering, career development, and mental health support are how the profession maintains the competency of members, who are then able to best serve the public.

In 2017/18, CPA Alberta offered 353 in-person Professional Development (PD) courses, 283 online offerings, and three conferences for a total of 11,741 registrations.

There was also the launch of two new passports: the Mini Personal and the Online Learning. These options allowed members to explore PD at discounted prices, taking their dollar further and their knowledge higher. PD also saw record sales; the Mini Personal Passport sold out within two months of its introduction, highlighting the demand for cost-effective, self-initiated PD.

In 2017/18, a total of 69 more PD offerings than the previous year were provided—a 25 per cent increase. This allowed for more course availability for the busy professional, and a wider range of topics addressing the issues and considerations that arose this past year from the ever-evolving field of accounting.

As well, 14 customized training sessions with seven different companies were completed.

Our annual specialized PD day, the Annual Forum for Members in Industry, saw the highest number of registrations since its inception. Keynote speaker Lisa Belanger, a noted change expert and award-winning CEO, along with six other experts, engaged 114 attendees in Calgary and 104 in Edmonton with sessions on productivity, leadership, and industry-specific topics, and gave them a chance to network, learn, and stay current with the people and ideas involved in their area of work.

In 2017/18 Professional and Career Services further utilized technology to broaden membership reach, facilitating several webinars including: Using a LinkedIn Profile Effectively, Tax Clinic Volunteer Training, Job Search Strategies, Enhance your Organizational Diversity and Accessing the Hidden Job Market.

Post-designation mentorship and connector programs continued to be a valuable resource to members and candidates. The Mentorship program saw a record number of matches; 64 compared to 43 last year. Unique, new, and innovative events and workshops in the Connector Program provided concrete learning opportunities around developing networking skills. Two highlights from 2017/18 included a secret dinner event highlighting food and culture, and a branding series with a leading facilitator and professional speaker, Ernest Barbaric. These events reached over 50 members who had not participated in the Connector Program previously. The program saw a 58 per cent increase in prospective participants in the program. The Connector Program introduces individuals seeking information and opportunities related to the CPA profession to well-connected local CPAs.

Below: Alberta CPAs attend a professional development session on building a personal brand.



CPA Assist

CPA Assist is a 24/7 confidential counselling and support resource for Alberta CPAs, candidates, and their immediate families. Mental illness is the leading cause of workplace disability and one in five Canadians will experience a form of mental illness at some point in their lives. This is a valuable resource to ensure CPAs are healthy and mentally fit to serve the public.

CPA Assist was transitioned from a separate entity into the operational activities of CPA Alberta during 2017/18, allowing the program to leverage resources and create synergies throughout the organization. Working collaboratively with Chapters, Practitioners groups, and Career Services, CPA Assist sponsored the promotion of health and wellness topics and speakers, including How to Lead When You Are Feeling Burnt Out webinars and Workplace Bullying workshops. These webinars were attended live by 667 CPAs and total views were in excess of 1,500, an increase of over 36 per cent compared to last year. CPA Assist program usage increased to 529 hours in 2017/18, an increase of 39 per cent compared to last year.

Spreading awareness of how CPA Alberta protects the public

In 2017/18, CPA Alberta developed an “About Us” flipbook showcasing the rigorous discipline and complaints inquiry process, as well as how CPA Alberta’s services protect the public. This booklet was distributed at sponsored events.

The Asset, a semi-annual e-newsletter for government officials, was also launched. This e-newsletter outlines the organization’s key role in protecting the integrity of the profession and how CPA Alberta regulates the conduct of Alberta CPAs.

The fall 2017 issue of *Dividends*, CPA Alberta’s member magazine, focused on protecting the public, and how that mandate is achieved. Distribution was expanded to go beyond just CPA Alberta members.





**519 VOLUNTEERS.
297 CLINICS.
134 LOCATIONS.**

Volunteer participation by CPAs at CPA Alberta's tax clinic program remained strong in 2017/2018. The clinics, which assist low-income Albertans with their personal tax returns, utilized 519 volunteers attending 297 clinics at 134 locations. CPA Alberta also continued to work collaboratively with CPA Canada on their Financial Literacy Program, with over 500 Alberta CPAs now trained to deliver the program.

Strategic Priority: Understanding the Alberta Landscape

Focus of this 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.

Direct interaction with CPA Alberta members

To Understand the Alberta Landscape, it is necessary to directly interact with Albertans and Alberta's CPAs, which is exactly what CPA Alberta did throughout 2017/18.

CPA Alberta sponsored nearly 20 prominent business-focused events in order to facilitate discussions with business leaders and other stakeholders about the economic and social factors that are shaping Alberta.

CEO town hall forums were held in Calgary, Edmonton, Grande Prairie, Lethbridge, and Red Deer, and reached approximately 700 Alberta CPAs. These forums were held to engage members, allow member feedback, and reinforce CPA Alberta's core mandate of protecting the public.

CPA Alberta's career advisors engaged in over 1,200 meaningful, one-on-one interactions with members and candidates who were managing career transitions and job searches in 2017/18; an increase of 14 per cent over 2016/17.

The CPA Alberta Job Board is a valuable and highly trafficked resource for Alberta CPAs. Increased awareness of CPA Alberta's Job Board through communications strategies resulted in average monthly volumes of over 8,200 visitors conducting over 24,900 job searches.



Left to right: Leonard D'Silva, Janine Moir, Maxim Beaulieu, Crystal Levie, and William O'Yeung volunteer for a post-secondary student-focused panel in Calgary: Get Connected, sponsored by the CPA Education Foundation.



Edmonton Chapter of CPAs president Darrell Christensen and CEO Rachel Miller address a packed crowd at the Edmonton CEO Town Hall session in September 2017.



Twins Laura and Grace Gilewicz (pictured here with their mother Cindy Popescul) both graduated at the convocation ceremonies in February 2018. They were part of a graduating class of 764—a record breaking number.

Yohannes Feyissa CPA, CGA | Agriteam Canada

“As a CPA, I understand the full cycle of a project, the big picture. This allows me to manage projects with confidence.”



Strategic Priority: Dealing with Disruption

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

Increased cybersecurity measures

Cybercrime is a growing concern for businesses and organizations and a major source of disruption. In 2017/2018, CPA Alberta executed a web vulnerability assessment and developed a cyber incident management plan. These activities

help protect CPA Alberta from cybersecurity threats. Cybersecurity training for new hires and a phishing email training program are also in place. These initiatives also support the Maintaining Fiscal Accountability priority.

Focusing on disruption

The spring 2018 issue of *Dividends* focused on the theme of disruption and how Alberta CPAs could not only navigate through disruption, but thrive.

Disruption was also the theme of numerous posts on CPA Alberta's news website, Daily Dividends, and the profession's e-newsletter, the Daily Dividends Alert. The newsletter regularly had an open rate of approximately 40 per cent.

CPA Alberta provided continued support and promotion for chapter and practitioner groups throughout 2017/18. Over 4,800 members attended 62 events; an increase in member participation of 41 per cent over 2016/17.

Awareness of disruptive influences and factors impacting members was facilitated through topics including: Cybersecurity and Ransomware, US Tax Reform: What Does it Mean for Canadians and Cross Border Business, The Impact of Global Trends on Alberta, Game-Changing Technologies That Will Give Your Firm Super-Powers, Overview of Bitcoin and Crypto-currency, The Critical Importance of China as a Trading Partner, and Changes in Employment Laws and Standards.

Work undertaken in 2017/18 will help CPA Alberta identify and better understand the disruptive forces facing the profession and ways to manage these disruptions.

Strategic Priority: Achieving Smart Growth

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

Smart Growth research

For the Smart Growth priority, CPA Alberta, with support from the CPA Education Foundation, engaged a public research firm to collect data from a select sample of Alberta employers, members, and post-secondary institutions. The

research helped CPA Alberta to better understand the future needs for Alberta CPAs and competencies employers will be looking for. This data will inform a Smart Growth strategy for CPA Alberta.

