

CPA EDUCATION FOUNDATION

ANNUAL REPORT

2017/18

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Message from the Vice-Chair

2017/18 was a very exciting and productive year for the CPA Education Foundation. From the many projects delivered through our No Limits initiative to an amazing Business Challenge case competition, the Foundation had many opportunities to advance business and accounting education in Alberta and support students pursuing careers in business and accounting.

A highlight of the year for the Foundation was the first-ever Indigenous Learners Gathering, which the Foundation supported and worked on in partnership with the Aboriginal Financial Officers Association of Alberta. It was an eye-opening experience for the Foundation Board and staff members who were able to attend; they came away with a heightened awareness of the barriers that Indigenous Albertans can face, as well as the boundless potential of Indigenous students to contribute to Alberta's future. The Foundation extends its thanks to Robert Andrews CPA, CMA and his AFOA Alberta team for the tremendous work they put into organizing this unique and important event. We look forward to getting started on planning next year's conference!

This event was just one of many activities undertaken by the Foundation in 2017/18. In the pages that follow, readers can learn more about the highlights of the Foundation's year. None of the Foundation's endeavours to advance education would be possible without the generous support of all Alberta CPAs as well as other Albertans who believe in the Foundation's mission and goals. I want to thank all of those individuals who supported the Foundation in 2017/18 with their donations, their time, their ideas, and their commitment to accounting education in Alberta. All of us at the Foundation are deeply grateful to the generosity of those CPAs and others who give so thoughtfully to the Foundation.

I also express my thanks to my fellow Board members for their commitment to the Foundation in 2017/18. All Foundation Board members are volunteers who devote a significant amount of their time and energy to ensuring the Foundation is successful as well as accountable to Alberta CPAs.

I should note that in March 2018, then-Board Chair Doug Wylie FCPA, FCMA was officially named as Alberta's new Auditor General. This appointment meant that Doug had to step down from his position as Board Chair earlier than anticipated. While everyone at the Foundation was sad to see Doug leave his leadership position with us, we are extremely proud of Doug and wish him every success in his new role, a role that is so crucial to the province and all Albertans. We also thank Doug for his contributions to the success of the Foundation during his many years on the Board.

As notable and auspicious as 2017/18 was for the CPA Education Foundation, I am confident that the future is even brighter for the Foundation. On behalf of the Board of Governors, I thank everyone who made a difference for the Foundation in 2017/18, and I invite you to stay involved with us as we continue to grow and strengthen our presence in the community.

Sincerely,

Dave Bodnarchuk FCPA, FCA
Vice-Chair, CPA Education Foundation

Mission, Vision and Values

Mission: The CPA Education Foundation positively impacts accounting education opportunities and those who inspire and develop future Alberta CPAs.

Vision: Fostering learning excellence for future Alberta CPAs.

Values of the CPA Education Foundation

As the charitable arm of the CPA profession in Alberta, the CPA Education Foundation strives to operate in accordance with the following key values that underpin all of its activities.

- We are accountable: The Foundation feels a strong obligation to stakeholders to exercise the utmost fiscal responsibility.
- We exemplify professionalism: The Foundation's Directors and management team are grounded in ethical principles that reflect the very best qualities of the profession.
- We are supportive: The Foundation promotes the advancement of current and future accounting education and supports those who seek and deliver that education.
- We strive to create accessibility: The Foundation strives to reduce and eliminate barriers to accounting education for those who choose to pursue it.
- We are collaborative: The Foundation places a high value on the benefits of working together with our stakeholders and partners in enhancing accounting education.

Management's Discussion & Analysis, June 14, 2018

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, 2018, 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 for the years ended March 31, 2018 and March 31, 2017, 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 14, 2018, 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.9) in this MD&A.

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 how effectively its financial resources have been managed.

