
CPA Alberta
Annual Report

WE BEGIN.

Building a new legacy of
business and accounting
excellence in Alberta



2015/16

Chartered Professional Accountants of Alberta

Edmonton

Suite 580, 10180 - 101 Street, Edmonton, AB T5J 4R2

Calgary (Downtown)

Suite 300, 1210 - 8 Street SW, Calgary AB T2R 1L3

Calgary (Manning Road)

Suite 100, 325 Manning Rd NE, Calgary AB T2E 2P5

cpaalberta.ca

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**WE
BEGIN.**



We are CPA Alberta

BUILDING A NEW LEGACY OF BUSINESS AND ACCOUNTING EXCELLENCE IN ALBERTA

We begin. Two simple words that truly represent the 2015/16 year and the celebratory culmination of years of striving toward the establishment of one regulated accounting designation in Alberta. They are two words that are also very powerful. “We” is CPA Alberta’s new voice—one that expresses our rich history as legacy designations, as well as declares our promising future together, united under one banner as Alberta’s Chartered Professional Accountants. “Begin” reflects our dedication to shaping a robust foundation on which to build CPA Alberta. It exemplifies our commitment to laying the groundwork for excellence and to coming out of the gates with energy, dynamism and vision.

We are CPA Alberta. We are CPAs. We begin.

**WE
ENVISION.**

Vision and Organizational Purpose

Visualizing a future and being able to convey its many possibilities are essential to providing effective organizational guidance, particularly during times of change. On behalf of CPA Alberta, I am honoured to present the first-ever CPA Alberta annual report—a publication that represents a very tangible step towards our vision coming to fruition.

Our vision—one that is shared with national and provincial CPA bodies—is to be the pre-eminent, internationally recognized Canadian accounting designation and business credential that best protects and serves the public interest. It is a vision that seeks to attain the highest level of respect and repute for a new designation that carries the strength of its collective legacies, and embodies the attributes of integrity, expertise and high standards, within Canada and on the global stage.

In 2015/16, our mission was to protect the public interest by educating and regulating the competency and ethical standards of our members, and promoting and advocating the value of the CPA designation.

Both the vision and mission were shaped on the belief that the CPA designation would emulate and enrich the finest qualities of its legacy predecessors—accountability, leadership, and business excellence—as the designation develops and gains momentum. Our Board members are

confident that the strategic work completed by CPA Alberta throughout 2015/16 has resulted in us moving closer to successfully achieving our mission and vision.

The Board would like to recognize the meritorious work of the CA, CMA and CGA legacy Boards in navigating the turbulent waters of change with skill, wisdom and judicious insight. Their dedication and steadfast leadership during the transitional period have positioned CPA Alberta favourably, so it can fulfill its mandate from a position of proficiency and strength. As CPA Alberta begins the important work of building towards its future, we, on the CPA Alberta Board, are energized by the potential and opportunities that await, and we look forward to defining the direction in creative, compelling ways.

Greg Draper FCPA, FCGA
Chair
CPA Alberta Board

Our Board

In 2015/16, the profession's governing boards were the CPA Alberta Joint Venture Board, CGA Alberta Board, CMA Alberta Board, Institute of Chartered Accountants of Alberta (ICAA) Council (dissolved on June 30, 2015), and the CPA Alberta Board, which was established when the *Chartered Professional Accountants Act* was proclaimed into force on July 1, 2015.

The CPA Alberta Board consists of nine members drawn from the legacy Boards and Council, as well as three public members who were named by the Government of Alberta. This Board assumed responsibility for CPA Alberta on July 1, 2015.

CPA Alberta Board



Back row:

Tom Sullivan FCPA, FCGA
Curtis Palichuk FCPA, FCA (Vice Chair)
Greg Draper FCPA, FCGA (Chair)
Len Samletzki FCPA, FCMA
Patrick Bieleny CPA, CA

Front row:

Darrell Jones FCPA, FCMA (2nd Vice Chair)
Rob Quilley FCPA, FCA
Debbie Gorsline FCPA, FCMA
Barth Bradley FCPA, FCA

Missing from photo: Jim Dewald PhD (Public Member), Joel Gehman PhD (Public Member), and Diane Pettie QC (Public Member)

The CPA Alberta Board – Governance and Structure

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

- To govern the business and affairs of the CPAA,
- To fulfill the purposes of [the] Act, and
- To exercise the CPAA's powers in the name of and on behalf of the CPAA.

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, finance and risk management.

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

- **Governance Committee:** Curtis Palichuk FCPA, FCA (Chair); Darrell Jones FCPA, FCMA; Rob Quilley FCPA, FCA.
- **Audit and Risk Committee:** Patrick Bieleny CPA, CA (Chair); Debbie Gorsline FCPA, FCMA; Len Samletzki FCPA, FCMA.
- **Human Resources Committee:** Greg Draper FCPA, FCGA (Chair); Darrell Jones FCPA, FCMA; Curtis Palichuk FCPA, FCA.
- **Bylaws and Rules Committee:** Barth Bradley FCPA, FCA (Chair); Tom Gee FCPA, FCA; Tim Gilchrist CPA, CGA; Jody McKenzie CPA, CA; Ross McNichol CPA, CA; Lorn Stanners CPA, CMA; John Stelter CPA, CA. (Note: Members of this committee were named post-March 31, 2016.)
- **Premises Planning Committee:** Tom Sullivan FCPA, FCGA (Chair); Len Samletzki FCPA, FCMA.

CPA Alberta Joint Venture Board



Back row:

Joan Hertz QC (Public Member)
Curtis Palichuk FCPA, FCA (Co-Chair)
Greg Draper FCPA, FCGA (Co-Chair)
Len Samletzki FCPA, FCMA
Debbie Gorsline FCPA, FCMA

Front row:

Tom Sullivan FCPA, FCGA
Darrell Jones FCPA, FCMA (Co-Chair)
Diane Pettie QC (Public Member)
Barth Bradley FCPA, FCA
Patrick Bieleny CPA, CA

Missing from photo: Michael Robinson PhD
(Public Member) and Roger Sanson FCPA, FCGA

The CPA Alberta Joint Venture Board, along with the legacy Boards and Council, led the Alberta accounting profession through a complex time of unprecedented change. Their priorities were not only to execute the mandate of the *Regulated Accounting Profession Act* on behalf of Alberta's professional accountants and govern the business of the CGA, CMA and CA legacy organizations, but also to enable a smooth transition to CPA Alberta and work effectively with the Government of Alberta on the profession's new guiding legislation.

Committees and Rosters

The CPA Alberta Board is assisted in its duties and responsibilities through the contributions of CPAs and members of the public, who participate on Committees and Rosters. Unless otherwise noted, the individuals listed below are registrants of CPA Alberta. At March 31, 2016, these Committees and Rosters were as follows:

Complaints Inquiry Committee

Ron Allen
Yvonne Anderson
Norm Asuchak
Glen Arnston
Gordon Barritt
Patricia Burgess
Christopher Burrows
Michelle Cameron
Kenneth DeLong
Paul Dytham
Brian Farrell
Pam Gill (Public Member)
Morley Hirsch
Adrian Kottke
Rafik Kurji
Alfred Lee
Heather Murk
Phyllis Phan
Doug Quinn
Jay Schmidt
Cal Shulha
Jim Stokoe
Dereka Thibault (Chair)
Gordon Thomas
Stuart Weatherill (Public Member)
Randy Yatscoff (Public Member)

Members of the Discipline and Appeal Tribunal Roster

F.F. Abbott
Shelley Abray
Brian Alguire
E.B. Allan
J. Steve Allan
Doug N. Baker
Nazz (Nazaam) Baksh
C. Fred Barth
B.D. Bateman
Russ Bell
J.A. Bennis
D.J. Block
David Bodnarchuk
L.P. Bourget
Myles E. Bourke
John E. Boyd
Bev Brennan
W. John Brennan
D. Buma
W.D. Burch
Fred Callaway
George Campbell
Calvin Carpenter
George Chan
Donald W. Chandler
H. Bruce Childs
J.J. Colleaux
C. Crawford
Donald M. Dart
Jay Dattani
G.J. Daunheimer
Joan Davies
J.R. Demcoe
John Den Hoed
J. Joseph Doolan
J. Ian Douglas
John C. Eadie
R.E. Edwards
F. Wayne Ellis
R. Andy Farvolden
Gordon W. Flynn
A.T. Follinglo
A.D. Friesen

