

Chartered Accountants'  
Education Foundation  
Annual Report 2014

# Contents

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Message from the Chair.....	2
Management's Discussion & Analysis.....	3
Auditors' Report .....	8
Management's Responsibility for Financial Reporting .....	9
Statement of Financial Position.....	10
Statement of Operations and Changes in Net Assets .....	11
Statement of Cash Flows.....	12
Notes to Financial Statements .....	13
Schedules.....	18
Appendix.....	21

## Message from the Chair

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Fiscal year 2013/14 was another year of growth and change for the Chartered Accountants' Education Foundation (CAEF). With the help and support of CAs from across the province, the Foundation was able to make many positive contributions to the strength of accounting education in Alberta, and in the lives of people studying, teaching and practicing accounting.

In 2013/14, the Foundation continued to work toward achieving the goals of its three-year strategic plan. Various initiatives were implemented that concentrated on supporting accounting research; focusing funding to support business and accounting education; developing and implementing a donor stewardship program; and continuing to grow the Foundation's award-winning financial literacy initiative, The Money Project. You can read more about our efforts and successes in pursuing those strategic goals over the course of 2013/14 throughout the annual report.

A highlight of the year was the Fourth Annual Conference for Academics, which was held in May. Each year the conference grows in size and in substance, and the 2013/14 conference was the most successful yet. Conference delegates, drawn from the faculty members of business schools at post-secondary institutions from across Alberta, had opportunities at the conference to network with their colleagues, learn about developments in the accounting profession, and hear the latest news about the unification of the accounting profession, and in particular the new CPA Education Program that was launched in Alberta in the fall of 2013.

With respect to unification, the Foundation's Board of Governors began to consider the future role of the CAEF within the environment of a unified profession. The Board remains committed to continuing the important and successful work of the Foundation while at the same time seeking ways to maximize the opportunities that unification provides for the Foundation.

It is a true honour for me to be involved in the Foundation. I highly value this opportunity to give back to the CA profession in Alberta by serving as Chair of the Board of Governors. I extend my thanks to my fellow Board members, whose hard work and dedication to the Foundation and its goals have brought great distinction to the CAEF and to our profession. I look forward to another fruitful year for the Foundation in 2014/15.

Respectfully submitted,

Alex Tutschek CA  
Chair, CAEF Board of Governors

# Management's Discussion & Analysis June 18, 2014

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## Management's Discussion and Analysis

The following is Management's Discussion and Analysis (MD&A) of the Chartered Accountants' Education Foundation's (CAEF or the Foundation) operating and financial results as at and for the year ended March 31, 2014, as well as information and estimates concerning the CAEF's future outlook based on currently available information. This discussion should be read in conjunction with the CAEF's audited financial statements as at March 31, 2014 and March 31, 2013 for the years ended March 31, 2014 and March 31, 2013, together with accompanying notes. All financial information is reported in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

### Forward Looking Information

This MD&A was prepared on June 18, 2014 and is management's assessment of the CAEF's historical financial and operating results. Certain statements in this Annual Report and MD&A are forward-looking statements subject to risks and uncertainties. A number of factors could cause actual results to differ materially from those expressed in the forward-looking statements, as described under the Risk Section (p.7) in this MD&A.

The mission of the CAEF is to support the institutions and people who will develop and inspire future professional accountants. Its vision is that CAs and other donors trust the CAEF to impact and influence professional accounting education.

In 2012/13, the CAEF began operating under a new three-year strategic plan. Under this plan, which was developed by the Board of Governors, various strategic initiatives were implemented that focused on:

- supporting accounting research;
- focusing funding to support business and accounting education;
- developing and implementing a donor stewardship program; and
- developing a new legacy project.

Fiscal year 2013/14 was the second year of business planning under that strategic plan.

### Key Performance Drivers

As an organization that operates in the not-for-profit sector, the CAEF is not driven solely by financial results; however, it does rely on financial indicators to ensure that the resources entrusted to it are used efficiently and in an appropriate manner. Several non-financial indicators are also used to measure the progress of implementation of the strategy and achievement of the goals. The primary indicators of the CAEF's success are financial performance and accomplishments compared to the business plan.

### Financial Performance

The CAEF management prepares a budget each year that represents the expectations articulated in the business plan. The Board of Governors receives periodic reporting on the actual income and expenses and any variance from budget to monitor the extent to which its financial objectives have been met, and by how effectively its financial resources have been managed.

# Management's Discussion & Analysis June 18, 2014

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## Achieving Goals

The goals of the CAEF were outlined in its 2013/14 business plan. The actions to accomplish the plan's initiatives were reported to the Board of Governors on a regular basis to monitor progress and effectiveness.

