

CPA Education Foundation
(Formerly, Chartered Accountants'
Education Foundation)
Annual Report 2015

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Message from the Chair

Fiscal year 2014/15 provided an excellent opportunity for growth for the Foundation: with the unification of the three regulated accounting designations in Alberta under the Chartered Professional Accountant banner, the Board of Governors chose to embrace a new name – the CPA Education Foundation – and logo to represent our evolution with the profession.

Thanks to unification, there are now over 27,000 designated accountants in Alberta who are contributing to the work of the Foundation. The unifying designations have all built remarkable records of achievement in supporting business education and students over the decades; the CPA Education Foundation will combine these achievements under one foundation with the goal of advancing the CPA designation.

In the midst of all these historic changes, the Foundation will continue to represent the very best of our profession. It will continue to support accounting and business education throughout the province and provide opportunity for young Albertans seeking careers as designated accountants. It will also continue to create meaningful connections between the profession and accounting educators.

As outgoing Chair of the Foundation, it has been an honour to serve with such a visionary group of individuals. I extend my gratitude to my fellow Board members, whose hard work and dedication to the Foundation and its goals have brought great distinction to the CPA Education Foundation and to our profession.

Respectfully submitted,

Alex Tutschek, FCPA, FCA
Chair, CPA Education Foundation Board of Governors

Management's Discussion & Analysis September 11, 2015

Management's Discussion and Analysis

The following is Management's Discussion and Analysis (MD&A) of the CPA Education Foundation's ("the Foundation") operating and financial results as at, and for the year ended March 31, 2015, as well as information and estimates concerning the Foundation's future outlook based on currently available information. This discussion should be read in conjunction with the Foundation's audited financial statements as at March 31, 2015 and March 31, 2014 for the years ended March 31, 2015 and March 31, 2014, together with accompanying notes. All financial information is reported in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. On April 10, 2015, the Chartered Accountants' Education Foundation changed its name to CPA Education Foundation to represent the unification of the accounting profession.

Forward Looking Information

This MD&A was prepared on September 11, 2015, and is management's assessment of the Foundation'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.6) in this MD&A.

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

2015 marks the culmination of the Foundation's three-year strategic plan. This plan, which was developed by the Board of Governors, implemented various strategic initiatives that focused on:

- supporting accounting research;
- focusing funding to support business and accounting education;
- developing and implementing a donor stewardship program;
- developing a new legacy project; and
- planning for the future unification of the profession in Alberta.

Key Performance Drivers

As an organization that operates in the not-for-profit sector, the Foundation 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 Foundation's success are financial performance and accomplishments compared to strategic initiatives supported by the business plan.

Financial Performance

The Foundation's 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.

Achieving Goals

The goals of the Foundation were outlined in its 2014/15 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.

Management's Discussion & Analysis September 11, 2015

Capability to deliver results

The Foundation'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, 2015, the Foundation had cash and investments totaling approximately \$3,100,000 (2014 - \$3,000,000). 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. Investments are managed by a qualified investment counselor in consultation with the Board's Investment Committee.

Net Assets

Net assets at March 31, 2015, totaled \$3,160,000 (2014 - \$2,990,000), comprising: \$2,142,000 (2014 - \$2,120,000) externally restricted by the contributors, and \$1,018,000 (2014 - \$836,000) in unrestricted net assets. There are currently no internally restricted net assets (2014 - \$34,000).

Non-financial Resources

In addition to one full time staff position, the Foundation relies on experienced volunteers and the staff of CPA Alberta and its predecessor organizations to carry out its mandate. The Foundation benefits enormously from the support of designated professional accountants who volunteer time and energy to strengthen the goals of the Foundation. Among the volunteers and staff are diverse backgrounds and specialties that the Foundation can draw on to advance its goals. These volunteers and staff ensure that the Foundation's goals are achieved.

Results for 2014/15

In 2014/15, the final year of planning under the most-recent three-year strategic plan, the Foundation 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:

- **Diving Into Business**

In November 2014, the Foundation hosted "Diving Into Business", a conference that invited young business professionals from the profession to learn about the soft skills needed to succeed in a career in accounting. A variety of speakers presented on topics such as dressing for success, business writing, inter-generational relationships at work, creating constructive relationships, building a brand, and dinner etiquette. .

- **Legacy Scholarships**

Continuing with its commitment to providing financial support to exceptional students, the Foundation awarded \$22,000 in the form of Legacy Scholarships. These awards were available to a variety of students, including: Alberta high schools, post-secondary, CPA Western School of Business (formerly CA School of Business) students, and CPA Professional Education Program candidates. The Foundation received over 100 applications for the Legacy Scholarships.