Achieving Goals

The goals of the Foundation were outlined in its 2017/18 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 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, 2018, the Foundation had cash and investments totaling approximately \$5,475,000 (2017 - \$4,980,000). Investments are presented at fair value. The Foundation's investments are a diverse portfolio of fixed income, Canadian, US and global 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, 2018, totaled \$4,940,000 (2017 - \$4,934,000), comprising: \$3,204,000 (2017 - \$3,238,000) externally restricted by the contributors, and \$1,736,000 (2017 - \$1,696,000) in unrestricted net assets.

Non-financial Resources

The Foundation relies on experienced volunteers and CPA Alberta to carry out its mandate. The Foundation benefits enormously from the support of Chartered 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 2017/18

Fiscal 2017/18 was a year of remarkable growth and achievement for the CPA Education Foundation. From the successful completion of the No Limits fundraising campaign to the awarding of a record number of awards to accounting students and other recipients, the year was marked by a number of Foundation activities that helped advance accounting education in Alberta and contribute to the growth and reputation of the CPA profession.

- **Projects to Support Indigenous Learners Launched as Part of the No Limits Initiative**

2017/18 was the second year for the Foundation's No Limits initiative, aimed at connecting with Indigenous communities and providing information and support to Indigenous peoples in Alberta interested in pursuing careers in business and accounting. Thanks in large part to hundreds of generous donations from Alberta Chartered Professional Accountants, the Foundation was able to undertake several activities to support Indigenous learners throughout the province. Most of these activities were achieved in partnership with the Aboriginal Financial Officers Association of Alberta.

As part of the No Limits initiative, in 2017/18 the Foundation:

- Supported and participated in the first-ever Indigenous Learners Gathering held at Enoch, Alberta. This three-day conference connected Indigenous post-secondary students from across the province with representatives from post-secondary institutions as well as the CPA profession. The conference included sessions on cultural resiliency, understanding and addressing challenges in First Nations through a multi-disciplinary approach as well as cultural activities and many opportunities for networking and fellowship. The Foundation thanks the Aboriginal Financial Officers Association of Alberta for its commitment to organizing this conference, as well as the many participants who helped make the conference a huge success.
- Successfully completed its historic, two-year No Limits fundraising campaign. The Foundation's goal of raising \$150,000 in donations in support of Indigenous learning wrapped up in 2017/18, with the target being met and slightly exceeded. This success was due entirely to the generosity of the many CPAs, corporations and other individuals who demonstrated a commitment to the goals of the No Limits initiative. The Foundation matched all of the donations dollar for dollar.
- Achieved progress in its partnership with the Aboriginal Financial Officers Association of Alberta (AFOA Alberta). Through a unique partnership agreement, the Foundation and the AFOA Alberta jointly embarked on a number of activities designed to increase awareness of and access to business education opportunities for Indigenous Albertans. In 2017/18 the AFOA Alberta completed two systematic reviews of barriers and drivers of success for Indigenous post-secondary students and under-represented populations in STEM (Science, Technology, Engineering and Mathematics) programs as a proxy for business programs.

Management's Discussion & Analysis, June 14, 2018

- Awarded seven scholarships and financial awards to Indigenous post-secondary students. These scholarships help Indigenous students complete their education and prepare them to contribute to their communities and the province following graduation.

- **10th Annual Business Challenge Case Competition Held**

Held in Calgary in March, the Foundation's annual Business Challenge case competition attracted student teams from eight Alberta post-secondary institutions. During the two-day event, the teams competed to develop solutions to a real-life business challenge presented by WestJet. This year's competition, the 10th annual event of its kind, combined learning with networking opportunities, social activities and spirited competition – all with the goal of engaging students with business leaders and CPAs in a friendly and positive environment. The team from the University of Lethbridge earned first prize in the competition, with the University of Calgary capturing second place and SAIT finishing third.

- **Get Connected and Bowl-a-Rama Events Held in Centres Across Alberta**

"Get Connected" and "Bowl-a-Rama" events were held in Calgary, Edmonton, Lethbridge and other locations in 2017/18. These events, sponsored by the Foundation and hosted in partnership with CPA Alberta, provided opportunities for post-secondary accounting students to network with CPAs, learn about the CPA profession, develop job leads, and hear first-hand from CPAs about the ways in which the CPA designation opens doors for career growth. In all, these events attracted over 600 accounting students and helped raise awareness of and interest in the profession among students.

