

2014 | 2015

CPA Alberta Joint Venture Annual Report

MAKING HISTORY

A Ground-Breaking Year of Growth and Unity for
Alberta's Designated Accounting Profession

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Vision and organizational purpose



On behalf of CPA Alberta Joint Venture and the CPA Alberta Joint Venture Board, we are proud to present this combined 2014/2015 annual report from the Society of Management Accountants of Alberta (CMA), the Certified General Accountants' (CGA) Association of Alberta, and the Institute of Chartered Accountants of Alberta (ICAA).

2014/2015 was an incredible year of significant milestones in our progress towards unifying under the Chartered Professional Accountants (CPA) banner. In fact, this annual report is a milestone in itself as it is the first-ever joint annual report among the three legacy bodies and marks the beginning of a tradition of single annual reporting for Alberta's accounting profession.



CPA Alberta Joint Venture Co-chairs from L to R: Darrell Jones, Greg Draper, Curtis Palichuk

CPA Alberta Joint Venture's vision is to make the CPA designation the pre-eminent, internationally recognized Canadian accounting designation and business credential that best protects and serves the public interest. This vision, which is shared with CPA Canada and the other CPA provincial organizations across the country, will ensure that the new designation is valued by members, the government, and the public for its integrity, expertise, and high standards.

In 2014/15, 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.

The members of the CPA Alberta Joint Venture Board have stood fully behind the organization's vision and mission. We remained committed

to the principles of excellence, leadership, and accountability that have defined our profession throughout the years and that will continue to define our future as CPAs. We are confident that the high standards outlined in the vision and mission represent the priorities of members and the needs of the public as the profession progresses to the next stage.

Just as the fiscal year ended, the end of the unification journey in Alberta came into view. On July 1, 2015, the *Chartered Professional Accountants Act* was proclaimed into force. With that, the Joint Venture was dissolved and CPA Alberta was created. All of us who served on the Joint Venture Board are proud to have been able to serve our profession during this historic period in its evolution.

Greg Draper, FCGA

Darrell Jones, FCMA

Curtis Palichuk, FCA

Co-chairs of the CPA Alberta Joint Venture Board

Leadership and Executive Message

These are historic times for the profession in Alberta and across Canada as designated accountants come together to form the Chartered Professional Accountant (CPA) designation.

Since becoming CEO of CPA Alberta Joint Venture on January 1, 2015, it has been my pleasure to see how far we've come—both as an integrated organization and as a profession. Here in Alberta, we've continued the momentum from an extremely productive 2013/2014 and achieved significant progress towards unification and the integration of the three Alberta legacy bodies—CMA Alberta, CGA Alberta, and the Institute of Chartered Accountants of Alberta (ICAA). This first-ever, single annual report showcases our unified, collaborative and efficient approach to serving the public and Alberta CAs, CGAs, and CMAs this past year.

Throughout 2014/2015, we continued to meet our responsibilities under the *Regulated Accounting Profession Act*, and maintained our commitment to providing the public and members with value-added services and information. We also made great strides on the strategic priorities outlined

in our three-year, 2014-2017 strategic plan in the areas of: CPAA Culture, Regulatory Excellence, Education (Pre and Post Designation), Member Relevance, and Operational Excellence. You can see highlights of our efforts in the Management's Discussion & Analysis portion of this annual report.

It has truly been a ground-breaking year—one that has been characterized by constant growth and unity. First, the *Chartered Professional Accountants Act* was passed in December 2014 by the Legislative Assembly of Alberta; then, the three legacy bodies—CGA Alberta, CMA Alberta, and the ICAA—operationally integrated under the working name of CPA Alberta Joint Venture in February 2015; and finally, we held an extremely successful member vote on the CPA Regulation in March 2015, in which members voted overwhelmingly to approve in principle the CPA Regulation.

These are moments that will be remembered in our profession's history as we usher in our new legacy as Alberta CPAs. We are fortunate to have such a proud and solid foundation of achievements from each legacy designation to build upon. I look forward to working with all of you to expand on those traditions of excellence and create something equally respected and strong.

We've had an amazing year of great growth and unity. Such a year was possible because of the CPA Alberta Joint Venture staff, and the over 27,000 members, many of whom offered their time volunteering in many different capacities in service of the profession. Thank you all for your valuable input and patience this past year and for your ongoing extraordinary service.

On behalf of the organization and our members, thanks also to the Government of Alberta for its support of unification, particularly during the passage of the *Chartered Professional Accountants Act*, and for its continued partnership and support as we worked towards proclamation.

I'd like to acknowledge and thank John Carpenter, MBA, FCGA, who served as CEO of CPA Alberta Joint Venture until December 31, 2014. The milestone moments from this ground-breaking year were initiated under his leadership, and we thank him for his lasting contributions in shaping the vision for our organization and our unification efforts.

Lastly, I want to thank Larry Presiloski, MBA, FCGA for his contributions as Executive Director of CGA Alberta during the final months of the unification process.

This annual report looks back at our successes during 2014/2015. However, since that fiscal year ended, we've already achieved so much to be proud of, such as the May 2015 Member Votes on the CPA Bylaws and Rules of Professional Conduct—and of course, the proclamation of the *Chartered Professional Accountants Act* on July 1, 2015. It's been a long road to unification and I'm thrilled to say that our journey to become CPAs in Alberta is complete. With the support of our members and the broader community, I'm certain this upcoming 2015/2016 fiscal year will be even more historic and momentous than the previous one.



Rachel Miller FCA
Chief Executive Officer

Management's Discussion and Analysis

INTRODUCTION

CPA Alberta Joint Venture is pleased to present the first-ever combined annual report between CGA Alberta, CMA Alberta, and the ICAA.

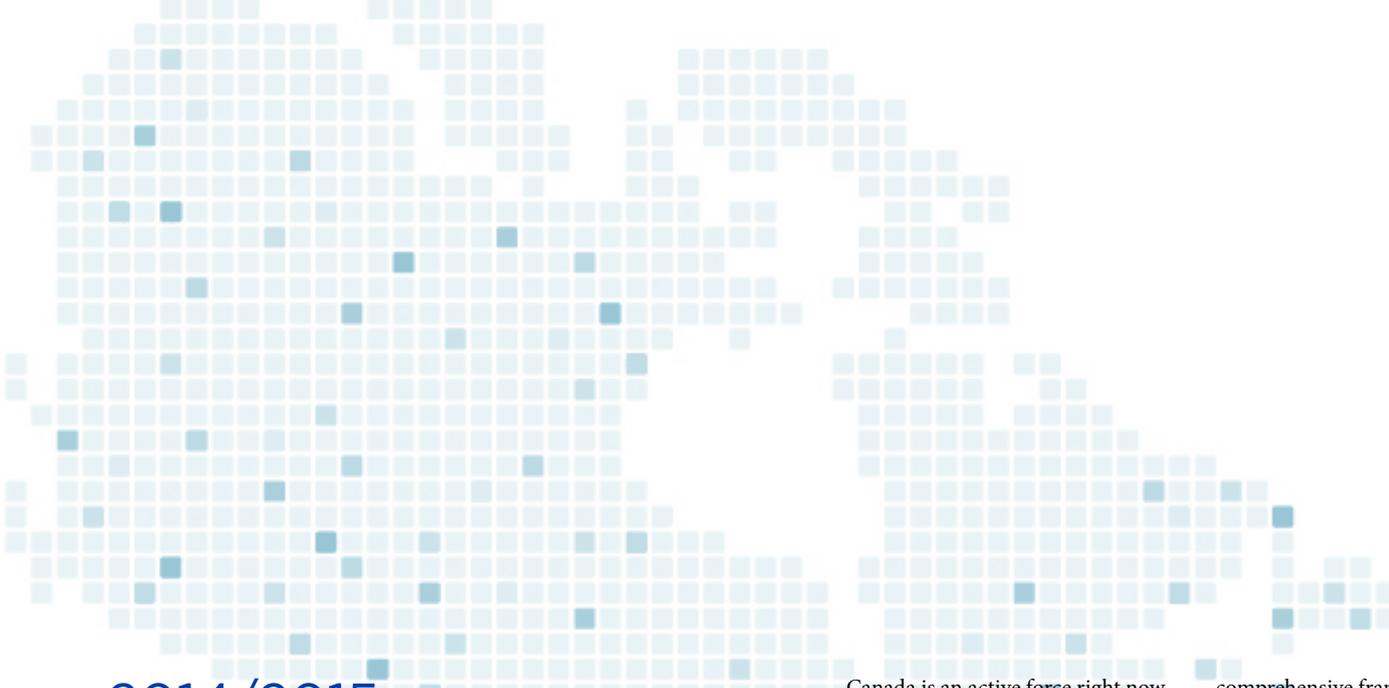
This past fiscal year has been a period of growth and transition, and the unified approach to our annual reporting reflects the integration of and collaboration among the three legacy bodies as we neared unification.

In March 2014, CPA Alberta Joint Venture released its first-ever three-year (2014-2017) strategic plan for the unifying bodies. The strategic plan included five strategic priorities in the areas of:

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

This Management's Discussion and Analysis (MD&A) will provide an overview of major accomplishments of CPA Alberta Joint Venture and the three unifying bodies in those five strategic priorities. The MD&A will also look ahead to the 2015/16 fiscal year and provide an outlook for the upcoming year.

This MD&A should be read in conjunction with the audited financial statements from the Society of Management Accountants of Alberta (CMA), the Certified General Accountants' (CGA) Association of Alberta, and the Institute of Chartered Accountants of Alberta (ICAA), as well as the accompanying notes for the year ended March 31, 2015.



2014/2015: A Year of Breaking New Ground

Unifying the profession in Canada

All 40 national and provincial accounting bodies in Canada are part of unification and have either completed unification or are in the process of uniting under the Chartered Professional Accountant (CPA) banner.

As of March 31, 2015, the CPA designation was in use in seven provinces: PEI, New Brunswick, Québec, Ontario, Saskatchewan, Newfoundland and Labrador, and B.C. At that time, over three-quarters of all designated accountants in Canada were using the CPA designation. The most recent province was Newfoundland and Labrador, whose CPA legislation was proclaimed into force in January 2015.

Launched in January 2013, CPA Canada is the national organization established to support a unified Canadian accounting profession. CGA Canada joined the organization in October 2014, which completed unification of the accounting profession at the national level. CPA

Canada is an active force right now, representing and supporting more than 190,000 members across the country.

Unifying the profession in Alberta

The 2015 fiscal year has resulted in our most significant progress towards unification to date.

In the fall of 2014, the three legacy bodies engaged and had discussions with a wide range of stakeholders who would potentially be impacted by unification of the accounting profession—for example, post-secondary institutions, other regulatory bodies, chambers of commerce, industry associations, not-for-profit organizations, consumer groups, the general public, and more.

The information gathered from those consultations was taken into account when the *Chartered Professional Accountants Act* was written. After three readings that took place between November 24 and December 9, 2014, the *Chartered Professional Accountants Act* received Royal Assent on December 17, 2014. When proclaimed into force, that Act will replace the *Regulated Accounting Profession Act* (RAPA), the legislation that previously governed the profession.

The new *Chartered Professional Accountants Act* sets high standards for the profession and affirms our mandate and commitment to protect the public. It also provides a

comprehensive framework that will guide and shape what it means to be a CPA in Alberta, based on the principles of integrity, credibility, and competency.

In February 2015, all legacy organizations in Alberta—CMA Alberta, CGA Alberta, and the ICAA—operationally integrated under the working name of CPA Alberta Joint Venture. This working name was intended to reflect the legislative status of our organization in the unification process and aligned with the naming conventions of our counterparts in the western provinces—for example, CPA B.C. Joint Venture and CPA Manitoba Joint Venture.

In March 2015, the Joint Venture held the member vote on the CPA Regulation, another of the profession's governing documents and a companion piece to the Act. Members from all over the province voted overwhelmingly to approve in principle the CPA Regulation.

The member votes on the remaining governing documents, the CPA Bylaws and Rules of Professional Conduct, were held in May 2015, and the final step in officially creating the CPA designation in Alberta—proclamation—was expected by mid-2015.

STRATEGY: CPAA CULTURE

CPA Alberta Joint Venture is dedicated to developing and supporting a constructive and forward-looking culture that embraces our operating principles—trust, excellence, respect, professionalism, integrity, accountability, and inspirational leadership. That culture relies on how the organization and the profession are perceived by our external and internal stakeholders.

In order to showcase the organization's value to the membership and to promote the profession, the Communications & Government Relations team developed a sustained and coordinated communications strategy that constantly engaged our staff, members, students and candidates, the government, and the public. The strategy was focused on delivering integrated, consistent key messages and regular, high-quality communication pieces to all internal and external stakeholders.

Marketing and Communications

In addition to supporting the national CPA brand campaign, the Communications & Government Relations team met on a weekly basis to develop and advance integrated marketing communications plans, which reflected the specific needs of the Alberta membership. The team's activities over the fiscal year included:

- The development of a new CPA Alberta Joint Venture website and event microsites
- Online advertising campaigns
- Emails to internal and external stakeholders to promote events and programs
- Regular, timely social media postings on Twitter, Facebook, and LinkedIn accounts
- Production of a magazine, *Capitalize*, twice a year, which promotes the profession to high school and post-secondary students
- Organization of meetings with numerous stakeholders in support of unification
- Development of unification communications such as brochures, presentations, and town halls

Sponsorship

In addition to our advertising and marketing efforts, several high profile sponsorships took place this year. These sponsorships demonstrated a natural link with the organization's strategic goals and enabled us to increase pride and interest in the CPA designation among target audiences such as students, prospects, and the business community. Some of our sponsorship highlights in the 2015 fiscal year included:

- The Art of Leadership Conference
- Government Financial Officers Association of Western Canada Conference - Gold Sponsor

- True Blue Gala 2014 - Silver Shield
- University of Calgary Management Alumni Excellence (MAX) Award
- U of A Business Alumni Association Dinner - Title Sponsor
- Alberta Business Awards of Distinction - Small Business Award
- Alberta Oil's C-Suites 2015 Stars Awards & Dinner - Top CEO Award Sponsor
- University of Calgary Distinguished Business Leader (DBLA) Award



STRATEGY: REGULATORY EXCELLENCE



CPA Alberta Joint Venture demonstrates regulatory excellence by successfully maintaining enabling legislation and regulatory oversight that protects the interests of Albertans and enhances the CPA brand in Alberta.

A key accomplishment in this strategic priority was the drafting and subsequent passing of the *Chartered Professional Accountants Act* in December 2014. The CPA Act builds upon the trusted integrity and excellence of RAPA legislation, and will hold members accountable to even more rigorous regulatory standards to ensure the public continues to feel protected and continues to trust our members to look out for their interests.

Regulatory oversight is conducted through our Professional Standards team, which regulates member competence and ethics. Professional Standards oversees the reporting and subsequent audits of members' Continuous Professional Learning and Development (CPLD) and ethics declarations, which are required annually from each member.

As leaders and advisors to the public, our members are accountable for and manage sensitive financial information. Any complaints about members are managed by Professional Standards, including the complaints inquiry process and other matters involving the Complaints Inquiry Committee (CIC). Professional Standards is mandated with ensuring Discipline Tribunal hearings are conducted according to the requirements contained in RAPA.