Increased Practical Experience Pre-Approved Programs

The Practical Experience team created 32 new pre-approved programs at employers across Alberta including, CNRL, PCL, and Sawridge, in addition to numerous public accounting firms. This will better enable Alberta CPA candidates to complete their Practical Experience Requirements.

Through a variety of initiatives, CPA Alberta continued to grow membership and better understand the needs of incoming and new CPAs. The CPA Alberta Convocations welcomed a record number of new graduates—764—to the profession.



CFE graduates sport their “Keep Calm and CPA On” shirts at the CFE Results Celebration. Successful CFE writers and their guests are invited by CPA Alberta to celebrate their success on CFE results day. Events take place in both Calgary and Edmonton.



CPA Grad Janine Rogan (right) and her mother at the 2017 Elevate Awards Gala. Janine addressed the Gala audience and spoke about the importance to her of the CPA designation. The Elevate Awards Gala recognizes the best of Alberta’s accounting profession each year at Elevate.

Recruitment into the CPA profession

CPA Alberta worked to create awareness of the CPA designation and the profession to a variety of audiences, including post-secondary students, academics, employers, high-school students, key influencers, other professions, internationally educated individuals, and Albertans currently in the workforce. The recruitment program consisted of over 300 hosted and sponsored events, making just under 9,500 impressions on future CPAs.

CPA Alberta, in partnership with the Association of Professional Engineers and Geoscientists of Alberta (APEGA), hosted the first ever CPA information sessions for professional engineers. Sessions were held in both Calgary and Edmonton. The results of these initial sessions speak to the opportunity to expand the reach of the CPA designation to existing credentialed professionals and to further explore a partnership with APEGA.

The organization hosted Meet Your Employer, a career fair style event that connects corporate Alberta with post-secondary students across the province. Events were held in Calgary, Edmonton, and Lethbridge. Seventy-seven corporate exhibitors participated and a record number of students attended—over 1,025!

In partnership with the CPA Education Foundation, CPA Alberta hosted CPA Career Connections, an event designed for high school students and parents to explore careers in

business and accounting. The evening featured a moderated panel of CPAs who spoke about their diverse career paths. Alberta post-secondary institutions also attended to provide information about their business and accounting programs. Hosted in Calgary and Edmonton, the events were attended by approximately 200 students and parents representing 32 Alberta high schools. Eight post-secondary institutions participated in the event.

CPA Alberta coordinated the support of over 300 CPA and candidate volunteers at recruitment events. Volunteers were involved in networking events designed to raise the awareness of the accounting profession and the diversity of roles within the profession. These activities included Get Connected (sponsored by the CPA Education Foundation) and Career Connections. CPAs were also involved as volunteers at the successful Bowl-a-Rama events (also sponsored by the Foundation), judges for various post-secondary case competitions, keynote speakers for Lunch with the Pros, and at numerous other events and CPA information sessions.

As a result of the 2017/18 recruitment program, CPA Alberta exceeded the PEP new candidate enrolment target (1,150). Program enrolment for fiscal 2018 was 1,169.



Accounting and business students from across the province participate in the 10th Annual Business Challenge Case Competition. CPA Alberta supported the Case Competition, which was hosted by the CPA Education Foundation.

Strategic Priority: Maintaining Fiscal Accountability

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

Data Analytics pilot project

CPA Alberta initiated a business intelligence and data analytics pilot project to better analyze and predict the workload for the Practical Experience review team. With better workload data, CPA Alberta is better able to make decisions on planning, staffing, and resources to work proactively, rather than reactively. This pilot project is being undertaken as a proof of concept to establish analytics technology and processes.

This initiative also supports other strategic priorities including Understanding the Alberta Landscape and Achieving Smart Growth.

Balanced Scorecard for reporting on Key Performance Indicators (KPIs)

The Corporate Strategy and Risk team developed a balanced scorecard methodology to improve reporting on key performance indicators under the strategy map and priorities of the 2017-2022 plan. This helps provide clarity on performance and enable better resourcing decisions.

An enterprise risk management program was also developed with a strategic risk register to accompany management's quarterly reporting to the Audit and Risk Committee and the Board.

Streamlining corporate structure

In 2017/18, the corporate structure of CPA Alberta was reorganized to achieve greater efficiencies and cross-departmental performance. The number of business units was reduced from five to four, and the Executive Office was realigned to reflect the streamlined structure. The Senior Executive Team, chaired by the CEO, was reconfigured to reflect this new structure.

2017/2018 was the first year of PD's "paperless" initiatives, allowing the delivery of course materials quickly and with wider accessibility. Online evaluations also provided immediate feedback for greater responsiveness.



THE FIGURES

Financial Discussion

CPA Alberta commits to a balanced operating budget annually that 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.

Overview ('000)

The fiscal year ended March 31, 2018 planned a balanced operating budget, along with an estimated \$908 in unification transition expenses, resulting in a projected budget deficit of \$908. Transition expenses are funded through the Unification Stabilization Fund as established by the Board of Directors in 2014. The actual financial results report a deficit of \$2,313.

Operating results were favourable, reporting a surplus of \$993 compared to the planned balanced budget. Recoveries for program costs and facilities expenses received from the Chartered Professional Accountants of Canada ("CPA Canada") and the CPA Western School of Business ("CPAWSB") accounted for most of the surplus.

Transition expenses, which primarily include non-capital expenditures related to the amalgamation of the Alberta premises, were nearly on target, reporting \$1,045 in expenses compared to \$908. It is expected the fund will be exhausted during the 2018/19 fiscal year.

Significantly impacting the 2017/18 financial results is a capital impairment of \$2,261, primarily related to development of a member management system to support the consolidation of registrants into one system. The project was initiated pre-unification and the design of the system was based upon regulatory and organizational requirements prior to the Act coming into force on July 1, 2015.

The system development was paused in the spring of 2016 to allow management to assess the system development in progress.

Following this assessment, it was determined that based on regulatory requirements in the new CPA Act along with other

organizational needs, the current development would not meet the needs of the organization. It was further determined that the existing system more closely aligned with the new requirements, and it would be more cost-effective to upgrade that system rather than continue to develop the system in progress. The system in development has been discontinued and the asset recorded as impaired.

To ensure the member management system meets the operational and regulatory needs of the organization, the system upgrade was scoped out in significant detail and a phased implementation schedule developed. An extensive procurement process included review of several vendors and a fixed fee contract negotiated to commit the successful vendor to the agreed capital costs and schedule. The project will be led by an experienced project manager.

The benefits of the upgraded system for Alberta CPAs are:

- Improved customer service to the registrants;
- Increased member engagement through an enhanced digital experience;
- Improved cross-departmental integration, resulting in process efficiencies;
- Enriched volunteer and supplier experience; and
- Enhanced regulatory systems, strengthening protection of the public.

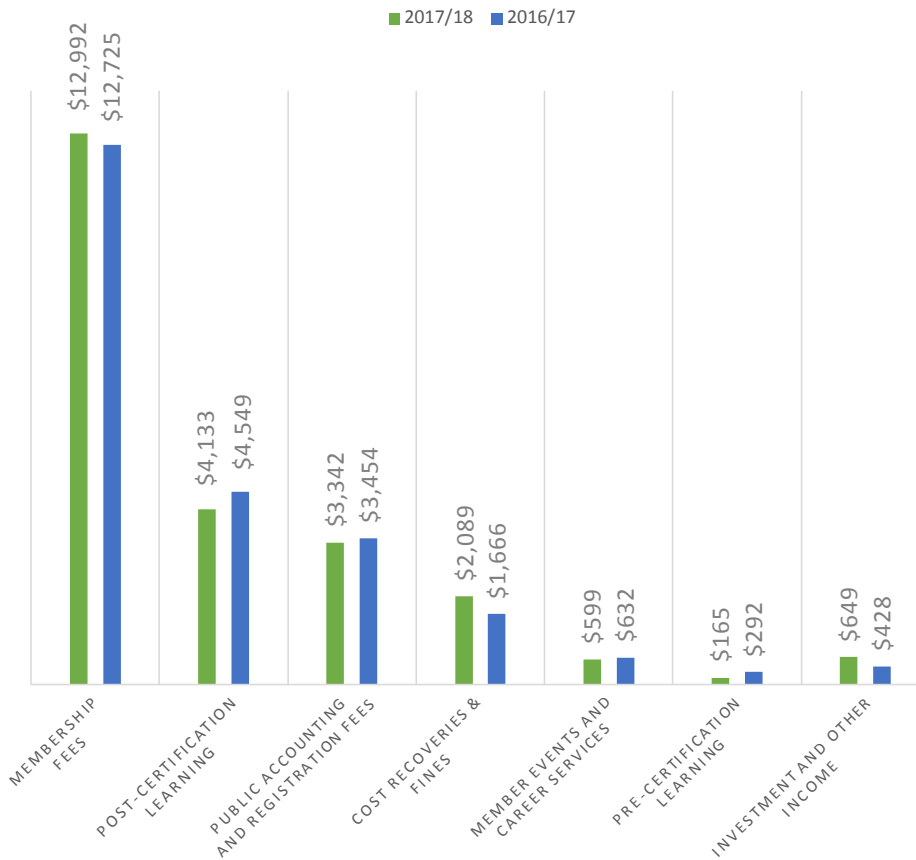
The Board of Directors and Management are confident the extensive system upgrade will meet the needs of the organization and Alberta CPAs for years to come.