- **Expanding the Foundation**

With unification underway, the Foundation welcomed the addition of the first non-CA member, W. Doug Wylie CPA, CMA, to the Board. This addition represented a starting point for the Foundation's evolution with unification.

Also a new name was chosen for the Foundation to reflect its expansion under unification: the CPA Education Foundation (details of this new name and its implementation are detailed under "Outlook for 2015/16").

Management's Discussion & Analysis September 11, 2015

- **New Awards and Funds**

2014/15 marked the first presentation of the Douglas R. Hagerman FCA Entrance Scholarship, valued at \$2,500 and the Lorenz Richer Currie Chartered Accountants Award, valued at \$1,500.

In collaboration with the Edmonton Community Foundation, the Foundation added four awards funded by David Bentley FCPA, FCA and Janet Bentley for presentation in 2015. The awards are as follows: the David Bentley FCPA, FCA and Janet Bentley High School Excellence Award (\$2,400); the David Bentley FCPA, FCA and Janet Bentley Post-Secondary Excellence Award (2 awards valued at \$3,000 each); and the David Bentley FCPA, FCA and Janet Bentley CPA PEP Excellence Award (\$3,500).

A new endowment fund was established by Peter Kruczko CA to enhance the ability of post-secondary students in Alberta to pursue a business/commerce degree by offering an annual scholarship of \$2,000 in memory of Gordon Woodman FCA.

- **Innovations in Accounting Education Fund**

The Foundation provides annual funding to post-secondary institutions to support accounting education. Funding requests to the Innovations in Accounting Fund are adjudicated based on each proposal's commitment to supporting the Foundation's goals, advancing the quality of business education, enhancing the academic strengths of the school, and enriching students' learning experiences.

In 2014/15, the Foundation provided a total of \$238,000 to post-secondary institutions from the Innovations in Accounting Education Fund.

- **Supporting PhD Candidates**

As part of the Foundation's commitment to supporting individuals interested in pursuing their doctoral studies in Accounting, the PhD Support Program assists individuals who aspire to return to the post-secondary classroom and teach the next generation of business leaders.

The Foundation awarded a total of \$100,000 to PhD candidates in 2014/15.

- **Financial Literacy Month**

In partnership with its counterparts at CPA Alberta Joint Venture, the Foundation organized financial literacy information sessions for both post-secondary and high school students in November 2014. These sessions provided the Foundation with the opportunity to foster relationships with the academic community, as the post-secondary sessions were held in partnership with the Accounting Club, Commerce Club, and Enactus at MacEwan University.

The Foundation's efforts for Financial Literacy Month resulted in media coverage for the Foundation.

- **Conference for Academics**

The Foundation hosted its 5th annual Conference for Academics in May 2014. This conference brought in 88 attendees, which was a 35% increase from the previous year. Similar to 2013, the conference not only provided attendees with the opportunity for professional development, broadening their knowledge base, and networking with and learning from the academic community, but, in addition, the conference's theme of "Changing Landscapes", informed guests of the upcoming changes to the profession as a result of unification.

Management's Discussion & Analysis September 11, 2015

- **2014 CAEF Impact Award Recipient**

The third annual CAEF Impact Award was awarded to Jane Halford FCA. As Executive Director of the Foundation from 2005-2012, Jane spearheaded several innovative initiatives to bolster the Foundation's reputation and advance the profession. Some of these projects included the Bridging Program, which provided non-accounting degree holders the opportunity to earn the pre-requisites necessary to enter the profession. She also led the creation of the financial literacy program in 2012 and fundraised over \$225,000 for its success. The Foundation's financial literacy web portal, "The Money Project", was recognized by the Government of Alberta with an Alberta Consumer Champion Award.

Outlook for 2015/16

- **Planning for Unification**

In preparation for unification of the profession, the Foundation has led, and continues to lead, several initiatives to ensure a smooth transition for any additions or changes to the Foundation in the upcoming months. These initiatives include:

- Using annual publications and events as a means to construct a positive framework for upcoming changes to the Foundation (e.g., the 2015 Annual Conference for Academics – Bold New Directions, the Foundation's annual Report to the Community 2015, *Momentum*);
- Hosting luncheons in both Calgary and Edmonton in June 2015, to serve as donor recognition events and celebrations of the newly expanded Foundation; and
- Implementing a new name (CPA Education Foundation) and re-branding our website, promotional items, publications, etc.