Conduct & Complaints Inquiries during 2014/2015

As at March 31*	CGA		CA		CMA	
	2015	2014	2015	2014	2015	2014
Complaints**						
New Complaints Received	10	9	65	52	11	14
Complaints Forward from prior year	3	0	38	30	13	12
Complaints Dismissed	3	5	31	28	6	4
Complaints Still Under Investigation	5	3	49	38	5	13
Referred to a Discipline Tribunal	2	1	23	12	13	9
Bankruptcy or insolvency monitored	0	0	0	3	0	0
Member deceased	0	0	0	1	0	0
Resolved by mediation	0	0	0	0	0	0
Matters Heard by a Discipline Tribunal**						
Matters Referred to a Discipline Tribunal	2	1	23	12	13	9
Hearings pending at beginning of year	0	0	9	11	10	4
Hearings consolidated	0	0	-6	-2	0	0
Discipline Tribunals Not Yet Completed	2	0	13	9	2	10
Pleaded Guilty/Settlement Reached	0	1	7	7	12	2
Findings of Unprofessional Conduct	0	1	4	5	0	0
Penalties Ordered/Settlement Terms***						
Reprimand	0	0	10	6	0	0
Continuing Professional Development	n/a	1	1	1	0	0
Courses	0	0	0	0	0	0
Practice Restricted	n/a	1	0	0	0	1
Practice under supervision	0	0	0	0	0	0
Registration suspended	0	0	0	0	1	0
Registration Cancelled/Resignation Accepted	n/a	0	0	3	17	1
Costs	n/a	1	11	10	21	3
Fines	n/a	1	10	10	19	0
Publication	n/a	1	11	10	0	0
Appeals Received	1	3	4	1	0	1

*2015 Fiscal year was April 1, 2014 - March 31, 2015. For the CGA and CMA legacy bodies, the 2014 fiscal year was July 1, 2013 - March 31, 2014.

**Numbers relate to the year the complaint was initiated, not necessarily when it was completed.

***Usually more than 1 penalty is ordered.

NOTE: the three accounting bodies reported differently in the past.

Appeals to Appeal Tribunals

As at March 31*	CGA		CA		CMA	
	2015	2014	2015	2014	2015	2014
Appeals during the years of:						
Discipline tribunal finding/order	1	1	2	2	0	0
Dismissal of a complaint by CIC or CIC Chair	0	2	2	2	0	0
Appeals carried forward	0	0	1	6	0	1
Appeals heard by the Appeals Tribunal						
Dismissal upheld	0	1	1	7	0	0
Referred to investigation/CIC Chair	0	0	0	0	0	0
Discipline Tribunal decisions confirmed	0	0	1	2	0	0
Discipline Tribunal findings and/or orders varied	0	2	0	0	0	0
Appeals pending at year end	1	0	1	1	0	0
Appeals to Court of Appeal						
Appeals during the year	0	0	2	1	0	0
Appeals carried forward	0	0	1	4	0	0
Appeal tribunal decision confirmed	0	0		4	0	0
Appeal tribunal decision varied	0	0	0	0	0	0
Appeal abandoned	0	0	1	0	0	0
Appeals pending	0	0	1	1	0	0

*2015 Fiscal year was April 1, 2014 - March 31, 2015. For the CGA and CMA legacy bodies, the 2014 fiscal year was July 1, 2013 - March 31, 2014.

Similarly, our Practice Review team oversees a mandatory program that reviews all registered public accounting firms and professional service providers who perform assurance engagements, specified auditing procedures engagements, compilation engagements, and tax services. Practice Review protects 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 2014/2015, a total of 232 CA firms, 44 CMA firms and 88 CGA firms underwent practice review.

Since September 19, 2014, the practice review process and assessments of practice review reports for all legacy bodies have been conducted by a team comprised of a public representative and members from all CA, CGA, and CMA bodies. Practice reviewers are selected based on their professional competencies and the specific engagements performed by their firm.

The Director of CPA Alberta Joint Venture's Practice Review also sits on the Practice Inspection Program Standing Committee (PIPSC). The PIPSC is a national working group that ensures practice reviews are conducted consistently across the country.

The Registrations team contributes to regulatory oversight by ensuring that CPA Alberta has accurate and timely information on all registrants, including members, professional accounting firms, professional service providers, and professional corporations. This also includes Continuing Professional Development reporting and pre-approved program route provider registration.

Number of Registrants as of March 31, 2015

	CA	CMA	CGA	TOTAL
Members	11,842	8,509	6,634	26,985
Candidates	2,853	851	2,545	6,249
Professional Accounting Firms	923	166	472	1,561
Professional Corporations	2,054	175	466	2,695
Professional Service Providers	29	0	9	38
	17,701	9,701	10,126	37,528

Number of applicants between April 1, 2014 and March 31, 2015

	CA	CMA	CGA	TOTAL
Members	610	565	550	1,725
Candidates	1,365	0	0	1,365
Professional Accounting Firms	64	6	110	180
Professional Corporations	126	9	14	149
Professional Service Providers	3	0	5	8
	2,168	580	679	3,427

STRATEGY: EDUCATION

(Pre and Post Designation)

We are focused on successfully delivering CPA pre-certification education programs and concluding legacy education programs, including supporting students requiring transition. CPA Alberta Joint Venture wants to ensure the supply of relevant Continuing Professional Development and develop innovative programs that enhance the value of membership.

To achieve our strategic priority in education, CPA Alberta Joint Venture launched a number of new initiatives this year to attract potential students to the CPA programs. These initiatives focused on offering candidates more opportunities, easier access to program information, and provided enhanced services for students.

In 2014/2015, the Business Development team raised awareness of the accounting profession and promoted the CPA Prerequisite Education Program (PREP) and Professional Education Program (PEP). The team facilitated 277 post-secondary, workforce, and high school information sessions and events in Edmonton, Calgary, and online. A total of 1,075 Alberta students were registered in PREP and 1,594 candidates were registered in PEP as of March 31, 2015.

The Education team successfully organized and ran 19 PREP modules during the year and continued to deliver legacy education programs. In 2014/15, over 1,400 students and candidates completed their legacy education programs.

In addition, the Professional Development (PD) team provided members with

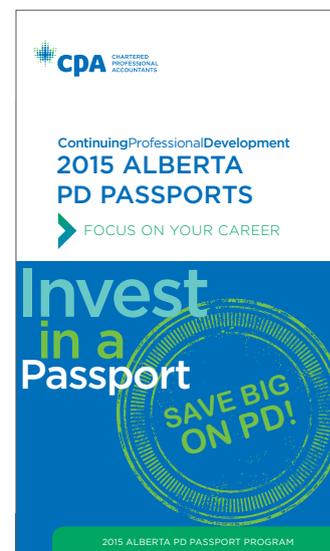
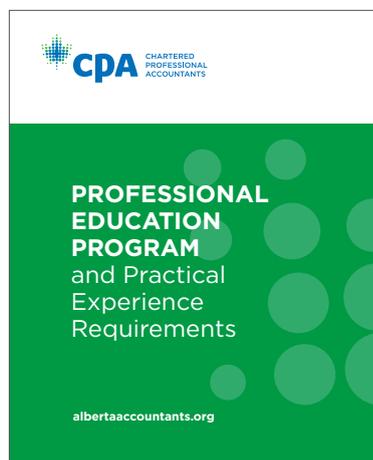
an expanded program using elements from all of the legacy bodies. The unified membership resulted in an increase in registrations and Passport sales, as well as a change in the sales patterns for PD.

Participant evaluations reported continued positive customer satisfaction for both the administration and the quality of the professional development programs.

PD highlights for the year included:

- 30% increase in registrations for the year (11,700 vs. 8,900)
- 9% increase in CPD Passport sales (1,379 vs 1,262)
- Executive Leadership Programs sold out (all four sessions for CFO Leadership and Controllershship)

The PD team also organized and hosted its annual Accountability Summit, which took place on May 8-9, 2014 in Edmonton. 541 delegates attended and heard from a variety of speakers, who spoke about Strategies for Change. High-profile keynote speakers included David Mead (“Start with Why”), Warren Macdonald (“Challenge of Change – Finding Opportunity in Adversity”), and Dr. Jeff Salz (“Leading through Turbulence”). Feedback was overwhelmingly positive, with 92% of delegates reporting the Accountability Summit met or exceeded their expectations.



STRATEGY: MEMBER RELEVANCE

CPA Alberta Joint Venture strives to develop and deliver meaningful products, services and events that are sought after and valued by members, and build membership engagement.

Our CPA Life team provides a number of strategic, value-added products and services intended to enhance members' experiences and skills throughout their professional life—as recruits, students, working professionals, and later, retirees. These offerings increase the relevance of the organization to members, and include chapter activities, mentorship programs, member newsletters, and more.

Chapter Activities

CPA Alberta Joint Venture continued to support chapter and practitioner groups across the province, and help promote their activities and events—for example, luncheons, informative meetings, and social gatherings that were open to members of all three legacy designations. Chapter activity highlights included the first luncheon meeting of the Central Alberta Chapter in March 2015; the 12th annual Evening of Excellence in October 2014, hosted by the Edmonton Chapter; and regular collaborations with groups such as the Grande Prairie Professional Accountants Club, and the Calgary Entrepreneurial Public Practitioners Group.

Mentorship/Connector Program

The CPA Life team conducted an extensive research project on the post-designation mentorship programs (Career Development and Foreign-Trained Professional) and the Connector Program to identify program improvements and create synergies between both programs.

As a result of this research, the Connector Program evolved significantly in response to the needs of the participants and was expanded to a wider membership market. During the fourth quarter, the Connector program saw 12 new Connectors and 37 new participants join; in addition, three participants reported finding employment because of their participation in the program.

There has also been an increase in program registrations, and participants in both programs have benefited from additional joint events and workshops.





Member Newsletters and Emails

CPA Alberta Joint Venture delivers two monthly newsletters to its members: the Compass and Connect. The newsletters include a wealth of information such as member profiles, accounting news, career advice, professional development, and event information.

Professional & Career Services

Unification provided an unprecedented opportunity to offer extensive professional and career services support to all legacy designations and candidates to help them achieve career success. The CPA Alberta Joint Venture Job Board was launched on April 1, 2014 and continues to see impressive, steady monthly traffic. In addition, two new career services initiatives were developed: the Brown Bag Lunch Seminar Series and Mock Interview sessions. These additional programs further complement the existing Rapid Resume Review sessions, one-on-one career advising, career-related workshops and the technical and advisory services already offered by Professional & Career Services.

Member Advisory

Professional advisory services continue to be one of the most popular and used resources by the membership. More than 60 calls per month are received from members seeking guidance on a wide variety of issues, including technical questions on the application of the accounting and assurance standards, practice management issues, career transition considerations, and client management issues. Marketing of the program has been predominantly through a series of articles and member advisories, combined with presentations on topics of interest to members, either through the Chapters or member forums.

CPA Assist

Access to CPA Assist services, supported by the CPA Life team, was expanded to all three legacy designations for the first time this past year. CPA Assist provides confidential, 24/7 help to Alberta's designated accountants, candidates, and their immediate families to address issues of mental health, addictive behaviours, substance abuse and other personal or professional issues.

CPA Assist has seen a 105% increase in utilization hours for the program, in comparison to the previous year.

Member Events

CPA Alberta Joint Venture organizes and hosts a number of networking, celebration, and family day events for our membership. These events are intended to bring members together to build collegial pride, and to honour members for their outstanding contributions to the profession. Member event highlights during 2014/2015 included:

- Legacy convocation and graduation celebrations for 1,579 graduates from the CMA, CA, and CGA programs this past year. CPA Alberta Joint Venture hosted over 5,000 graduates, family, friends and VIPs during these four graduation events.
- Fall 2014 Member Recognition Celebrations in Calgary and Edmonton. We recognized the efforts of our over 2,000 volunteers across these two events, and we recognized long-term service milestones for 21 members with 60 years of service; 79 members with 50 years of service; 230 members with 40 years; 287 members with 35 years of service; and 542 members with 25 years.
- June 2014 Merit Gala event for ICAA, where we recognized new Fellows and members for their contributions in several areas including early achievement and distinguished service. The Merit Awards event was attended by 316 people, including members, recipients, and their family and friends.
- Networking events in Edmonton and Calgary. In June 2014, Edmonton members enjoyed taste testing beers from around the world and in Calgary, in October 2014, they test drove BMWs and enjoyed treats from one of Calgary's popular food trucks.
- Family Day events held in May, October and November 2014. These sold-out events were attended by over 400 members and their families, who enjoyed the Calgary Zoo, Calgary Corn Maze, and the TELUS World of Science Edmonton. A total of 1,100 people took part in these free, family-focused events.



STRATEGY: OPERATIONAL EXCELLENCE

In order to deliver on its strategic priorities, it is critical that CPA Alberta Joint Venture has the necessary tools and resources of a first-class professional organization. These tools and resources are necessary for operational excellence and efficiency. Over the past year, many initiatives have been developed and implemented to help us better serve members and staff, and to make communications and collaborations with colleagues and partner organizations more efficient and seamless.

Human Resources Management Strategy

The CPA Alberta Joint Venture Board recognized the value of providing a comprehensive Human Resources Management Strategy to facilitate integration into a unified organization. As of March 31, 2015, a detailed review of policies and processes from each legacy body, culture surveys, interviews with employees, as well as a review of best practices from similar organizations, have been completed by our Human Resources team.

Moving forward, we will be developing and implementing a detailed strategy to complete organizational design, benefits and compensation management, policy and procedure development and implementation.

CPAA Applications Deployment

In an effort to streamline business processes and align with CPA national and provincial policies, our Business Systems team have been working to consolidate the members of all three legacy organizations into a new, single system.

The design and deployment of a new member database will allow staff to manage and assist members using a single database. This will include an enhanced web portal for firms and members to log-in to and support for an increased number of online services.

In addition to working extensively on the member database project—scheduled for deployment in the next fiscal year—Business Systems has also designed and implemented the Student Learning Management System (SLMS) for the CPA Western School of Business. The SLMS supports the administration of the CPA PEP and PREP education programs.

CPA Alberta Joint Venture has also worked extensively to design and deploy the Practical Experience Reporting Tool (PERT). This tool automates the reporting, assessment,

and approval of practical experience for CPA students and candidates.

Alberta Premises Planning

In order to effectively support members in both Southern and Northern Alberta, the CPA Alberta Joint Venture Board assembled a Premises Planning Task Force. This task force has been working with management to review existing facilities originally occupied by the legacy bodies and to propose suitable options for the future facilities of the unified organization.

Over the past year, this team has reviewed the existing locations of the CPA Alberta Joint Venture offices—one office in downtown Edmonton and two in Calgary—and engaged a design firm to assist with visioning and design of our future offices. The visioning will reflect the values and culture of the future CPA Alberta organization, and support members by having facilities and resources located in both major cities.

A major component of this initiative will be to find a single location in Calgary and consolidate the staff from the Manning Road and Downtown locations.

AWARD RECIPIENTS

Alberta's designated accountants have a distinguished history of using their business expertise and strategic thinking to make an impact in the community and the profession. The following outstanding individuals were honoured for their achievements, commitment and excellence to that proud history in 2014/15.

CGA Alberta Life Membership

Awarded to a Fellow of the Certified General Accountants who has raised the profile and value of the CGA designation through long-standing service in the community or business activities.

Penny Fair FCGA
David Inhaber FCGA
Anita Klassen FCGA

Fellow of the Certified General Accountants

Awarded to a CGA whose exemplary service, achievements, and high standards of professionalism have brought distinction to the profession.