## Capability to deliver results

The CAEF's ability to deliver results is dependent on three factors: capital resources and liquidity, net assets, and non-financial resources.

## Capital resources and liquidity

At March 31, 2014, the CAEF had cash and investments totaling approximately \$3,000,000 (2013 - \$2,818,000). Investments are presented at fair value. The Foundation's investments are a diverse portfolio of fixed income and Canadian and US equities, on which it earns interest, dividend and capital gains income, and are managed by a qualified investment counselor in consultation with the Board's Investment Committee.

## Net Assets

Net assets at March 31, 2014 totaled \$2,990,000 (2013 - \$2,760,000), comprising: \$2,120,000 (2013 - \$2,081,000) externally restricted by the contributors, \$34,000 (2013 - \$32,000) in net assets internally restricted as requested for specific donations and the net investment income earned on retained donations relating to the Financial Literacy and Bridges to the Future campaigns, and \$836,000 (2013 - \$647,000) in unrestricted net assets.

## Non-financial Resources

In addition to one full time staff position, the CAEF relies on experienced volunteers and the staff of the Institute of Chartered Accountants of Alberta (ICAA) to carry out its mandate. The CAEF benefits enormously from the support of CAs who volunteer time and energy to strengthen the goals of the Foundation. Among the staff of the ICAA are diverse backgrounds and specialties that the CAEF can draw on to advance its goals. These volunteers and ICAA staff ensure that the CAEF's goals are achieved.

## Results and Outlook

In 2013/14, the second year of planning under the most-recent three-year strategic plan, the CAEF focused on several strategies, as outlined and prioritized in the 2013/14 business plan. The following are highlights of the year as the Foundation worked to achieve its strategic goals:

- **Chequing and Savings Campaign**

In the fall of 2013, the CAEF launched the Chequing and Savings Campaign. The campaign had two separate initiatives: to raise funds for the CAEF's financial literacy project, and to continue its legacy scholarship program for another year. The fundraising goal for the campaign was \$70,000. At fiscal year-end, about 75% of that goal had been reached, and the campaign was extended into fiscal year 2014/15.

- **Legacy Scholarships**

Continuing on the scholarships that were offered last year as part of the 30<sup>th</sup> anniversary celebrations, the CAEF was able to offer an **additional \$30,000** in the form of awards, now called Legacy Scholarships. Fundraising for these scholarships was done through the "Chequing and Savings Campaign."

These awards were made accessible to Alberta high school, post-secondary, CA School of Business students, and CPA Professional Education program candidates. The CAEF received over 150 applications for the Legacy Scholarships

# Management's Discussion & Analysis June 18, 2014

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- **The Money Project Website: Promotion and Enhancements**

The Financial Literacy project is a multi-year initiative. The CAEF was successful in launching phase one of the project: The Money Project website (themoneyproject.ca), a free, online web portal that acts as a one-stop shop for money management resources for young Albertans.

Thanks to the Government of Alberta's Community Spirit grant, and the generous donations from our Alberta CAs, the CAEF began the final part of the project in 2013/14: promoting and enhancing the Money Project website.

The CAEF worked with a web development firm to convert all content pages on the website to be more mobile friendly and responsive to varying screen sizes (so it may be viewed on a phone, iPad, or tablet). The Money Motto Style survey was also improved so it could be viewed smoothly on mobile devices.

Part of promoting the website included traditional paid advertising on BUS/LRT Transit Ads and Radio advertising. Marketing materials (direct letter, brochures, backgrounders) were sent to career counsellors, career practitioners, and CALM (Career and Life Management) teachers at Calgary and Edmonton Alberta high schools.

Since the beginning of the campaign, there has been a 400 per cent increase in page visits. The campaign also resulted in invitations to CAEF staff to attend high school career fairs and present on financial literacy in CALM classes.

- **CAEF Awards**

The CAEF's financial literacy project garnered a lot of positive attention for the Foundation and the CA profession, and indirectly for our donors. The Foundation received the **Alberta Consumer Champion Award** from the **Government of Alberta**. The award celebrates organizations, businesses and media that have demonstrated innovation in educating Alberta consumers and promoting fairness in the Alberta marketplace. The CAEF also received a **Philanthropy Award** from the **Association of Fundraising Professionals**.

- **New Legacy Project: Diving into Business**

The Foundation has been working steadily on developing the plan for a new legacy project. Named "Diving into Business", the project will aim to develop resources to help students transition into the workplace and prepare young Albertans as they embark on their careers.