- **New Strategic Plan**

As the Foundation begins working with the new CPA profession, a new strategic plan will be created in the Fall of 2015 to determine the needs in the marketplace and what activities would be best-suited to meet the changing priorities of the profession.

- **New Research Funding Model**

A new program will be implemented to support research in Alberta. Research grants will go towards individuals pursuing research projects in the accounting field. A committee will be struck to determine the parameters of this fund, including criteria for selection, deadlines, eligibility, and how projects will be adjudicated.

- **Promoting the Foundation**

With increased membership (approximately 27,000 members), the Foundation will be increasing promotional activity to ensure all members are aware of the Foundation's mission and vision as well as donor opportunities.

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 Foundation 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 Foundation. Management works to mitigate this risk with effective communications and

Management's Discussion & Analysis September 11, 2015

donor stewardship. The investment income is dependent on the capital markets. The Foundation is subject to market volatility, which can impact the ability to meet obligations to stakeholders. To minimize the likelihood and impact of 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 Foundation relies on the services of volunteers and CPA Alberta 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 Foundation could eventually incur a significant cost in trying to replace lost expertise. To mitigate this risk, the Foundation 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

To the Board of Governors of the CPA Education Foundation
(formerly Chartered Accountants' Education Foundation):

Report on the Financial Statements

We have audited the accompanying financial statements of the CPA Education Foundation (formerly Chartered Accountants' Education Foundation), which comprise the statement of financial position as at March 31, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

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 CPA Education Foundation (formerly Chartered Accountants' Education Foundation) as at March 31, 2015 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.

Donnelly & Co. LLP
Chartered Accountants
Edmonton, AB
September 11, 2015

Management's Responsibility for Financial Reporting

The accompanying financial statements of the CPA Education Foundation (formerly Chartered Accountants' Education Foundation) (the "Foundation") 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 Foundation 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 Foundation'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 and a non-Board member, 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, FCP, FCA
Executive Director
CPA Education Foundation

Min Yao, CPA, CMA
Director of Finance and Administration
CPA Alberta

September 11, 2015

CPA Education Foundation
 (formerly Chartered Accountants' Education Foundation)

Statement of Financial Position

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Assets		
Cash and cash equivalents	\$ 1,286,855	\$ 815,105
Accounts receivable (note 5)	6,861	13,800
PhD Loan receivable	26,003	-
Investments (note 7)	1,811,837	2,185,616
Prepaid expenses	-	1,000
	3,131,556	3,015,521
PhD Loan receivable – long term	65,751	-
	\$ 3,197,307	\$ 3,015,521
Liabilities		
Accounts payable (note 5)	\$ 36,627	\$ 24,900
Net Assets (note 8 and Schedule I and II)		
Restricted externally for endowment purposes	1,649,237	1,621,242
Restricted externally for other purposes	492,807	498,932
Internally restricted, Financial Literacy	-	34,237
Unrestricted	1,018,636	836,210
	3,160,680	2,990,621
	\$ 3,197,307	\$ 3,015,521

Approved on behalf of the Board of Governors

Alex Tutschek, FCPA, FCA
 Chair

John Pinsent, FCPA, FCA
 Secretary Treasurer

CPA Education Foundation
(formerly Chartered Accountants' Education Foundation)

**Statement of Operations and Changes in Net Assets
for the year ended March 31**

	<u>2015</u>	<u>2014</u>
Revenues		
Contributions:		
Member fees (note 5)	\$ 680,265	\$ 660,756
For capital or endowments (note 4 & Schedule II)	-	7,500
For restricted funds (note 8 & Schedule I)	62,090	16,499
Program donations (Schedule II)	46,718	66,422
Investment income:		
Interest and dividends	82,839	72,927
Realized gain (loss) on investments	12,331	(15,452)
Unrealized gain (loss) on investments	(44,324)	83,744
Other income (PhD loan repayment)	100,798	1,301
	<u>940,717</u>	<u>893,697</u>
Expenditures (Schedule II)		
Grants for post-secondary institutions:		
For operations	238,000	210,300
For capital or endowments (note 4 & Schedule II)	-	19,900
Forgivable loans for PhD students	100,000	101,038
Student awards and support (note 8)	74,500	77,910
Legacy scholarships	22,000	29,500
Teaching prizes	25,500	17,023
Other program expenditures	179,587	121,027
Operating expenses (Schedule III)	131,071	86,489
	<u>770,658</u>	<u>663,187</u>
Excess of revenues over expenditures	170,059	230,510
Net assets, beginning of year	2,990,621	2,760,111
Net assets, end of year	<u>\$3,160,680</u>	<u>\$2,990,621</u>