Jim Samuel FCGA
Akolisa Ufodike FCGA

Fellow of the Certified Management Accountants

Awarded to a CMA who demonstrates excellence in management accounting, commitment to CMA Canada and a civic mindedness that brings community respect to the member and the profession.

David Crain FCMA
Joe Gagliardi FCMA
Rafik Kurji FCMA
Dolores Peterson FCMA
Cindy Priebe FCMA
Jason Schwab FCMA
James Shamchuk FCMA
Andrew Sharman FCMA

ICAA Lifetime Achievement Award

Awarded to a Fellow of the Chartered Accountants of Alberta who has rendered meritorious service to the profession on a continual basis throughout his or her lifetime.

Beverley Brennan FCA
John Brennan FCA
Steven Glover FCA

Fellow of the Chartered Accountants

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

Michael Binnion FCA
David Bodnarchuk FCA
Jim Brown FCA
Gordon Case FCA
Donald Cherniawsky FCA
Lara Gaede FCA
James Gillespie FCA
John Gordon FCA
Ronald Helmhold FCA
Graham Heron FCA
Brian Luther FCA
Ronald Mathison FCA, CA•CBV
Gordon McFarlane FCA
Patricia Newson FCA
Mary Phillips-Rickey FCA
Garth Sherwin FCA
Alexander Tutschek FCA
Glenn Varzari FCA
Vincent Vavrek FCA

ICAA 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 CA profession.

Darcy Allan CA
Daniel Bilenki CA
Shawn Brade CA
Lori Caltagirone CA
Eugene Chow CA
Brian Farrell CA
Nancy McLennan CA
Colin Miller CA
Douglas Stroh CA
Brody Thomson CA
Danielle Thorkelsson CA

ICAA Early Achievement Award

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

Joanne Belliveau CA, CGA
William Katelnikoff CA
Troy McDonald CA
Bradley Metcalf CA
Emily Sabo CA

Governance

The CMA, CGA, and CPA Alberta Joint Venture Boards of Directors and the ICAA Council governed the business and affairs of CPA Alberta Joint Venture and the respective CMA, CGA and CA legacy bodies. It was the Boards' and Council's responsibility to advance the mission and long-term welfare of Alberta's accounting profession, and to execute the mandate of the *Regulated Accounting Profession Act* (RAPA) on behalf of Alberta's professional accountants.



CPA Alberta Joint Venture Board

Back row:

Joan Hertz QC
Public Member

Curtis Palichuk FCA
Co-Chair

Greg Draper, FCGA
Co-Chair

Len Samletzki, FCMA
Member

Debbie Gorsline, FCMA
Member

Front row:

Tom Sullivan, FCGA
Member

Darrell Jones, FCMA
Co-Chair

Diane Pettie QC
Public Member

Barth Bradley FCA
Member

Patrick Bieleny CA
Member

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

CMA ALBERTA BOARD

Name	Designation	Title
Derrek Wong	FCMA	Chair
Darrell Jones	FCMA	Past Chair
Joe Gagliardi	FCMA	Vice Chair
George Coon	FCMA	Director
Rob Harding	CMA	Director
Diane Pettie	QC	Public Member
Wendy Stephens		Public Member

CGA ALBERTA BOARD

Name	Designation	Title
Rebecca Braun	FCGA	Chair
Gordon Ferguson	FCGA	1st Vice Chair
Jim Samuel	FCGA	2nd Vice Chair
Penny Fair	FCGA	Member
Kenneth Grimes	CGA	Member
Lisa Handfield	CGA	Member
Helmut Hauke	CGA	Member
David Inhaber	FCGA	Member
Bill Bone		Public Member
Dr. James Dewald	PhD	Public Member
Dr. Michael Robinson	PhD, CFA	Public Member

ICAA COUNCIL

Name	Designation	Title
Barth Bradley	FCA	President
Curtis Palichuk	FCA	Vice President
Patrick Bieleny	CA	Secretary-Treasurer
Rob Quilley	FCA	Past President
Jason Berting	CA	Councillor
Tom Gee	FCA	Councillor
Bridget Hennigar	FCA	Councillor
Gordon Panas	CA	Councillor
Tammy Thompson	CA	Councillor
Don Cummings	MBA, FCMC	Public Member
Joel Gehman	PhD	Public Member
Joan Hertz	QC	Public Member

COMMITTEES AND ROSTERS

Joint Practice Review Committee Members as of March 31/15

Brian Luther, FCA, CFP (CA Chair)
 Ken Hankinson, CMA (CMA Chair)
 Brian Semeschuk, CGA (CGA Chair)
 Laura J. Daniels, CA
 Mark J. DeBlois, CA
 Maureen Hamill, CA
 Brenda Hill, CGA
 Jim Kinal, FCGA
 Meghan McConnan, CA
 Debbie Ooms, CA
 J. W. Bruce Picton, CA
 Paige Shaw, CA
 Paul Spiller (Public Representative)
 Kim Wallin, CA
 Ian Woodman, CGA

ICAA Bylaws & Rules Committee Members as of March 31, 2015:

Tom Gee, FCA (Chair)
 Brian Banderk, CA
 Stewart Henderson, CA
 Jody MacKenzie, CA
 Shashi Malek, CA
 Ross McNichol, CA

ICAA Registration Committee Members as of March 31, 2015

Jason Mutschler, CA (Chair)
 Kurtis Ashton, CA
 Faye K. Brown, CA
 Jennifer Garg, CA
 Karen Masuda, CA
 Tai Phu, CA
 Larry Staples, P.Eng., FCAE (Public Representative)

Joint Complaints Inquiry Committee Members as of March 31, 2015

Ron Allen, CMA
 Yvonne Anderson, CMA, CA
 Norm Asurchak, CGA
 Glen Arnston, CA, CMA, CFE
 Gordon Barritt, CGA
 Patricia Burgess, FCMA, CPA (Maine, USA)
 Christopher Burrows, CA
 Michelle Cameron, CA
 Kenneth DeLong, CMA
 Paul Dytham, CGA
 Brian Farrell, CA
 Pam Gill, Public Member
 Adrian Kottke, CGA
 Rafik Kurji, CMA
 Morley Hirsch, FCA
 Alfred Lee, CGA, CMA, CA, CFP
 Heather Murk, CA
 Phyllis Phan, CMA
 Doug Quinn, CMA, CIRP
 Jay Schmidt, CA, CBV, CPA (Illinois, USA)
 Cal Shulha, CA, CIRP
 Jim Stokoe, FCGA
 Dereka Thibault, FCA
 Gordon Thomas, CMA
 Stuart Weatherill, Public Member
 Randy Yatscoff, Public Member

CGA Alberta Discipline and Appeal Tribunal Roster

Shelley Abray, CGA
 George Campbell, CGA
 George Chan, CGA
 Jay Dattani, CGA
 Joan Davies, CGA
 Sandra King, FCGA
 Kam Laraway, CGA
 George LeBlanc, CGA

Darla Lutness, FCGA
Michael Mannas, FCGA
Heather Mechalski, FCGA
Stella Penner, FCGA

Public members:

Geoff Chow
Bill Forbes
Nancy Hack
Lynn Allen Patrick
Cheryl Ryder
Bruce Symons
John Voorhorst
Philip Wazonek

**CMA Alberta Discipline
and Appeal Tribunal
Roster**

Brian Alguire, CMA
Nazz (Nazaam) Baksh, CMA
Russ Bell, CMA
John Den Hoed, FCMA
Grant Hanna, CMA
Gary Keen, FCMA
Murray Lindsay, FCMA
Ursula Mergny, FCMA
Sean Monaghan, CMA

Public members:

James Bailey
Velma Hubbard
Robert Kuling

**ICAA Discipline and
Appeal Tribunal Roster**

F.F. Abbott, FCA
E.B. Allan, FCA
J. Steve Allan, FCA, CA•CIRP
Doug N. Baker, FCA
C. Fred Barth, FCA
B.D. Bateman, CA
J.A. Bennis, FCA
D.J. Block, CA
David Bodnarchuk, FCA

L.P. Bourget, CA
Myles E. Bourke, FCA
John E. Boyd, CA
Bev Brennan, FCA
W. John Brennan, FCA
D. Buma, CA
W.D. Burch, FCA
Fred Callaway, CA
Calvin Carpenter, CA
Donald W. Chandler, FCA
H. Bruce Childs, CA
J.J. Colleaux, FCA
C. Crawford, FCA, CA•CBV
Donald M. Dart, CA
G.J. Daunheimer, CA
J.R. Demcoe, FCA
J. Joseph Doolan, FCA
J. Ian Douglas, FCA
John C. Eadie, CA
R.E. Edwards, CA
F. Wayne Ellis, CA
R. Andy Farvolden, FCA
Gordon W. Flynn, QC, FCA
A.T. Follinglo, CA
A.D. Friesen, CA
J.R. Friesen, CA
Barry R. Gardiner, FCA
Peter R. Garrett, FCA
D.E. Gass, FCA
Michael Gibbins, FCA
Eldon C. Godfrey, FCA
Tim O. Gore-Hickman, CA
W.D. Grace, FCA
David D. Guebert, CA
Robert H. Hahn, CA
W.M. Halford, FCA
D. Harvey Hall, CA
Greg P. Hirtle, CA
D.A. Hoffman, FCA
C. Alan Holt, FCA
Richard Iwaniuk, CA
W.R. Jacobson, FCA
C.A. Janz, CA
L.O. Johannesen, CA
J.B. Jorgensen, CA

J.L. Kavanagh, CA, CPA (IL, USA)
Leo R. Kelly, FCA
Harold M. Kingston, FCA
Ian R.W. Kinnell, FCA
Kasey K.C. Kozicky, CA
R. Matthews, CA
I.E.W. McConnan, FCA
Daniel McKinley, FCA
W.J. McNaughton, CA
Al Mondor, FCA
J.F. Mulkins, FCA
J.Ross Nichol, CA
William J. Nield, FCA
Tom Orysiuk, CA
John M. Partridge, CA
Gary M. Paulson, CA
R.D. Penner, CA
K.D. Porter, FCA
G.F. Quinlan, CA
E.N. Rahal, CA
N.B. Ramsay, CA
S. Romanovsky, FCA
Jayda Rosenthal, CA
Allan D. Schroeder, CA
M.D. Shabada, CA
H. Arnold Sherman, CA
Don E. Sieben, FCA
O.J. Silzer, CA
R. Simpson, FCA
Fred R.N. Snell, FCA
W. Dale Somerville, CA
W.G. Stephen, FCA
J.D.A. Struck, QC, FCA
Z.P. Talavia, CA
D.A. Tien, FCA
K. Tober, CA
M.G. Troke, CA
P.F. Turner, CA
Barry J. Walker, FCA
W.E. Whitford, CA
Michael A. Williams, FCA
Andrew J.K. Wingate, FCA

Public members:

Alistair Anderson

Rick Babli
Michael D. Baron
Laurence Bowes, Q.C.
Glen Buick
William Faulder
Leo Flaman
Douglas Fletcher
Paul M. Gagnon
Pam Gill
Dolores Herman
John A. Howard
Paul Humphries
William L. Kaufmann
J. Ken Levins
Barry J. Massing
Jim McCartney
Ronald A. McIntosh
Sharon McMullan-Baron
Clint Mellors
James D. Miles
Frank Nieboer
Thomas Pickard
Doreen Poon Phillips
William R. Redmond
Don A. Sibbald, Q.C.
B.A.R. (Quincy) Smith
Douglas A. Taylor
Patricia Wheadon
Brian Williams
Randall Yatscoff

Financial Performance in a Time of Transition

Joint Venture

To support unification initiatives, 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") (collectively, "legacies," "legacy bodies," or "legacy organization") entered into a joint venture in August 2013. A board with equal representation from the three legacy bodies oversaw the operations of this venture. The main goal of this joint venture was to guide the transition of the profession through the unification process, and to lead the work necessary to obtain legislation to finalize and formalize the unification process in Alberta.

The Joint Venture was a jointly controlled enterprise and shared nearly all revenues and expenses for the year ended March 31, 2015. The legacies also shared equally in the development of the new member database, as well as other related infrastructure. The interest in joint venture was proportionately consolidated on a line-by-line basis into the legacy financial statements to reflect an equal interest in the joint venture. The audited consolidated financial statements for the legacy bodies are included in this annual report.

Systems and Processes

The legacy bodies maintain a system of accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is reliable and accurate, and that the assets are appropriately accounted for and adequately safeguarded. The legacy bodies believe there are no deficiencies that would impair the ability to provide reliable and timely disclosure, or affect the ability to execute its strategic plan.

Non-Financial Resources

The legacy bodies rely heavily on experienced volunteers and employees to enable it to carry out its mandate. The organizations have 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	2015	2014
CMAA	5,710	2,994
CGAA	4,030	4,599
ICAA	4,453	1,762
Total	14,193	9,355

At March 31, 2015 the combined entity had a cash and cash equivalents balance of \$14,193 compared to \$9,355 at March 31, 2014. The increase is due to aligning billing processes and timing of related receipts, as well as investments matured not reinvested to facilitate the amalgamation of the investment portfolios.

Marketable Securities	2015	2014
CMAA	2,442	2,276
CGAA	0	0
ICAA	3,151	4,188
Total	5,593	6,464

Marketable securities for the combined organization consist of fixed income securities with varying terms to maturity. They are accounted for at fair value. The balances in marketable securities decreased by \$871 compared to the prior year as a number of investments matured and were not reinvested to facilitate amalgamation of the investment portfolios.

The organizations minimized purchasing new property and equipment with the exception of sharing in the development of a new member database.

The working capital position, which is defined as current assets minus current liabilities, is \$3,101 compared to \$3,480 at March 31, 2014. The organizations believe that the combined current cash position and anticipated cash flow from operations is sufficient to meet future working capital and capital expenditure requirements.

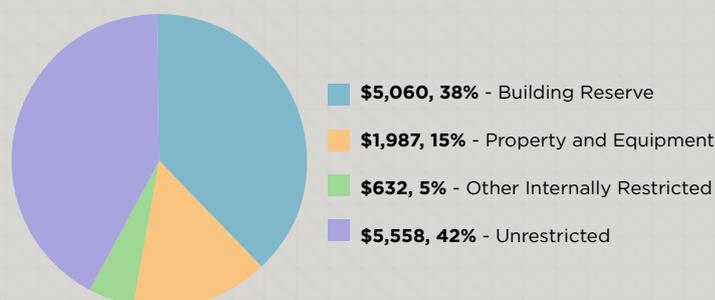
Net Assets ('000s)

The organization on a combined basis has a strong net asset base. Although each organization holds a separate policy for its net assets, all three legacy bodies ensured that a stable net asset base was available to avoid major fluctuations in member fees from year to year, to cover unpredictable costs; and to finance property and equipment purchases.

Combined net assets at March 31, 2015 amount to \$13,237 compared to the prior year (\$13,723), for a net decrease of \$486. Internally restricted funds account for \$7,679 of the net assets with the remaining \$5,558 in unrestricted funds.

Net Assets	2015	2014
CMAA	3,824	3,476
CGAA	6,350	7,315
ICAA	3,063	2,932
Total	13,237	13,723

Based on legacy policy, the combined internally restricted net assets include \$1,987 property and equipment, \$5,060 building reserve, and \$632 for other internally restricted items. Upon amalgamation, the CPA Alberta Board will review the net assets policy to determine the appropriate level of net assets for the CPA Alberta organization.