- **Second Round of Grants Awarded from the Research Grant Program**

In 2017/18, the CPA Education Foundation distributed \$27,500 in funding to accounting research projects at two Alberta post-secondary institutions. These grants were funded by the Foundation's Research Grant Program, which is supported by generous donors to the Foundation.

Decisions on research grants are made by the Foundation based on recommendations of a Research Grant Panel, comprising Foundation representatives and external adjudicators. The panel reviewed a number of research grant applications and made recommendations based on their evaluations of the applications. The Foundation extends thanks to external participants on the panel, including Steve Glover FCPA, FCA and Catherine Lam CPA, CMA.

- **Conference for Academics Held in May**

The Foundation's 8th annual Conference for Academics was held in Red Deer in May 2017. Each year, this conference continues to grow in terms of registrant size and scope of programming. A highlight of the 2017 conference was the event's first-ever video session. In a half-hour video produced especially for the conference, Robert Andrews CPA, CMA, Executive Director of the Aboriginal Financial Officers Association of Alberta discussed how post-secondary educators can help to maximize the success of Indigenous students.

- **Supporting Post-secondary Institutions**

In 2017/18, the Foundation provided a total of \$814,000 to post-secondary institutions that offer degree programs recognized for admission into the CPA Professional Education Program. This funding came from the Innovations in Accounting Education Fund and the Faculty Recruitment and Retention Grant Program. The Innovations fund provides support for programs and initiatives that support the Foundation's goals of advancing the quality of business education and increasing access for students. The Faculty Recruitment program provides funding to help post-secondary institutions attract and retain qualified accounting instructors.

Management's Discussion & Analysis, June 14, 2018

- **2017 CPA Education Foundation Impact Award Recipients**

Each year the Foundation presents its Impact Award to an individual or individuals whose commitment to the work of the Foundation has been significant and positive. In 2017, the award was shared by David Bentley FCPA, FCA and Janet Bentley. Mr. and Mrs. Bentley have been generous supporters of the Foundation for many years. Their commitment to creating opportunities for young Albertans has been profound and far-reaching. Their contributions include the creation of the David Bentley FCPA, FCA and Janet Bentley scholarships to support students at various points of their education. Mr. and Mrs. Bentley have also dedicated time to mentoring young Albertans, supporting post-secondary education, and enriching the province.

In March 2018, the Foundation was deeply saddened to learn of the passing of Janet Bentley. During her life, Mrs. Bentley brought positive and long-lasting changes to many people's lives through her compassion and kindness. Her generosity was boundless, her sense of caring profound. She is deeply missed, and her legacy of giving will be felt for a long, long time.

Management's Discussion & Analysis, June 14, 2018

Outlook for 2018/19

Fiscal 2017/18 was one of the busiest and most-productive in the Foundation's history. In 2018/19, the Foundation intends to build on the successes of the previous year while moving the Foundation forward in some additional new directions. Priorities for the upcoming year include the following:

- Support for 2nd Indigenous Learners Gathering. Activities for the Foundation's No Limits initiative will conclude in 2018/19. However, the Foundation intends to work with the Aboriginal Financial Officers Association of Alberta and other partners to make the Indigenous Learners Gathering an annual event. In 2018/19, the Foundation will work with its partners to plan and deliver the second conference.
- Hosting the 10th annual Conference for Academics. In 2018/19, the Foundation will celebrate the 10th anniversary of one of its most successful initiatives, the annual Conference for Academics. The 10th conference, to be held in May 2019, will include special activities to mark its landmark anniversary, and is expected to be the biggest conference yet for the Foundation.
- Planning a new special initiative. Over the last decade, the Foundation (and its pre-unification predecessors) have fundraised and introduced several special, short-term initiatives, ranging from bridging programs to financial literacy initiatives and the No Limits project. In 2018/19, the Foundation Board and management will develop a vision and strategy for a new initiative, to be launched in 2019/20. As with previous special projects, the new initiative will focus on ways to support students, access to education, and community priorities.
- Continued evolution of student engagement activities. The Foundation will continue to hone and strengthen its many activities to connect with post-secondary students and introduce them to the CPA profession. These activities include the annual Bowl-a-Rama and Get Connected events, as well as the Business Challenge case competition.
- Continue to fund innovations in accounting education. The Foundation will continue to work with its post-secondary partners to support and fund important research, learning tools, and curriculum enhancement projects.