CPA Education Foundation
 (formerly Chartered Accountants' Education Foundation)

Statement of Cash Flows
for the year ended March 31

	<u>2015</u>	<u>2014</u>
Operating Activities		
General Fund		
Contributions received	\$ 827,782	\$735,979
Investment income received	18,380	24,218
	846,162	760,197
Expenditures and grants paid	(796,556)	(664,129)
	49,606	96,068
Flow Through Fund		
Contributions received	-	7,500
Expenditures and grants paid	-	(7,500)
	-	-
Restricted Fund		
Contributions received	55,030	16,499
Investment income received	30,545	46,652
	85,575	63,151
Expenditures and grants paid	(68,500)	(71,910)
	17,075	(8,759)
Cash from operations	66,681	87,309
Investing Activities		
Purchase of investments	(2,503,765)	(592,087)
Sale of investments	2,908,834	650,193
Cash used from investing	405,069	58,106
Increase in cash and cash equivalents	471,750	145,415
Cash and cash equivalents, beginning of year	815,105	669,690
Cash and cash equivalents, end of year	\$ 1,286,855	\$815,105

CPA Education Foundation

(formerly Chartered Accountants' Education Foundation)

Notes to Financial Statements for the year ended March 31, 2015

1. Nature of the Organization

The Chartered Accountants' Education Foundation (the Foundation) was established in 1982 by the Institute of Chartered Accountants of Alberta (ICAA) and is incorporated under the *Societies Act of Alberta*. On April 10, 2015, the Foundation's name was changed to CPA Education Foundation. The Foundation 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 organization 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.

Subsequent to March 31, 2015, the ICAA amalgamated with the Certified General Accountants' Association of Alberta and the Society of Management Accountants of Alberta to form Chartered Professional Accountants of Alberta (CPA Alberta). CPA Alberta assumed all of the rights and obligations of the ICAA.

2. Foundation Funds

General Fund

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

Internally Restricted Fund

Management has an internally restricted fund raised in connection with one important initiative to be spent according to the project charter.

- Financial Literacy - in September 2010, the Foundation launched a new fund development campaign called Paying it Forward. The goals of this 2 year campaign were to raise funds for projects that provide financial literacy and personal money management tools and resources for young Albertans. In 2014/15 the Financial Literacy project was transitioned to CPA Alberta for continued operation.

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 CPA Canada Handbook - Accounting. Significant accounting policies are described below:

CPA Education Foundation

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Notes to Financial Statements for the year ended March 31, 2015

a) Donated Services

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

b) Revenue Recognition

The Foundation 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 and cash equivalents

Cash and cash equivalents include cash balances and cash held in an 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.

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 post-secondary institutions 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 and dividend 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.

CPA Education Foundation

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Notes to Financial Statements for the year ended March 31, 2015

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

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 Foundation are recorded as expenditures in the general fund.

a) University of Lethbridge – Management Building

The Foundation, on a multi-year basis, provided \$484,000 towards a capital campaign for the University of Lethbridge, which was completed in 2014. In 2008, the Foundation committed a further \$125,000 on a prescribed matching basis toward a capital campaign for the University of Lethbridge; payments that commenced in 2008 extended over a period of five years and have been completed.

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 Foundation, 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 Foundation obligations under this program.

5. Institute of Chartered Accountants of Alberta

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

The Council also established the level of contributions to the Foundation by way of a component of the annual fees assessed to ICAA members. For 2015, ICAA paid \$75 (2014 – \$75) for every resident member, and \$25 (2014 - \$25) for every non-resident member for a total of \$680,265 (2014 – \$660,756). In addition, certain ICAA staff devoted time to Foundation affairs for which no charges are incurred.

The Foundation paid \$237,665 (2014 – \$172,795) to the ICAA for costs incurred on behalf of the Foundation.

The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due to the ICAA at March 31, 2015 total \$15,060 (2014 - \$ 11,181) and are included in Accounts payable. Amounts due from ICAA at March 31, 2015 total \$558 (March 31, 2014 - \$7,826),

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Notes to Financial Statements for the year ended March 31, 2015

and are included in Accounts receivable.

6. Financial Instruments and Risk Management

Investments are carried at fair value as determined directly by reference to published price quotations in an active market. Interest rates on marketable investments vary from approximately 2.0% to 5.0% per annum. (In 2014, the annual interest rate on marketable investments ranged from 4.0% to 6.5% per annum).