2015 Financial Results Summary (000's)

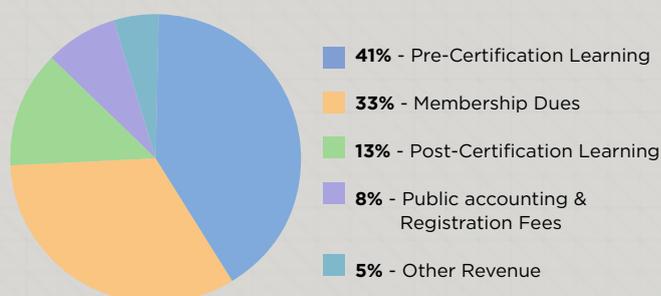
The combined entity had a deficit of \$548 compared to a deficit of \$441 at March 31, 2014. As part of unification efforts, the CMA and CGA organizations aligned their fiscal year from June 30 to March 31, starting in the 2014 fiscal year. This resulted in a nine-month fiscal period for 2014, thus explaining the large increase in revenue and expenses compared to the prior year.

	2015				2014			
	CMAA	CGAA	ICAA	Total	CMAA*	CGAA*	ICAA	Total
Revenue	12,976	13,208	12,789	38,973	8,705	9,809	12,159	30,673
Expenses	<u>11,817</u>	<u>13,423</u>	<u>11,848</u>	37,088	<u>8,891</u>	<u>9,530</u>	<u>12,401</u>	30,822
Surplus/(Deficit) before Unification Expenses	1,159	(215)	941	1,885	(186)	279	(242)	(149)
Unification Expenses	811	811	811	2,433	146	146	0	292
Surplus/(Deficit) after Unification Expenses	348	(1,026)	130	(548)	(332)	133	(242)	(441)

*nine-month period

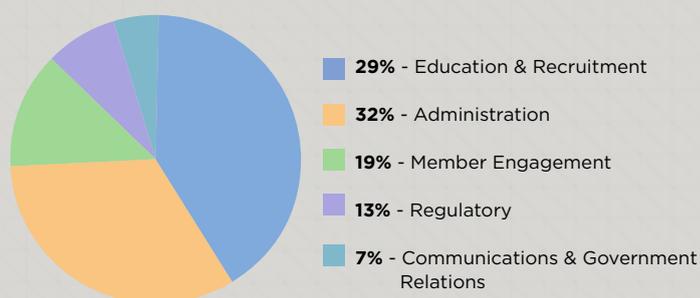
The legacy organizations' classification of revenues and expenses varies; however, an approximate breakdown of the various revenue and expenses (unaudited) is:

Revenue



- Pre-certification Learning includes tuition and program fees from the legacy CMA and CGA programs and the Prerequisite Education Program (PREP). These programs are delivered by the province. The legacy CA program is delivered by the CPA Western School of Business (School). All legacy programs are in various stages of winding down. The PREP program will be transitioned to the School for delivery during the 2015/16 fiscal year. The School currently delivers the CPA Professional Education Program (PEP).
- Other revenue includes investment income, cost recoveries and fines, and member and career services.

Expenses



Unification Expenses

The organizations incurred several non-recurring expenses to facilitate unification, including human resource integration expenses, legal counsel, consulting services, communications and government relations initiatives. These were funded primarily from operations.

Joint Venture Operating Results (000's)

The Joint Venture budget, as approved by the legacy Boards of Directors/Council, anticipated a surplus of \$550. Actual operating results reported a \$1,009 surplus for a favourable variance of \$459.

Education and Recruitment Unfavourable (\$833)

Enrolment in legacy program offerings were less than anticipated. Students had several external delivery options, including bridging to the new program or traditional university and may have elected to enroll in those offerings.

Regulatory Favourable \$339

Timing difference on the recovery of costs and fines offset by an increase in legal expenses related to hearings. Additional savings in human resources where vacant positions were not filled.

Member Engagement Favourable \$644

Savings in human resources where vacant positions were not filled. Course development and printing costs were reduced by utilizing in-house resources. Professional development registrations and passport sales were ahead of projections.

Membership Dues Unfavourable (\$544)

Due to a timing difference in registration applications and a transfer of funding to related parties. Credit card payment volume was greater than expected increasing transaction costs.

Administration Favourable \$913

Paper, stationery, courier and office supplies were significantly under budget due to achieving economies of scale. Furthermore, the new member database will be put into use in the 2015/16 fiscal cycle, creating a large favourable variance in amortization.

Other, net Unfavourable (\$60)

Total Net Joint Venture Favourable \$459

Outlook for 2015/2016

The 2015/16 fiscal year will be an historic one for the designated accounting profession. With the *Chartered Professional Accountants Act* proclaimed into force, the CPA designation is officially recognized in Alberta, and the province's 27,000 designated accountants have begun using the designation, just as their colleagues across the country are doing.

Proclamation also means that CPA Alberta is formally established as the sole professional organization representing Alberta's designated accountants. That status creates some very new—and very clear—priorities for the organization in the coming year.

As CPA Alberta, the organization will focus on the following priorities in 2015/16:

- ensure the fulfilment of CPA Alberta's legislated mandate, which is to protect the interest of the public, to protect the integrity of the profession, to promote and increase the competency of registrants, and to regulate the conduct of registrants;
- complete the efficient blending of all functions and services;

- inform members about the products and services CPA Alberta can offer them;
- advise prospective CPAs about the profession and how to earn the designation;
- collaborate with the CPA Western School of Business to ensure CPA candidates have the tools they need to succeed; and
- consistently represent the profession and its values in all activities and initiatives.

Overall, in 2015/16 our organization's focus will be on establishing CPA Alberta, communicating to Albertans that the CPA designation stands for the same high standards of competency and conduct that were practiced by Alberta's CGAs, CMAs and CAs in years past, and providing resources and engagement opportunities for members. At the same time, CPA Alberta will connect with Albertans from all walks of life who are interested in pursuing the opportunities for success provided by the CPA profession.

In short, 2015/16 will mark the end of a four-year process to achieve unification of the three recognized accounting designations in Alberta. It will, as well, mark a beginning—the beginning of a new designation, and the beginning of what is certain to be a long history of achievement and pride for those who have earned and will earn the designation, "Chartered Professional Accountant."

CGA Financial Statements

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

Management Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Certified General Accountants' Association of Alberta are the responsibility of management and have been approved by the Chair and the First Vice Chair on behalf of the Board of Governors. The consolidated financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Consolidated financial statements are not precise since they include certain amounts based on estimates and judgments. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects.

The Board of Governors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility through the development and enforcement of policies relating to the Association's financial condition, review of the annual budgets, comparison of actual results to budget on a periodic basis, appointment of an audit committee and engagement of external auditors. The consolidated financial statements have been audited by Scase & Partners, Professional Accountants, in accordance with Canadian generally accepted auditing standards on behalf of the members. Scase & Partners has full and free access to the Audit Committee and the Board of Governors.



Larry Presiloski, MBA FCGA
Executive Director
Calgary, Alberta
June 26, 2015

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of the Certified General Accountants' Association of Alberta

We have audited the accompanying consolidated financial statements of the Certified General Accountants' Association of Alberta, which comprise the consolidated statement of financial position as at March 31, 2015, and the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Certified General Accountants' Association of Alberta as at March 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.


Scase and Partners Professional Accountants
Calgary, Alberta
June 26, 2015

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31

	2015	2014
Current Assets		
Cash and temporary investments (Note 3)	\$ 4,030,284	\$ 4,598,647
Accounts receivable	183,495	467,944
Due from Joint Venture (Note 11)	1,234,379	-
Inventory	235,212	113,856
Prepaid expenses and deposits	267,229	343,510
	5,950,599	5,523,957
Restricted cash and temporary investments (Note 3 and 4)	5,761,594	5,740,942
Equipment (Note 5)	1,070,278	1,643,927
	\$ 12,782,471	\$ 12,908,826
Current Liabilities		
Accounts payable and accrued liabilities	\$ 833,063	\$ 1,182,399
Unearned revenue (Note 7)	5,599,404	4,411,881
	6,432,467	5,594,280
Net Assets		
Net assets internally restricted (Note 3 and 4)	5,692,161	5,631,875
Unrestricted net assets	657,843	1,682,671
	6,350,004	7,314,546
	\$ 12,782,471	\$ 12,908,826

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

Approved on behalf of the Board of the Certified General Accountants' Association of Alberta



Rebecca Braun, FCGA
Chair



Gord Ferguson, FCGA
First Vice Chair

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE YEAR ENDED MARCH 31

	2015	2014 (9 months)
Revenues		
Education and continuing professional development	\$ 7,334,879	\$ 6,637,280
Member dues	4,503,425	2,657,900
Communications and other	238,705	223,090
Public practice	1,082,771	243,204
Interest	48,590	47,702
	13,208,370	9,809,176
Expenses (Schedule)		
Direct expenses		
Education and continuing professional development	3,835,365	2,759,021
Member services	882,997	316,501
Communications and other	820,099	1,164,926
	5,538,461	4,240,448
General operating expenses	7,884,150	5,289,879
Unification expenses (Note 13)	810,587	145,821
	14,233,198	9,676,148
(Deficiency) excess of revenues over expenses	\$ (1,024,828)	\$ 133,028

For further explanation see Notes 11 and 12

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

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
 FOR THE YEAR ENDED MARCH 31

Net Assets	Restricted (Note 4)	Unrestricted	2015	2014 (9 months)
Balance, beginning of year	\$ 5,631,875	\$ 1,682,672	\$ 7,314,547	\$ 7,257,392
(Deficiency) excess of revenues over expenses	-	(1,024,828)	(1,024,828)	133,028
CGA Alberta Research and Education Foundation (Note 4 e)	(6,113)	-	(6,113)	(130,000)
Interest earned on reserves	66,399	-	66,399	54,127
Balance, end of year	\$ 5,692,161	\$ 657,844	\$ 6,350,005	\$ 7,314,547

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

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
CONSOLIDATED STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31

	2015	2014 (9 months)
Cash flows from operating activities		
(Deficiency) excess of revenues over expenses	\$ (1,024,828)	\$ 133,028
Amortization of plant and equipment	739,597	564,542
Loss on disposal of plant and equipment	-	83
Net change in non-cash working capital	(156,818)	(1,182,241)
Net cash used in operating activities	(442,049)	(484,588)
Investing activities		
Transfer from research and education restricted reserve to the CGA Foundation	(6,113)	(130,000)
Interest on internally restricted funds	66,399	54,127
Purchase of equipment	(165,948)	(534,589)
Net cash used in investing activities	(105,662)	(610,462)
Net decrease in cash for the year	(547,711)	(1,095,050)
Cash and equivalents, beginning year	10,339,589	11,434,639
Cash and equivalents, end of year (Note 3)	\$ 9,791,878	\$ 10,339,589
Supplementary information		
Interest earned and included in determining the excess of revenues over expenses on the unrestricted funds	\$ 46,762	\$ 47,701

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

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
CONSOLIDATED SCHEDULE OF EXPENSES
 FOR THE YEAR ENDED MARCH 31

	2015	2014 (9 months)
Education and Continuing Professional Development		
National dues	\$ 727,656	\$ 1,571,054
Lectures and marking	1,399,117	510,894
Committees and other expenses	1,551,737	421,317
Texts and materials	156,855	255,756
	3,835,365	2,759,021
Member Services		
Committees and other expenses	882,997	316,501
	882,997	316,501
Communications		
Members and other expenses	328,014	440,430
Recruitment	67,558	403,041
Business community	424,527	321,455
	820,099	1,164,926
General Operating and Unification Expenses		
Salaries and benefits	5,580,268	3,395,587
Amortization	739,597	564,542
Office	554,791	499,760
Premises and insurance	646,785	446,230
Board and executive	998,987	385,656
Professional fees and other expenses	30,579	84,834
Professional involvement	143,730	59,008
Loss on disposal of assets no longer in use	-	83
	\$ 8,694,737	\$ 5,435,700

For further explanation see Notes 11 and 12

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

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

Note 1 Purpose of the Association

The Certified General Accountants' Association of Alberta is a self-regulating professional organization which exists to:

- protect the interest of the public,
- protect the integrity of the profession,
- promote and increase the competence of registrants, and
- regulate the conduct of registrants.

The Alberta Association was incorporated under the *Societies Act* on June 12, 1961. The Association began operating under the *Regulated Accounting Profession Act* (RAPA) on September 13, 2001. As a not-for-profit organization, the Association is exempt from paying income taxes.

Note 2 Significant Accounting Policies

The consolidated financial statements of the Association have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The consolidated financial statements have, in management's opinion, been properly prepared using careful judgment and within the framework of the significant accounting policies summarized below.

Revenue Recognition - The Association accounts for its contributions using the restricted fund method of accounting for contributions.

a) The restricted fund method of accounting for contributions is a specialized type of fund accounting which involves the reporting of details of consolidated financial statement elements by fund in such a way that the organization reports total general funds, one or more restricted funds, and an endowment fund, if applicable.

b) Restricted contributions are recognized as revenue of the appropriate restricted fund or if no appropriate restricted fund exists, they are recognized in the unrestricted fund using the deferral method of accounting.

c) Unrestricted contributions are recognized in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue in the general fund.

Fund Accounting – For reporting purposes, established funds consist of unrestricted net assets and net assets internally restricted. Transfers between funds are recorded as adjustments to the appropriate net asset account.

Cash and Temporary Investments - Cash and temporary investments include bank balances and investments that are capable of liquidation in three months or less.

Inventory – All inventories are measured at the lower of cost and net realizable value, with cost determined using the first in first out (FIFO) method.

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

Note 2 Continued

Joint Venture Accounting – The Unification Implementation Agreement (see Note 11) created a joint venture in relation to the implementation of the Unification Plan and the Terms of Reference. Proportionate consolidation method is used by all venturers to consolidate their equal interest in the Joint Venture.

Financial Instruments – The Association initially measures financial assets and liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost. The financial assets subsequently measured at amortized cost include cash, investments and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities.

Impairment losses are recognized in earnings. If the amount of the impairment loss decreases in a subsequent period and the decrease can be objectively related to an event occurring after the impairment was recognized, the impairment loss is reversed up to the original carrying value of the asset. Any reversal is recognized in earnings.

Equipment - Equipment is recorded at cost. In fiscal 2015, CGA retained student dues revenue from the Joint Venture in the amount of \$475,685 to cover the accelerated depreciation of the legacy student application. Amortization rates below are the current rates used by the Association at the time of acquisition. When the assets are moved to CPA Alberta the net book value will be moved and the amortization rates may change at that time. Amortization is provided on a straight line basis over the assets' estimated useful lives as follows:

Application software	36 months
Computer hardware-laptops	36 months
Computer-local area network	60 months
Database and accounting software	60 months
Furniture and equipment	60 months
Leasehold improvements	Term of the lease
Legacy student application	To September 2015
Legacy website (not including platform)	To September 2015
Professional experience reporting system	60 months

Any future capital projects as a result of unification and any future project development will be included under the Joint Venture.

Reserves for Future Expenditures - Reserves are established at the discretion of the Board of Governors to set aside funds for future operating and capital expenditures. Transfers to and from reserves are reflected as an allocation to and from the applicable fund.

Contributed Services and Materials - Volunteers contribute a significant amount of time to assist the Association in carrying out its service delivery activities. Due to the difficulty in determining their value, contributed services have not been recognized in the consolidated financial statements.