J.R. Friesen
Barry R. Gardiner
Peter R. Garrett
D.E. Gass
Michael Gibbins
Eldon C. Godfrey
Tim O. Gore-Hickman
W.D. Grace
David D. Guebert
Robert H. Hahn
W.M. Halford
D. Harvey Hall
Grant Hanna
Greg P. Hirtle
D.A. Hoffman
C. Alan Holt
Richard Iwaniuk
W.R. Jacobson
C.A. Janz
L.O. Johannesen
J.B. Jorgensen
J.L. Kavanagh
Gary Keen
Leo R. Kelly
Sandra King
Harold M. Kingston
Ian R.W. Kinnell
Kasey K.C. Kozicky
Kam Laraway
George LeBlanc
Murray Lindsay
Darla Lutness
Michael Mannas
R. Matthews
I.E.W. McConnan
Daniel McKinley
W.J. McNaughton
Heather Mechalski
Ursula Mergny
Sean Monaghan
Al Mondor
J.F. Mulkins
J. Ross Nichol
William J. Nield
Tom Orysiuk
John M. Partridge

Gary M. Paulson
R.D. Penner
Stella Penner
K.D. Porter
G.F. Quinlan
E.N. Rahal
N.B. Ramsay
S. Romanovsky
Jayda Rosenthal
Allan D. Schroeder
M.D. Shabada
H. Arnold Sherman
Don E. Sieben
O.J. Silzer
R. Simpson
Fred R.N. Snell
W. Dale Somerville
W.G. Stephen
J.D.A. Struck
Z.P. Talavia
D.A. Tien
K. Tober
M.G. Troke
P.F. Turner
Barry J. Walker
W.E. Whitford
Michael A. Williams
Andrew J.K. Wingate

The Lieutenant Governor in Council appointed the following persons, each for a 3-year term expiring on June 30, 2018, as public members.

Alistair Anderson
James (Jim) Bailey
Rick Balbi
Michael Baron
Laurence Bowes
Glen Buick
Geoff Chow
Leo Flaman
Douglas Fletcher
Bill Forbes
Paul Gagnon
Pam Gill
Nancy Hack
Dolores Herman
John (Tony) Howard
Velma Hubbard
William Kaufmann
Robert Kuling

J. Ken Levins
Barry Massing
Jim McCartney
Ronald McIntosh
Sharon McMullen Baron
Clint Mellors
James Miles
Frank Nieboer
Lynn Allen Patrick
Thomas Pickard
William Redmond
Cheryl Ryder
Donald Sibbald
B.A.R. (Quincy) Smith
Bruce Symons
Douglas Taylor
John Voorhorst
Philip Wazonek
Patricia Wheadon
Randall Yatscoff

Practice Review Committee

Mark J. DeBlois
Maureen Hamill
Ken Hankinson
Brenda Hill
Jim Kinal
Meghan McConnan
Debbie Ooms
J. W. Bruce Picton
Brian Semeschuk
Paige Shaw
Paul Spiller (Public Representative)
Kim Wallin (Chair)
Ian Woodman

Registration Committee

Kurtis Ashton
Faye K. Brown
Jennifer Garg
Kendra Gowdy
Rob Harding
Al-Karim Moloo
Jason Mutschler (Chair)
Larry Staples (Public Representative)
Geeta Tucker
Robert Vandervelde

CPA Alberta Awards Review Committee

J. Steve Allan
Nazz Baksh
Donald W. Chandler (Chair)
Todd Robert Cook
Jim Downie
Benedict Dy
David Inhaber
Colette Anne Miller
David Niebach
Jason Schwab
Fred Robert Neal Snell
Mark Woltersdorf

CPA Alberta Awards Nominations Committee

Murray Bandura
Dennis Bourgeault
Rebecca Braun
Jason Ding
Ian Folinsbee
Joe Gagliardi (Chair)
Robert Harrison
Raymond Hawrelak
David Kastelic
Beverley Kissinger
Terrance Stein
Julie Watkins

**WE
LEAD.**

Leadership and Executive Message

July 1, 2015, will always be an historic date for Alberta's CPA profession—it marks the proclamation date of the *Chartered Professional Accountants Act*, which formally established CPA Alberta as the sole professional organization representing Alberta's designated accountants. Proclamation also meant the province's over 28,000 designated accountants could begin using the CPA designation, alongside their colleagues across Canada—an essential step in building the CPA's presence in Alberta and beyond, and enhancing its significance as a valuable business credential.

Along with the jubilation of proclamation came a crucial duty that guides all of our work at CPA Alberta—fulfilling our legislated mandate of: protecting the interest of the public; protecting the integrity of the profession; promoting and increasing the competency of registrants; and regulating the conduct of registrants. While this mandate was historically in place for our legacy organizations, it has been met with a renewed sense of vigour by our CPA Alberta team. We know that by executing our mandate well at the outset, we are laying a strong foundation for our organization, generating pride in the profession, and enhancing the value of the CPA designation.

Setting the bar high is essential; it is the heritage of our past and the key to our progress. Throughout 2015/16, I saw this in action at CPA Alberta in a multitude of ways. Whether we were delivering relevant, cost-effective professional development, discovering innovative ways to provide member services and meet ever-changing needs, performing comprehensive practice reviews and informing members about the latest best practices, refining our registration processes to accommodate an expansive pool of members and firms, or identifying opportunities

to enhance our relationships with stakeholders, we were seeking to distinguish ourselves in all that we did.

Guided by our 2014–2017 strategic plan, this year we continued to focus on the key areas of: CPA Alberta Culture, Regulatory Excellence, Education (Pre and Post Certification), Member Relevance, and Operational Excellence. More details about the advancement and achievements in these areas can be found in the Management's Discussion & Analysis section of this annual report.

Looking back, it is insightful to see how much can be accomplished when there is a common vision and a spirit of collaboration. Our journey to becoming CPA Alberta was challenging, but the experience has inspired us to take change in stride and reach for new heights together. Looking ahead, it is inspiring to know our future will be shaped by united hands that possess a depth of experience and an allegiance to the CPA designation and all it represents.

Rachel Miller FCPA, FCA
Chief Executive Officer
CPA Alberta



**WE
ILLUMINATE.**



Management's Discussion and Analysis

INTRODUCTION

This annual report is the very first produced by CPA Alberta in its role as the fully unified professional body for Alberta's regulated accounting profession. The 2015/16 year will always be historically meaningful because it represents our first year operating under a single CPA banner.

While it was still a transitional year characterized by change and development, we continued to be guided by the 2014–2017 strategic plan, which outlines a consistent focus on five strategic priority areas. These areas are:

- CPA Alberta Culture
- Regulatory Excellence
- Education (Pre and Post Designation)
- Member Relevance
- Operational Excellence

In 2015/16, we made significant progress in these areas and this Management's Discussion & Analysis (MD & A) will convey our key highlights and achievements. We also anticipate what lies ahead of us in 2016/17, so we have included a section that summarizes our outlook for next year.

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 28,000 members—and it should be considered in conjunction with our audited financial statements.





CPA: THE NATIONAL CONTEXT

In order to gain a current, broad perspective of the designated accounting profession's transition to a unified profession, it is essential to look at the developments that occurred in 2015/16 across the provinces and on the national front.

In general, all 40 accounting bodies in Canada were either unified or were participating in discussions to unite under the Chartered Professional Accountant (CPA) banner in 2015/16. Since regulated professions are governed provincially, the process needed to achieve unification involves the creation and passing of new legislation; however, depending on provincial bylaws and other considerations, some provinces and territories were able to use the CPA designation prior to the full passing of their legislation.

While Alberta attained proclamation for its CPA legislation on July 1, 2015, three other provinces—Prince Edward Island, British Columbia, and Manitoba—also received proclamation for their legislation in the 2015/16 fiscal year.

In prior years, Newfoundland and Labrador, Saskatchewan, Ontario, and Quebec formally established their respective CPA organizations.

The Yukon Territory tabled its CPA legislation in April 2016 and Nova Scotia's legislation received Royal Assent in December 2015 (before this legislation is proclaimed into force, bylaws need to be filed and this work is currently underway).