- **Conference for Academics**

In May 2013, the CAEF hosted its 4<sup>th</sup> annual CAEF Conference for Academics. While this year's conference did not see a spike in attendance from the 2012 conference (which was the highest attended to date, with a total of 63 educators), it should be noted that attendance numbers were maintained, with again 63 educators from across Alberta attending the 2013 CAEF Conference for Academics.

- **2013 CAEF Impact Recipient**

For the second year, a CAEF Impact Award was awarded to a deserving recipient at the ICAA Merit Awards Ceremony held in June 2013. Steve Allan FCA, was the recipient of the 2013 Impact Award for his involvement with the CAEF over the span of his career. Notably, his involvement included serving as the Honourary Chair of the two-year, Paying it Forward fundraising campaign, which successfully raised a quarter of a million dollars in 2011/12 and 2012/13 to fund financial literacy education resources for the province's students.

# Management's Discussion & Analysis June 18, 2014

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## Outlook for 2014/15

- **Unification and the CAEF**

Fiscal 2014/15 will be the third and final year of implementation of the CAEF's strategic plan. A fifth strategic imperative, "Plan for the future Unification of the profession in Alberta," was added in 2013/14. In 2014/15, the Foundation will connect with all three accounting bodies unifying in Alberta to determine the best way to maintain the presence and integrity of the CAEF within a unified profession. The Foundation looks forward to working with Alberta CAs, CMAs and CGAs in pursuit of common goals to promote and support accounting education in Alberta, and to raise the profile of the forthcoming CPA designation in communities across Alberta.

- **Financial Literacy**

With unification of the accounting profession unfolding in Alberta, the CAEF will partner with its counterparts at the Alberta Accountants Unification Agency to jointly advance financial literacy for young Albertans.

Province-wide promotion of financial literacy, as well as web enhancements, will continue over the upcoming year. The CAEF is planning a 'blitz' campaign in November during Financial Literacy Month. The CAEF also plans to increase its efforts to recruit financial literacy volunteers who will speak at local high schools on the topic of financial literacy and how to use the financial literacy resources available to them.

- **New Legacy Projects: Diving Into Business**

The new legacy project "Diving into Business" will be piloted in Edmonton in early November 2014 for third and fourth year post-secondary students. This conference will cover certain "soft skills" of business such as:

- Business writing skills;
- Professional conduct (resolving conflict in the workplace, presentation skills, dealing with superiors, etc.);
- Dressing for success (could include a business "fashion show");
- Developing a "personal brand";
- What to expect during your first six months at work;
- Etiquette and protocol; and
- Developing a professional network.

- **Friends of the Foundation**

Donor stewardship program will be established.

## **Risk**

There are circumstances in the Foundation's internal and external environments that impact operational and financial risks, and uncertainties that could affect the successful implementation of its plans.

## **Financial**

The CAEF depends on investment income and donations to fund its programs. The impact of discontinued support of important donors would have a significant effect on the operations of the CAEF. Staff works to mitigate this risk with effective communications and donor stewardship. The investment income is dependent on the capital markets. CAEF is subject to market volatility, which can impact the ability to meet obligations to stakeholders. To minimize the likelihood and impact of

## Management's Discussion & Analysis June 18, 2014

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this risk, the Board of Governors has appointed an investment committee and has a well-defined Investment Policy that articulates the investment objectives and constraints. The Investment Policy requires that the funds be managed by a qualified Investment Counselor and specifies the asset mix of the portfolio. The portfolio results are reported to the Investment Committee quarterly and to the Board annually.

### **Human resources**

The CAEF relies on the services of volunteers and ICAA staff to complete its projects, and the talent and expertise of its volunteers are among its most valuable resources. At the same time, there is always some risk that volunteers may not be as willing or able to donate their time or talents in the future, due to ever-increasing competition for their attention. This means that the CAEF could eventually incur a significant cost in trying to replace lost expertise. To mitigate this risk, the CAEF continues to nurture ongoing volunteerism by ensuring positive and rewarding experiences for volunteers, and by structuring volunteer opportunities in a flexible manner.



# Independent Auditors' Report

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To the Board of Governors of the Chartered Accountants' Education Foundation:

## Report on the Financial Statements

We have audited the accompanying financial statements of the Chartered Accountants' Education Foundation, which comprise the statement of financial position as at March 31, 2014, the statements of operations, changes in net assets and cash flows for the years 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 Chartered Accountants' Education Foundation as at March 31, 2014 and the results of its operations and its cash flows for the years then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

## Other Matters

The financial statements for the Chartered Accountants' Education Foundation for the year ended March 31, 2013 were audited by another auditor who expressed an unmodified opinion on those statements on June 22, 2013.

