



**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
ALBERTA



**CPA ALBERTA**  

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**ANNUAL REPORT**  

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**2019/2020**





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**Darrell Jones** FCPA, FCMA

**Rachel Miller** FCPA, FCA

## Message from the Chair and CEO

**Fiscal 2019/20** marked the halfway point of CPA Alberta's current five-year strategic plan, and we are immensely proud of the accomplishments we have made so far. As you'll see in the following pages, we made great strides toward achieving the strategic priorities in our five-year plan, while continuing to fulfill our legislated mandate to protect the public and provide Alberta Chartered Professional Accountants (CPAs) with valuable services and resources.

Albertans can be confident in the organization's efforts to educate and regulate the competency and ethical standards of Alberta CPAs, which are the cornerstone of our work to protect the public. Not only did our Practice Review department complete 564 reviews in 2019/20—the most ever in a single year—our Registrations department improved upon internal targets that went over and above the requirements in the CPA Act for regulatory processing timelines.

In addition, 25 per cent more online seminars were offered this year, compared to 2018/19, which enhanced the accessibility of our professional development offerings and enabled more CPAs to maintain their expertise and competence when serving the public.

Connection, community, and collaboration underscored many of the organization's engagement initiatives and services in 2019/20. Highlights of our activity in this area include growing our Peer-to-Peer Forums across the province to include smaller centres, such as Lethbridge, Red Deer, and Grande Prairie, and expanding our health and wellness program, CPA Assist, into Saskatchewan.

CPA Alberta also increased its engagement with and support for Alberta employers by creating a new Employer Relations team. To help employers better support their CPA candidates, the team hosted several events, developed informative resources, and facilitated connections between employers to help them share best practices for training candidates.

The growth of the profession remained a key priority for CPA Alberta in 2019/20. In early 2020, we welcomed a record-breaking 831 successful Common Final Examination writers into the profession at convocation events in Calgary and Edmonton. The consistent year-to-year growth in the number of graduates indicates that the CPA profession remains a popular and attractive career choice for students and professionals across the province, which is a testament to CPA Alberta's recruitment efforts and the example set by all Alberta CPAs in their communities and workplaces.

Alberta CPAs continue to be dedicated leaders and mentors who contribute their expertise and time to help grow and advance the profession. Thank you to the numerous Alberta CPAs who volunteer for and provide input toward our initiatives. We would not be able to do what we do without your support and help. And thank you to all Alberta CPAs who similarly enhance the reputation of the profession by contributing their skills and knowledge to organizations and causes that are important to them. Your passion and accomplishments are a true credit to the profession and make immeasurable impacts to communities around the province.

Lastly, we want to thank all Board Members and the team at CPA Alberta for their commitment to protecting the public and advancing the profession. Your efforts are deeply appreciated, and the achievements highlighted in this annual report would not have been possible without your hard work.

Sincerely,

**Darrell Jones** FCPA, FCMA  
Chair

**Rachel Miller** FCPA, FCA  
Chief Executive Officer



## CPA Alberta Board

As of March 31, 2020, CPA Alberta Board Members are:

**Front row, left to right:** Darrell Jones FCPA, FCMA, Chair; Dawn Sauvé CPA, CA; Vincent Vavrek FCPA, FCA, CGA; and Damian Zapisocky CPA, CA, Vice-Chair

**Back row, left to right:** Michelle J. Balmer CPA, CA; Ruth McHugh FCPA, FCMA; Karen Graham, Public Member; John Fuller CPA, CA; Sonya von Heyking CPA, CA•CIA; Simar Gill P.ENG., Public Member; and Diane Pettie QC, Public Member

Missing from group photo: Rachel Kucharski CPA, CA



## Governance and Structure

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The CPA Alberta Board consists of elected Alberta CPAs as well as public members appointed by the Government of Alberta.

The CPA Alberta Board derives its authority from the Chartered Professional Accountants Act (CPA Act). Section 11 of the CPA Act states the Board's functions are:

- To govern the business and affairs of CPA Alberta;
- To fulfill the purposes of the CPA Act and;
- To exercise CPA Alberta's powers in the name of and on behalf of CPA Alberta.