Understanding our Business - Funding

CPA Alberta is organized around three business units: Member Services, Regulatory, and Communications & Business Development. These business units are supported 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 Act. Membership fees continue to be the primary source of funding, followed by post-certification learning and public accounting firm fees. These fees support the ability to self-regulate and the various activities and programs provided by CPA Alberta.

REVENUE BY FUNDING SOURCE ('000)

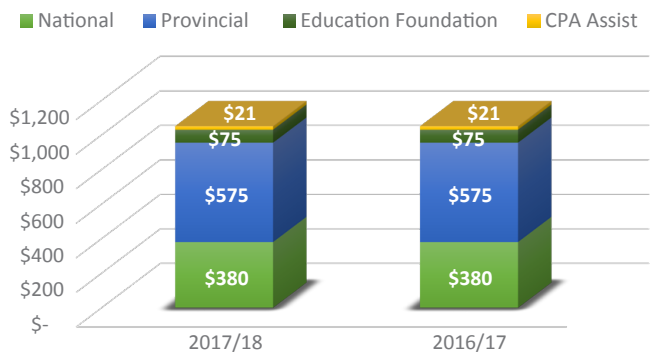


Membership Fees

There was no increase in provincial member fees in 2017/18. They remain at \$575, as set when membership fees and fee reduction policies were harmonized during fiscal 2016/17.

Provincial fees remain comparable to the Western provinces. National fees also remained at \$380, and are remitted to CPA Canada on behalf of the members.

MEMBER FEES COMPARISON

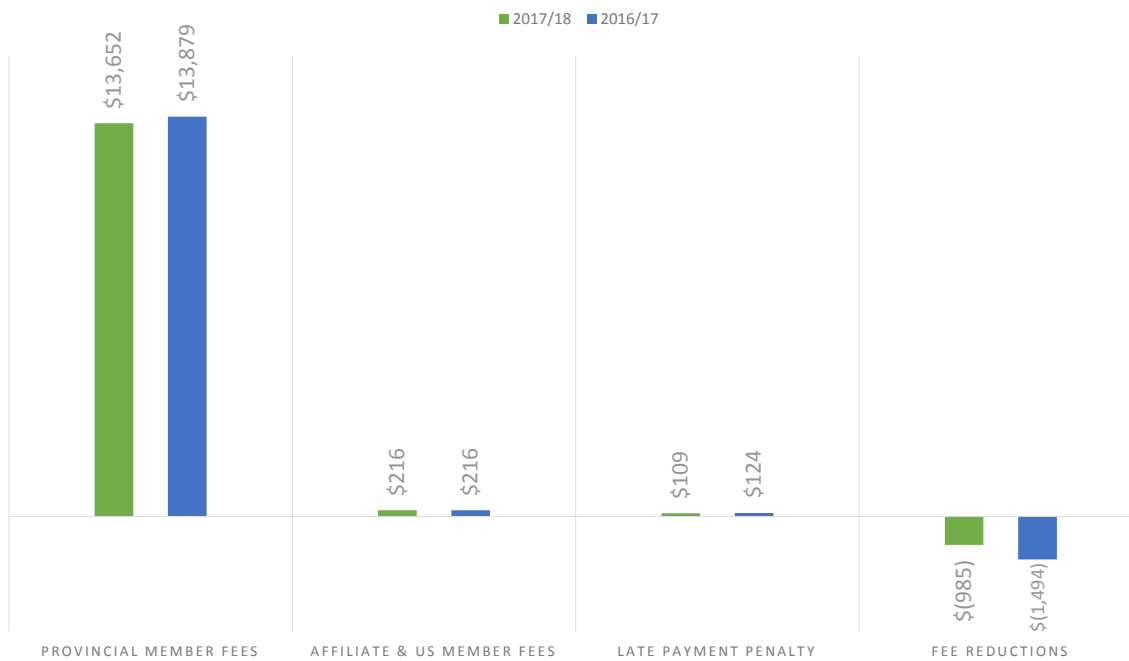


Note: Member fees are reported net of costs incurred to collect the fees.

There is a slight decrease in overall member fee revenue compared to the prior year, which had a greater influx of new members. These new members were a combination of those completing the Professional Education Program

and legacy programs. This decrease in revenue was offset by less member fee reductions compared to the prior year, where prolonged economic conditions had some impact.

MEMBERSHIP FEES BY SOURCE ('000)

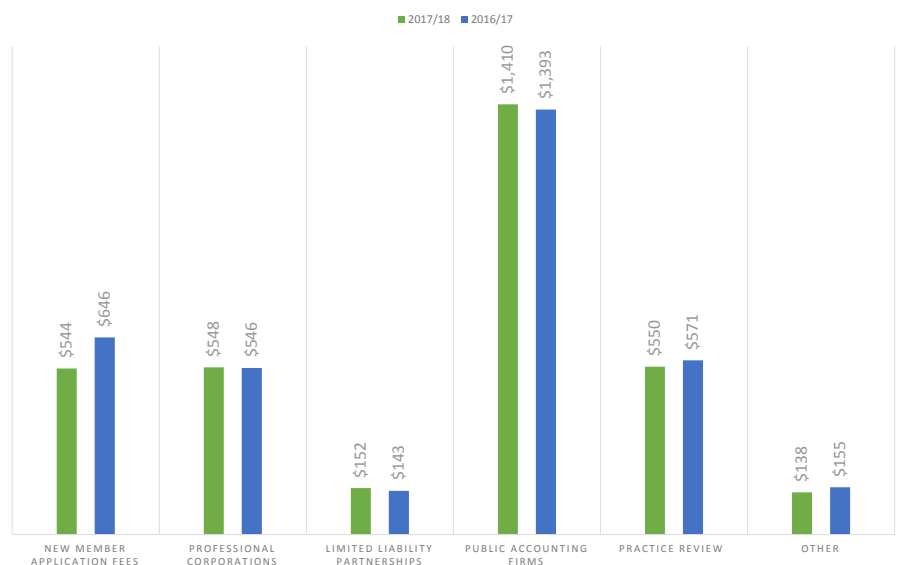


Public Accounting and Registration Fees

Public Accounting and Registration fees were comparable to the prior year. There was a slight decline in new member fee applications from 2016/17 as many candidates that fiscal year completed their legacy programs to meet transition requirements and timelines. It is expected new member fee applications will return to normal levels in the upcoming fiscal years.

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. Although practice review revenue is less than the prior year, it is directly related to the timing of the cycle and the types of firms reviewed.