Donnelly & Co. LLP  
Chartered Accountants  
Edmonton, AB  
June 18, 2014

# Management's Responsibility for Financial Reporting

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The accompanying financial statements of the Chartered Accountants' Education Foundation (CAEF) and all the information in this annual report are the responsibility of management.

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

The CAEF 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 CAEF's assets are appropriately accounted for and adequately safeguarded.

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

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

The 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 Audit Committee.

Rachel Miller, FCA  
Executive Director

Min Yao, CMA  
ICAA Controller

June 18, 2014

# Chartered Accountants' Education Foundation

## Statement of Financial Position

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
<b>Assets</b>		
Cash	\$ 815,105	\$ 669,690
Accounts receivable (note 5)	13,800	65,402
Investments (note 7)	2,185,616	2,148,027
Prepaid expenses	1,000	-
	<b>\$3,015,521</b>	<b>\$2,883,119</b>
<b>Liabilities</b>		
Accounts payable (note 5)	\$ 24,900	\$ 123,008
<b>Net Assets</b> (note 8 and Schedule I and II)		
Restricted externally for endowment purposes	1,621,242	1,592,113
Restricted externally for other purposes	498,932	488,659
Internally restricted, Financial Literacy	34,237	31,667
Internally restricted, Bridges to the Future	-	386
Unrestricted	836,210	647,286
	2,990,621	2,760,111
	<b>\$3,015,521</b>	<b>\$2,883,119</b>

### Commitments (note 4)

Approved on behalf of the Board of Governors

Alex Tutschek, CA  
Chair

Karen Munjak, CA  
Secretary Treasurer

# Chartered Accountants' Education Foundation

## Statement of Operations and Changes in Net Assets

### for the year ended March 31

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	<u>2014</u>	<u>2013</u>
<b>Revenues</b>		
Contributions:		
ICAA– member fees (note 5)	\$ 660,756	\$ 636,669
For capital or endowments (note 4 & Schedule II)	7,500	7,500
For restricted funds (note 8 & Schedule I)	16,499	17,681
Program donations (Schedule II)	66,422	46,364
Investment income:		
Interest and dividends	72,927	72,211
Realized loss on investments	(15,452)	(21,378)
Unrealized gain on investments	83,744	51,313
Event fundraising	-	9,047
Other income (PhD loan repayment)	1,301	100,797
	893,697	920,204
<b>Expenditures</b> (Schedule II)		
Grants for post-secondary institutions:		
For operations	210,300	159,368
For capital or endowments (note 4 & Schedule II)	19,900	16,900
Forgivable loans for PhD students	101,038	120,000
Student awards and support (note 8)	77,910	56,875
30 <sup>th</sup> Anniversary Scholarship	29,500	33,500
Teaching prizes	17,023	17,135
Other program expenditures	121,027	262,642
Operating expenses (Schedule III)	86,489	156,306
	663,187	822,726
<b>Excess of revenues over expenditures</b>	230,510	97,478
<b>Net assets, beginning of year</b>	2,760,111	2,662,633
<b>Net assets, end of year</b>	\$2,990,621	\$2,760,111

# Chartered Accountants' Education Foundation

## Statement of Cash Flows

### for the year ended March 31

	<u>2014</u>	<u>2013</u>
<b>Operating Activities</b>		
<b>General Fund</b>		
Contributions received	\$735,979	\$783,829
Fundraising activities	-	9,047
Investment income received	24,218	22,392
	760,197	815,268
Expenditures and grants paid	(664,129)	(750,477)
	96,068	64,791
<b>Flow Through Fund</b>		
Contributions received	7,500	7,500
Expenditures and grants paid	(7,500)	(7,500)
	-	-
<b>Restricted Fund</b>		
Contributions received	16,499	17,681
Investment income received	46,652	49,451
	63,151	67,132
Expenditures and grants paid	(71,910)	(58,375)
	(8,759)	8,757
Cash from operations	87,309	73,548
<b>Investing Activities</b>		
Purchase of investments	(592,087)	(3,189,362)
Sale of investments	650,193	3,075,628
Cash used for investing	58,106	(113,734)
<b>Increase (decrease) in cash</b>	145,415	(40,186)
<b>Cash, beginning of year</b>	669,690	709,876
<b>Cash, end of year</b>	<b>\$815,105</b>	<b>\$669,690</b>

# Chartered Accountants' Education Foundation

## Notes to Financial Statements for the year ended March 31, 2014

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### 1. Nature of the Organization

The Chartered Accountants' Education Foundation (CAEF or the Foundation) was established in 1982 by the Institute of Chartered Accountants of Alberta (ICAA) and is incorporated under the *Societies Act of Alberta*. CAEF is overseen by a Board of Governors and its mission is to support the institutions and people who will develop and inspire future professional accountants.