The Board Chair and other executive positions are filled through elections by the Board.

The CPA Alberta Directives outline Board roles and duties in more detail. These roles and duties are focused on governance, leadership, ethics and integrity, meeting procedures, performance, strategic planning and budgets, and finance and risk management.

To help fulfill its roles and duties, and in accordance with the CPA Alberta Directives, the Board has established five non-statutory committees. As of March 31, 2020, these committees and their memberships were as follows:

### Audit and Risk Committee

Michelle Balmer CPA, CA (Chair)  
John Fuller CPA, CA  
Rachel Kucharski CPA, CA

### Governance Committee

Damian Zapisocky CPA, CA (Chair)  
John Fuller CPA, CA  
Sonya von Heyking CPA, CA•CIA

### Human Resources Committee

Darrell Jones FCPA, FCMA (Chair)  
Michelle Balmer CPA, CA  
Damian Zapisocky CPA, CA

### Bylaw and Rules Committee

Ruth McHugh FCPA, FCMA (Chair)  
Stephen Bergstrom CPA, CMA  
Brian Callaghan CPA, CMA  
Tim Gilchrist CPA, CGA  
Jody MacKenzie CPA, CA  
Hilary Rose CPA, CA  
John Stelter FCPA, FCA

### CPA Assist Committee

Betty Thompson FCPA, FCGA (Chair)  
Debbie Gorsline FCPA, FCMA  
Ron Helmhold FCPA, FCA  
Mary Johnson  
Rachel Kucharski CPA, CA  
Liza Richer CPA, CA

# Committees and Rosters

The CPA Alberta Board is assisted in its duties and responsibilities through the contribution of CPAs and members of the public who participate on committees and rosters. As of March 31, 2020, these committees and rosters were as follows:

## Complaints Inquiry Committee

Dereka Thibault FCPA, FCA (Chair)  
 Ron Allen CPA, CMA  
 Glen Arnston CPA, CMA, CA  
 Norm Asuchak CPA, CGA  
 Chris Burrows CPA, CA, CPA (IL, USA)  
 Paul Dytham CPA, CGA  
 Brian Farrell CPA, CA  
 Adrian Kottke CPA, CGA  
 Shari LaPerle (Public Member)  
 Alfred Lee CPA, CGA, CA  
 John Lindsay (Public Member)  
 Heather Murk CPA, CA  
 Jay Schmidt CPA, CA, CPA (IL, USA)  
 Gordon Thomas CPA, CMA  
 Stuart Weatherill (Public Member)

## Discipline and Appeal Tribunal Roster

I.E.W. McConnan FCPA, FCA (Discipline Tribunal Chair)  
 G.J. Daunheimer CPA, CA (Discipline Tribunal Vice-Chair)  
 R. Matthews CPA, CA (Appeal Tribunal Chair)  
 Bev Brennan FCPA, FCA (Appeal Tribunal Vice-Chair)  
 F.F. Abbott FCPA, FCA  
 Shelley J Abray CPA, CGA  
 Brian Eric Alguire CPA, CMA  
 J. Steve Allan FCPA, FCA  
 Nazz Baksh CPA, CMA  
 C. Fred Barth FCPA, FCA  
 B.D. Bateman CPA, CA  
 Russell A Bell CPA, CMA

J.A. Bennis FCPA, FCA  
 D.J. Block CPA, CA  
 David Bodnarchuk FCPA, FCA  
 L.P. Bourget CPA, CA  
 Myles E. Bourke FCPA, FCA  
 John E. Boyd CPA, CA  
 W. John Brennan FCPA, FCA  
 Darren Buma CPA, CA  
 W.D. Burch FCPA, FCA  
 Fred Callaway CPA, CA  
 George W Campbell CPA, CGA  
 Calvin Carpenter CPA, CA  
 George Chan CPA, CGA  
 Donald W. Chandler FCPA, FCA  
 J.J. Colleaux FCPA, FCA  
 C. Crawford FCPA, FCA, CA•CBV  
 Donald M. Dart CPA, CA  
 Jayprakash Dattani CPA, CGA  
 Joan B Davies CPA, CGA  
 J.R. Demcoe FCPA, FCA  
 John Den Hoed FCPA, FCMA  
 J. Joseph Doolan FCPA, FCA  
 J. Ian Douglas FCPA, FCA  
 John C. Eadie CPA, CA  
 F. Wayne Ellis CPA, CA  
 R. Andy Farvolden FCPA, FCA  
 Gordon Flynn QC, FCPA, FCA  
 A.T. Follinglo CPA, CA, ICD.D  
 A.D. Friesen CPA, CA  
 J.R. Friesen CPA, CA  
 Barry R. Gardiner FCPA, FCA  
 Peter R. Garrett FCPA, FCA  
 Eldon C. Godfrey FCPA, FCA