PUBLIC ACCOUNTING AND REGISTRATION FEES ('000)

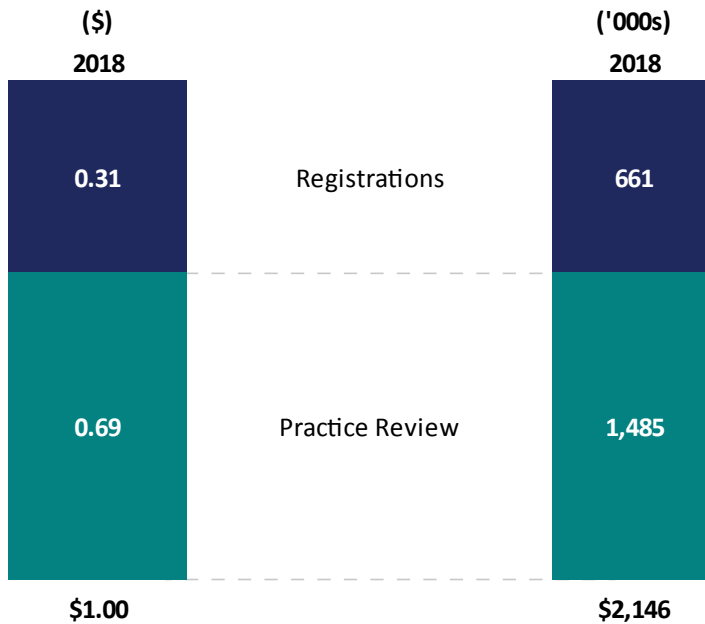


Activities and Programs Supported by Member Fees* & Public Accounting Fees

MEMBER FEES



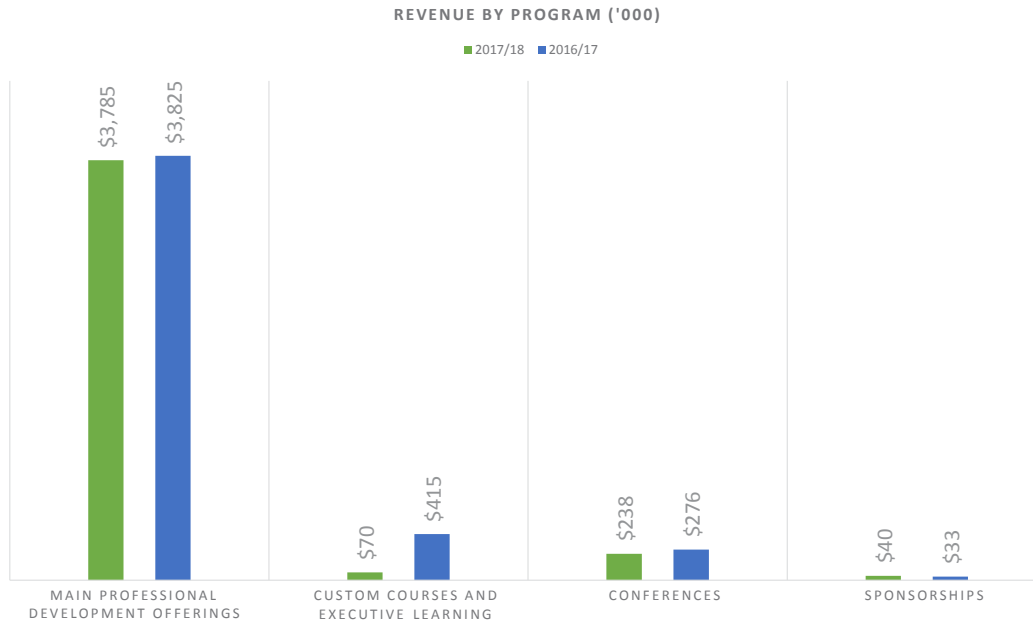
PUBLIC ACCOUNTING FEES



Post-certification Learning

Post-certification learning revenue encompasses a comprehensive program of professional development programs, conferences, and custom courses and executive learning. Overall revenue was relatively comparable to the prior year with the exception of the Executive Learning

Program which was not offered in 2017/18. This program is currently under review to consider enhancements that would meet the needs of today's CPAs, while enhancing operating efficiencies.

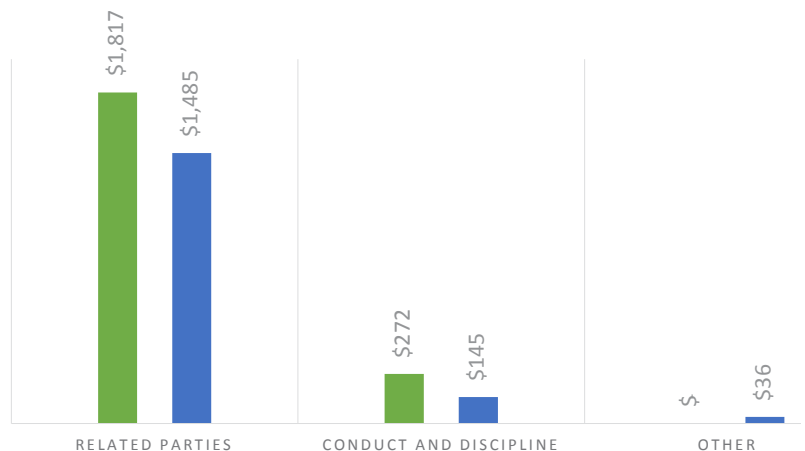


Cost Recoveries and Fines

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 is a significant increase in cost recoveries related to funds received from the CPA Western School of Business for practical experience assessments. Recoveries related to conduct and discipline have also increased. The timing and amount of recoveries related to conduct and discipline can vary year over year, depending on the nature and complexity of the complaint.

COST RECOVERIES AND FINES ('000)



Pre-certification Learning

Pre-certification Learning revenue includes student fees received for legacy programs. Revenue is expected to continually decline and will eventually be eliminated as legacy

program transition concludes. The CPA Western School of Business delivers education programs on behalf of CPA Alberta as reported in the financial note disclosures.

Investments and Other Income

An Investment Policy Statement (IPS) for CPA Alberta was approved by the Board of Directors in March 2016 and subsequently amended in September 2017. The IPS has been designed to generate income and long-term capital growth. The IPS is reviewed by the Audit and Risk Committee on a regular basis to ensure compliance with the policy. There was a decrease in investment income compared to the prior year due to a large gain received in 2016/17 when the legacy investment portfolios were transitioned to RBC Dominion.

CPA Canada is responsible for program development related to the Professional Education Program (PEP), the Advanced Certificate in Accounting and Finance (ACAF), and preparatory courses. Any surpluses or deficits resulting from these expenditures are shared with the provincial bodies. The program surplus recorded in the current fiscal year accounted in the most part for the increase in income.