Credit Risk

The PhD Loan receivable is subject to credit risk as this receivable is due from one party only.

Interest Rate Risk

The investments of the Foundation are subject to interest rate 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 Foundation be required to sell at a time that the market for the investments is unfavourable.

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. The Foundation is exposed to other price risks through its investment in quoted shares.

The Foundation manages its credit, interest rate, liquidity and other price risks by investing in 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 Foundation's expectation to hold its investments to maturity, its cash flows are exposed to minimal price and liquidity risk.

7. Investments

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

	March 31 2015		March 31 2014	
Fixed income securities	\$ 849,641	47%	\$1,193,570	55%
Equities: Canadian	571,893	32%	762,238	35%
US	390,303	21%	229,808	10%
	\$1,811,837	100%	\$2,185,616	100%
Cost	\$1,804,379		\$2,037,194	

The investment policy is set by the Board of Governors and its main objective is the preservation of capital.

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Notes to Financial Statements for the year ended March 31, 2015

8. Restricted Net Assets

The Foundation 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 Foundation funds and the net investment income is allocated, proportionate to net assets:

Fund	Schedule I	Year Established
Restricted externally for endowment purposes		
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
Gordon Woodman FCA and Peter Kruczko CA Fund	Woodman / Kruczko	2014
Restricted externally for other purposes		
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 Leona Biggs Fund	Biggs	2012

Schedule I: Restricted Net Assets as at March 31, 2015

	Net Assets Beginning	Contributions	Investment Income (Loss)*	Expenditures	Excess (deficiency) of Revenue Over Expenditure	Net Assets Ending
Restricted externally for endowment purposes (Note 8)						
Christenson	\$ 77,771	\$ -	\$ 1,059	\$ (2,500)	\$ (1,441)	\$ 76,330
Connelly	57,718	-	757	(2,000)	(1,243)	56,475
Cormier	79,023	-	1,074	(1,000)	74	79,097
Easton	74,304	530	1,009	-	1,539	75,843
Glover	306,000	-	4,158	-	4,158	310,158
Hagerman	35,358	-	483	(500)	(17)	35,341
Haskayne	130,116	-	1,727	(2,000)	(273)	129,843
KBH	42,425	-	607	(2,500)	(1,893)	40,532
Milavsky	62,068	-	832	(2,500)	(1,668)	60,400
Miller	66,841	-	886	(2,500)	(1,614)	65,227
Nicoli-Griffiths	28,723	-	391	(1,000)	(609)	28,114
Parry	20,585	-	280	(1,000)	(720)	19,865
Rasmussen	24,102	-	336	(1,000)	(664)	23,438
Schaefer Mt. Royal	87,313	-	1,217	(3,500)	(2,283)	85,030
Sharpe	47,740	-	651	(3,000)	(2,349)	45,391
Swonek	73,504	2,500	991	(2,000)	1,491	74,995
Tupper	31,190	-	424	-	424	31,614
Valentine	92,836	-	1,194	(5,000)	(3,806)	89,030
Waller	107,894	-	1,415	(3,750)	(2,335)	105,559
Winspear	175,731	-	2,485	(11,000)	(8,515)	167,216
Woodman / Kruczko	-	50,000	(261)	-	49,739	49,739
	\$ 1,621,242	\$ 53,030	\$ 21,715	\$ (46,750)	\$ 27,995	\$ 1,649,237
Restricted externally for other purposes						
ARF	\$ 19,452	\$ -	\$ 264	\$ -	\$ 264	\$ 19,716
Baker	5,512	-	75	-	75	5,587
Biggs	24,229	7,060	290	(2,000)	5,350	29,579
Card	12,032	-	164	(1,500)	(1,336)	10,696
Collins	31,365	-	426	-	426	31,791
Kouri	18,929	-	254	(750)	(496)	18,433
Lissey	34,911	2,000	482	(2,000)	482	35,393
McClement	18,729	-	254	-	254	18,983
Morgan	246,893	-	3,219	(10,000)	(6,781)	240,112
Ross	4,542	-	48	(1,000)	(952)	3,590
Schaefer	50,669	-	677	(2,500)	(1,823)	48,846
Wilson	31,669	-	412	(2,000)	(1,588)	30,081
	\$ 498,932	\$ 9,060	\$ 6,565	\$ (21,750)	\$ (6,125)	\$ 492,807
2015 Total	\$ 2,120,174	\$ 62,090	\$ 28,280	\$ (68,500)	\$ 21,870	\$ 2,142,044
2014 Total	\$ 2,080,772	\$ 16,499	\$ 94,813	\$ (71,910)	\$ 39,402	\$ 2,120,174