The CAEF is a public foundation registered under *the Income Tax Act (Canada)* and as such is exempt from income taxes and is able to issue donation receipts for income tax purposes.

### 2. Foundation Funds

#### General Fund

The General fund is the main operating fund for CAEF programs. It receives unrestricted contributions which are used to support CAEF objectives, programs and administrative costs.

#### Internally Restricted Funds

Management has internally restricted funds raised in connection with two important initiatives to be spent according to each respective project charter.

- Bridges to the Future - The funds raised in connection with the 25th Anniversary were designated as the Bridges to the Future fund. The expenditures made have been in accordance with the mandate described in the Bridges to the Future project charter. The CA Bridging program has been fully launched, in partnership with the University of Lethbridge (December 2009), in Edmonton (May 2010) and Calgary (May 2011). The program helps qualified career changers and new Canadians attain the post-secondary prerequisites required for admission into the CA School of Business.
- Paying it Forward - In September 2010, the Foundation launched a new fund development campaign called Paying it Forward. The goal of this 2 year campaign was to raise funds for projects that provide financial literacy and personal money management tools and resources for young Albertans.

#### Flow Through Fund

The Flow Through Fund receives contributions from donors which are designated for specific programs and which are disbursed to those specific programs within a short period of time, usually within the same fiscal year.

#### Restricted Funds

Restricted funds are established as requested by donors. There are two types:

- Restricted externally for endowment purposes – named funds held in perpetuity and directed in accordance with terms established by the donors or sponsors; and
- Restricted externally for other purposes – named funds held for several years and directed in accordance with terms established by the donors or sponsors.

### 3. Significant Accounting Policies

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

# Chartered Accountants' Education Foundation

## Notes to Financial Statements for the year ended March 31, 2014

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### **a) Donated Services**

The work of the CAEF is dependent on the services of many volunteers. The value of donated services is not recognized in these statements.

### **b) Revenue Recognition**

The CAEF follows the restricted fund method of accounting for contributions as follows:

- (i) Restricted contributions are recognized as revenue of the applicable restricted fund in the year the contribution is received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured;
- (ii) Flow through contributions are recognized as revenue in the Flow Through Fund. The Flow Through Fund often receives multi-year pledges which are recognized as revenue in the year the payment is received, or the current installment receivable has been invoiced and acknowledged by the donor, thus providing reasonable assurance of collection;
- (iii) Unrestricted and internally restricted contributions are recognized as general revenue in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured; and
- (iv) Interest and investment income is recognized when earned.

### **c) Cash**

Cash includes bank balances and cash held in Scotia Cassels investment account.

### **d) Grants Payable**

For those projects that are significantly dependent on the contributions and support of other organizations and individuals, the grants are recorded as the applicable amounts are received from the other organizations and individuals. This is the case for the commitments to the University of Lethbridge capital campaign and the matching program for University of Alberta. Otherwise, Foundation grants are recorded at the date approved by the Board of Governors of the CAEF.

### **e) Grants for PhD Studies**

Forgivable grants are provided to qualified candidates while studying for a PhD in accounting. The grants are forgivable if the candidate earns the PhD and teaches at one of the prescribed universities for a period of one year for each year the grant was received. The grants are recorded as an expense at the date approved by the Board and any recoveries due to grant conditions not being met are recorded as a receivable, providing collection is reasonably assured.

### **f) Financial Instruments**

Investments are recorded at fair value. Investment income includes interest income and realized and unrealized gains and losses net of management fees. Realized gains are calculated as the difference between the proceeds received and the market value at the later of either: the date the investment was purchased or the last reported fair value. As a result, the gains and losses from investments, whether realized or unrealized, reflect only the change in value in the current period.

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 Investments, which the organization measures at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost includes cash and accounts receivable.

# Chartered Accountants' Education Foundation

## Notes to Financial Statements for the year ended March 31, 2014

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Financial liabilities measured at amortized cost includes accounts payable.

### **g) 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. Actual results could differ from those estimates.

## **4. Grants for Post-Secondary Institutions for Capital and Endowment Programs**

For the following programs, the portion of the grants financed by contributions from external sources are recorded as expenditures of the Flow Through Fund and the portion of grants financed by the CAEF are recorded as expenditures in the general fund.

### **a) University of Lethbridge – Management Building**

The CAEF, on a multi-year basis, provided \$484,000 towards a capital campaign for the University of Lethbridge, which has been completed. In 2008, the CAEF committed a further \$125,000 on a prescribed matching basis toward a capital campaign for the University of Lethbridge; payments that commenced in 2008 extend over a period of five years and are substantially complete.