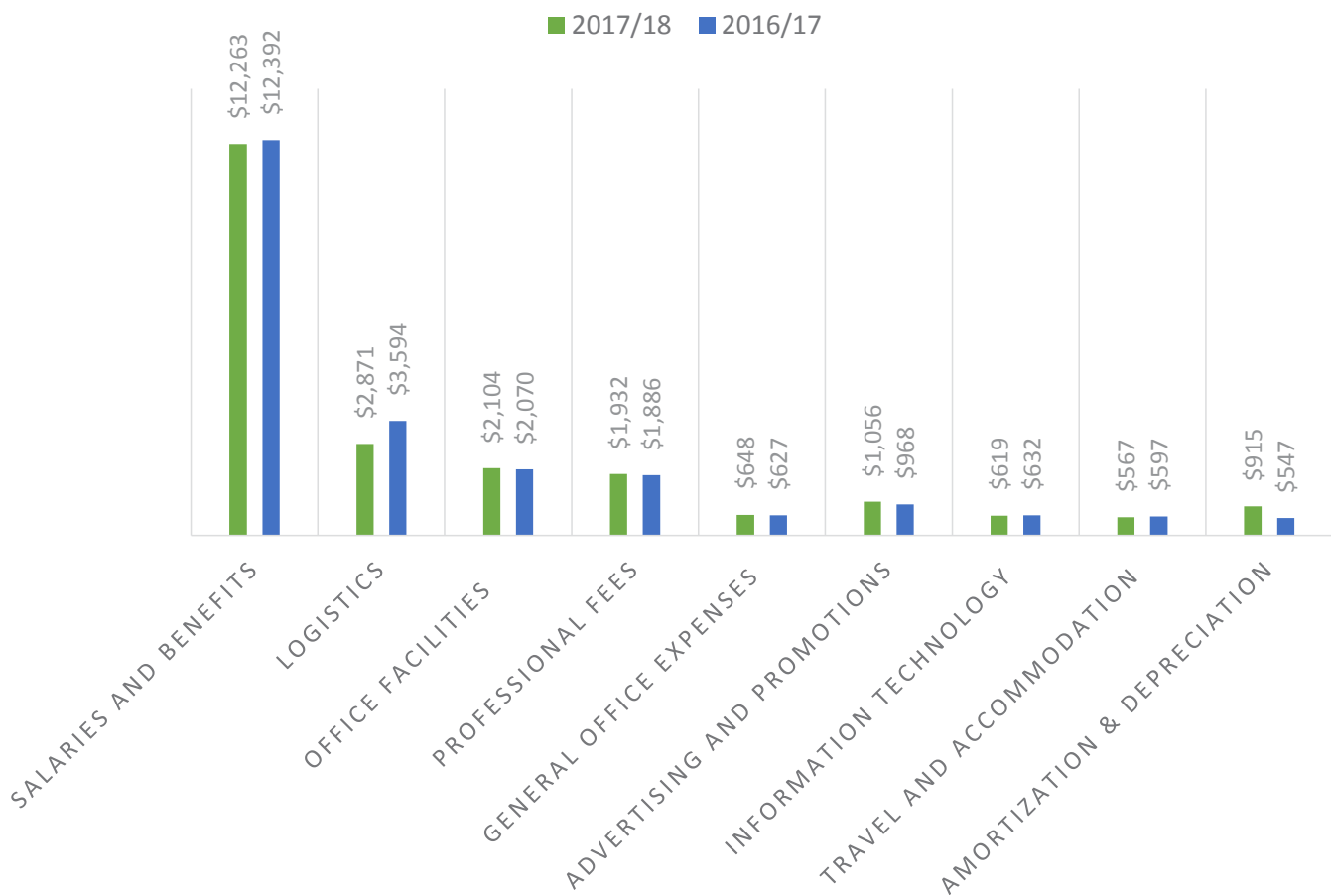
Investment and Other Income ('000)	Fiscal 2017/18	Fiscal 2016/17
Investment Income	\$211	\$338
Advertising	29	41
Education Program	409	49
Total	\$649	\$428

Understanding our Business - Operating Expenses

Operating expenses before capital asset impairment and transition expenses have decreased over the prior year. This is primarily related to a decrease in logistics expenses, offset by an increase in depreciation and amortization. Logistics expenses are costs incurred for program and member events delivery. Savings in catering and facilities expenses resulted in a decrease in expenses over the prior year. Amortization and depreciation expenses increased

as a result of the leasehold improvements for the Calgary and Edmonton premises. Furthermore, with unification of the profession there have been economies of scale that have reduced costs overall. Note that a significant portion—\$461,861 in 2017/18—of the advertising and promotions cost goes to support the CPA Canada national branding campaign.

EXPENSES BY TYPE ('000)



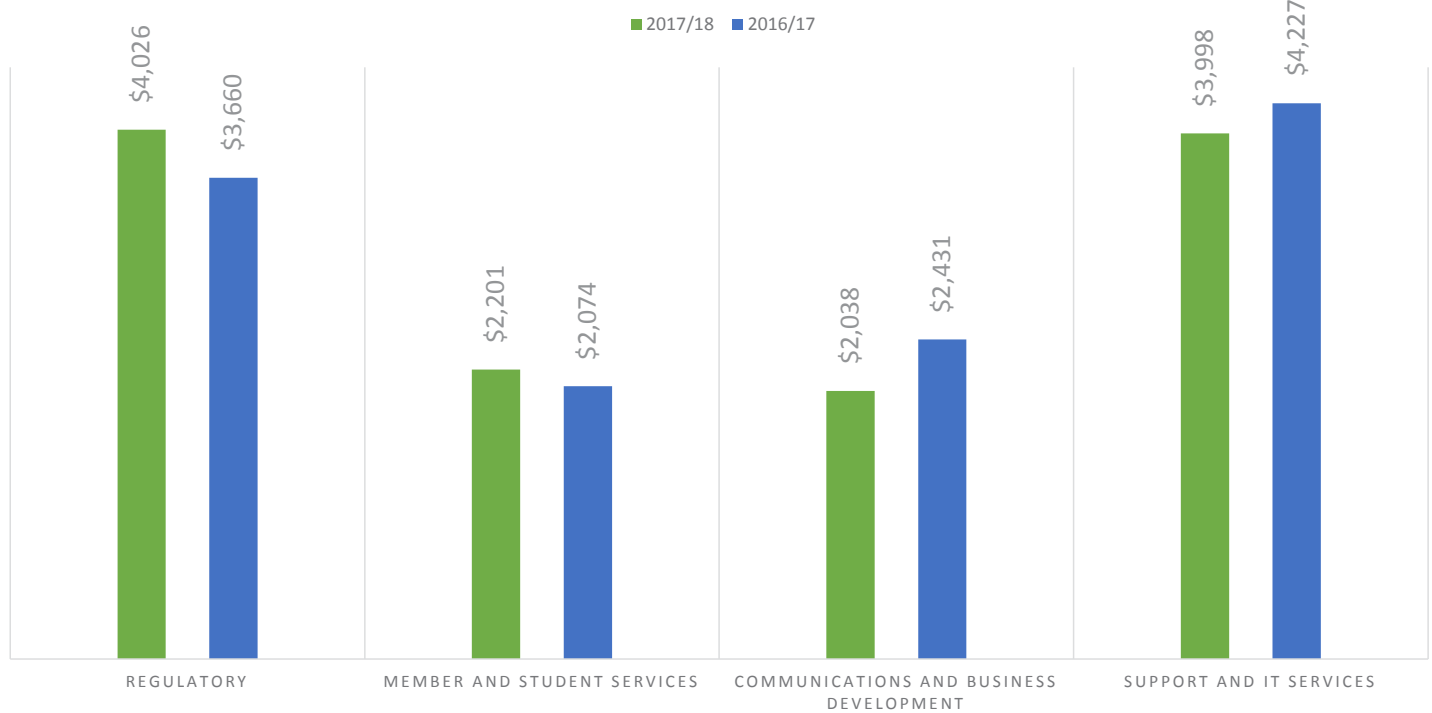
Human Capital

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

Overall salaries and benefits costs are less than the prior year and the organization continues to find efficiencies to stabilize staffing levels and ensure employee resources are dedicated to

areas that support the strategic direction of the organization. With the transition of the Advanced Certificate in Finance and Accounting, and the Preparatory Program to the CPA Alberta Western School of Business, pre-certification education program salaries and benefits for 2017/18 were \$0 (compared to \$34,000 in 2016/17).

SALARIES AND BENEFITS BY BUSINESS UNIT ('000)



Understanding our Business – Financial Stewardship

System and Processes

CPA Alberta maintains a high-quality system of accounting and administrative controls. 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.

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.

Capital Resources ('000)

At March 31, 2018, CPA Alberta had a cash and cash equivalents balance of \$4,559, compared to \$4,000 at March 31, 2017. The increase is primarily due to the receipt of a lease inducement for Edmonton premises offset by construction expenses, as well as a cost recovery payment from CPAWSB.

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. Marketable securities mature at various dates from August 2019 to December 2048. Long-term investments balance at March 31, 2018 was \$6,630,

compared to \$6,541 in the prior year.

Tangible and Intangible Capital Assets ('000)

At March 31, 2018, CPA Alberta held tangible capital assets with a net book value of \$6,915, compared to \$6,360 in the prior year. The increase is due to investing in furniture and equipment for the Edmonton location. Intangible Assets include development costs for upgrading the existing member management system in use (\$596K). The system will be upgraded in phases over the next three years. The costs in the prior year include development costs related to a new member management system that had been in development prior to unification. A review of the system by management determined that the system would not meet the future needs of the organization. Furthermore, the costs to redesign the new system would significantly exceed those of upgrading the existing system and the final product would ultimately be inferior. The intangible asset was determined to be impaired and the related costs expensed.