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

Note 2 Continued

Measurement Uncertainty - The preparation of consolidated financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accounts receivable, inventory and amortization are the elements of the consolidated financial statements that require the use of management estimates. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements of changes in such estimates in future periods could be significant.

Note 3 Cash and Temporary Investments

Cash and temporary investments include the following:

	2015	2014
Cash	\$ 3,955,784	\$ 2,957,706
Temporary investments	5,836,094	7,381,883
	\$ 9,791,878	\$10,339,589

Temporary investments are recorded at cost.

Cash and temporary investments subject to restrictions (Note 4):

	2015	2014
Member reserve	\$ 511,685	\$ 505,590
Regulatory and building reserve	5,060,476	5,000,192
Research and education reserve	-	6,093
	5,572,161	5,511,875
Operating reserve	100,000	100,000
Board reserve	20,000	20,000
Total CGA Alberta reserves	5,692,161	5,631,875
Joint Venture cash	69,433	109,067
	\$ 5,761,594	\$ 5,740,942

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

Note 4 Reserves

a) **Member reserve** - In accordance with the Board of Governors policy effective 1994, a portion of each year's net revenue has been allocated to this restricted reserve established to protect the Association against unforeseen loss of revenue or unanticipated expenses. In March 2002, the Board policy was amended requiring maintenance of the reserve at \$90 per member. In June 2012, the Board policy was amended to end the requirement to maintain the reserve at \$90 per member. Interest earned on this fund is added to the reserve. Funds are to be disbursed by Board approval only.

	2015	2014 (9 months)
Balance forward	\$ 505,590	\$ 500,728
Interest	6,095	4,862
Balance	\$ 511,685	\$ 505,590

b) **Regulatory and building reserve** - In March 2005, the Board of Governors policy was amended to include an additional reserve that came into effect July 1, 2005. This accumulated at \$50 per full dues paying member annually plus special allocations. It was to accumulate until such time as premises are purchased or the Executive Director determines that sufficient reserves have been accumulated. Fiscal 2012 was the final contribution at \$50 per full dues paying member. Interest earned on this fund is added to the reserve. Funds are to be disbursed by Board approval only.

	2015	2014 (9 months)
Balance forward	\$ 5,000,192	\$ 4,952,105
Interest	60,284	48,087
Balance	\$ 5,060,476	\$ 5,000,192

c) **Board reserve** - In June 2003, the Board of Governors approved the establishment of a reserve to be maintained in an amount not to exceed \$20,000. Funds are to be disbursed by Board approval only to cover any unbudgeted period expenses. There was no activity in the fiscal period 2015.

d) **Operating reserve** - In June 2003, the Board of Governors approved the establishment of an operating reserve in an amount not to exceed \$100,000. This reserve was to cover any unbudgeted extraordinary or unusual period expenses. Annual transfers to maintain this reserve are calculated at 50% of the net of a) excess of revenues over expenditures less b) amounts required to maintain the member, regulatory and building, research and education and board reserves. There was no activity in the fiscal period 2015.

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

Note 4 Continued

e) **Research and education restricted reserve** - In March 2007, the Board of Governors approved the establishment of a reserve that came into effect July 1, 2007 and ended June 30, 2012. This reserve accumulated at \$50 per full dues paying member annually. The Chief Operating Officer has authority to withdraw funds at his discretion as necessary in support of scholarship and research programs of the Association and of the CGA Alberta Research and Education Foundation.

	2015	2014 (9 months)
Balance forward	\$ 6,093	\$ 134,915
Interest	20	1,178
Transferred to the CGA Alberta Research and Education Foundation	(6,113)	(130,000)
Balance	\$ -	\$ 6,093

	2015	2014
Total of all reserves (a through e)	\$ 5,692,161	\$ 5,631,875

Note 5 Equipment

	Cost	Accumulated Amortization	2015 Net Book Value	2014 Net Book Value (9 months)
Application software	\$ 148,788	\$ 148,564	\$ 224	\$ 14,678
Computer hardware-laptops	111,642	107,168	4,474	15,802
Computer-local area network	543,831	496,934	46,897	87,652
Database and accounting software	312,864	301,146	11,718	16,227
Furniture and equipment	513,918	485,104	28,814	52,533
Leasehold improvements	513,531	376,022	137,509	190,811
Professional experience reporting system	26,506	19,880	6,626	11,928
Legacy student application	1,213,686	1,054,392	159,294	635,069
Legacy website (not including platform)	367,981	342,020	25,961	104,246
	3,752,747	3,331,230	421,517	1,128,946
Joint Venture capital projects	685,904	37,143	648,761	514,981
Total equipment	\$ 4,438,651	\$ 3,368,373	\$ 1,070,278	\$ 1,643,927

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

Note 6 Overdraft Facility

The Association has arranged an overdraft facility to a maximum of \$150,000 with interest calculated at bank prime lending rate plus 0.5%. Security for this loan facility is provided by a general assignment of accounts receivable. There is no balance outstanding at year-end.

Note 7 Unearned Revenue

Included in unearned revenue are education revenues, member, professional corporation and public practice dues which are recognized as revenue in the year earned.

Note 8 Commitments

Leases and other contractual obligations

Premises - A lease for new premises commenced December 1, 2007 and expires November 30, 2017. There is an option to renew for two additional terms of five years. The rental calculation includes base rent plus a charge for operating costs. In the fiscal year 2015, operating costs were \$160,444 (2014 - \$115,706).

Other - These relate to office equipment and vary from 24 to 120 months.

Minimum operational leases and other contractual obligations due for the next three years are as follows:

For the fiscal year ending	Premises	Other	Total
2016	\$ 304,152	\$ 25,412	\$ 329,564
2017	\$ 304,152	\$ 11,302	\$ 315,454
2018	\$ 202,765	\$ -	\$ 202,765

There are currently no further commitments beyond fiscal 2018.

Note 9 Financial Instruments and Risk Management

The Association's exposures related to its financial instruments are as follows:

Interest rate risk - The Association's interest rate risk relates to cash held in bank accounts and investments. Management believes the Association's exposure to interest rate risk is not significant.

Credit risk - The Association's credit risk relates to cash and accounts receivable. The Association's cash balances are held with reputable Canadian financial institutions. Accounts receivable are primarily from the Association's members and the Joint Venture. Management believes the Association's exposure to risk is not significant.

Liquidity risk - The Association's overall liquidity risk is monitored on a regular basis.

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

Note 10 CGA Canada Affiliation

The Association, together with the other provincial and territorial CGA Associations, has an Affiliation Agreement with the Certified General Accountants Association of Canada (CGA Canada) to co-operate in the achievement of mutual objectives. On October 1, 2014 CGA Canada unified with CPA Canada and CPA Canada has assumed all responsibilities associated with the Affiliation Agreement which ends on December 14, 2015.

Note 11 Unification and Related Parties

Canada's accounting profession of more than 190,000 members is now represented by a single national body – Chartered Professional Accountants of Canada (CPA Canada). In January 2013, the Canadian Institute of Chartered Accountants (CICA) and the Society of Management Accountants of Canada (CMA Canada) established CPA Canada. In October 2013, CPA Canada signed an agreement to merge with Certified General Accountants of Canada (CGA-Canada), which occurred on October 1, 2014, completing integration of the country's national accounting bodies.

CPA Canada has been established to support Canadian provincial accounting bodies that have unified, and all those that will unify, under the banner of Chartered Professional Accountant as part of the unification of the Canadian accounting profession.

As part of that national effort to unify Canada's three legacy accounting organizations under a single "Chartered Professional Accountant" designation, the Certified General Accountants' Association of Alberta ("CGAA") and the Society of Management Accountants of Alberta ("CMAA") passed a resolution to unify the two organizations in October 2012. As part of the unification agreement, the Alberta Accountants Unification Agency ("the Organization") was formed to oversee implementation of the agreement.

Under the terms of the Shared Cost Agreement a break fee, of \$500,000 will become due and owing if certain events occur (unilateral withdrawal, abandonment, discontinuance, or refusal or failure to fulfill obligations under the Agreement) and are not cured within a certain timeframe. There are provisions for arbitration to resolve disputes. It is not anticipated the break fee provision will be exercised.

In April 2013, the CGAA and CMAA boards signed a Unification and Shared Costs Agreement, which clarified the joint venture and its undertakings and performance in unification activities. Also in April 2013, the Institute of Chartered Accountants of Alberta (ICAA) announced its intention to re-enter unification discussions with the CGAA and CMAA bodies and signed an amended Unification Plan. In June 2013 the ICAA members voted in support of that plan. Amended Break Fee, Unification Implementation and Shared Cost Agreements were signed August 30, 2013.

Designated revenues and expenses have been shared equally by all three venturers for the year ended March 31, 2015. In the prior year, due to the timing of the tri-unification agreements being fully executed and implemented, and to achieve a fair and equitable sharing of costs, it was agreed by all three venturers that designated revenues and costs be equally shared between CGAA and CMAA for the year ended March 31, 2014 and one third of the costs that were agreed to be shared three ways between ICAA, CGAA and CMAA were charged to and recovered from the ICAA by the joint venture.

In February 2015, the Alberta Accountants Unification Agency and Legacy Boards agreed to be known as the CPA Alberta Joint Venture formally replacing the name Alberta Accountants Unification Agency.

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

Note 12 Joint Venture

A summary of CGA Alberta's 1/3 interest in the jointly controlled operation (see Note 11) for year ended March 31, 2015 is as follows:

Revenue	2015
Education and continuing professional development	\$ 6,859,194
Member dues	4,499,164
Communications and other	205,238
Public practice	1,082,771
Interest	1,828
	<u>12,648,195</u>
Expenses	
Education and continuing professional development	3,835,367
Member services	882,998
Communications and other	789,311
General operating	5,993,469
Unification expenses	810,587
	<u>12,311,732</u>
Excess of revenue over expenses	<u>\$ 336,463</u>
Assets	
Cash	\$ 69,433
Accounts receivable	104,237
Prepaid expenses and deposits	155,933
Capital projects net of amortization	648,761
	<u>\$ 978,364</u>
Liabilities and net assets	
Accounts payable and current liabilities	\$ 902,044
Unrestricted net assets	76,320
	<u>\$ 978,364</u>

Note 13 Unification Expenses

These are comprised of unification costs related to legal, retirement allowances and bonuses, consulting services, and member votes.

Note 14 CGA Alberta Research and Education Foundation

The Association exercises control over the CGA Alberta Research and Education Foundation (the "Foundation") through Board of Directors' representation and delegation of operational authority to the Chief Executive Officer of the Association.

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

Note 14 Continued

In 2003, the Association established the Foundation as a vehicle to carry out research and provide scholarships. The Foundation was incorporated as a not-for-profit organization under the Canada Corporations Act. The Foundation's purpose is to support accounting education through scholarships. In addition, the Foundation conducts research in the fields of accounting and commerce, and related public policy issues of general benefit to the community provided that the results of such research are published and made available to the public. The Foundation is a registered Canadian charity under the Income Tax Act.

The Foundation raises funds from voluntary donations of the Association membership and corporations. In March 2007 the Board of Governors of the Association approved the establishment of a reserve intended for research and education. Effective July 1, 2007 through to June 30, 2012, \$50 per full dues paying member was set up as a restricted reserve of the Association for scholarship and research activity including the support of programs of the Foundation. The Chief Operating Officer of the Association will have the authority to withdraw funds at his discretion from this reserve as necessary in support of the Foundation. These contributions from the Association to the Foundation are reported on the Foundation's statement of operations as a donation.

The Foundation has not been consolidated in the Association's financial statements. The Foundation's year end is June 30. Financial statements of the Foundation are available on request. Financial summaries of the Foundation are as follows:

**CGA Alberta Research and Education Foundation
Statement of Financial Position**

	As at March 31, 2015
Assets	(unaudited)
Cash	\$ 68,827
Accounts receivable and other	2,600
Total assets	71,427
Liabilities	-
Net assets (a)	71,427
Total liabilities and net assets	\$ 71,427

(a) \$10,602 (2014 - \$10,602) of the Foundation's net assets is subject to donor imposed restrictions that they be used to provide scholarships and awards.

**CGA Alberta Research and Education Foundation
Results of Operations**

	For the nine month period ended March 31, 2015
	(unaudited)
Total revenue	\$ 23,675
Total expenses	18,707
Excess of revenues over expense	\$ 4,968

CERTIFIED GENERAL ACCOUNTANTS' ASSOCIATION OF ALBERTA
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2015

Note 14 Continued

CGA Alberta Research and Education Foundation
Statement of Cash Flows

For the nine month period ended March 31, 2015
(unaudited)

Cash flows from operating	
Excess of revenues over expenses	\$ 4,968
Net change in non-cash working capital	29,546
Net cash generated from operating activities	<u>34,514</u>
Cash, beginning of period	<u>34,313</u>
Cash, end of period	<u>\$ 68,827</u>

Unification has created the perfect opportunity to continue the achievements of the CGA Alberta Research and Education Foundation and the Chartered Accountants Education Foundation of Alberta (newly named the CPA Education Foundation). It is the intention to dissolve the CGA Alberta Research and Education Foundation and donate the residual net assets to the CPA Education Foundation.

Note 15 Subsequent Events

On May 28, 2015 an Order in Council was passed by the Lieutenant Governor in Council proclaiming that the Chartered Professional Accountants Act (the Act) will come into force on July 1, 2015. As a result the Certified General Accountants' Association of Alberta, the Society of Management Accountants of Alberta, and the Institute of Chartered Accountants of Alberta will be amalgamated as the Chartered Professional Accountants of Alberta (CPAA).

The Joint Venture will be discontinued on June 30, 2015. According to section 151 of the Chartered Professional Accountants Act (the Act), on the coming into force of the Act, the property, assets, rights, privileges and benefits of each amalgamation entity become the property, assets, right, privileges and benefits of the CPAA, and the CPAA is liable for the debts, obligations and liabilities, contractual or otherwise, of each amalgamating entity.

Note 16 Comparative Figures

Certain of the prior year figures have been restated to facilitate comparison to the current year's figures.

CMA Financial Statements

**Society of Management
Accountants of Alberta**
(currently operating as Certified
Management Accountants of Alberta)

Consolidated Financial Statements
March 31, 2015



June 26, 2015

Independent Auditor's Report

To the Members of Society of Management Accountants of Alberta

We have audited the accompanying consolidated financial statements of Society of Management Accountants of Alberta, which comprise the consolidated statements of financial position as at March 31, 2015 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and the related notes which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

PricewaterhouseCoopers LLP
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T: +1 403 509 7500, F: +1 403 781 1825

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



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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Society of Management Accountants of Alberta as at March 31, 2015 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.

PricewaterhouseCoopers LLP

Chartered Accountants

Society of Management Accountants of Alberta

Consolidated Statement of Financial Position

As at March 31, 2015

	2015 \$	2014 \$
Assets		
Current assets		
Cash	5,710,439	2,994,211
Short-term investments (note 3)	2,441,708	2,276,055
Accounts receivable	136,768	423,851
Prepaid expenses	181,108	258,566
Deposits	100,731	203,408
	8,570,754	6,156,091
Investments (note 3)	1,645,254	1,584,061
Capital assets (note 4)	936,577	1,056,377
	11,152,585	8,796,529
Liabilities		
Current liabilities		
Deferred revenue	6,028,837	4,029,274
Accounts payable and accrued liabilities (notes 6 and 10)	1,183,266	1,104,673
	7,212,103	5,133,947
Deferred lease incentives (note 5)	116,697	186,715
	7,328,800	5,320,662
Net assets		
Internally restricted net assets invested in capital assets	792,597	842,379
Unrestricted net assets	3,031,188	1,500,488
Internally restricted (note 7)	-	1,133,000
	3,823,785	3,475,867
	11,152,585	8,796,529
Commitments (note 8)		

Approved by the Board of Directors


 Derrek Wong, FCMA, Chair


 Joe Gagliardi, FCMA, Vice Chair

The accompanying notes are an integral part of these consolidated financial statements.