Management's Discussion & Analysis, June 14, 2018

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 CPA Alberta member contributions, investment income and donations to fund its programs. The impact of discontinued support would have a significant effect on the operations of the Foundation. Management works to mitigate this risk with effective communications and 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 wealth management company 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 Auditor's Report

To the Board of Governors of the CPA Education Foundation:

Opinion

We have audited the accompanying financial statements of the CPA Education Foundation (“the Foundation”), which comprise the statement of financial position as at March 31, 2018, 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.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2018 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit* of the Financial Statements section of our report. We are independent of the Foundation, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We have obtained the Annual Report prior to the date of this auditor's report. If based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation 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.

Independent Auditor's Report

In preparing the financial statements management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Donnelly & Co. LLP
Chartered Accountants
Edmonton, AB
June 14, 2018

Management's Responsibility for Financial Reporting

The accompanying financial statements of the CPA 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 auditor to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy itself that each party is discharging its responsibilities properly and to review the financial statements and the external auditor’s report. The Committee also recommends the engagement of the external auditor, 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, FCPA, FCA
Executive Director
CPA Education Foundation

Min Yao, CPA, CMA
Director of Finance
CPA Education Foundation

June 14, 2018

CPA Education Foundation

Statement of Financial Position As at March 31

Assets	Unrestricted		Restricted - Endowment		Restricted - Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Current Assets								
Cash and cash equivalent (note 5)	\$ 668,687	\$ 263,096	\$ 503,781	\$ 620,827	\$ 192,616	\$ 167,800	\$ 1,365,084	\$ 1,051,723
Accounts receivable (note 6)	17,336	11,726	-	-	-	-	17,336	11,726
PhD Loan receivable	-	20,870	-	-	-	-	-	20,870
Prepaid expenses	500	2,284	-	-	-	-	500	2,284
	686,523	297,976	503,781	620,827	192,616	167,800	1,382,920	1,086,603
Long Term Assets								
Investments (note 7)	1,551,433	1,478,289	2,136,807	2,047,017	421,861	402,452	4,110,101	3,927,758
	\$ 2,237,956	\$ 1,776,265	\$ 2,640,588	\$ 2,667,844	\$ 614,477	\$ 570,252	\$ 5,493,021	\$ 5,014,361
Liabilities								
Current Liabilities								
Accounts payable (note 6)	\$ 502,083	\$ 80,431	\$ 34,500	\$ -	\$ 16,500	\$ -	\$ 553,083	\$ 80,431
Net Assets (note 9 and Schedule I)	1,735,873	1,695,834	2,606,088	2,667,844	597,977	570,252	4,939,938	4,933,930
	\$ 2,237,956	\$ 1,776,265	\$ 2,640,588	\$ 2,667,844	\$ 614,477	\$ 570,252	\$ 5,493,021	\$ 5,014,361