Capital Assets	Fiscal 2017/18	Fiscal 2016/17
Tangible	\$6,915	\$6,360
Intangible	\$596	\$2,493

Working Capital ('000)

The working capital position, which is defined as current assets minus current liabilities, is \$1,025 compared to (\$381) at March 31, 2017. The increase in working capital is primarily due to the received lease inducement less related construction expenditures for the Edmonton premises as well as cost recoveries from CPAWSB, which has restored the working capital to this favourable position. The organization believes that the current cash position and anticipated cash flows from operations is sufficient to meet future working capital and capital expenditure requirements.

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.

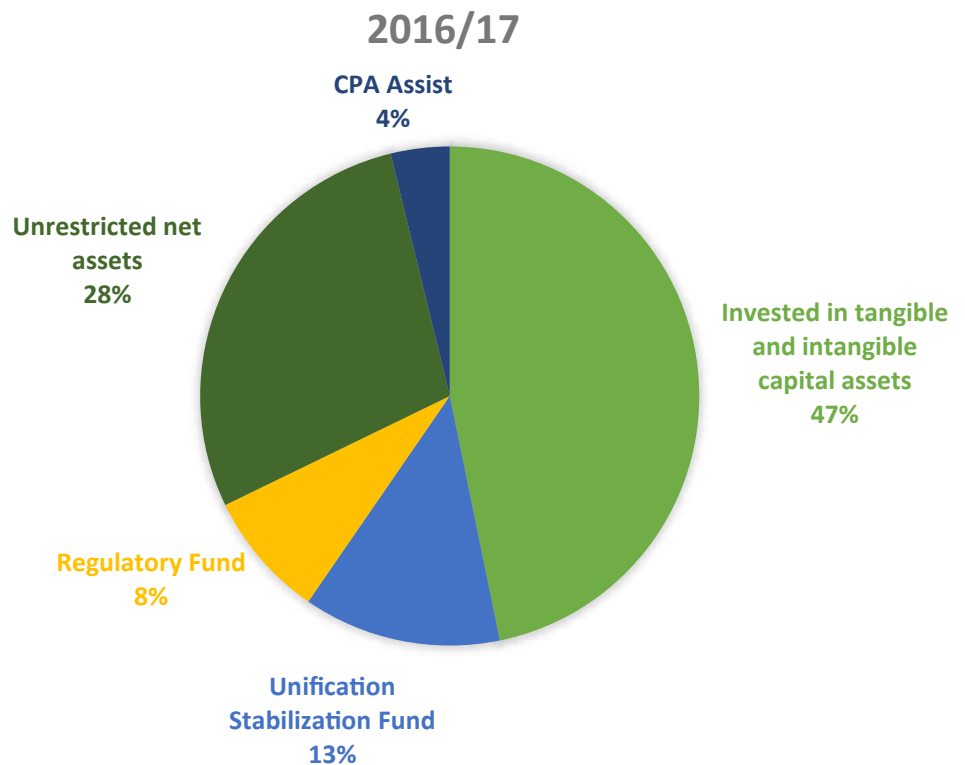
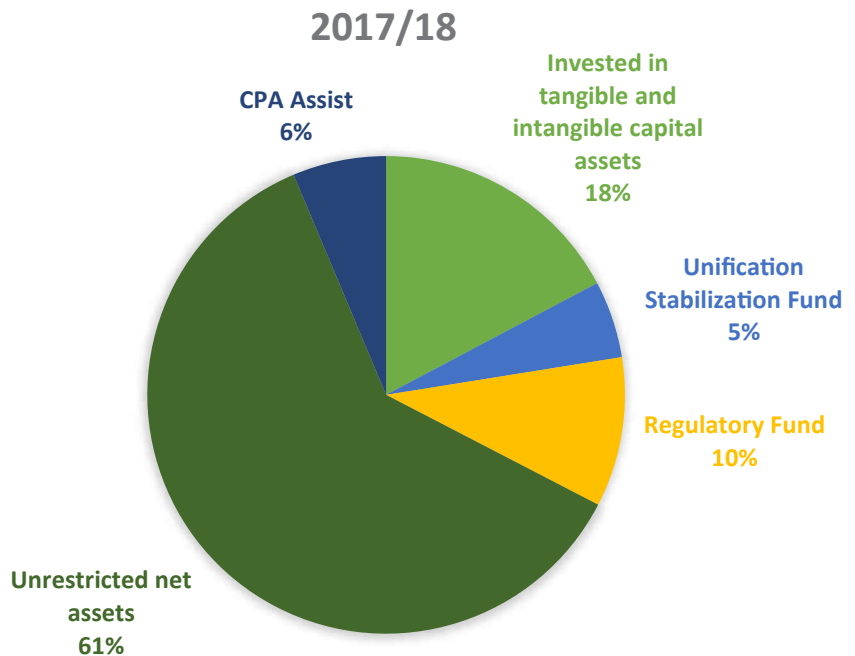
The Board has restricted a portion of net assets for capital assets, unification transition expenses, wellness programs for members, and the regulatory fund. The unification stabilization fund will be exhausted in 2018/19 and supports amalgamation initiatives.

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 \$993 compared to \$433 in the prior year before one-time transition expenses. After transition expenses of \$1,045 (\$1,240 in 2017) and a capital asset impairment of \$2,261 (\$0 in 2017) CPA Alberta had an excess of expenses over revenues of \$2,313 (\$807 in 2017), decreasing net assets from \$12,179 to \$9,867.





Chartered Professional Accountants of Alberta

Financial Statements

For the year ended March 31, 2018

Independent Auditors' Report

To the Members of the Chartered Professional Accountants of Alberta:

Opinion

We have audited the financial statements of Chartered Professional Accountants of Alberta, (the "Organization") which comprise the statement of financial position as at March 31, 2018, 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 and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2018, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations ("ASNPO").

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted accounting standards. Our responsibilities under those standards are further described in the Auditors' 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 Information

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

Our opinion on the financial statements does not cover the other information and we do 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 have obtained the Annual Report prior to the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditors' 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 ASNPO, 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.

Independent Auditors' Report (Continued)

Auditors' Responsibility 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 auditors' 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 auditors' 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 auditors' 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.

June 21, 2018
Calgary, Canada

Collins Barrow Calgary LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Management's Responsibility 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.

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 auditors' report. The Committee also recommends the appointment of the external auditors, which are appointed by the members at the Annual General Meeting.

The financial statements have been audited by Collins Barrow Calgary LLP Chartered Professional Accountants, in accordance with Canadian generally accepted auditing standards, on behalf of the members. Collins Barrow Calgary LLP Chartered Professional Accountants has full and free access to the Committee.

Rachel Miller FCPA, FCA
Chief Executive Officer
June 21, 2018

Cindy Priebe FCPA, FCMA
Chief Financial Officer

Chartered Professional Accountants of Alberta

Statement of Financial Position

As at March 31

	<u>2018</u>	<u>2017</u>
Assets		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 4,559,139	\$ 3,999,994
Accounts receivable (Note 6-11, 13-14)	1,926,813	2,106,774
Prepaid expense	201,979	157,302
Deposits	31,444	411,872
	<u>6,719,375</u>	<u>6,675,942</u>
Non-Current Assets		
Lease incentive receivable (Note 13)	145,036	-
Long term investments (Note 3)	6,630,113	6,541,116
Tangible capital assets (net) (Note 4)	6,914,552	6,359,622
Intangible capital assets (net) (Note 4)	595,624	2,492,829
	<u>14,285,325</u>	<u>15,393,567</u>
	<u>\$ 21,004,700</u>	<u>\$ 22,069,509</u>
Liabilities		
Current Liabilities		
Deferred revenue	\$ 2,418,566	\$ 2,288,035
Accounts payable and accruals (Note 6-10, 12-14)	3,420,950	4,768,764
	<u>5,839,516</u>	<u>7,056,799</u>
Non-Current Liabilities		
Deferred lease incentives (Note 13)	5,298,279	2,833,281
	<u>11,137,795</u>	<u>9,890,080</u>
Net Assets		
Invested in tangible and intangible capital assets	1,702,440	5,698,306
Internally restricted (Note 15)		
Unification Stabilization Fund	515,235	1,559,994
Regulatory Fund	1,000,000	1,000,000
CPA Assist	625,185	464,603
Unrestricted net assets	6,024,045	3,456,526
	<u>9,866,905</u>	<u>12,179,429</u>
	<u>\$ 21,004,700</u>	<u>\$ 22,069,509</u>
Commitments and Contingencies (Note 5)		
Approved on behalf of CPA Alberta Board		
Curtis Palichuk, FCPA, FCA	Rachel Miller, FCPA, FCA	
Board Chair	Chief Executive Officer	