Society of Management Accountants of Alberta

Consolidated Statement of Operations

	For the year ended March 31, 2015 \$	For the nine month period ended March 31, 2014 \$
Revenue		
Membership dues (note 9)	4,269,821	2,731,876
Program fees	5,157,386	5,286,548
Events, Continuous Professional Learning and Development, Job bank	1,974,240	463,607
Investment and other income	332,552	172,349
Professional standards fees	1,241,999	50,209
	<hr/> 12,975,998	<hr/> 8,704,589
Expenses		
Program and recruiting expenses	3,465,228	3,583,284
Corporate services	2,519,565	1,962,125
Customer relations and events	2,388,943	1,043,830
Marketing and communications	861,203	625,114
Executive office	577,762	859,120
Funding, research and scholarships	146,177	338,135
Amortization of capital assets	285,748	253,498
Professional standards expenses	1,572,867	225,718
	<hr/> 11,817,493	<hr/> 8,890,824
Excess (deficiency) of revenue over expenses before unification expenses	1,158,505	(186,235)
Unification expenses	<hr/> 810,587	<hr/> 145,821
Excess (deficiency) of revenue over expenses	<hr/> <hr/> 347,918	<hr/> <hr/> (332,056)

The accompanying notes are an integral part of these consolidated financial statements.

Society of Management Accountants of Alberta

Consolidated Statement of Changes in Net Assets

	For the year ended March 31, 2015			For the nine month period ended March 31, 2014	
	Internally restricted net assets invested in capital assets \$	Internally restricted \$	Unrestricted \$	Net \$	Net \$
Balance – Beginning of year	842,379	1,133,000	1,500,488	3,475,867	3,807,923
Excess (deficiency) of revenue over expenses	(215,730)	-	563,648	347,918	(332,056)
Purchase of capital assets	165,948	-	(165,948)	-	-
Interfund transfer (note 7)	-	(1,133,000)	1,133,000	-	-
Balance – End of year	792,597	-	3,031,188	3,823,785	3,475,867

The accompanying notes are an integral part of these consolidated financial statements.

Society of Management Accountants of Alberta

Consolidated Statement of Cash Flows

	For the year ended March 31, 2015 \$	For the nine month period ended March 31, 2014 \$
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenue over expenses	347,918	(332,056)
Add (deduct) non-cash items		
Amortization of capital assets	285,748	253,498
Amortization of deferred lease incentives	(70,018)	(52,513)
Amortization of program development costs	-	26,817
Unrealized increase in value of investments	(181,758)	(59,215)
	381,890	(163,469)
Changes in non-cash working capital relating to operating activities	2,545,374	(759,920)
	2,927,264	(923,389)
Investing		
Purchase of capital assets	(165,948)	(459,001)
Net proceeds on (purchases) sale of investments	(45,088)	29,736
	(211,036)	(429,265)
Increase (decrease) in cash	2,716,228	(1,352,654)
Cash – Beginning of year	2,994,211	4,346,865
Cash – End of year	5,710,439	2,994,211

Cash of \$27,045 (2014 – \$26,716) is restricted as a student loan reserve as required by CMA Alberta's banking institution.

The accompanying notes are an integral part of these consolidated financial statements.

Society of Management Accountants of Alberta

Notes to Consolidated Financial Statements

March 31, 2015

1 Incorporation and nature of operations

Society of Management Accountants of Alberta (“CMA Alberta”) was incorporated under the laws of the Province of Alberta in 1944 as the Society of Management Accountants of Alberta, and was continued under the Regulated Accounting Profession Act (2001) as Certified Management Accountants of Alberta. As a not-for-profit organization under the Income Tax Act, CMA Alberta is not subject to income taxes.

CMA Alberta has three core accountabilities: protect the public interest, safeguard the integrity of the designation, and maintain a healthy and viable organization.

CMA Alberta changed its year end date to March 31 effective July 1, 2013. The financial statements include revenue and expenses for the twelve month period ended March 31, 2015 with comparative numbers for the nine month period from July 1, 2013 to March 31, 2014.

2 Significant accounting policies

a) Basis of accounting

The consolidated financial statements (“financial statements”) have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. CMA Alberta follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which related expenses are incurred.

b) Use of estimates

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

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known. By their nature, these estimates are subject to measurement uncertainty and the effect on the consolidated financial statements, of changes in these estimates in future periods, could differ.

c) Short-term investments

Short-term investments consist of units held in a managed bond fund.

(1)

Society of Management Accountants of Alberta

Notes to Consolidated Financial Statements

March 31, 2015

d) Revenue recognition

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

- i) Membership dues, Professional standards fees and Job bank revenue are recognized in the fiscal year in which the related services are provided or goods are sold.
- ii) Program fees, Events, and Continuous Professional Learning and Development fees are recognized when the program modules, event, or exams are presented.
- iii) Investment income is recognized as revenue in the period in which it is earned.
- iv) Fines and cost recoveries resulting from hearings and appeals are recognized when collection is reasonably assured.

e) Principles of consolidation

These financial statements include CMA Alberta's proportionate interest in its jointly controlled enterprise of the Unification Plan between CMA Alberta, the Certified General Accountants' Association of Alberta, and the Institute of Chartered Accountants of Alberta (note 11). Transactions between CMA Alberta and the proportionately consolidated entity are eliminated on consolidation.

f) Capital 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 and furniture	5 years
Leasehold improvements	Over remaining lease term to expire November 30, 2016

g) Deferred revenue

Included in Deferred revenue are member dues, candidate dues, firm dues, student fees, education program fees and other fees received in advance.

h) 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 corporate services expense.

(2)

Society of Management Accountants of Alberta

Notes to Consolidated Financial Statements

March 31, 2015

i) 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 CMA of Alberta if not contributed. Due to the difficulty of determining their fair value, volunteer services are not recognized in the consolidated financial statements. There were no contributed materials and services recorded during fiscal 2015 (2014 – nil).

j) Financial instruments

CMA Alberta initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost, other than short-term and long-term investments which are reported at fair value. The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

CMA Alberta's risk exposures related to its financial instruments did not change from the prior period and are outlined as follows:

i) Interest rate risk

CMA Alberta's interest rate risk relates to cash, short-term investments and long-term investments. Management believes CMA Alberta's exposure to interest rate risk is not significant.

ii) Price risk

Short-term and long-term investments are subject to price risk because changing interest rates impact the value of the fixed income investments and general economic conditions affects the market value of equity investments.

iii) Liquidity risk

CMA Alberta uses investment managers for the investments it plans to hold for a long-term period. These investments are subject to liquidity risk if CMA Alberta is required to sell at a time that the market for the investments is unfavourable.

iv) Credit risk

CMA Alberta's credit risk relates to cash and accounts receivable. CMA Alberta's cash balances are held with reputable Canadian financial institutions. Accounts receivable are primarily from CMA Alberta members for membership and program fees. Concentration of credit risk is limited, due to the large number of members. Management believes CMA Alberta's exposure to credit risk is not significant.

(3)

Society of Management Accountants of Alberta

Notes to Consolidated Financial Statements

March 31, 2015

3 Investments

	2015 \$	2014 \$
Federal and Provincial government bonds	888,095	1,166,334
Corporate bonds	757,159	417,727
Managed bond fund	2,441,708	2,276,055
	<u>4,086,962</u>	<u>3,860,116</u>
Investments are recorded as		
Short-term investments	2,441,708	2,276,055
Long-term investments	1,645,254	1,584,061
	<u>4,086,962</u>	<u>3,860,116</u>

During fiscal 2015, CMA Alberta recorded \$19,501 (2014 – \$38,553) of interest income in investment and other income. An unrealized gain of \$181,758 (2014 - \$59,214) is included in Investment income and other.

4 Capital assets

	2015		2014	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer software and hardware	776,586	641,134	135,452	122,150
Leasehold improvements	966,706	719,407	247,299	394,234
Office equipment and furniture	497,472	452,357	45,115	66,146
Software under development	508,711	-	508,711	473,847
	<u>2,749,475</u>	<u>1,812,898</u>	<u>936,577</u>	<u>1,056,377</u>

5 Deferred lease incentives

During the year, corporate services expense has been reduced by \$70,018 (2014 – \$52,513) which represents the amortization of deferred lease incentives.

6 Government remittances

Government remittances, consisting of amounts to be paid to government authorities were \$nil at March 31, 2015 (2014 – \$nil).

(4)

Society of Management Accountants of Alberta

Notes to Consolidated Financial Statements

March 31, 2015

7 Internally restricted

Internally restricted net assets represent amounts the board of directors internally restricted for the following purposes, which are not available for other purposes without the approval of the board of directors:

	2015 \$	2014 \$
Unification ⁽ⁱ⁾	-	983,000
Investigations ⁽ⁱⁱ⁾	-	150,000
	<hr/>	<hr/>
	-	1,133,000
	<hr/>	<hr/>

⁽ⁱ⁾These funds are restricted for costs associated with the unification of the accounting designations. The Chartered Professional Accountants Act will come into force on July 1, 2015 (note 12). It was determined by the Board of Directors that the restriction was no longer required.

⁽ⁱⁱ⁾During the period, the Board of Directors restricted \$nil (2014 – \$150,000) for unforeseen costs related to the investigations and processing of complaints.

8 Commitments

CMA Alberta leases premises under an operating lease expiring November 30, 2016. The lease provides for a proportionate share of property taxes and operating expenses. In addition to this, it has an equipment lease expiring November 30, 2015. Future estimated minimum commitments for both leases are as follows:

	\$
2016	611,855
2017	295,375

CMA Alberta has also entered into agreements with various post-secondary educational institutions to provide funding as follows:

	\$
2016	215,000

(5)

Society of Management Accountants of Alberta

Notes to Consolidated Financial Statements

March 31, 2015

9 National dues

CMA Alberta has an agreement with 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 CMA profession and the public. CMA Alberta is a self-governing body with broad discretionary powers to regulate the profession through its provincial statute. Members of CMA Alberta support the National Body through the payment of National Dues which are collected by the province and remitted to CPA Canada. CMA Alberta also supports CPA Canada by providing a proportionate share of funding for various committees and initiatives.

10 Related parties

CPA Alberta Joint Venture

Canada's accounting profession of more than 190,000 members is now represented by a single national body – Chartered Professional Accountants of Canada ("CPA Canada"). In January 2013, the Canadian Institute of Chartered Accountants ("CICA") and the Society of Management Accountants of Canada ("CMA Canada") established CPA Canada. In October 2013, CPA Canada signed an agreement to merge with Certified General Accountants of Canada ("CGA Canada"), which occurred on October 1, 2014, completing integration of the country's national accounting bodies.

CPA Canada has been established to support Canadian provincial accounting bodies that have unified, and all those that will unify, under the banner of Chartered Professional Accountant as part of the unification of the Canadian accounting profession.

As part of that national effort to unify Canada's three legacy accounting organizations under a single "Chartered Professional Accountant" designation, the Certified General Accountants' Association of Alberta ("CGAA") and the Society of Management Accountants of Alberta ("CMAA") passed a resolution to unify the two organizations in October 2012. As part of the unification agreement, the Alberta Accountants Unification Agency ("the Joint Venture") was formed to oversee implementation of the agreement.

In April 2013, the CGAA and CMAA boards signed a Unification and Shared Costs Agreement, which clarified the Joint Venture and its undertakings and performance in unification activities. Also in April 2013, the Institute of Chartered Accountants of Alberta ("ICAA") announced its intention to re-enter unification discussions with the CGAA and CMAA bodies and signed an amended Unification Plan. In June 2013, the ICAA members voted in support of that plan. Amended Break Fee, Unification Implementation and Shared Cost Agreements were signed August 30, 2013.

(6)

Society of Management Accountants of Alberta

Notes to Consolidated Financial Statements

March 31, 2015

In February 2015, the Alberta Accountants Unification Agency and Legacy Boards of Directors agreed to be known as the CPA Alberta Joint Venture formally replacing the name Alberta Accountants Unification Agency.

As described, all three provincial accounting bodies have entered into a joint venture agreement to facilitate unification of the accounting profession:

- a) The Joint Venture is a jointly controlled enterprise supported by a Unification and Shared Costs Agreement. The Joint Venture shares management of the legacy organizations and has appointed a CEO to oversee unification whom has also been appointed as CEO of CMA Alberta. The legacy organizations share use of their premises and employees. Proportionate consolidation method is used by all venturers to consolidate their equal interest in joint venture.
- b) The Joint Venture has agreed to share equally capital asset development, and designated revenue and expenses of the legacy organizations for the year ended March 31, 2015. These are received through contributions made to the Joint Venture in cash or recorded through intercompany transactions. In the prior year, due to the timing of the tri-unification agreements being fully executed and implemented, and to achieve a fair and equitable sharing of costs, it was agreed by all three venturers that designated revenues and costs be equally shared between CGAA and CMAA for the year ended March 31, 2014 and one third of the costs that were agreed to be shared three ways between ICAA, CGAA and CMAA were charged to and recovered from the ICAA by the Joint Venture.
- c) CMA has withdrawn from the Joint Venture \$942,021 (2014 – \$3,954,173 contribution).
- d) Transactions between CMA Alberta and the Joint Venture are in the course of normal operations and recorded at the exchange amount, which is the amount of consideration established and agreed by the related parties.
- e) Included in Accounts Payable are \$133,529 (2014 – \$nil) payable to the Joint Venture.
- f) The Joint Venture is supported by a Unification Implementation Agreement and Shared Costs Agreement that were entered into April 2013. Under the terms of the Shared Cost Agreement, a break fee of \$500,000 will become due and owing if certain events occur (unilateral withdrawal, abandonment, discontinuance, or refusal or failure to fulfill obligations under the Agreement) and are not cured within a certain timeframe. There are provisions for arbitration to resolve disputes. It is not anticipated the break fee provision will be exercised.

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Society of Management Accountants of Alberta

Notes to Consolidated Financial Statements

March 31, 2015

Chartered Accountants Education Foundation of Alberta

Chartered Accountants' Education Foundation of Alberta ("CAEF") is related to CMA Alberta through common management of its Chief Executive Officer, who is also the Chief Executive Officer of the Joint Venture.

For 2015, CMA Alberta contributed directly to the Joint Venture \$nil (2014 – \$nil) towards CAEF general revenue. For 2016, it is budgeted that CMA Alberta through contributions to the Joint Venture will contribute approximately \$339,650. 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.

CAEF has changed its name to CPA Education Foundation on April 10, 2015.

CA Assist – Alberta Chartered Accountants Assistance Society

CA Assist – Alberta Chartered Accountants Assistance Society ("CA Assist") is related to CMA Alberta through the common management of its Chief Executive Officer, who is also the Chief Executive Officer of the Joint Venture.