CPA Canada is the profession's national organization. Launched in January 2013, it was established to support a unified Canadian accounting profession and represent more than 200,000 members across the country.

2014–2017 CPA ALBERTA STRATEGIC PLAN: CPA ALBERTA CULTURE

During times of transition, it is vital to create a strong culture that is built on foundational standards and values. With this understanding, one of CPA Alberta's strategic priorities is to develop and support a constructive, forward-looking culture that embraces our operating principles—trust, excellence, respect, professionalism, integrity, accountability, and inspirational leadership.

Our team

Within our organization, we have intentionally engaged staff to acquire their feedback on initiatives and plans that impact them. We know that our team members have valuable perspectives, so we have encouraged them to be active participants in forming their culture and building an environment that consistently showcases the CPA Alberta operating principles at their best.

A significant achievement this year was developing unified human resource policies that recognize and address staff needs, and reflect and enforce our organizational standards. We also aligned our compensation and benefits programs, and consolidated our financial systems, accounting policies, and reporting. Similarly, we successfully merged all staff onto a newly designed IT infrastructure (network, email, video conferencing, etc.). This operational unification has not only enabled us to function as an integrated organization, but it has also enhanced our ability to perform more efficiently and effectively.

This year, we also secured a new premises in Calgary that will bring together staff from separate offices and offer a contemporary environment that is designed for optimal functionality, productivity and organizational performance. Further, the space will reflect our CPA brand, the nature of our work, and our core values. Eventually, the design concepts will be applied to the Edmonton office, so each office is a manifestation of our CPA Alberta culture.

Another way we strengthened our team and culture was through all-staff meetings that were held in Red Deer. Our focus was on bringing staff together to build rapport, communicate important developments, and solicit feedback on various initiatives.

Our community

It is also necessary to extend our brand—who we are and what we represent—into the community. Throughout 2015/16, we worked extensively to build our brand with our key stakeholders, including the Alberta business community and government. We actively contributed to our national branding campaign, which meant collaborating with our national organization and provincial counterparts to deliver strong messages about the CPA brand across Canada. Additionally, we focused on aligning our brand with business excellence by pursuing sponsorships of events and awards that recognize outstanding business achievements. These included the University of Calgary's Distinguished Business Leader Award, University of Alberta's Canadian Business Leader Award, Alberta Oil's C-Suites 2015 Stars Awards, and Alberta Chambers of Commerce Alberta Business Awards of Distinction.

On the digital front, our identity was reinforced through the CPA Alberta website, which became the primary platform for our online communications and activities. We made major strides in transitioning content from our legacy websites and came significantly closer to making CPA Alberta as our sole digital presence. Emails and e-newsletters were updated to reflect our united identity, as were other non-digital publications, including our member magazine, which was reimagined and renamed as *Dividends*.

2014-2017 CPA ALBERTA STRATEGIC PLAN: REGULATORY EXCELLENCE

CPA Alberta is committed to successfully maintaining its enabling legislation and regulatory oversight that protects the interests of Albertans and enhances the CPA brand in Alberta. It is a strategic priority that emphasizes the fundamental role we have in upholding the high standards of the profession.

When the *Chartered Professional Accountants Act* was proclaimed into force on July 1, 2015, it became our profession's new legislation. It describes CPA Alberta's role in protecting the public and enforcing rigorous criteria to safeguard the CPA profession and all it represents.

Practice review plays an essential role in protecting the public by assessing firms' compliance with professional standards; by taking appropriate follow-up or remedial action in instances of non-compliance; and by providing one-on-one education to firms. In 2015/16, our Practice Review team performed at its peak, completing a record-setting number of reviews and ensuring all of the follow-up reviews were completed efficiently. Over 400 firms were assessed by a Practice Review Committee comprised of a public representative and members from all CA, CGA, and CMA legacy bodies. Practice reviewers are selected based on their professional competencies. CPA Alberta is also a member of the national working group that aims to ensure all practice reviews are conducted consistently across the country.

CPA Alberta's Practical Experience team made important contributions on the national front as well, initiating work on the monitoring and enforcement of the 2015 Practical Experience Requirements. These processes are vital to harmonize because they help the profession maintain its meticulous experience standards for becoming a CPA. The Practical Experience team also created a guide for reviewing practical experience reports submitted by candidates, which is currently being used in other jurisdictions to train staff,

thereby enhancing the consistency of experience evaluations across Canada. Furthermore, after the proclamation of the CPA Act, the team implemented the first-ever pre-approved practical experience programs in legacy public accounting firms.

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 service providers, and professional corporations), as well as provides informative, sound responses to inquirers who have questions or concerns in regards to any registration entity or registration matter. Registrations also oversees the reporting and subsequent audit of members' Continuing Professional Development. Moreover, the department has undertaken a pre-registration assessment process for Professional Accounting Firm registration, which ensures members are competent to practice public accounting prior to approval of firm registration.

As trusted advisors to the public, registrants are accountable for and manage critical, confidential financial information. Any complaints about members are managed by the Conduct and Discipline area, 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.

Reports Assessed by the Practice Review Committee (April 1, 2015 – March 31, 2016)

| | Reviews Conducted under CPA Alberta Joint Venture (April 1 - Jun 30, 2015) | | | | Reviews Conducted under CPA Alberta (Jul 1, 2015 - Mar 31, 2016) | Total Reviews |
|-------------------------------|--|----------|-----------|-----------|--|---------------|
| | CGA | CMA | CA | Total | | |
| Comply | 18 | 2 | 19 | 39 | 362 | 401 |
| Non-comply | 4 | 0 | 5 | 9 | 34 | 43 |
| Total Reviews Assessed | 22 | 2 | 24 | 48 | 396 | 444 |

Summary of Activity

| Period | Fiscal 2014/2015 | Fiscal 2015/2016 |
|--|------------------|------------------|
| | LEGACY | CPA |
| COMPLAINTS | | |
| Carried forward from beginning of year | 54 | 62 |
| Received | 86 | 107 |
| Dismissed | 40 | 44 |
| Referred to Discipline Tribunal Roster Chair for hearing | 38 | 26 |
| Referred back to CIC (from Appeal) | | 3 |
| HEARINGS | | |
| Discipline Tribunal | | |
| Carried forward from beginning of year | 8 | 17 |
| Referred from CIC | 38 | 25 |
| Directly to Hearing | | 1 |
| Rescinded | | -2 |
| Hearings Consolidated | -6 | -4 |
| Completed/Settled: | 23 | 23 |
| Settled/Sanction Agreement reached | 19 | 6 |
| Findings of Unprofessional Conduct | 4 | 11 |
| No Findings of Unprofessional Conduct | | |
| Written decision pending | | 6 |
| Reversed | | |
| In Process | 17 | 14 |
| Appeal Tribunal | | |
| Carried forward from beginning of year | 1 | 3 |
| Appealed from Discipline Tribunal | 3 | 2 |
| Completed/Settled: | 1 | 2 |
| Quash | | |
| Confirm | 1 | 1 |
| Vary | | 1 |
| Reversed | | |
| In Process | 3 | 3 |

| Period | Fiscal 2014/2015 | Fiscal 2015/2016 |
|--|------------------|------------------|
| | LEGACY | CPA |
| Section 81 Appeal | | |
| Carried forward from beginning of year | 2 | 5 |
| Appealed from Dismissal | 3 | 4 |
| Completed/Settled: | | 7 |
| Quash | | |
| Confirm | | 4 |
| Vary | | |
| Refer | | 3 |
| In Process | 5 | 2 |
| Appeal - Court of Appeal | | |
| Carried forward from beginning of year | 3 | 2 |
| New Appeals | 0 | 2 |
| Completed/Settled: | 1 | 3 |
| Dismissed | 1 | 1 |
| Confirm | | |
| Vary | | |
| Reversed | | |
| Struck | | 2 |
| In Process | 2 | 1 |
| Other - Self-Declared Bankruptcy/Insolvency/Other Monitored | | 2 |

Definition of "complaint"

A complaint is defined as the whole 'matter' brought to the attention of CPA Alberta, whether with a written complaint or through another source of information. A determination has been made that there is a reason to take action, and a file has been opened.