The accompanying notes are an integral part of these financial statements

Chartered Professional Accountants of Alberta

Statement of Operations

For the year ended March 31

	<u>2018</u>	<u>2017</u>
Revenues		
Membership fees	\$ 12,991,595	\$ 12,724,848
Post-certification learning	4,133,099	4,549,568
Public accounting and registration fees	3,341,839	3,453,921
Cost recoveries and fines	2,089,249	1,665,935
Member events and career services	598,930	631,912
Investment and other income	648,872	428,419
Pre-certification learning	164,624	291,944
	<u>23,968,208</u>	<u>23,746,547</u>
Expenses		
Administration	8,882,067	8,550,935
Regulatory	5,646,781	5,405,100
Member services	5,345,370	5,800,673
Communications and business development	3,100,863	3,507,127
Pre-certification education	-	49,426
	<u>22,975,081</u>	<u>23,313,261</u>
Excess of revenues over expenses before the following	993,127	433,286
Capital asset impairment (Note 4)	<u>2,260,892</u>	<u>-</u>
Excess (deficiency) of revenues over expenses before the following	(1,267,765)	433,286
Transition expenses (Note 16)	<u>1,044,759</u>	<u>1,240,006</u>
Excess (deficiency) of revenues over expenses	<u>\$ (2,312,524)</u>	<u>\$ (806,720)</u>

Chartered Professional Accountants of Alberta

Statement of Changes in Net Assets For the year ended March 31

	Invested in tangible and intangible capital assets	Internally Restricted			Unrestricted	2018	2017
		Unification Stabilization Fund	Regulatory Fund	CPA Assist			
Balance, beginning of year	\$ 5,698,306	\$ 1,559,994	\$ 1,000,000	\$ 464,603	\$ 3,456,526	\$12,179,429	\$12,986,149
Excess of revenue over expenses (expenses over revenue)	(3,568,311)	(1,044,759)	-	160,582	2,139,964	(2,312,524)	(806,720)
Purchase of capital assets, net of disposals	1,833,337	-	-	-	(1,833,337)	-	-
Capital assets, impairment	(2,260,892)	-	-	-	2,260,892	-	-
Balance, end of year	\$ 1,702,440	\$ 515,235	\$ 1,000,000	\$ 625,185	\$ 6,024,045	\$ 9,866,905	\$12,179,429

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, 2018

	<u>2018</u>	<u>2017</u>
Cash provided by (Used for) the following activities		
<i>Operating</i>		
Excess of expenses over revenue	\$ (2,312,524)	\$ (806,720)
Lease incentive cash allowance	2,485,841	2,860,928
Non-cash adjustments:		
Amortization of tangible capital assets	914,720	546,761
Amortization of deferred lease incentives	(175,308)	(121,328)
Loss on disposal of capital assets	2,276	31,280
Capital asset impairment	2,260,892	-
Unrealized loss on investments	2,718	218,018
Realized loss (gain) on investments	28,232	(334,634)
	<u>3,206,847</u>	<u>2,394,305</u>
Changes in working capital accounts	(692,142)	(1,686,113)
	<u>2,514,705</u>	<u>708,192</u>
<i>Investing</i>		
Purchase of capital assets	(1,842,417)	(6,248,557)
Proceeds on disposal of capital assets	6,804	-
Purchase of investments	(3,964,285)	(9,114,797)
Proceeds on sale of investments	3,844,338	8,466,716
	<u>(1,955,560)</u>	<u>(6,896,638)</u>
Increase (decrease) in cash and cash equivalents	559,145	(6,188,446)
Cash and cash equivalents, beginning of year	3,999,994	10,188,440
Cash and cash equivalents, end of year	<u>\$ 4,559,139</u>	<u>\$ 3,999,994</u>

The accompanying notes are an integral part of these financial statements

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.

The Act came into force on July 1, 2015. As a result, the Certified General Accountants' Association of Alberta ("CGAA"), the Society of Management Accountants of Alberta ("CMAA"), and the Institute of Chartered Accountants of Alberta ("ICAA") were amalgamated as the Chartered Professional Accountants of Alberta. According to section 151 of the Act, on the coming into force of the Act, the property, assets, rights, privileges and benefits of each amalgamation entity became the property, assets, right, privileges and benefits of CPA Alberta, and CPA Alberta is liable for the debts, obligations and liabilities, contractual or otherwise, of each amalgamating entity.

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 and cash equivalents

Cash and cash equivalents include bank balances and cash held in 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; practice review fees are recognized when practice review services are performed;
- Pre-certification learning fees and Post-certification learning fees are recognized 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; and
- Investment income is recognized as it is earned over the term of investment.

Tangible and Intangible assets

Capital assets are initially recorded at cost. Amortization is provided 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 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 as of 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, a component of administration expenses.

Financial instruments

CPA Alberta initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities, other than investments, at amortized cost. The financial assets subsequently measured at amortized cost include cash and cash equivalents, 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.

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

a) Interest rate risk

The investments of CPA Alberta are subject to interest rate risk because changing interest rates impact the market value of the fixed rate investments. Cash held in the bank has cash flow risk due to market interest rates.

b) Foreign Exchange Risk

The investments of CPA Alberta are subject to foreign exchange risk because foreign exchange fluctuations impact the value of the investments in US and global markets.

c) Liquidity risk

Liquidity risk is the risk that CPA Alberta will be unable to fulfill its obligations on a timely basis or at a reasonable cost. CPA Alberta's overall liquidity risk is monitored on a regular basis, and when necessary, funds are transferred from investments to meet the obligations associated with its financial liabilities.

d) Credit risk

Credit risk relates to cash, accounts receivable and lease incentive receivable. CPA Alberta's cash balances are held with reputable Canadian financial institutions. Accounts receivable are primarily from CPA Alberta's members, partners and CPA Canada. Management believes CPA Alberta's exposure to credit risk is not significant.

e) Other price risk

Other price risk refers to the risk that the fair value of marketable securities, or the future cash flows associated with the marketable securities, will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument, or its issuer, or factors affecting all similar instruments traded in the market.

CPA Alberta manages its credit, interest rate and other price risk by restricting investments to a diverse range of corporate preferred shares, common shares and government and corporate fixed income securities with specified ratings and terms as prescribed by CPA Alberta Board resolution. As it is CPA Alberta's expectation to hold marketable securities to maturity, cash flows are exposed to minimal price risk.

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, 2018		March 31, 2017	
	Fair Value	Cost	Fair Value	Cost
Government bonds, federal	\$ 993,656	\$1,002,006	\$ 944,140	\$ 967,735
Government bonds, provincial	1,274,464	1,293,614	1,744,224	1,773,560
Corporate bonds	1,731,897	1,768,329	2,048,644	2,043,412
Common shares	1,079,686	1,052,363	681,024	611,861
US equity	1,502,374	1,357,950	1,083,836	998,308
International equity	48,036	46,743	39,248	34,414
	<u>\$6,630,113</u>	<u>\$6,521,005</u>	<u>\$6,541,116</u>	<u>\$6,429,290</u>

The long-term investments balance includes an unrealized gain of \$109,108 (2017 – \$111,826). A loss of \$28,232 that was realized in 2018 fiscal year (2017 – gain of \$334,634) and an unrealized loss of \$2,718 (2017 – loss of \$218,018) are included in investment and other income. Annual interest rates on bonds range from approximately 0.75% to 6.4%, and marketable securities mature at various dates from August 2019 to December 2048. (In 2017, the annual interest rates on marketable securities ranged from 1.25% to 6.4%, and maturity dates ranged from December 2018 to December 2046).