For 2015, CMA Alberta contributed \$72,500 through contributions to the Joint Venture (2014 – \$nil) toward CA Assist general revenue. For 2016 and thereafter, it has been established that the level of contribution to CA Assist will be by way of a component of fee per member, which has been set at \$21 per Alberta resident member and \$11 per Alberta members with a fee reduction or approximately \$142,653. 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.

CA Assist has changed its name to CPA Assist – Alberta Chartered Professional Accountants Assistance Society on April 27, 2015.

Society of Management Accountants of Alberta

Notes to Consolidated Financial Statements

March 31, 2015

11 Joint venture

A summary of CMA Alberta's 33.3333% interest in the jointly controlled operation (see note 10) for year ended March 31, 2015 is as follows before elimination of CMA Alberta's contribution:

	\$
Revenue	
Student and member fees, events, career services and other	12,643,447
Investments and other income	4,748
	<u>12,648,195</u>
Expense	
Operating	11,501,145
Unification	810,587
	<u>12,311,732</u>
Deficiency of revenue over expenses	<u>336,463</u>
Assets	
Current assets	329,603
Non-current assets	648,761
	<u>978,364</u>
Liabilities and net assets	
Current liabilities	902,043
Unrestricted net assets	76,321
	<u>978,364</u>

12 Subsequent event

On May 28, 2015, an Order in Council was passed by the Lieutenant Governor in Council proclaiming that the Chartered Professional Accountants Act ("the Act") will come into force on July 1, 2015. As a result the Certified General Accountants' Association of Alberta, the Society of Management Accountants of Alberta, and the Institute of Chartered Accountants of Alberta will be amalgamated as the Chartered Professional Accountants of Alberta ("CPAA"). 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 become the property, assets, rights, privileges and benefits of the CPAA, and the CPAA is liable for the debts, obligations and liabilities, contractual or otherwise, of each amalgamating entity.

13 Comparative information

Certain comparative information has been reclassified to conform to financial presentation adopted for the current year.

(9)

ICAA Financial Statements

Independent Auditors' Report

To the Members of the Institute of Chartered Accountants of Alberta:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the Institute of Chartered Accountants of Alberta, which comprise the consolidated statement of financial position as at March 31, 2015 and the consolidated 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.

Auditors' 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 Institute of Chartered Accountants of Alberta as at March 31, 2015 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.

Donnelly & Co. LLP
Donnelly & Co. LLP
Chartered Accountants
June 29, 2015
Edmonton, Canada

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of the Institute of Chartered Accountants of Alberta (ICAA) and all the information in this annual report are the responsibility of management.

The consolidated 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.

ICAA 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 the Institute's assets are appropriately accounted for and adequately safeguarded.

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

The Committee, which is composed of certain Council members and a member at large, reviews the financial statements and other information contained in the annual report and recommends them to Council 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 is reviewed by Council and approved by the members.

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



Rachel Miller FCA
CEO & Executive Director
June 29, 2015

Institute of Chartered Accountants of Alberta Consolidated Statement of Financial Position

	March 31, 2015	March 31, 2014
Assets		
Current:		
Cash and cash equivalents	\$ 4,453,209	\$ 1,762,392
Marketable securities (note 11)	3,151,346	4,187,847
Accounts receivable (notes 4, 7, 12)	860,230	487,966
Prepaid expenses	155,933	101,362
	8,620,718	6,539,567
Due from CPA Alberta Joint Venture (note 8)	368,947	-
Property and equipment (note 2)	1,194,087	782,100
	\$10,183,752	\$ 7,321,667
Liabilities		
Current:		
Accounts payable and accrued liabilities (notes 3, 4, 7, 13)	\$ 2,146,251	\$1,544,393
Member fees and other amounts received in advance (note 14)	2,968,127	2,204,529
Due to CPA Alberta Joint Venture (note 8)	1,651,275	262,912
	6,765,653	4,011,834
Deferred lease inducements and rent (note 15)	355,283	377,471
	7,120,936	4,389,305
Net Assets		
Internally restricted:		
Invested in property and equipment	1,194,087	782,100
Unrestricted	1,868,729	2,150,262
	3,062,816	2,932,362
	\$10,183,752	\$ 7,321,667

Commitments and contingencies (note 3)

Approved on behalf of Council

Barth Bradley

Barth Bradley, FCA
President

Patrick Bieleny

Patrick Bieleny, CA
Secretary-Treasurer

Institute of Chartered Accountants of Alberta Consolidated Statement of Operations for the Year Ended March 31

	<u>2015</u>	<u>2014</u>
Revenues		
Member fees	\$ 9,317,989	\$ 10,502,742
Deduct amounts collected on behalf of:		
Canadian Institute of Chartered Accountants	(4,165,217)	(4,036,653)
Chartered Accountants' Education Foundation of Alberta (note 4)	(680,265)	(660,756)
CA Assist – Alberta Chartered Accountants Assistance Society (note 7)	(190,480)	(184,970)
	<u>4,282,027</u>	<u>5,620,363</u>
User fees and cost recoveries (Schedule 1)	2,295,778	4,340,490
Public accounting firm fees	470,286	1,055,370
PSP fees	2,250	5,805
LLP fees	41,810	123,263
Professional corporation fees	164,302	433,150
Member registration fees	205,500	389,429
Investment income and other (note 11)	154,001	191,450
Business Development	15,524	-
Pre-Certification Learning	5,157,388	-
	<u>12,788,866</u>	<u>12,159,320</u>
Expenses		
Member Relations (note 10)	1,613,466	3,750,475
Public Trust (note 10)	1,638,986	3,566,735
Public Affairs and Communications (note 10)	1,724,652	2,965,687
Accountability (note 10)	3,250,060	2,117,748
Education and recruitment	3,474,484	-
Funding, Research and Scholarships	146,177	-
	<u>11,847,825</u>	<u>12,400,645</u>
Excess (deficiency) of revenue over expenses before Unification expenses	941,041	(241,325)
Unification expenses	810,587	-
Excess (deficiency) of revenue over expenses	\$ 130,454	\$ (241,325)

Institute of Chartered Accountants of Alberta Consolidated Statement of Changes in Net Assets For the Year Ended March 31

Net Assets	Invested in property and equipment	Unrestricted	2015
Balance, beginning of year	\$ 782,100	\$ 2,150,262	\$ 2,932,362
Excess (deficiency) of revenues over expenses	-	130,454	130,454
Amortization	(271,995)	271,995	-
Purchase of property and equipment, net	683,982	(683,982)	-
Balance, end of year	\$ 1,194,087	\$ 1,868,729	\$ 3,062,816

Net Assets	Invested in property and equipment	Unrestricted	2014
Balance, beginning of year	\$1,010,765	\$ 2,162,922	\$ 3,173,687
(Deficiency) excess of revenues over expenses	-	(241,325)	(241,325)
Amortization	(351,330)	351,330	-
Purchase of property and equipment, net	122,665	(122,665)	-
Balance, end of year	\$ 782,100	\$ 2,150,262	\$ 2,932,362

Institute of Chartered Accountants of Alberta

Consolidated Statement of Cash Flows

For the Year Ended March 31

Operating Activities	<u>2015</u>	<u>2014</u>
Cash receipts		
Fees	\$ 8,371,718	\$ 7,932,281
User fees and cost recoveries	6,376,650	4,490,621
Investment income and other	251,904	274,696
	15,000,272	12,697,598
Cash paid to suppliers and employees	(13,390,631)	(11,893,001)
Cash provided by operating activities	1,609,641	804,597
 Investing Activities		
Marketable securities acquired	(1,723,730)	(1,535,905)
Marketable securities sold	2,735,473	1,033,929
	1,011,743	(501,976)
Purchase of property and equipment	-	(123,009)
Proceeds on sale of property and equipment	-	650
	-	(122,359)
Cash used in investing activities	1,011,743	(624,335)
 Financing Activities		
1/3 share of contribution from joint venture	69,433	-
Cash provided by financing activities	69,433	-
Increase in cash and cash equivalents	2,690,817	180,262
Cash and cash equivalents, beginning of year	1,762,392	1,582,130
Cash and cash equivalents, end of year	\$ 4,453,209	\$ 1,762,392

Institute of Chartered Accountants of Alberta

Notes to consolidated Financial Statement for the Year Ended March 31, 2015

The Institute of Chartered Accountants of Alberta (ICAA) is a self-governing professional organization continued by the *Regulated Accounting Profession Act of Alberta (RAPA)*, and the purpose of ICAA is to protect the public and the integrity of the accounting profession, promote and increase the competence of registrants through continued development course offerings, and regulate the conduct of its registrants by setting and enforcing high professional and ethical standards. As a not-for-profit organization under the *Income Tax Act (Canada)*, ICAA is not subject to income taxes.

1. Significant Accounting Policies

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

- a) Revenue recognition: Revenue is recognized when evidence of an arrangement exists, the service has been rendered, and the price is determinable, as follows:
 - member, public accounting firm, professional service provider firm, limited liability firm, and professional corporation fees are recognized as revenue in the year to which they relate;
 - pre-certification and post certification (member education) fees are recognized when the courses are presented;
 - communications, business development and events cost recoveries are recognized when the event is held;
 - practice review fees are recognized when the draft practice review report is issued;
 - fines and cost recoveries resulting from hearings and appeals are recognized when collection is considered reasonably assured; and
 - investment income is recognized as it is earned over the term of investment.
- b) Donated services: The work of ICAA is dependent on the voluntary services of many members. The value of donated services is not recognized in these statements.
- c) Cash and cash equivalents: Cash and cash equivalents include bank balances and cash held in money market funds, which is predominately invested in instruments with a term to maturity of less than 3 months.
- d) Property and equipment: Property and equipment are recorded at cost less accumulated amortization. Amortization of computer systems commences when the system becomes operational. Amortization is recorded on an annual basis as follows:
 - office equipment – 10 percent and 20 percent declining balance;
 - computer systems – 33 1/3 percent straight-line; and
 - leasehold improvements – straight-line over 130 months (the term of the lease).
- e) Deferred lease inducements: Deferred lease inducements include cash payments received on execution of the lease, as well as the amount of free rent and reduced rent, received over the term of the lease, and are amortized on a straight line basis over the term of the lease.

Institute of Chartered Accountants of Alberta

Notes to consolidated Financial Statement for the Year Ended March 31, 2015

- f) **Deferred rent:** The lease includes provisions for periodic increases in base rent over the term of the lease. To recognize the effect of these rent increases, rent expense is recorded using the straight line method. Any excess of rent expense over rent paid is recorded as deferred rent.
- g) **Financial instruments:** Financial assets and liabilities are initially measured at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. All financial assets and financial liabilities are subsequently measured at amortized cost, except for Marketable securities, which are measured at fair value. Changes in fair value of Marketable securities are recognized in the Statement of Operations in the period incurred.

Financial assets measured at amortized cost include Cash and cash equivalents and Accounts receivable.

Financial liabilities measured at amortized cost include Accounts payable and accrued liabilities.

Financial assets measured at amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, ICAA determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized by selling the financial asset or the amount ICAA expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

- h) **Use of estimates:** 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 the 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. Management estimates the collectability of Accounts receivable, Amortization of property and equipment and allocation of general support expenses. Actual results could differ from those estimates.
- i) **The Unification Agency Shared Cost Agreement:** As disclosed in note 8, ICAA accounts for its share of CPA Alberta Joint Venture (formerly known as Alberta Accountants Unification Agency) costs as incurred. Proportionate consolidation method is used by all venturers to consolidate their equal interest in joint venture. CPA Alberta Joint Venture is reported as a jointly controlled enterprise pursuant to Section 3055 of the CPA Canada Handbook. Section 3055 will be replaced with Section 3056 effective January 1, 2016. CPA Alberta Joint Venture did not elect to early adoption.
- j) **Allocation of general support expenses:** ICAA incurs various general support expenses that support other functions. The costs of these activities are allocated to the relevant functions on a

Institute of Chartered Accountants of Alberta

Notes to consolidated Financial Statement for the Year Ended March 31, 2015

consistent basis that aims to estimate the proportion of benefit. The groupings and allocation basis are as follows:

- Accounting - includes reporting, payroll, human resources, planning and analysis and facilities, allocated based on the average of time spent as reported by all accounting staff.
- Information technology - including projects, allocated based on effort estimated using the number of staff in the department.
- Website – allocated based on the relative benefit as estimated by the IT Department.
- Print shop – includes production or coordination of outsourcing of various print and other media publications and products, allocated based on time requirements as recorded by the print shop staff.

2. Property and equipment

	March 31, 2015			March 31, 2014		
	Cost	Accumulated amortization	Net book value	Cost	Accumulated amortization	Net book value
Office equipment	\$1,190,168	\$ 874,041	\$ 316,127	\$1,180,775	\$ 795,399	\$385,376
Computer systems	3,141,407	2,418,073	723,334	2,466,818	2,244,672	222,146
Leasehold improvements	917,914	763,288	154,626	917,914	743,336	174,578
	\$5,249,489	\$4,055,402	\$1,194,087	\$4,565,507	\$3,783,407	\$782,100

Amortization amounted to \$271,995 for the year ended March 31, 2015 (2014 - \$351,330). ICAA disposed of certain assets for a gain of \$ nil (2014 gain - \$306). During the period, property and equipment was acquired at an aggregate cost of \$ 683,982 (2014 – \$123,009). Included in computer systems is \$508,713 (2014 – \$0) for software in development that has not been depreciated.

3. Commitments and contingencies

Office lease

ICAA's lease for office space is effective for the term from March 1, 2012 to December 31, 2022. In connection with the renewal of the lease, a rent free period was negotiated for the period from January to June, 2013. The minimum cash lease payments (exclusive of occupancy charges) are as follows:

Year Ending March 31	
2016	283,517
2017	283,517
2018	294,422
2019	327,135
2020	327,135
Thereafter	899,621
	\$2,415,347

Institute of Chartered Accountants of Alberta

Notes to consolidated Financial Statement for the Year Ended March 31, 2015

Discipline

Under *RAPA*, ICAA is required to regulate the conduct of its members. At March 31, 2015 a number of investigations and hearings were in progress.

Contingencies

ICAA 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 the ICAA's insurer.

Under the terms of the Memorandum of Agreement related to the Unification Agency Shared Cost Agreement, a break fee of \$500,000 will become due and owing if certain events occur (unilateral withdrawal, abandonment, discontinuance, or refusal or failure to fulfill obligations under the Agreement) and are not cured within a certain timeframe. There are provisions for arbitration to resolve disputes.

Retirement Benefit

ICAA has a Supplemental Retirement Benefit whereby certain staff are entitled to a retiring allowance upon termination of service, calculated with reference to earnings, which earns interest at a predetermined rate. The amount is included in Accounts payable and accrued liabilities and is payable when the employee discontinues providing service to ICAA.

4. Chartered Accountants Education Foundation of Alberta

ICAA is related to the Chartered Accountants' Education Foundation of Alberta (CAEF) through the common management of its Executive Director, who is also the Chief Executive Officer of ICAA. The Nominating Committee of the Board of Governors, which includes two ICAA Council members, appoints persons to serve on the Board of Governors of CAEF. ICAA Council establishes the level of contributions to CAEF by way of a component of fees assessed to ICAA members. CAEF was established under the *Societies Act of Alberta*. CAEF is a not-for-profit organization under the *Income Tax Act (Canada)* and therefore is not subject to income taxes. CAEF manages restricted funds as directed by the donors, or in accordance with criteria approved by the Board of Governors. CAEF receives majority of its funding from ICAA.