Some interpretative points:

- If the matter involves several issues raised by one complainant about the conduct of one registrant, this is a single complaint
- If there is more than one complainant regarding the same registrant, each of these is a separate complaint (even if the issue is the same)
- If there are several registrants of one firm involved, and it is the individual (not the firm) who would each be the subject of a separate decision by a tribunal, each registrant is treated as the subject of a separate complaint
- If a complaint is laid against each of an individual registrant and a firm, each are treated as a separate complaint.

Number of registrants as of March 31, 2016

| # Registrants | |
|--------------------------------|--------------------------|
| Members | 28,178 |
| Candidates | 4,582 |
| Professional Accounting Firms | 1,575 |
| Professional Corporations | 2,765 |
| Professional Service Providers | 29 |
| | 37,129 |
| | Total Registrants |

Number of applicants between April 1, 2015 and March 31, 2016

| | Number of applicants between April 1 and June 30, 2015 | | | CPA Alberta applicants between July 1, 2015 and March 31, 2016 | TOTAL |
|--------------------------------|--|----------|------------|--|--------------|
| | CA | CMA | CGA | | |
| Members | 178 | 0 | 89 | 1,497 | 1,764 |
| Candidates | 347 | 0 | 0 | 1,556 | 1,903 |
| Professional Accounting Firms | 11 | 0 | 12 | 44 | 67 |
| Professional Corporations | 39 | 0 | 0 | 108 | 147 |
| Professional Service Providers | 0 | 0 | 0 | 3 | 3 |
| | 575 | 0 | 101 | 3,208 | 3,884 |

AS OF MARCH 31, 2016,
CPA ALBERTA HAD
MORE THAN
28,000 MEMBERS.

2014–2017 CPA ALBERTA STRATEGIC PLAN: EDUCATION (PRE AND POST DESIGNATION)

In 2015/16, CPA Alberta was focused on completing the transition of pre-certification education programs to the CPA Western School of Business, and on ensuring the supply of required Continuing Professional Development (CPD) for its members.

This was a momentous year in education for CPA Alberta because the profession saw its very first group of students successfully complete the CPA Professional Education Program (PEP), including the Common Final Examination (CFE) and completion of experience under the CPA practical experience requirements. These students were the first to earn solely the CPA designation. This inaugural CPA graduating class comprised 270 graduates, of whom the profession is very proud.

With all pre-certification education programs now resting with the CPA Western School of Business (the School), CPA Alberta focused on winding up legacy education programs and working with the School to smoothly transition all Prerequisite Education Program (PREP) students and PEP candidates.

The legacy CA's Uniform Evaluation and the legacy CMA's Strategic Leadership Program concluded their last offerings in June 2015, and the last legacy CGA PACE level examinations were offered in September 2015. Existing legacy candidates have until September 1, 2018, to complete outstanding practical experience requirements. Where candidates are unable to meet legacy requirements by the deadline, they will transition to the School.

In an effort to efficiently determine the program equivalencies of legacy CGA students in Western Canada, CPA Alberta delivered an innovative IT solution that automated the transition of these students to the School.

In terms of CPD highlights, the Professional Development team continued to provide high-quality seminars for members in over 25 subject areas. Ten of these subject areas focused on technical topics and 15 covered enabling competencies, such as communication, leadership, and other professional and personal development skills. Also, the team offered 18 customized training sessions in 10 companies.

Participant evaluations of the offerings continued to show high ratings for the content, delivery and administration of the CPD program.

Other notable CPD achievements for the 2015/16 year include:

- 13% increase in registrations for the year (13,300 vs. 11,700);
- 12% increase in CPD Passport sales (1,549 vs. 1,379); and
- The Executive Leadership Programs area ran one CFO Leadership and two Controllershship program sessions with a total of 72 participants.

Also, the Advanced Certificate in Accounting and Finance (ACAF) was offered for the first time this year. Alberta currently runs this program for Alberta, Saskatchewan, Northwest Territories and Nunavut students.

Attracting New Members to the Profession

Even though the responsibility for pre-designation education now lies with the CPA Western School of Business, CPA Alberta has the responsibilities of informing prospective CPAs about the benefits of pursuing the designation and attracting new people to the profession in order to ensure an adequate supply of CPAs for the future.

To fulfill that responsibility, the Business Development team at CPA Alberta focused on providing information about the new CPA designation to a variety of interested audiences, including post-secondary students, the post-secondary academic community, high school students, and Albertans currently in the workforce.

CPA Alberta hosted “Get Connected” events in Edmonton, Calgary and Lethbridge. At Get Connected, post-secondary students from various institutions had the opportunity to hear CPAs speak about the career possibilities generated by earning the designation, and to speak with potential employers about specific career routes.

As well during the year, the Business Development group hosted regular information sessions for working Albertans interested in making a career change by earning the CPA designation, and also networked effectively with employers to raise awareness of the designation.

CPA Alberta continued to produce *Capitalize* magazine. This semi-annual publication provides information, news and perspectives about the profession and is written especially for students and others considering careers as CPAs.

2014-2017 CPA ALBERTA STRATEGIC PLAN: MEMBER RELEVANCE

Another strategic priority for CPA Alberta this year was to develop and deliver meaningful products, services and events that are sought after and valued by members, and build membership engagement.

The CPA Life team continued to offer valuable products and services to members with the intention of enhancing their experiences and skills throughout their professional lives. These offerings deepen CPA Alberta's relevance with members and provide unique opportunities for members to access their professional body and its resources in dynamic, productive ways. These value-added offerings include chapter activities, mentorship programs, member newsletters and more.

Chapter Activities

CPA Alberta actively supported chapter and practitioner groups across Alberta, and provided assistance in promoting their various events and activities (including networking opportunities, informative meetings, luncheons and other social gatherings). Chapter activity highlights for 2015/16 included working with the Calgary chapter to develop its roots and build its presence in the local business community. Its inaugural meeting was held in November. The CPA life team also connected with the Edmonton, Central Alberta, and Grande Prairie chapters throughout the year to offer advice and help as they looked to enhance their chapters. In March, the Edmonton chapter held a luncheon with Alberta's Finance Minister.

Volunteer Tax Clinics

In 2015/16, CPA Alberta's Volunteer Tax Clinic program completed over 2,600 personal tax returns for low income Albertans through the efforts of 388 dedicated volunteers working with over 100 community-based organizations.

Mentorship/Connector Program

The CPA Life team continued to grow its post-designation Mentorship and Connector Programs. The Mentorship program offered two streams—one for career development (designed for CPAs, candidates and students to reach their career goals), and one for foreign-trained professionals (designed to help them establish their careers in Alberta). The Connector program introduced individuals who were interested in building their professional network to well-connected local CPAs. Participation in all of the programs has continued to be high and the programs are continuing to gain in presence and popularity among the expansive CPA Alberta membership. The programs have also benefited from joint events and workshops that enable cross-promotional opportunities.



The Fall 2015 and Spring 2016 *Dividends* magazine.

Member Newsletters and Emails

This year our member e-newsletters and emails were updated to reflect our united identity as CPA Alberta, as were other non-digital publications, including our member magazine, which was reimagined and renamed as *Dividends*, and is circulated to our membership three times a year. *Dividends* is a high-quality, relevant and informative publication that explores the issues Alberta CPAs face on a daily basis. It also provides another way for CPA Alberta to communicate with and engage members, and keep them up-to-date with important happenings in the profession and the services and resources we offer. In line with this, our e-newsletters were consolidated and named *Daily Dividends*. They are deployed to members twice monthly and also feature timely, relevant information and news about the profession. A special *Daily Dividends* section of our website was also created to provide a constant, up-to-the-minute showcase of articles and news affecting the profession.

Professional and Career Services

CPA Alberta is committed to helping its members excel and it offers extensive professional and career services support to its members. Whether members were looking for professional or volunteer opportunities, or interested in brushing up on their networking or personal branding skills, they were able to find an offering that supplied them with information and resources. Of note, the Brown Bag Lunch Seminar Series this year focused on topics relevant to the current economic situation (and the series was augmented this year with evening sessions, which increased the number of members accessing career development advice). The Mock Interview Program also continued to provide participants with valuable interview feedback—this program, alongside the many other career resources provided by CPA Alberta, appealed to those who were trying to navigate changes in their professional world, particularly due to changes in Alberta's economy.