*Net of fair value adjustment

Schedule II: Operations & Changes in Net Assets

Revenues	Unrestricted		Internally Restricted Financial Literacy		Flow through		Restricted - Endowment (Schedule I)		Restricted - Other (Schedule I)		Total	Total
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Contributions												
ICAA members fees (note 5)	\$ 680,265	\$ 660,756	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 680,265	\$ 660,756
For post-secondary capital or endowments (note 4)												
University of Alberta						7,500					-	7,500
University of Lethbridge											-	-
University of Saskatchewan											-	-
For endowments or restricted							53,030	6,920	9,060	9,579	62,090	16,499
Program donations	45,468	44,221	1,250	22,201							46,718	66,422
Event fundraising											-	-
Investment income	21,941	44,525	625	1,881			21,715	72,619	6,565	22,194	50,846	141,219
Other income	100,798	1,301									100,798	1,301
	848,472	750,803	1,875	24,082	-	7,500	74,745	79,539	15,625	31,773	940,717	893,697
Expenditures												
Grants for post-secondary institutions:												
For operations												
Athabasca University	30,000	30,000									30,000	30,000
Concordia University											-	-
SAIT	14,900										14,900	-
NAIT	15,000	15,000									15,000	15,000
MacEwan University	15,000	14,500									15,000	14,500
Mount Royal University	17,600	14,800									17,600	14,800
University of Alberta	50,000	50,000									50,000	50,000
University of Calgary	50,000	50,000									50,000	50,000
University of Lethbridge	45,500	36,000									45,500	36,000
For capital or endowments (note 4)												
University of Alberta						7,500					-	7,500
University of Lethbridge		12,400									-	12,400
Legacy Scholarships	22,000	29,500									22,000	29,500
Grants for PhD students	100,000	101,038									100,000	101,038
Teaching prizes	25,500	17,023									25,500	17,023
Student awards & support	6,000	6,000					46,750	50,410	21,750	21,500	74,500	77,910
Program expenditures	138,666	99,515	40,921	21,512							179,587	121,027
Operating expenses (Sch III)	131,071	86,489									131,071	86,489
	661,237	562,265	40,921	21,512	-	7,500	46,750	50,410	21,750	21,500	770,658	663,187
Excess/(deficiency) of Revenues over expenditures	187,235	188,538	(39,046)	2,570	-	-	27,995	29,129	(6,125)	10,273	170,059	230,510
Redirecting of fund balance	(4,809)	386	4,809	-	-	-	-	-	-	-	-	386
Net assets, beginning of year	836,210	647,286	34,237	31,667	-	-	1,621,242	1,592,113	498,932	488,659	2,990,621	2,759,725
Net assets, end of year	\$ 1,018,636	\$ 836,210	\$ -	\$34,237	\$ -	\$ -	\$1,649,237	\$1,621,242	\$492,807	\$498,932	\$3,160,680	\$2,990,621

Schedule III: Operating Expenses as at March 31

	2015	2014
Staff services	\$ 84,302	\$ 47,963
Office and professional fees	22,887	28,960
Administration expenses	23,882	9,566
	<hr/>	<hr/>
	\$ 131,071	\$ 86,489

Appendix: 2014/15 Board of Governors

Alex Tutschek FCPA, FCA, Chair

Boundary Equipment Co. Ltd.

Edmonton

Joanne Belliveau CPA, CA, CGA, Vice-Chair

NAIT

Edmonton

John Pinsent FCPA, FCA, Secretary Treasurer

St. Arnaud Pinsent Steman Chartered Accountants

Edmonton

Theresa Acchione CPA, CA

Shell Canada

Calgary

Dave Bodnarchuk FCPA, FCA

Event IQ Inc.

Edmonton

Michael Burnyeat CPA, CA

Redrock Camps Inc.

Calgary

Lara Gaede FCPA, FCA

Alberta Securities Commission

Calgary

Ryan MacDonald CPA, CA

Ernst & Young LLP Chartered Accountants

Calgary

Bruce Picton CPA, CA

Kingston Ross Pasnak LLP

Edmonton

Dan Silvester CPA, CA

Silvester Real Estate Services Inc.

Calgary

W. Doug Wylie CPA, CMA

Office of the Auditor General of Alberta

Edmonton