For 2015, ICAA contributed \$680,265 (2014 – \$660,756) toward CAEF general revenue. ICAA has recovered \$237,665 (2014 – \$172,795) for operating costs incurred on behalf of CAEF. 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 CAEF at March 31, 2015 totaled \$15,060 (March 31, 2014 – \$11,181), and are included in Accounts receivable. Amounts due to CAEF at March 31, 2015 totaled \$558 (March 31, 2014 – \$7,826), and are included in Accounts payable. Amounts due to and from CAEF will be paid and or received within the next fiscal year with no interest charged.

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Notes to consolidated Financial Statement for the Year Ended March 31, 2015

CAEF has changed its name to CPA Education Foundation subsequent to March 31, 2015.

5. CA Insurance Plans West

CA Insurance Plans West (CAIPW) is responsible for the operation of Chartered Accountants' benefit plans for the Institutes of Chartered Accountants of Alberta, British Columbia, Manitoba, Northwest Territories and Nunavut, Saskatchewan, and Yukon. CAIPW is incorporated under Part II of the *Canada Corporations Act*. ICAA Council appoints two persons to serve on the eight person board of CAIPW. As a not-for-profit organization under the *Income Tax Act (Canada)*, CAIPW is not subject to income taxes.

During the year ended March 31, 2015, ICAA purchased benefit plan services for its employees from CAIPW costing \$208,793 (2014 – \$210,107). In addition, CAIPW purchased advertising from ICAA for \$1,685 (2014 – \$6,741) and provided sponsorships of \$10,000 (2014 – \$17,500). 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.

6. CPA Western School of Business (formerly CA School of Business)

The CPA Western School of Business (CPAWSB) develops, delivers, and administers pre-certification education for students in the four western provinces and territories. ICAA has delegated the registration of its students to CPAWSB and CPAWSB receives student dues. CPAWSB is a not-for-profit organization incorporated under the *Canada Corporations Act* and is not subject to income taxes. CPAWSB is governed by a nine person board, consisting of one member appointed by each participating provincial Institute and the balance appointed by a nominating committee, comprised of the presidents of the participating provincial institutes.

During the year ended March 31, 2015, CPAWSB charged ICAA \$54,500 (2014 - \$34,065). 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 to CPAWSB at March 31, 2015 totaled \$15,850 (March 31, 2014 – \$7,000), and are included in Accounts payable and accrued liabilities.

7. CA Assist – Alberta Chartered Accountants Assistance Society

ICAA is related to CA Assist through the common management of its Executive Director, who is also the Chief Executive Officer of ICAA. ICAA Council establishes the level of contributions to CA Assist by way of a component of the annual fees assessed to members. CA Assist – Alberta Chartered Accountants Assistance Society (CA Assist) was established under the *Societies Act of Alberta* and provides counseling services delivered by professional service providers to CA, CMA, CGA members and students and their immediate families. CA Assist is governed by a Board of Directors.

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For 2015, ICAA contributed \$190,480 (2014 – \$184,970) toward CA Assist general revenue.). For 2016 Council has agreed to provide \$21 per Alberta resident member, and \$7 per nonresident member, or approximately \$202,000. During the year ended March 31, 2015 ICAA recovered \$89,430 (2014 - \$31,693) for operating costs incurred on behalf of CA 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 to CA Assist at March 31, 2015 totaled \$156 (March 31, 2014 – \$60), and are included in Accounts payable and accrued liabilities. Amounts due from CA Assist at March 31, 2015 totaled \$14,240 (March 31, 2014 – \$3,134), and are included in Accounts receivable. Amounts due to and from CA Assist will be paid and or received within the next fiscal year with no interest charged.

CA Assist has changed its name to CPA Assist – Alberta Chartered Professional Accountants Assistance Society subsequent to March 31, 2015.

8. CPA Alberta Joint Venture (formerly Alberta Accountants Unification Agency)

Canada's accounting profession of more than 190,000 members is now represented by a single national body – Chartered Professional Accountants of Canada (CPA Canada). In January 2013, the Canadian Institute of Chartered Accountants (CICA) and the Society of Management Accountants of Canada (CMA Canada) established CPA Canada. In October 2013, CPA Canada signed an agreement to merge with Certified General Accountants of Canada (CGA-Canada), which occurred on October 1, 2014, completing integration of the country's national accounting bodies.

CPA Canada has been established to support Canadian provincial accounting bodies that have unified, and all those that will unify, under the banner of Chartered Professional Accountant as part of the unification of the Canadian accounting profession.

As part of that national effort to unify Canada's three legacy accounting organizations under a single "Chartered Professional Accountant" designation, the Certified General Accountants' Association of Alberta ("CGAA") and the Society of Management Accountants of Alberta ("CMAA") passed a resolution to unify the two organizations in October 2012. As part of the unification agreement, the Alberta Accountants Unification Agency ("the Organization") was formed to oversee implementation of the agreement.

In April 2013, the CGAA and CMAA boards signed a Unification and Shared Costs Agreement, which clarified the joint venture and its undertakings and performance in unification activities. Also in April 2013, the Institute of Chartered Accountants of Alberta (ICAA) announced its intention to re-enter unification discussions with the CGAA and CMAA bodies and signed an amended Unification Plan. In June 2013, the ICAA members voted in support of that plan. Amended Break Fee, Unification Implementation and Shared Cost Agreements were signed August 30, 2013.

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Notes to consolidated Financial Statement for the Year Ended March 31, 2015

In February 2015, the Alberta Accountants Unification Agency and Legacy Boards of Directors agreed to be known as the CPA Alberta Joint Venture formally replacing the name Alberta Accountants Unification Agency.

As described, all three provincial accounting bodies have entered into a joint venture agreement to facilitate unification of the accounting profession:

- a) The joint venture is a jointly controlled enterprise supported by a Unification and Shared Costs Agreement. The joint venture shares management of the legacy organizations and has appointed a CEO to oversee unification whom has also been appointed as CEO of ICAA and CMAA. The legacy organizations share use of their premises and employees.
- b) The joint venture has agreed to share equally capital asset development, and designated revenue and expenses of the legacy organizations for the year ended March 31, 2015. These are received through contributions made to the joint venture in cash or recorded through intercompany transactions. In the prior year, due to the timing of the tri-unification agreements being fully executed and implemented, and to achieve a fair and equitable sharing of costs, it was agreed by all three venturers that designated revenues and costs be equally shared between CGAA and CMAA for the year ended March 31, 2014 and one third of the costs that were agreed to be shared three ways between ICAA, CGAA and CMAA were charged to and recovered from the ICAA by the joint venture.

Amounts due to CPA Alberta Joint Venture at March 31, 2015 totaled \$1,100,850 (March 31, 2014 – \$262,912), and are included in Accounts payable and accrued liabilities. Amounts due from CPA Alberta Joint Venture at March 31, 2015 totaled \$368,947 (March 31, 2014 - \$ nil). 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. Net amounts due to CPA Alberta Joint Venture will be paid within the next fiscal year with no interest charged.

9. Financial Instruments and Risk Management

Credit risk

ICAA does not have a concentration of credit exposure with any one party; therefore ICAA does not consider that it is exposed to undue credit risk.

Interest rate risk

Marketable securities of ICAA are subject to price risk because changing interest rates impact the market value of the government and corporate bonds, which are fixed rate investments.

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

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Notes to consolidated Financial Statement for the Year Ended March 31, 2015

specific to the individual instrument, or its issuer, or factors affecting all similar instruments traded in the market.

ICAA 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 Council resolution. As it is ICAA's expectation to hold Marketable securities to maturity, cash flows are exposed to minimal price risk.

10. Allocation of General Support Expenses

ICAA allocates general support expenses provided to other functions based on the estimated proportion of benefit. Accounting, information technology, website and print shop expenses of \$1,230,844 (2014 - \$1,471,891) are allocated as follows:

	<u>2015</u>	<u>2014</u>
Public Trust	\$ 392,091	\$ 494,639
Member Relations	365,046	408,153
Public Affairs & Communications	261,922	331,798
Accountability	211,785	237,301
	<u>\$1,230,844</u>	<u>\$ 1,471,891</u>

11. Marketable securities

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

	<u>March 31, 2015</u>		<u>March 31, 2014</u>	
	Fair Value	Cost	Fair Value	Cost
Government bonds, federal	\$2,047,804	\$2,034,530	\$1,913,998	\$1,919,600
Government bonds, provincial	754,829	757,723	642,700	634,409
Corporate bonds	127,849	128,310	285,433	279,085
Preferred shares	220,864	220,207	1,345,716	1,382,248
	<u>\$3,151,346</u>	<u>\$3,140,770</u>	<u>\$4,187,847</u>	<u>\$4,215,342</u>

The Marketable securities balance includes an unrealized gain of \$ 10,576 (2014 – loss of \$27,495). A loss of \$23,007 (2014 - \$81,754) is included in Investment income and other. Annual interest rates on Marketable securities range from approximately 1% to 6.0%, and Marketable Securities mature at

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Notes to consolidated Financial Statement for the Year Ended March 31, 2015

various dates from June 2015 to March 2018. (In 2014, the annual interest rates on Marketable securities ranged from 1% to 6.5%, and maturity dates ranged from June 2014 to September 2017).

Cash and cash equivalents earned interest for the year ended March 31, 2015 of \$51,187 (2014 - \$36,784). Interest earned on Marketable securities for the year ended March 31, 2015 was \$120,059 (2014 - \$159,709).

12. Accounts receivable

Included in Accounts receivable at March 31, 2015 are amounts totaling \$863,076 (2014 - \$572,043) against which an allowance for doubtful accounts of \$863,076 (2014 - \$572,043) has been recorded.

13. Accounts payable and accrued liabilities

Included at March 31, 2015 is the current portion of Deferred lease inducements of \$34,771 (2014 - \$34,771).

14. Member fees and other amounts received in advance

Included in Member fees and other amounts received in advance at March 31, 2015 are amounts owing to government of \$64,422 (2014 - \$50,220), which is the GST related to the member fees collected in March 2015 for the 2015-2016 billing year. Also, included in member fees collected in March 2015 for the 2015-2016 billing year, are amounts owing to the Canadian Institute of Chartered Accountants of \$654,528 (2014 - \$255,717), amounts owing to CAEF of \$125,025 (2014 - \$96,675) and amounts owing to CA Assist of \$35,007 (2014 - \$27,069). Amounts due will be paid within the next fiscal year with no interest charged.

15. Deferred lease inducements and rent

Deferred lease inducements and rent are comprised of:

	<u>2015</u>	<u>2014</u>
Deferred lease inducement, beginning of year	\$304,246	\$173,515
Add: inducement addition for free/reduced rent realized	-	165,502
Less: amortization	(34,771)	(34,771)
Deferred lease inducements, end of year	269,475	304,246

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Notes to consolidated Financial Statement for the Year Ended March 31, 2015

Add: Deferred rent	120,579	107,996
	\$390,054	\$412,242
Current portion	\$ 34,771	\$ 34,771
Long-term portion	\$355,283	\$377,471

16. Interest in Joint Venture

A summary of ICAA's 33.33% interest in the jointly controlled enterprise for the year ended March 31, 2015 is as follows before elimination of ICAA's contribution:

Revenues	2015
Member fees	\$ 4,282,027
User fees and cost recoveries	2,295,778
Public accounting firm fees	470,286
PSP fees	2,250
LLP fees	41,810
Professional corporation fees	164,302
Member registration fees	205,500
Investment income and other	13,330
Business Development	15,524
Pre-Certification Learning	5,157,388
	12,648,195
Expenses	
Member Relations	1,561,655
Public Trust	1,571,779
Public Affairs and Communications	1,675,866
Accountability	3,071,185
Education and recruitment	3,474,483
Funding, Research & Scholarships	146,177
	11,501,145
Excess (deficiency) before Unification expenses	1,147,050
Unification expenses	810,587
Excess (deficiency) of revenue over expenses	\$ 336,463

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Notes to consolidated Financial Statement for the Year Ended March 31, 2015

Assets	
Cash	\$ 69,433
Accounts receivables	104,237
Prepaid expenses	83,237
Deposits	72,696
Property and equipment	648,761
	\$ 978,364
Liabilities	
Accounts payable and accrued liabilities	\$ 902,044
Unrestricted Net Assets	76,320
	\$ 978,364

17. Corresponding Figures

Certain corresponding figures have been reclassified to conform to the current year's presentation.

18. Subsequent Events

On May 28, 2015, an Order in Council was passed by the Lieutenant Governor in Council proclaiming that the Chartered Professional Accountants Act (the Act) will come into force on July 1, 2015. As a result the Certified General Accountants' Association of Alberta, the Society of Management Accountants of Alberta, and the Institute of Chartered Accountants of Alberta will be amalgamated as the Chartered Professional Accountants of Alberta (CPAA). The CPA Alberta Joint Venture will be discontinued on June 30, 2015. 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 become the property, assets, right, privileges and benefits of the CPAA, and the CPAA is liable for the debts, obligations and liabilities, contractual or otherwise, of each amalgamating entity.

Schedule I: Net Expenses by Function for the Year Ended March 31

	User Fees	2015 Expenses	Net	User Fees	2014 Expenses	Net
Member Relations						
Member engagement and advisory	\$ (120,249)	\$ 362,961	\$ 242,712	\$ -	\$ 799,763	\$ 799,763
Member education	(1,686,283)	1,250,505	(435,778)	(3,177,163)	2,950,712	(226,451)
	\$ (1,806,532)	\$ 1,613,466	\$ (193,066)	\$ (3,177,163)	\$ 3,750,475	\$ 573,312
Public Trust						
Complaint review and discipline	\$ (159,228)	\$ 753,639	\$ 594,411	\$ (117,408)	\$ 1,643,716	\$ 1,526,308
Practice review	(154,472)	353,201	198,729	(514,903)	1,037,605	522,702
Member registration	(20,443)	532,146	511,703	(59,025)	885,414	826,389
	\$ (334,143)	\$ 1,638,986	\$ 1,304,843	\$ (691,336)	\$ 3,566,735	\$ 2,875,399
Public Affairs and Communications						
Public affairs and career information	\$ (2,920)	\$ 867,917	\$ 864,997	\$ (26,364)	\$ 1,478,374	\$ 1,452,010
Communications and events	(152,183)	856,735	704,552	(445,627)	1,487,313	1,041,686
	\$ (155,103)	\$ 1,724,652	\$ 1,569,549	\$ (471,991)	\$ 2,965,687	\$ 2,493,696
Accountability						
Executive and Council	\$ -	\$ 596,525	\$ 596,525	\$ -	\$ 1,418,105	\$ 1,418,105
Administration	-	2,653,535	2,653,535	-	699,643	699,643
	\$ -	\$ 3,250,060	\$ 3,250,060	\$ -	\$ 2,117,748	\$ 2,117,748
Education and recruitment	\$ -	\$ 3,474,484	\$ 3,474,484	\$ -	\$ -	\$ -
Funding, Research & Scholarships	\$ -	\$ 146,177	\$ 146,177	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total (before unification expenses)	\$ (2,295,778)	\$ 11,847,825	\$ 9,552,047	\$ (4,340,490)	\$ 12,400,645	\$ 8,060,155
Unification expenses	\$ -	\$ 810,587	\$ 810,587	\$ -	\$ -	\$ -
Total	\$ (2,295,778)	\$ 12,658,412	\$ 10,362,634	\$ (4,340,490)	\$ 12,400,645	\$ 8,060,155