Member Advisory

Professional advisory services continued to be one of the most popular and used resources by our members. Over 65 calls per month were received from members seeking guidance on a wide variety of issues, including technical questions on the application of accounting and assurance standards, practice management issues, career transition considerations, and client management issues. The program has been predominantly marketed through a series of articles and member advisories, combined with presentations on topics of interest to members, either through the Chapters or member forums.

Member Events

CPA Alberta organized and hosted networking, celebration, and family day events for our membership throughout 2015/16, with the intent of bringing members together to build professional pride and fellowship, as well as honour their outstanding contributions to the profession. Member event highlights include the sold-out Family Day events held in June and January, Member Celebration Dinners in Calgary and Edmonton, and legacy CMA, CGA, and CA convocation and graduation celebrations.

2014–2017 CPA ALBERTA STRATEGIC PLAN: OPERATIONAL EXCELLENCE

To deliver on its strategic priorities, CPA Alberta must ensure it has the necessary tools and resources of a first-class professional organization.

In 2015/16, one of the essential projects that facilitated operational excellence in our organization was progressing in our Membership Database Consolidation project, which is being completed in stages and involves the migration of all members and public accounting firms from the legacy databases onto a single database. This consolidation will eliminate the time-consuming process of tracking and managing our registrants across three legacy membership systems, and it will allow staff to manage and assist members using a single database. The project will also include an enhanced web portal for members and firms to privately access, and support for an increased number of online services.

We also enhanced our operations through organizational changes that enabled us to more optimally fulfill our legislated mandate and provide greater service to members through more efficient, streamlined processes. This included the adoption of a new strategic business planning process and supplementary development of a comprehensive set of key performance indicators that will be consistently measured to ensure progress and accountability.

**WE
ANTICIPATE.**

Outlook 2016/17

The future for CPA Alberta is full of potential and promise. CPA Alberta will work with provincial and national colleagues to steer the direction of the profession in bold, creative ways. We will also continue to fully participate in national harmonization efforts focused on developing common practices and standards.

Within Alberta, our organization will continue to uphold its mandate of protecting the public interest and the integrity of the CPA profession. Further, we will build and reinforce the distinction and merit of the CPA brand with stakeholders.

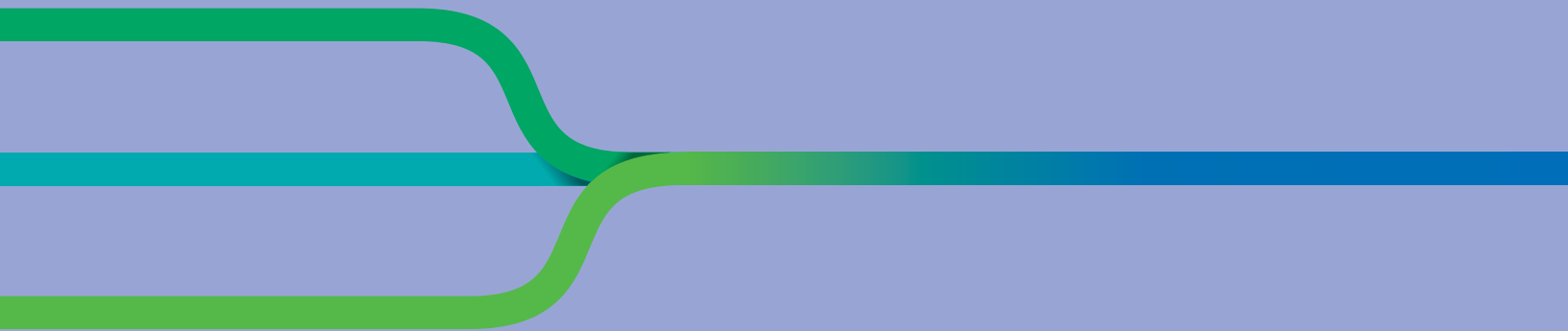
We will also explore innovative ways to inform members about the profession and CPA Alberta's services and products. Additionally, we will analyze how we can provide more value to members through the development of relevant offerings that will enhance their professional success.

Importantly, attracting people to the CPA profession and reaching targets for recruitment at Alberta's post-secondary institutions and in the broader community will remain paramount. Defining and promoting our brand with these audiences will be key, as will communicating our education and experience paths to the designation.

We will also continue to identify efficiencies and maximize resources with the intention of enhancing our operations and amplifying the advantages of unification.



**WE
CELEBRATE.**



Honouring the Best of Our Profession

AWARD RECIPIENTS

In 2015/16, 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 voluntarism that has characterized the designated accounting profession's history.

Lifetime Achievement Award

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.

Bruce Thurston FCPA, FCMA

Fellow of the Chartered Professional Accountants

Awarded to a CPA who has rendered meritorious service to the profession or whose career and community achievements have brought honour to the profession.

Susan Bohachuk FCPA, FCMA
Sandip Kaur Dhaliwal Lalli FCPA, FCMA
Jim McKillop FCPA, FCA
Robert Penner FCPA, FCA
Nora Rea FCPA, FCMA
Stephen John Wilson FCPA, FCMA
William Douglas Wylie FCPA, FCMA
Samuel Chi-Chuen Young, FCPA, FCA

CPA Alberta Distinguished Service Award

Awarded to an individual who has had a significant achievement in the last five years as demonstrated by significant support to the Alberta CPA profession.

Ronald Allen CPA, CMA
Steven Janz CPA, CGA
Liliana Levesconte CPA, CMA
Pamela Jane Sigvaldason CPA, CA
Sandy Umpherville CPA, CGA
Stuart Weatherhill LLB

CPA Alberta Early Achievement Award

Awarded to a CPA who has demonstrated exceptional achievement within the first 10 years of qualification as a CPA, or during their time as a CPA student.

Lance Bick CPA, CA
Priya D'Souza CPA, CA
Shawn Kanungo CPA, CA
Hayat Kirameddine CPA, CA
Irfanali Moledina CPA, CA
Carly Rigler CPA, CA
Darcie Sabados CPA, CA

WE REPORT.

Financial Discussion

The Chartered Professional Accountants 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 (CPA Alberta). According to section 151 of the Act, the property, assets, rights, privileges and benefits of each amalgamating 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.

Systems and Processes

CPA Alberta maintains a high-quality system of accounting and administrative controls that is consistent with reasonable cost. Our system is designed to provide reasonable assurance that the financial information is reliable and accurate, and the assets are appropriately accounted for and adequately safeguarded. CPA Alberta is confident 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 re-deployed to meet changing market needs and support the organization in implementing its strategies.

Capital Resources ('000s)

| Cash and Cash Equivalents | 2016 | 2015 |
|---------------------------|--------|--------|
| CPA Alberta | 10,188 | 12,583 |

At March 31, 2016, CPA Alberta had a cash and cash equivalents balance of \$10,188, compared to \$12,583 at March 31, 2015. The decrease is due to a timing difference for the 2016-2017 member fee billing.

| Marketable Securities | 2016 | 2015 |
|-----------------------|-------|--------|
| CPA Alberta | 3,311 | 10,489 |

Marketable securities consist of fixed income securities with varying terms to maturity, and preferred shares. They are accounted for at fair value. Marketable securities decreased by \$7,178 compared to the prior year, which is a result of the decrease in revenue from the Education programs that have been transitioned over to the CPA Western School of Business.

The organization minimized purchasing new property and equipment with the exception of the development of a new member management system.

The working capital position, which is defined as current assets minus current liabilities, is \$6,827 compared to (\$51) at March 31, 2015. The organization believes that the current cash position and anticipated cash flow from operations is sufficient to meet future working capital and capital expenditure requirements.

Net Assets ('000s)

CPA Alberta has a Net Assets Policy in place to ensure a stable net asset base is available to respond to adverse business conditions and to mitigate revenue and expense fluctuations from year to year.