Approved on behalf of the Board of Governors

Vice-Chair

Secretary Treasurer

CPA Education Foundation

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

	Unrestricted		Restricted - Endowment		Restricted - Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
Contributions								
Members fees (note 6)	\$1,674,188	\$1,643,009	\$ -	\$ -	\$ -	\$ -	\$ 1,674,188	\$ 1,643,009
For capital or endowments (Schedule I)	-	-	50,250	50,515	-	-	50,250	50,515
For restricted (Schedule I)	-	-	-	-	73,023	66,963	73,023	66,963
Program donations (note 2)	86,389	90,360	-	-	-	-	86,389	90,360
Investment income (loss)	8	101,004	(1,504)	143,771	(798)	28,447	(2,294)	273,222
Other income	323	2,039	-	-	-	-	323	2,039
	1,760,908	1,836,412	48,746	194,286	72,225	95,410	1,881,879	2,126,108
Expenditures								
Grants for post-secondary institutions								
For operations	814,471	765,955	-	-	-	-	814,471	765,955
For capital or endowments at post-secondary institutes	30,000	47,400	-	-	-	-	30,000	47,400
Legacy scholarships	17,500	27,000	-	-	-	-	17,500	27,000
Forgivable loans for PhD students	40,000	80,000	-	-	-	-	40,000	80,000
Teaching prizes	28,133	24,918	1,500	-	500	-	30,133	24,918
Student awards & support (note 9)	33,226	24,906	81,502	61,772	44,000	23,500	158,728	110,178
Program expenditures	401,420	213,756	27,500	40,080	-	-	428,920	253,836
Aboriginal Outreach (No Limits)	132,155	81,216	-	-	-	-	132,155	81,216
Business Case Competition	107,491	103,441	-	-	-	-	107,491	103,441
Operating expenses								
Staff services	75,000	83,400	-	-	-	-	75,000	83,400
Administration expenses	26,982	25,155	-	-	-	-	26,982	25,155
Office and professional fees	14,491	14,383	-	-	-	-	14,491	14,383
	1,720,869	1,491,530	110,502	101,852	44,500	23,500	1,875,871	1,616,882
Excess (deficiency) of revenues over expenditures	40,039	344,882	(61,756)	92,434	27,725	71,910	6,008	509,226
Net assets, beginning of year	1,695,834	1,350,952	2,667,844	2,575,410	570,252	498,342	4,933,930	4,424,704
Net assets, end of year	\$1,735,873	\$1,695,834	\$ 2,606,088	\$ 2,667,844	\$597,977	\$570,252	\$ 4,939,938	\$ 4,933,930

CPA Education Foundation

Statement of Cash Flows For the year ended March 31

	Unrestricted		Restricted - Endowment		Restricted - Other		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Operating Activities								
Contributions received	\$ 1,760,900	\$ 1,735,408	\$ 50,250	\$ 50,515	\$ 73,023	\$ 66,963	\$ 1,884,173	\$ 1,852,886
Investment income received	21,099	20,403	26,320	26,277	5,828	5,233	53,247	51,913
	1,781,999	1,755,811	76,570	76,792	78,851	72,196	1,937,420	1,904,799
Expenditures and grants paid	(1,295,650)	(1,579,547)	(92,872)	(114,326)	(31,729)	(25,976)	(1,420,251)	(1,719,849)
Cash from (used in) operations	486,349	176,264	(16,302)	(37,534)	47,122	46,220	517,169	184,950
Investing Activities								
Purchase of investments	(322,665)	(1,166,277)	(402,522)	(1,502,059)	(89,123)	(299,158)	(814,310)	(2,967,494)
Sale of investments	241,907	369,408	301,778	475,764	66,817	94,756	610,502	939,928
Cash used for investing	(80,758)	(796,869)	(100,744)	(1,026,295)	(22,306)	(204,402)	(203,808)	(2,027,566)
Increase (decrease) in cash and cash equivalents	405,591	(620,605)	(117,046)	(1,063,829)	24,816	(158,182)	313,361	(1,842,616)
Cash and cash equivalents, beginning of year	263,096	883,701	620,827	1,684,656	167,800	325,982	1,051,723	2,894,339
Cash and cash equivalents, end of year	\$ 668,687	\$ 263,096	\$ 503,781	\$ 620,827	\$ 192,616	\$ 167,800	\$ 1,365,084	\$ 1,051,723

CPA Education Foundation

Notes to Financial Statements for the year ended March 31, 2018

1. Nature of the Organization

The CPA Education Foundation (“the Foundation”) was established in 1982 and is incorporated under the *Societies Act of Alberta*. The Foundation is overseen by a Board of Governors and its mission is to positively impact accounting education opportunities and those who inspire and develop future Alberta CPAs.