### **b) University of Alberta – CA Fund for Faculty Development**

Pledges to and payments for the CA Fund for Faculty Development totaling approximately \$900,000 commenced in 2005 and certain of these were matched by the CAEF, the maximum matching amount having now been reached. All payments made by pledge have been received and paid to the University of Alberta, fulfilling all outstanding CAEF obligations under this program.

## **5. Institute of Chartered Accountants of Alberta**

ICAA Council (Council) appoints two of its members to serve on the CAEF nominating committee, which appoints the Board of Governors of CAEF.

The Council also establishes the level of contributions to the CAEF by way of a component of the annual fees assessed to ICAA members. For 2014, ICAA paid \$75 (2013 – \$75) for every resident member, and \$25 (2013 - \$25) for every non-resident member for a total of \$660,756 (2013 – \$636,669). In addition, certain ICAA staff devote time to CAEF affairs for which no charges were incurred.

The CAEF paid \$ 172,795 (2013 – \$234,425) to the ICAA for costs incurred on behalf of the 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 to the ICAA at March 31, 2014 total \$11,181 (2013 - \$16,431) and are included in Accounts payable. Amounts due from ICAA at March 31, 2014 total \$7,826 (March 31, 2013 - \$nil), and are included in Accounts receivable.

## **6. Financial Instruments and Risk Management**

Investments are carried at fair values as determined directly by reference to published price quotations in an active market. Interest rates on marketable investments vary from approximately 4.0% to 6.5% per annum. (In 2013, the annual interest rate on marketable investments ranged from 4.0% to 6.5%



# Chartered Accountants' Education Foundation

## Notes to Financial Statements for the year ended March 31, 2014

per annum).

### Credit Risk

The CAEF does not have a concentration of credit exposure with any one party, and therefore does not consider that it is exposed to undue credit risk.

### Interest Rate Risk

The investments of the CAEF are subject to price risk because changing interest rates impact the market value of the fixed rate investments.

### Liquidity Risk

The Investments are subject to liquidity risk should the CAEF be required to sell at a time that the market for the investments is unfavourable.

The CAEF manages its credit, liquidity and cash flow risk by restricting Investments to a diverse range of government and corporate fixed income securities, and equities in a diverse range of industries, as prescribed by the Investment Policy approved by the Board of Governors. As it is the CAEF's expectation to hold its Investments to maturity, its cash flows are exposed to minimal price and liquidity risk.

### Other Price Risk

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

## 7. Investments

The fair value of CAEF's investment portfolio consists of:

	<b>March 31 2014</b>		<b>March 31 2013</b>	
Fixed income securities	\$1,193,570	55%	\$1,477,740	69%
Equities: Canadian	762,238	35%	514,657	24%
US	229,808	10%	155,630	7%
	<b>\$2,185,616</b>	<b>100%</b>	<b>\$2,148,027</b>	<b>100%</b>
Cost	\$2,037,194		\$2,082,941	

The investment policy set by the Board of Governors has as its main objective the preservation of capital.

## 8. Restricted Net Assets

The CAEF manages restricted funds as directed by the donors or in accordance with criteria approved by the Board of Governors. All of these funds provide student awards and other student support. The following restricted funds have been pooled with other CAEF funds and the net investment income is allocated, proportionate to net assets:

# Chartered Accountants' Education Foundation

## Notes to Financial Statements for the year ended March 31, 2014

<b>Fund</b>	<b>Schedule I</b>	<b>Year Established</b>
<b>Restricted externally for endowment purposes</b>		
Elvin Christenson Bursary Fund	Christenson	1994
Francis G. Winspear Fund	Winspear	1994
Robert Waller FCA Bursary in Accounting	Waller	1995
Harold Milavsky Graduating Award in Accounting	Milavsky	1996
James C. Miller Bursary in Accounting	Miller	1996
Dr. Richard Haskayne FCA Graduating Award for Finance	Haskayne	1997
David Sharpe Award	Sharpe	1997
Dale Parry Memorial Fund	Parry	1999
Easton Fund	Easton	2001
Kouri Berezan Heinrichs Fund	KBH	2002
Gordon V. Rasmussen Memorial Fund	Rasmussen	2002
Schaefer Mount Royal Fund	Schaefer MT. Royal	2002
Peter Valentine FCA Graduate Scholarship	Valentine	2002
Angela Nicoli-Griffiths Scholarship Fund	Nicoli-Griffiths	2003
Douglas R. Hagerman FCA Memorial Fund	Hagerman	2003
Eric Connelly FCA Award Fund	Connelly	2004
Rick Cormier Memorial Award	Cormier	2004
Steve J. Glover FCA Fund for Thought Leadership	Glover	2005
Larry Swonek CA Bursary Fund	Swonek	2005
John Alvin Tupper Fund	Tupper	2006
<b>Restricted externally for other purposes</b>		
Robert Card Fund	Card	1989
Clem Collins FCA Student Assistance Fund	Collins	2001
Veres Picton & Co. Michael Lissey CA Memorial Award Fund	Lissey	2003
Alton Bruce Ross Memorial Bursary	Ross	2004
McClement Fund	McClement	2006
Jack Baker FCA Fund	Baker	2006
Ken Kouri FCA and Jennifer Kouri Fund	Kouri	2008
Morgan Award in Accounting	Morgan	2008
Harry G. Schaefer FCA Fund	Schaefer	2009
Don Wilson Memorial Education Fund	Wilson	2010
Academic Research Fund	ARF	2012
Kenneth Biggs FCA and Leone Biggs Fund	Biggs	2012