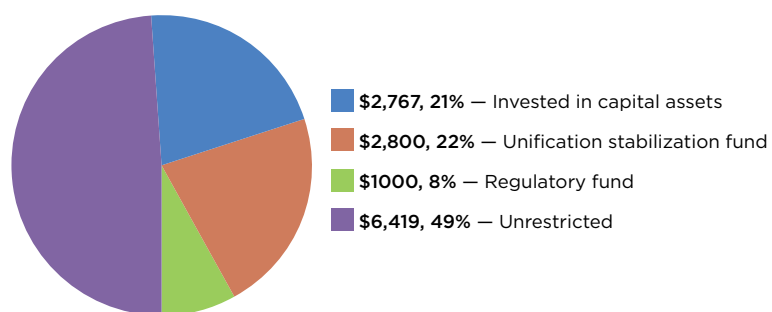
The Board has restricted a portion of Net Assets for capital assets, unification transition expenses, and the regulatory fund.

The unification stabilization fund is available for the next three fiscal years to support consolidation initiatives, and national program development and translation costs.

The regulatory fund supports the complexity of the regulatory processes and any related unforeseen costs which fluctuate annually.

Net assets at March 31, 2016, amounted to \$12,986, compared to \$13,236 the prior year, which resulted in a net decrease of \$250. Internally restricted funds accounted for \$6,567 of the net assets, with the remaining \$6,419 in unrestricted funds.

| Net Assets | 2016 | 2015 |
|--------------------------------|---------|----------|
| Capital Assets | \$2,767 | \$2,694 |
| Unification Stabilization Fund | \$2,800 | \$0 |
| Regulatory Fund | \$1,000 | \$0 |
| Unrestricted | \$6,419 | \$10,542 |
| Total | 12,986 | 13,236 |



Comparative balance sheet statement

Upon unification, the property, assets, rights, privileges and benefits of each amalgamating entity became the property, assets, rights, privileges and benefits of CPA Alberta, and CPA Alberta is liable for the debts, obligations and liabilities, contractual or otherwise, of each amalgamating entity. The comparative balance sheet statement figures are the combined result of the three legacy accounting organizations, as the table below shows (in '000s).

| | Legacy CMA March 31, 2015 | Legacy CGA March 31, 2015 | Legacy ICAA March 31, 2015 | Eliminations/ Reclassifications | Combined March 31, 2015 |
|-------------------------|------------------------------|------------------------------|-------------------------------|------------------------------------|----------------------------|
| Current assets | \$ 8,571 | \$ 5,950 | \$ 5,838 | \$ (1,492) | \$ 18,867 |
| Non-current assets | 2,582 | 6,832 | 4,346 | (70) | 13,690 |
| | <u>\$ 11,153</u> | <u>\$ 12,782</u> | <u>\$ 10,184</u> | <u>\$ (1,562)</u> | <u>\$ 32,557</u> |
| Current liabilities | \$ 7,212 | \$ 6,432 | \$ 6,766 | \$ (1,492) | \$ 18,918 |
| Non-current liabilities | 117 | - | 355 | (70) | 402 |
| Total liabilities | 7,329 | 6,432 | 7,121 | (1,562) | 19,320 |
| Net Assets | <u>3,824</u> | <u>6,350</u> | <u>3,063</u> | <u>-</u> | <u>13,237</u> |
| | <u>\$ 11,153</u> | <u>\$ 12,782</u> | <u>\$ 10,184</u> | <u>\$ (1,562)</u> | <u>\$ 32,557</u> |

2016 Financial Results Summary ('000s)

CPA Alberta had a deficit of \$250 compared to a deficit of \$546 at March 31, 2015.

| | 2016 | 2015 |
|---|--------|--------|
| Revenue | 31,276 | 38,472 |
| Expenses | 29,094 | 35,204 |
| Surplus/(Deficit) before Unification Expenses | 2,182 | 3,268 |
| Transition Expenses | 2,432 | 3,814 |
| Surplus/(Deficit) after Unification Expenses | (250) | (546) |

The breakdown of the various revenue and expenses is:

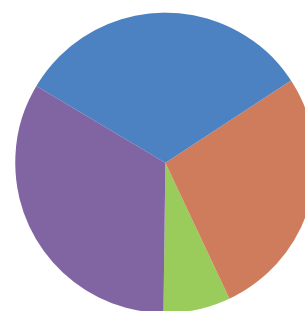
Revenue



- 41% — Membership Fees
- 26% — Pre-Certification Learning
- 16% — Post-Certification Learning
- 13% — Public Accounting & Registration Fees
- 4% — Other Revenue

- Pre-certification Learning includes tuition and program fees from legacy programs and the prerequisite education program (PREP). The Education component of the legacy programs has concluded and transition provisions remain in place to allow students time to complete their practical experience requirements. PREP was transitioned to the School for delivery during the 2015/16 fiscal year. The School currently delivers the Professional Education Program (PEP) and PREP.
- Other revenue includes investment and other income, cost recoveries and fines, and member events and career services.

Expenses



- 33% — Member Services
- 32% — Pre-Certification Education and Recruitment
- 27% — Regulatory
- 7% — Communications and Government Relations

- CPA Alberta is organized around the primary business functions of regulatory, communications and government relations, member services, pre-certification education, and recruitment. These functions support the strategic goals of the Board by enhancing the CPA culture, demonstrating regulatory excellence, and providing relevant member services. The administration team supports the primary business units by demonstrating operational excellence and strong financial stewardship, and administration expenses are allocated to the primary business units. The CPA Western School of Business will be delivering all pre-certification programs in the 2016/17 fiscal year.

Transition Expenses

CPA Alberta incurred several non-recurring expenses to facilitate unification including legal counsel, consulting services, communication initiatives, and other reorganization expenses. CPA Alberta also provided a \$1 million endowment fund to the CPA Education Foundation to maintain legacy scholarships at post-secondary institutions. These were funded primarily from operations.

CPA Alberta Operating Results ('000s)

For the year ended March 31, 2016, CPA Alberta reported an overall deficit of \$250 compared to a \$546 deficit in the 2014-15 fiscal year, for a net increase of \$296 over the prior year.

| | Increase/ (Decrease) |
|---|-------------------------|
| Education | |
| The Education program was transitioned over to the CPA Western School of Business while the legacy programs came to a close. As a result there is a net decrease in both revenue and expenses compared to the prior year. | (\$3,014) |
| Regulatory | |
| There is an increase in new member registrations compared to the prior year. Furthermore, Practice Review revenue increased due to the fluctuation in number of reviews performed throughout the three-year cycle. | \$612 |
| Member Engagement | |
| Member services experienced an increase in expenses to support several convocation events with larger than average graduating classes. | (\$265) |
| Event registrations and job board revenue were less than the prior year due to unfavorable economic conditions. | (\$173) |
| Membership Fees | |
| Increase in member fees is a result of a natural growth in membership. | \$414 |
| Administration | |
| Administration expenses decreased over the prior year due to achieving a number of organizational efficiencies. | \$1,537 |
| Investment and Other Income | (\$450) |
| Investment income decreased due to an unrealized loss on the investment portfolio compared to a significant unrealized gain the in prior year. | |
| Communications and Government Relations | |
| Expenses were less than the prior year due to organizational efficiencies. | \$252 |
| Transition Expenses | |
| Transition expenses were less than the prior year as unification efforts reach steady state. | \$1,383 |
| Net Increase compared to prior year | \$296 |

Chartered Professional Accountants of Alberta

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2016

Independent Auditor's Report

To the Members of the Chartered Professional Accountants of Alberta:

T. 403.298.1500

F. 403.298.5814

e-mail: calgary@collinsbarrow.com

Report on the Financial Statements

We have audited the accompanying financial statements of the Chartered Professional Accountants of Alberta, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Chartered Professional Accountants of Alberta as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Other Matter

The financial statements of the legacy organizations, Certified General Accountants' Association of Alberta, the Society of Management Accountants of Alberta and the Institute of Chartered Accountants of Alberta, for the year ended March 31, 2015 were audited by other auditors who expressed an unmodified opinion on those statements on June 26, 2015, June 26, 2015 and June 29, 2015, respectively.

CHARTERED PROFESSIONAL ACCOUNTANTS

June 21, 2016
Calgary, Canada

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 auditor, to discuss internal controls over the financial reporting process, auditing matters, and financial reporting issues, to satisfy itself that each party is discharging its responsibilities properly, and to review the financial statements, and the external auditor’s report. The Committee also recommends the appointment of the external auditor, which is appointed by the Board until the first Annual General Meeting.