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.

2. Foundation Funds

Unrestricted Fund

The Unrestricted 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. Included in the Unrestricted Fund are the following:

Internally Restricted Fund

The Foundation has established an internally restricted fund (No Limit Fund) as part of No Limit initiative. The purpose of this fund is aimed at connecting with Indigenous communities and providing information and support to Indigenous peoples in Alberta interested in pursuing careers in business and accounting. All donations received for the No Limit Fund of \$46,745 were disbursed in the year and as a result there are no net assets internally restricted at the year end.

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. Flow Through donors for this year were:

- Accountants Templates Inc.
- Claire Dallaire CPA, CGA
- David and Janet Bentley Family Fund through the Edmonton Community Foundation
- Richer Currie LLP

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:

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.

CPA Education Foundation

Notes to Financial Statements for the year ended March 31, 2018

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. Restricted contributions for which no corresponding restricted fund is presented must be recognized in the Unrestricted Fund using the deferral method.
- (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 contributions are recognized as unrestricted 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 in the current period.

c) Cash and cash equivalents

Cash and cash equivalents include cash balances.

d) 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.

e) Financial Instruments

Management has elected to record the investments at fair value. Related party transactions and balances are measured at carrying or exchange 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.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable and loan receivable.

Financial liabilities measured at amortized cost include accounts payable.

f) Impairment of financial assets

The Foundation assesses whether there are any indications that a financial asset measured at amortized cost may be impaired at the end of each reporting period. When significant adverse changes are determined to exist, being a change in the expected timing or amount of future cash flows, an impairment

CPA Education Foundation

Notes to Financial Statements for the year ended March 31, 2018

is recorded by the Foundation as a reduction to the carrying value of the asset to the highest of the following:

- (i) The present value of the expected cash flows discounted using a current market rate of interest appropriate to the asset; and
- (ii) The amount the Foundation expects to realize by selling the asset at the statement of financial position date.

g) Measurement Uncertainty

The preparation of financial statements in conformity with Part III of the CPA Canada Handbook - Accounting 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. 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 1.7% to 3.0% per annum. (In 2017, the annual interest rate on marketable investments ranged from 1.8% to 3.0% per annum).

Credit Risk

Credit risk relates to cash, accounts receivable and PhD loan receivable. The Foundation's cash balances are held with reputable Canadian financial institutions. Management believes the Foundation's exposure to credit risk is not significant.

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. Cash held in the bank has cash flow risk due to market interest rates.

Foreign Exchange Risk

The investments of the Foundation are subject to foreign exchange risk because foreign exchange fluctuations impact the value of the investments denominated in US dollars.

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.

CPA Education Foundation

Notes to Financial Statements for the year ended March 31, 2018

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 fixed income securities to maturity, its cash flows are exposed to minimal price and liquidity risk.

5. Cash and Cash Equivalents

Cash and cash equivalents consist of:

Description	2018	2017
Cash held in bank	\$ 513,462	\$ 13,654
Cash held in high interest savings account	771,106	762,340
Cash held in broker's account – cash	49,270	107,037
Cash held in broker's account – high interest investments - Canadian	31,246	168,692
Total Cash and cash equivalents	<u>\$ 1,365,084</u>	<u>\$ 1,051,723</u>

Annual interest rates on cash and cash equivalents range from 1.25% to 1.75% (2017 – 0.65% to 1.15%).

6. Related Party

a. Chartered Professional Accountants of Alberta (“CPA Alberta”)

CPA Alberta is related to the Foundation through common management as its Chief Executive Officer is also the Executive Director of the Foundation. The CPA Alberta Board appointed two of its members to serve on the Foundation nominating committee, which recommends member appointments to the Board of Governors of the Foundation.