### 9. Corresponding Figures

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

## Schedule I: Restricted Net Assets as at March 31, 2014

	Net Assets Beginning	Contributions	Investment Income (Loss) <sup>*</sup>	Expenditures	Excess (deficiency) of Revenue Over Expenditure	Net Assets Ending
<b>Restricted externally for endowment purposes (Note 8)</b>						
Christenson	\$ 76,807	\$ -	\$ 3,464	\$ (2,500)	\$ 964	\$ 77,771
Connelly	57,147	-	2,571	(2,000)	571	57,718
Cormier	76,470	-	3,553	(1,000)	2,553	79,023
Easton	72,844	145	3,315	(2,000)	1,460	74,304
Glover	292,371	-	13,629	-	13,629	306,000
Hagerman	33,783	-	1,575	-	1,575	35,358
Haskayne	129,293	-	5,823	(5,000)	823	130,116
KBH	43,467	-	1,958	(3,000)	(1,042)	42,425
Milavsky	64,286	-	2,782	(5,000)	(2,218)	62,068
Miller	66,360	-	2,981	(2,500)	481	66,841
Nicoli-Griffiths	28,444	-	1,279	(1,000)	279	28,723
Parry	20,663	-	922	(1,000)	(78)	20,585
Rasmussen	24,017	-	1,085	(1,000)	85	24,102
Schaefer Mt. Royal	86,807	-	4,006	(3,500)	506	87,313
Sharpe	48,614	-	2,126	(3,000)	(874)	47,740
Swonek	69,551	2,700	3,253	(2,000)	3,953	73,504
Tupper	30,767	-	1,423	(1,000)	423	31,190
Valentine	85,222	3,525	4,089	-	7,614	92,836
Waller	106,839	-	4,805	(3,750)	1,055	107,894
Winspear	178,361	550	7,980	(11,160)	(2,630)	175,731
	<b>\$ 1,592,113</b>	<b>\$ 6,920</b>	<b>\$ 72,619</b>	<b>\$ (50,410)</b>	<b>\$ 29,129</b>	<b>\$ 1,621,242</b>
<b>Restricted externally for other purposes</b>						
ARF	\$ 18,586	\$ -	\$ 866	\$ -	\$ 866	\$ 19,452
Baker	5,266	-	246	-	246	5,512
Biggs	19,196	6,009	1,024	(2,000)	5,033	24,229
Card	12,988	-	544	(1,500)	(956)	12,032
Collins	28,652	1,320	1,393	-	2,713	31,365
Kouri	19,582	-	847	(1,500)	(653)	18,929
Lissey	34,088	1,250	1,573	(2,000)	823	34,911
McClement	17,895	-	834	-	834	18,729
Morgan	245,897	-	10,996	(10,000)	996	246,893
Ross	5,340	-	202	(1,000)	(798)	4,542
Schaefer	50,912	-	2,257	(2,500)	(243)	50,669
Wilson	30,257	1,000	1,412	(1,000)	1,412	31,669
	<b>488,659</b>	<b>9,579</b>	<b>22,194</b>	<b>(21,500)</b>	<b>10,273</b>	<b>498,932</b>
<b>2014 Total</b>	<b>\$ 2,080,772</b>	<b>\$ 16,499</b>	<b>\$ 94,813</b>	<b>\$ (71,910)</b>	<b>\$ 39,402</b>	<b>\$ 2,120,174</b>
<b>2013 Total</b>	<b>\$ 2,051,135</b>	<b>\$ 17,681</b>	<b>\$ 71,331</b>	<b>\$ (59,375)</b>	<b>\$ 29,637</b>	<b>\$ 2,080,772</b>