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

Rachel Miller FCPA, FCA
Chief Executive Officer
June 21, 2016

Cindy Priebe FCPA, FCMA
Chief Financial Officer

Chartered Professional Accountants of Alberta

Statement of Financial Position

For the year ended March 31, 2016

| | <u>2016</u> | <u>2015</u> |
|--|-----------------------------|-----------------------------|
| Assets | | (Note 1) |
| Current Assets | | |
| Cash and cash equivalents (Note 3) | \$ 10,188,440 | \$ 12,582,544 |
| Short term investments (Note 3) | 2,465,805 | 4,122,528 |
| Accounts receivable (Note 7-10, 12) | 1,629,474 | 1,222,124 |
| Prepaid expense | 225,147 | 406,897 |
| Deposits | 218,082 | 298,105 |
| Inventory (Note 4) | - | 235,211 |
| | <u>14,726,948</u> | <u>18,867,409</u> |
| Non-Current Assets | | |
| Long term investments (Note 3) | 3,310,614 | 10,488,761 |
| Tangible capital assets (net) (Note 5) | 1,214,301 | 1,832,672 |
| Intangible capital assets (net) (Note 5) | 1,967,634 | 1,368,273 |
| | <u>6,492,549</u> | <u>13,698,706</u> |
| | <u>21,219,497</u> | <u>32,557,115</u> |
| Liabilities | | |
| Current Liabilities | | |
| Deferred revenue | 2,534,318 | 12,345,961 |
| Accounts payable and accruals (Note 7-9, 13-15) | 5,365,935 | 6,572,587 |
| | <u>7,900,253</u> | <u>18,918,548</u> |
| Non-Current Liabilities | | |
| Deferred lease incentives (Note 14) | 333,095 | 401,962 |
| | <u>8,233,348</u> | <u>19,320,510</u> |
| Net Assets | | |
| Invested in tangible and intangible capital assets | 2,767,390 | 2,694,194 |
| Internally restricted (Note 16) | | |
| Unification stabilization fund | 2,800,000 | - |
| Regulatory fund | 1,000,000 | - |
| Unrestricted net assets | 6,418,759 | 10,542,411 |
| | <u>12,986,149</u> | <u>13,236,605</u> |
| | <u>\$ 21,219,497</u> | <u>\$ 32,557,115</u> |

Commitments and Contingencies (Note 6)

Approved on behalf of CPA Alberta Board

Greg Draper FCPA, FCGA
Board Chair

Rachel Miller FCPA, FCA
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, 2016

| | <u>2016</u> | <u>2015</u> |
|--|---------------------|---------------------|
| | | (Note 1) |
| Revenues | | |
| Membership fees | \$ 12,724,830 | \$ 12,310,737 |
| Pre-certification learning | 8,035,729 | 15,947,847 |
| Post-certification learning | 5,091,312 | 5,058,850 |
| Public accounting and registration fees | 4,086,272 | 3,248,848 |
| Member events and career services | 659,475 | 864,941 |
| Cost recoveries and fines | 551,482 | 478,682 |
| Investment and other income | 126,608 | 561,877 |
| | <u>31,275,708</u> | <u>38,471,782</u> |
| Expenses | | |
| Administration | 8,911,496 | 10,126,027 |
| Member services | 7,432,734 | 7,167,627 |
| Pre-certification education and recruitment | 5,994,013 | 10,891,840 |
| Regulatory | 4,703,792 | 4,728,345 |
| Communications and government relations | 2,052,366 | 2,289,931 |
| | <u>29,094,401</u> | <u>35,203,770</u> |
| Excess of revenues over expenses before the following | 2,181,307 | 3,268,012 |
| Transition expenses (Note 17) | 2,431,763 | 3,814,470 |
| | <u>2,431,763</u> | <u>3,814,470</u> |
| Excess of expenses over revenues | <u>\$ (250,456)</u> | <u>\$ (546,458)</u> |

The accompanying notes are an integral part of these financial statements

Chartered Professional Accountants of Alberta

Statement of Changes in Net Assets For the year ended March 31, 2016

| | <u>Invested in Capital Assets</u> | <u>Unification Stabilization Fund</u> | <u>Regulatory Fund</u> | <u>Unrestricted</u> | <u>March 31 2016</u> | <u>March 31 2015</u> (Note 1) |
|--|---|---|----------------------------|----------------------------|-----------------------------|--|
| Balance, beginning of year | \$2,694,194 | \$ - | \$ - | \$ 10,542,411 | \$ 13,236,605 | \$13,783,063 |
| Excess of revenue over expenses (expenses over revenue) | (872,761) | - | - | 622,305 | (250,456) | (546,458) |
| Purchase of capital assets, net | 945,957 | - | - | (945,957) | - | - |
| Internal fund transfer (Note 16) | - | 2,800,000 | 1,000,000 | (3,800,000) | - | - |
| Balance, end of year | <u>\$2,767,390</u> | <u>\$ 2,800,000</u> | <u>\$1,000,000</u> | <u>\$ 6,418,759</u> | <u>\$ 12,986,149</u> | <u>\$13,236,605</u> |

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, 2016

| | <u>2016</u> | <u>2015</u> (Note 1) |
|---|--------------------------|--------------------------|
| Cash provided by (Used for) the following activities | | |
| <i>Operating</i> | | |
| Excess of expenses over revenue | \$ (250,456) | \$ (546,458) |
| Non-cash adjustments: | | |
| Amortization of tangible capital assets | 964,967 | 1,292,365 |
| Amortization of deferred lease incentives | (92,206) | (92,206) |
| Loss on disposal of capital assets | 36,318 | 1,922 |
| Unrealized loss (gain) on investments | 89,338 | (180,529) |
| Realized loss on investments | 28,457 | 23,528 |
| | <u>776,418</u> | <u>498,622</u> |
| Changes in working capital accounts | (10,905,322) | 4,301,956 |
| | <u>(10,128,904)</u> | <u>4,800,578</u> |
| <i>Investing</i> | | |
| Purchase of capital assets | (988,275) | (1,012,828) |
| Proceeds on disposal of capital assets | 6,000 | - |
| Purchase of investments | - | (3,419,586) |
| Proceeds on sale of investments | 8,717,075 | 2,795,759 |
| | <u>7,734,800</u> | <u>(1,636,655)</u> |
| Increase (decrease) in cash and cash equivalents | (2,394,104) | 3,163,923 |
| Cash and cash equivalents, beginning of year | <u>12,582,544</u> | <u>9,418,621</u> |
| Cash and cash equivalents, end of year | <u>10,188,440</u> | <u>12,582,544</u> |
| Cash and cash equivalents are composed of: | | |
| Unrestricted with banks | 10,188,440 | 12,582,544 |
| | <u>\$ 10,188,440</u> | <u>\$ 12,582,544</u> |

The accompanying notes are an integral part of these financial statements

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2016

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"). 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 amalgamating 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. The current year's figures include the three months when the three legacy organizations were operating under the Joint Venture agreement. The prior year figures are the combined result of the three legacy accounting organizations.

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 RBC investment savings.

Short Term Investments

Short term investments consist of units held in RBC Russell Canadian Fixed Income Pool mutual funds, which invest principally in fixed income securities of Canadian issuers that are rated by Dominion Bond Rating Service as BBB or higher as well as funds held in guaranteed investment certificates ("GIC").

Inventory

All inventories are measured at the lower of cost and net realizable value, with cost determined using the first-in-first-out method.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2016

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 and public accounting firm fees are recognized as revenue in the year to which they relate;
- 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;
- Practice review fees are recognized when practice review services are performed;
- Cost recoveries and fines resulting from hearings and appeals are recognized when decisions are made and collections are considered reasonably assured;
- Investment income is recognized as it is earned over the term of investment.