The CPA Alberta Board also established the level of contributions to the Foundation by way of a component of the annual fees assessed to CPA members. For 2018, CPA members paid \$75 for every resident member and \$25 for every non-resident member (2017 - \$75 and \$25, respectively). The total amount for 2018 was \$1,674,188 (2017 – \$1,643,009). In addition, CPA Alberta contributed to the Foundation the proceeds received from the Family Day events in the amount of \$5,915 (2017 - \$5,515). Certain staff devoted time to Foundation affairs for which no charges are incurred.

The Foundation paid \$398,832 (2017 – \$248,264) to CPA Alberta 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 CPA Alberta at March 31, 2018 total \$360,638 (2017 - \$37,540) and are included in accounts payable. Payables have a net 30 day term and are interest free. Amounts due from CPA Alberta at March 31, 2018 total \$212 (March 31, 2017 - \$9,213), and are included in accounts receivable.

CPA Education Foundation

Notes to Financial Statements for the year ended March 31, 2018

b. Alberta Chartered Professional Accountants Assistance Society (“CPA Assist”)

Amounts due to CPA Assist at March 31, 2018 total \$0 (2017 - \$21,401) and were included in accounts payable. The transactions were in the normal course of operations and were measured at the exchange amount, which was the amount of consideration established and agreed to by the related parties.

CPA Assist was related to the Foundation through common management of the same Executive Director. After the wind up of CPA Assist as a separate Society, which occurred December 31, 2017, CPA Assist continues to serve members as a program under CPA Alberta.

7. Investments

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

	March 31 2018		March 31 2017	
Fixed income securities	\$2,135,944	52%	\$1,924,017	49%
Equities: Canadian	733,247	18%	725,218	18%
US	-	0%	275,262	7%
Global securities	1,240,910	30%	1,003,261	26%
	\$4,110,101	100%	\$3,927,758	100%
Cost	\$4,119,647		\$3,785,965	

The investment policy is set by the Board of Governors and its main objective is the preservation of capital. The changes of investments during the year are as follows:

	March 31, 2018	March 31, 2017
Opening balance	\$ 3,927,758	\$ 1,654,797
Purchases	814,310	2,967,494
Settlements	(610,502)	(939,928)
Re-invested investment income	92,544	43,570
Donation - in-kind	5,323	2,463
Unrealized gain (loss)	(151,338)	182,288
Realized gain	32,006	17,074
Ending balance	\$ 4,110,101	\$ 3,927,758

8. Comparative Figures

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

CPA Education Foundation

Notes to Financial Statements for the year ended March 31, 2018

9. 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
CPA Alberta Scholarship Fund	CPA Alberta	2016
Small Practitioner Forums	Small Practitioner	2016
Joe Gagliardi FCPA, FCMA Fund	Gagliardi	2017
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 Fund	Ross	2004
McClement Fund	McClement	2006
Jack Baker FCA Fund	Baker	2006
Ken Kouri FCA and Jennifer Kouri Fund	Kouri	2008
Morgan Fund	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
David Inhaber Fund	Inhaber	2015
Graduate Business Scholarship	Graduate Business	2015
Alex Tutschek No Limits Fund	Tutschek	2016
Crowe MacKay Fund	MacKay	2017
J. Lorne Baxter FCPA, FCA Memorial Fund	J. Lorne Baxter	2017
KPMG Jim Walker Memorial Fund	KPMG	2017