Cash and cash equivalents earned interest for the year ended March 31, 2018 of \$44,485 (2017 - \$64,014). Interest earned on long-term investments for the year ended March 31, 2018 was \$197,321 (2017 - \$157,216). Annual interest rates on cash and cash equivalents in 2018 ranged from 0.65% to 1.4%.

4 Capital assets

	March 31, 2018			March 31, 2017
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 2,105,386	\$ 691,239	\$ 1,414,147	\$ 954,183
Office equipment	995,790	639,461	356,329	122,974
Computer software and hardware	5,181,068	4,774,825	406,243	588,889
Leasehold improvements	6,034,322	1,323,629	4,710,693	4,679,186
Artworks	27,140	-	27,140	14,390
Tangible capital assets	14,343,706	7,429,154	6,914,552	6,359,622
Intangible capital assets	595,624	-	595,624	2,492,829
	<u>\$14,939,330</u>	<u>\$ 7,429,154</u>	<u>\$7,510,176</u>	<u>\$8,852,451</u>

Included in leasehold improvements, furniture and office equipment is \$1,359,213 (2017 - \$2,474,720) related to new premise construction completed in 2018. Intangible assets of \$595,624 (2017 - \$2,492,829) in development has not been amortized. This consists of the new member management system software.

Amortization amounted to \$914,720 for the year ended March 31, 2018 (2017 - \$546,761), and is included in the Administration expenses. CPA Alberta disposed of certain assets for a loss of \$1,705 which is included in transition expenses (2017 - \$31,280). Other assets disposed resulted in a loss of \$571 remain in Investment and other income (2017 - \$0).

The new member management system has been in development since 2013, and has been recorded as an intangible asset. However, due to changes in the scope and requirements of the new member management system due to unification, a thorough review was performed to assess the value of the system, and it was determined that a significant portion of the cost incurred is no longer usable and therefore does not have any value, and an impairment loss of \$2,260,892 was recognized in this fiscal year.

5 Commitments and Contingencies

Discipline

Under the Act, CPA Alberta is required to regulate the conduct of its members. At March 31, 2018, a number of investigations and hearings were in progress.

Contingencies

CPA Alberta is defending two statements of claims. The outcome and an estimate of loss in relation to those claims, 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 claims are recorded in the financial statements.

Future lease payments

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:

2019	\$ 1,052,902
2020	1,071,419
2021	1,200,393
2022	1,476,211
2023	1,394,427
Thereafter	7,633,170
	<hr/>
	\$13,828,522

6 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 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, 2018, CPA Alberta contributed \$1,674,188 (2017 – \$1,643,009) 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 \$5,915 (2017 - \$5,515). 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, 2018, CPA Alberta has recovered \$398,832 (2017– \$248,264) for operating costs incurred on behalf of the Foundation. 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, 2018 totaled \$360,638 (2017 – \$37,540), and are included in accounts receivable. Amounts due to the Foundation at March 31, 2018 totaled \$212 (2017 - \$9,213) and are included in accounts payable. Amounts due to and from the Foundation will be paid or received within the next fiscal year with no interest charged.

7 CPA Assist – Alberta Chartered Professional Accountants Assistance Society

CPA Assist – Alberta Chartered Professional Accountants Assistance Society (“CPA Assist”) is related to CPA Alberta through the common management as its Executive Director is also the Chief Executive Officer of CPA Alberta.

During the fiscal year 2016-17, an internally restricted fund was setup by CPA Alberta to ensure funds remain available for counselling services offered to members, and this fund has been and will remain in place after the wind up of CPA Assist as a separate Society, which occurred December 31, 2017. After December 31, 2017, CPA Assist continues to serve members as a program under CPA Alberta. During the year ended March 31, 2018, CPA Alberta transferred \$120,146 (2017 - \$0) from the fund to CPA Assist to ensure enough funds were available to cover the expenses prior to wind up.

During the year ended March 31, 2018, CPA Alberta recovered \$127,636 (2017 – \$218,495) for operating costs incurred on behalf of CPA Assist. 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 CPA Assist at March 31, 2018 totaled \$0 (2017 - \$22,212) and are included in accounts receivable.

8 CPA Western School of Business

The CPA Western School of Business (“the School”) develops, delivers, and administers pre-certification education for candidates in the four western provinces and territories. CPA Alberta has delegated the registration of its candidates to the School and the School receives candidate dues.

The School is a not-for-profit organization continued under the Canada Not-for-profit Corporations Act and is not subject to income taxes. The School is governed by a twelve person board, consisting of one member appointed by each participating provincial body and the balance appointed by a nominating committee, comprised of the chairs of the participating provincial bodies and the chair of the board. Subsequent to the year end, the board of the School passed by-laws to reduce the size of the board to four members represented by the provincial bodies.

For the year ended March 31, 2018, the School charged CPA Alberta \$9,020 for program fees collected on behalf of the School (2017 - \$62,365). The fees are related to members who took the requisite Professional Education Program courses prior to registering a new professional accounting firm. 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, 2018, CPA Alberta recovered \$1,529,342 (2017 – \$1,259,208) for operating costs incurred on behalf of the School. 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 School at March 31, 2018 totaled \$0 (2017 - \$1,018,735) and are included in accounts receivable. Amounts due to the School at March 31, 2018 totaled \$0 (2017 - \$11,680) and are included in accounts payable.

9 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, 2018, CPA Alberta purchased benefit plan services for its employees from CPAIPW costing \$487,433 (2017 – \$506,082). In addition, CPAIPW purchased advertising from CPA Alberta for \$5,040 (2017 – \$7,560) and provided sponsorships of \$185,000 (2017 – \$35,000). CPA Alberta recovered \$4,204 (2017 - \$0) 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, 2018 totaled \$62,600 (2017 - \$0) and are included in accounts receivable.

10 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, 2018 totaled \$434,026 (2017 - \$31,684) and are included in accounts receivable. Amounts due to CPA Canada at March 31, 2018 totaled \$553,822 (2017 - \$395,340) and are included in accounts payable.

11 Accounts receivable

Accounts receivable is net of an allowance for doubtful accounts of \$1,199,981 (2017 - \$2,172,446).

12 Member fees and other amounts received in advance

Included in accounts payable are member fees collected in March 2018 for the 2018-19 billing year. These are amounts owing to CPA Canada of \$828,680 (2017 – \$921,975), and amounts owing to the Foundation of \$150,775 (2017 – \$175,181). Amounts due will be paid within the next fiscal year with no interest charged.

13 Deferred lease incentives

For the year ended March 31, 2018, rent expenses were reduced by \$175,309 (2017 – \$121,328) which represents the amortization of deferred lease incentives.

	<u>March 31, 2018</u>	<u>March 31, 2017</u>
Deferred lease incentive, beginning of year	\$ 3,154,145	\$ 414,545
Add: lease incentive (cash)	2,485,841	2,860,928
Add: lease incentive receivable	343,059	-
Less: amortization	<u>(175,309)</u>	<u>(121,328)</u>
Deferred lease incentive, end of year	<u>\$ 5,807,736</u>	<u>\$ 3,154,145</u>
Current portion (included in accounts payable)	\$ 509,457	\$ 320,864
Long-term portion	\$ 5,298,279	\$ 2,833,281

A lease improvement allowance of \$343,059 is receivable for the year ended March 31, 2018 and will be applied against future rent expenses until December 2019.

14 Government remittances

Government remittances at March 31, 2018 consisted of \$66,488 payable to government authorities (2017 receivable - \$45,050) related to Goods and Services Tax.

15 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.

16 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 2015/16, 2016/17, and 2017/18 fiscal years.

17 Comparative figures

Certain comparative figures have been reclassified to conform to financial presentation adopted for the current year.



Alberta's Labour Minister, the Honourable Christina Gray (right) poses with CPA Alberta Board Chair Curtis Palichuk (left) and NAIT student and future CPA Harley Russell (centre) at an Alberta Chambers of Commerce event in 2017/18. As Minister of Labour, Minister Gray is responsible for overseeing Alberta's Chartered Professional Accountants Act.

 CPA Alberta

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