\*Net of fair value adjustment

## Schedule II: Operations & Changes in Net Assets

Revenues	Unrestricted		Internally Restricted Financial Literacy		Internally Restricted Bridges to the Future		Flow through		Restricted - Endowment (Schedule I)		Restricted - Other (Schedule I)		Total	Total
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Contributions</b>														
ICAA members fees (note 5)	\$ 660,756	\$ 636,669	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 660,756	\$ 636,669
For post-secondary capital or endowments (note 4)														
University of Alberta							7,500	7,500					7,500	7,500
University of Lethbridge													-	-
University of Saskatchewan													-	-
For endowments or restricted									6,920	4,935	9,579	12,746	16,499	17,681
Program donations	44,221	4,437	22,201	41,927									66,422	46,364
Event fundraising				9,047									-	9,047
Investment income	44,525	28,485	1,881	1,450		879			72,619	54,552	22,194	16,780	141,219	102,146
Other income	1,301	100,797											1,301	100,797
	750,803	770,388	24,082	52,424	-	879	7,500	7,500	79,539	59,487	31,773	29,526	893,697	920,204
<b>Expenditures</b>														
Grants for post-secondary institutions:														
For operations														
Athabasca University	30,000	16,100											30,000	16,100
Concordia University		9,000											-	9,000
College of Alberta													-	-
NAIT	15,000												15,000	-
MacEwan University	14,500												14,500	-
Mount Royal University	14,800	13,940											14,800	13,940
University of Alberta	50,000	47,500											50,000	47,500
University of Calgary	50,000	45,000											50,000	45,000
University of Lethbridge	36,000	24,870											36,000	24,870
University of Saskatchewan													-	-
Other discretionary		2,958											-	2,958
For capital or endowments (note 4)														
University of Alberta							7,500	7,500					7,500	7,500
University of Lethbridge	12,400	9,400											12,400	9,400
30 <sup>th</sup> Anniversary Scholarship	29,500	33,500											29,500	33,500
Grants for PhD students	101,038	120,000											101,038	120,000
Teaching prizes	17,023	17,135											17,023	17,135
Student awards & support	6,000	(1,500)							50,410	34,750	21,500	23,625	77,910	56,875
Program expenditures	99,515	107,810	21,512	119,147		34,685				1,000			121,027	262,642
Operating expenses (Sch III)	86,489	156,306											86,489	156,306
	562,265	602,019	21,512	119,147	-	34,685	7,500	7,500	50,410	35,750	21,500	23,625	663,187	822,726
<b>Excess/(deficiency) of Revenues over expenditures</b>	188,538	168,369	2,570	(66,723)	-	(33,806)	-	-	29,129	23,737	10,273	5,901	230,510	97,478
Redirecting of fund balance	386	-	-	-	(386)	-	-	-	-	-	-	-	-	-
Net assets, beginning of year	647,286	478,917	31,667	98,390	386	34,192	-	-	1,592,113	1,568,376	488,659	482,758	2,760,111	2,662,633
<b>Net assets, end of year</b>	\$ 836,210	\$ 647,286	\$34,237	\$31,667	\$ -	\$ 386	\$ -	\$ -	\$1,621,242	\$1,592,113	\$498,932	\$488,659	\$2,990,621	\$2,760,111

# Schedule III: Operating Expenses as at March 31

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	<b>2014</b>	<b>2013</b>
Staff services – ICAA	\$ 47,963	\$ 82,572
Office and professional fees	28,960	67,188
Administration expenses	9,566	6,546
	<hr/>	<hr/>
	\$ 86,489	\$156,306

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## Appendix: 2013/14 CAEF Board of Governors

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**Alex Tutschek CA, Chair**

Boundary Equipment Co. Ltd.

*Edmonton*

**Joanne Belliveau CA, Vice-Chair**

NAIT

*Edmonton*

**Karen Munjak CA, Secretary-Treasurer**

Willsey Davis & Co. LLP

*Grande Prairie*

**Mike Shaikh FCA**

Businessman, Senator-elect and past chair of Calgary Police Commission

*Calgary*

**Ryan MacDonald CA**

Ernst & Young LLP Chartered Accountants

*Calgary*

**Dan Silvester CA**

Silvester Real Estate Services Inc.

*Calgary*

**Lara Gaede CA**

Alberta Securities Commission

*Calgary*

**John Pinsent FCA**

St. Arnaud Pinsent Steman Chartered Accountants

*Edmonton*

**Dave Bodnarchuk CA**

Event IQ Inc.

*Edmonton*

**Theresa Acchione CA**

Shell Canada

*Calgary*