Schedule I: Restricted Net Assets for the year ended March 31, 2018

	Net Assets Beginning	Contributions	Investment Income	Expenditures	Excess (Deficiency) of Revenue over Expenditures	Net Assets Ending
Restricted externally for endowment purposes						
Christensen Fund	\$ 73,088	\$ -	\$ (58)	\$ (2,500)	\$ (2,558)	\$ 70,530
Connelly Fund	53,731	-	(25)	(2,000)	(2,025)	51,706
Cormier Fund	81,070	-	(48)	(1,000)	(1,048)	80,022
CPA Alberta Scholarship Fund	1,062,197	-	(487)	(30,500)	(30,987)	1,031,210
Easton Fund	71,124	250	(37)	(2,000)	(1,787)	69,337
Gagliardi Fund	-	50,000	(548)	-	49,452	49,452
Glover Fund	277,716	-	2	(27,500)	(27,498)	250,218
Hagerman Fund	33,619	-	(13)	(1,750)	(1,763)	31,856
Haskayne Fund	129,475	-	(70)	(2,000)	(2,070)	127,405
KBH Fund	38,515	-	15	(2,500)	(2,485)	36,030
Milavsky Fund	56,713	-	(26)	(2,500)	(2,526)	54,187
Miller Fund	61,919	-	(16)	(5,000)	(5,016)	56,903
Nicoli-Griffiths Fund	26,756	-	(22)	(1,000)	(1,022)	25,734
Parry Fund	18,278	-	(22)	(1,000)	(1,022)	17,256
Rasmussen Fund	23,020	-	2	(1,000)	(998)	22,022
Schaefer Mount Royal Fund	79,933	-	19	(3,500)	(3,481)	76,452
Sharpe Fund	40,342	-	(47)	(3,000)	(3,047)	37,295
Small Practitioner Forums Fund	52,455	-	(18)	(1,500)	(1,518)	50,937
Swonek Fund	73,904	-	(35)	-	(35)	73,869
Tupper Fund	31,404	-	(15)	-	(15)	31,389
Valentine Fund	86,061	-	(40)	(2,500)	(2,540)	83,521
Waller Fund	100,405	-	(46)	(3,750)	(3,796)	96,609
Winspear Fund	147,243	-	44	(10,002)	(9,958)	137,285
Woodman / Kruczko Fund	48,876	-	(13)	(4,000)	(4,013)	44,863
	2,667,844	50,250	(1,504)	(110,502)	(61,756)	2,606,088
Restricted externally for other purposes						
Accounting Research Fund	25,336	-	(12)	-	(12)	25,324
Baker Fund	5,727	-	(3)	-	(3)	5,724
Biggs Fund	33,327	5,323	(55)	(4,000)	1,268	34,595
Card Fund	9,431	-	(24)	(1,500)	(1,524)	7,907
Collins Fund	32,588	-	(16)	-	(16)	32,572
Graduate Business Fund	18,608	-	(17)	(2,500)	(2,517)	16,091
Inhaber Fund	10,416	-	1	(500)	(499)	9,917
J. Lorne Baxter Fund	-	30,800	(315)	(1,500)	28,985	28,985
Kouri Fund	15,769	-	(14)	(1,500)	(1,514)	14,255
KPMG Fund	-	29,900	(38)	(2,000)	27,862	27,862
Lissey Fund	36,372	2,000	34	(2,000)	34	36,406
MacKay Fund	15,000	-	(7)	-	(7)	14,993
McClement Fund	19,459	-	(9)	-	(9)	19,450
Morgan Fund	225,510	-	(199)	(10,000)	(10,199)	215,311
Ross Fund	1,600	-	-	(1,000)	(1,000)	600
Schaefer Fund	45,535	-	(45)	(2,500)	(2,545)	42,990
Tutschek Fund	48,895	5,000	(76)	(13,500)	(8,576)	40,319
Wilson Fund	26,679	-	(3)	(2,000)	(2,003)	24,676
	570,252	73,023	(798)	(44,500)	27,725	597,977
2018 Total	\$ 3,238,096	\$ 123,273	\$ (2,302)	\$ (155,002)	\$ (34,031)	\$ 3,204,065
2017 Total	\$ 3,073,752	\$ 117,478	\$ 172,218	\$ (125,352)	\$ 164,344	\$ 3,238,096

*Net of fair value adjustment

Appendix: 2017/18 Board of Governors (as at March 31, 2018)

Chair - Vacant

Dave Bodnarchuk FCPA, FCA, Vice-Chair

Michael Burnyeat CPA, CA, Secretary Treasurer

Theresa Acchione CPA, CA

Brian Banderk CPA, CA

Yvonne Barthel CPA, CA

Stephen Bergstrom CPA, CMA

Joe Gagliardi FCPA, FCMA

Kabir Lalani FCPA, FCGA

Bruce Picton CPA, CA



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