Capital 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 |
|--------------------------------|------------|
| Computer software and hardware | 3 years |
| Office equipment | 5 years |
| Furniture | 10 years |
| Intangible assets | 10 years |
| Leasehold improvements | Lease term |

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, 2016.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2016

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 and accounts 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

Interest rate risk relates to cash held in bank accounts. The interest rate varies depending on the account balance. Management believes CPA Alberta's exposure to interest rate risk is not significant.

b) 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.

c) Credit risk

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

d) 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 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.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2016

3 Investments

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

| | <u>March 31, 2016</u> | | <u>March 31, 2015</u> | |
|------------------------------|-----------------------|--------------------|-----------------------|---------------------|
| | | | (Note 1) | |
| | Fair Value | Cost | Fair Value | Cost |
| Government bonds, federal | \$1,934,968 | \$1,922,414 | \$2,728,414 | \$2,696,248 |
| Government bonds, provincial | 745,966 | 705,857 | 1,293,181 | 1,248,670 |
| Corporate bonds | 410,959 | 409,116 | 554,141 | 517,439 |
| Preferred shares | 218,721 | 220,207 | 220,864 | 220,206 |
| Cash (building reserve fund) | - | - | 5,692,161 | 5,692,161 |
| | <u>\$3,310,614</u> | <u>\$3,257,594</u> | <u>\$10,488,761</u> | <u>\$10,374,724</u> |

The long-term investments balance includes an unrealized gain of \$53,520 (2015 – \$114,037). A loss of \$28,457 that was realized in 2016 fiscal year (2015 - \$23,528) and an unrealized loss of \$89,338 (2015 – unrealized gain of \$180,529) are included in investment and other income. Annual interest rates on marketable securities range from approximately 1% to 12%, and marketable securities mature at various dates from August 2016 to September 2025. (In 2015, the annual interest rates on marketable securities ranged from 1% to 12%, and maturity dates ranged from June 2015 to September 2025).

Annual interest rates on short term investments range from approximately 1% to 3.23% (2015 – 1% to 3.23%).

Cash, cash equivalents and short term investments earned interest for the year ended March 31, 2016 of \$133,238 (2015 - \$149,172). Interest earned on long-term investments for the year ended March 31, 2016 was \$124,018 (2015 - \$222,469).

4 Inventory

The amount of inventories recognized as an expense during the period is \$235,211 (2015 - \$121,357), which is included in pre-certification education and recruitment expenses.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2016

5 Capital assets

| | March 31, 2016 | | | March 31, 2015 |
|--------------------------------|---------------------|-----------------------------|--------------------|--------------------|
| | Cost | Accumulated amortization | Net book value | Net book Value |
| | | | | (Note 1) |
| Furniture | \$1,659,138 | \$ 1,499,017 | \$160,121 | \$ 135,905 |
| Office equipment | 546,652 | 515,281 | 31,371 | 262,021 |
| Computer software and hardware | 6,148,348 | 5,684,524 | 463,824 | 895,311 |
| Leasehold improvements | 2,644,147 | 2,085,162 | 558,985 | 539,435 |
| Tangible capital assets | 10,998,285 | 9,783,984 | 1,214,301 | 1,832,672 |
| Intangible capital assets | 1,967,634 | - | 1,967,634 | 1,368,273 |
| | <u>\$12,965,919</u> | <u>\$9,783,984</u> | <u>\$3,181,935</u> | <u>\$3,200,945</u> |

Included in leasehold improvements and furniture is \$287,757 (2015 - \$0) relating to new premises construction in progress. The intangible assets of \$1,967,634 (2015 - \$1,368,273) in development that has not been depreciated consist the new member management system software.

Amortization amounted to \$964,967 for the year ended March 31, 2016 (2015 - \$1,292,365), and is included in the Administration expenses. CPA Alberta disposed of certain assets for a loss of \$36,318 (2015 - \$1,922), which is included in Investment and other income.

6 Commitments and Contingencies

Discipline

Under the Act, CPA Alberta is required to regulate the conduct of its members. At March 31, 2016, a number of investigations and hearings were in progress.

Contingencies

CPA Alberta is defending two statements of claim. The outcome and an estimate of loss, if any, is not determinable. Defense costs to date have been covered by CPA Alberta's insurer.

Retirement Benefit

CPA Alberta has a Supplemental Retirement Benefit whereby certain employees are entitled to a retiring allowance upon termination of service, calculated with reference to earnings, which earns interest at a predetermined rate. The amount of \$464,918 (2015 - \$630,759) is included in accounts payable and accrued liabilities and is payable when the employee discontinues providing service to CPA Alberta.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2016

Future lease payments

CPA Alberta is committed under leases for office space which expire between November 2016 and November 2026. The future minimum cash lease payments (exclusive of occupancy charges) under the various leases are as follows:

| | |
|------------|-------------|
| 2017 | \$928,663 |
| 2018 | 1,018,249 |
| 2019 | 854,879 |
| 2020 | 873,396 |
| 2021 | 910,431 |
| Thereafter | 4,044,486 |
| | <hr/> |
| | \$8,630,104 |
| | <hr/> |

7 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, 2016, CPA Alberta contributed \$1,391,678 (2015 – \$680,265) towards the Foundation general revenue. CPA Alberta also contributed \$1,000,000 (2015 - \$0) to the Foundation to establish an endowment fund, which is included in the transition expenses (Note 17). 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, 2016, CPA Alberta has recovered \$236,720 (2015– \$237,665) 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, 2016 totaled \$45,609 (2015 – \$15,060), and are included in accounts receivable. Amounts due to the Foundation at March 31, 2016 totaled \$2,769 (2015 - \$558) 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.

8 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.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2016

For the year ended March 31, 2016, CPA Alberta aggregately contributed \$475,478 (2015 – \$335,480) toward CPA Assist general revenue. 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, 2016, CPA Alberta recovered \$210,632 (2015 – \$89,430) 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, 2016 totaled \$71,863 (2015 - \$14,240) and are included in accounts receivable. Amounts due to CPA Assist at March 31, 2016 totaled \$1,803 (2015 - \$156) and are included in accounts payable. Amounts due to or from CPA Assist will be paid or received within the next fiscal year with no interest charged.

9 CPA Western School of Business

The CPA Western School of Business (“the School”) 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.

For the year ended March 31, 2016, the School charged CPA Alberta \$672,174 (2015 - \$65,340) for fees relating to the transition of legacy candidates into the new training programs. 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, 2016, CPA Alberta recovered \$382,330 (2015 – \$753,638) 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, 2016 totaled \$267,932 (2015 - \$310,590) and are included in accounts receivable. Amounts due to the School at March 31, 2016 totaled \$6,665 (2015 - \$33,690) and are included in accounts payable.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2016

10 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 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, 2016, CPA Alberta purchased benefit plan services for its employees from CPAIPW costing \$359,831 (2015 – \$208,793). In addition, CPAIPW purchased advertising from CPA Alberta for \$2,520 (2015 – \$1,685) and provided sponsorships of \$51,950 (2015 – \$10,000). 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, 2016 totaled \$25,000 (2015 - \$0) and are included in accounts receivable.

11 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.

12 Accounts receivable

Accounts receivable is net of an allowance for doubtful accounts of \$1,682,501 (2015 - \$1,252,200).

13 Member fees and other amounts received in advance

Included in accounts payable are member fees collected in March 2016 for the 2016-17 billing year. These are amounts owing to CPA Canada of \$968,105 (2015 – \$1,921,869), and amounts owing to the Foundation of \$183,256 (2015 – \$250,683). Amounts due will be paid within the next fiscal year with no interest charged.

Chartered Professional Accountants of Alberta

Notes to Financial Statements

For the year ended March 31, 2016

14 Deferred lease incentives

For the year ended March 31, 2016, rent expenses were reduced by \$92,206 (2015 – \$92,206) which represents the amortization of deferred lease incentives.

| | <u>March 31, 2016</u> | <u>March 31, 2015</u> |
|--|---------------------------|---------------------------|
| | | (Note 1) |
| Deferred lease incentive, beginning of year | \$506,751 | \$598,957 |
| Less: amortization | (92,206) | (92,206) |
| Deferred lease incentive, end of year | <u>\$414,545</u> | <u>\$506,751</u> |
| | | |
| Current portion (included in accounts payable) | \$ 81,450 | \$104,789 |
| Long-term portion | \$333,095 | \$401,962 |

15 Government remittances

Government remittances at March 31, 2016 consisting of amounts to be paid to government authorities were \$84,447 (2015 - \$32,055) and relate to GST portion of 2016-17 member fees collected in March 2016.

16 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, and unforeseen costs related to regulating registrants, which is not available for other purposes without the approval of the board of directors.

17 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, it is expected that some expenses related to the transition will be incurred for the next few fiscal years.

18 Comparative figures

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



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