W.D. Grace FCPA, FCA  
 David D. Guebert CPA, CA  
 Robert H. Hahn CPA, CA  
 D. Harvey Hall CPA, CA  
 Grant Edwin Hanna CPA, CMA  
 Greg P. Hirtle CPA, CA  
 D.A. Hoffman FCPA, FCA  
 C. Alan Holt FCPA, FCA  
 Richard Iwaniuk FCPA, FCA  
 W.R. Jacobson FCPA, FCA  
 C.A. Janz CPA, CA  
 L.O. Johannesen CPA, CA  
 J.B. Jorgensen CPA, CA  
 J.L. Kavanagh FCPA, FCA, CPA (IL, USA)  
 Gary Richard Keen FCPA, FCMA  
 Leo R. Kelly FCPA, FCA, CA•IFA  
 Ian R.W. Kinnel FCPA, FCA  
 Kasey K.C. Kozicky CPA, CA  
 Kam Laraway CPA, CGA  
 George A LeBlanc CPA, CGA  
 Darla J Lutness FCPA, FCGA  
 Michael Mannas FCPA, FCGA  
 Daniel McKinley FCPA, FCA  
 W.J. McNaughton CPA, CA  
 Sean R.J. Monaghan CPA, CMA  
 Al Mondor FCPA, FCA  
 William J. Nield FCPA, FCA  
 Tom Orysiuk CPA, CA  
 John M. Partridge CPA, CA  
 R.D. Penner FCPA, FCA  
 Stella M. Penner FCPA, FCGA, CA  
 K.D. Porter FCPA, FCA  
 E.N. Rahal CPA, CA  
 N.B. Ramsay CPA, CA  
 S. Romanovsky FCPA, FCA  
 Jayda Rosenthal CPA, CA  
 Allan Schroeder CPA, CA  
 M.D. Shabada CPA, CA  
 H. Arnold Sherman CPA, CA  
 Don E. Sieben FCPA, FCA

Fred R.N. Snell FCPA, FCA  
 W. Dale Somerville FCPA, FCA  
 W.G. Stephen FCPA, FCA  
 J.D.A. Struck QC, FCPA, FCA  
 Z.P. Talavia CPA, CA  
 D.A. Tien FCPA, FCA  
 K. Tober CPA, CA  
 P.F. Turner CPA, CA  
 Barry J. Walker FCPA, FCA  
 W.E. Whitford CPA, CA

### Public Member Roster

(The Lieutenant Governor in Council appointed the following persons as public members, each for a three-year term expiring November 26, 2021)

Funmi Abiiba  
 Steven Armstrong  
 Michael D. Baron  
 Erika Bottcher  
 Geoff Chow  
 Charmaine Coutinho  
 Shari-Anne Doolaege  
 Leo Flaman  
 Stephanie Fleck  
 Shari LaPerle  
 Adam O. (Olen) Letourneau QC  
 John G. (Gordon) Lindsay  
 Jim McCartney  
 Tammy McCorkell  
 Barbara McKinley  
 Sharon McMullan-Baron  
 Thomas Pickard  
 Debi Lynn Piecowye  
 Helen Rice  
 Stuart J. Weatherill  
 Patricia Wheadon  
 Randall Yatscoff PHD



**Practice Review Committee**

Mark DeBlois CPA, CA (Chair)  
 April Duffy CPA, CA  
 Phoebe Elliot CPA, CA  
 Ken Hankinson CPA, CMA  
 Christopher Jurkschat CPA, CA  
 Douglas Kroetsch CPA, CA  
 Andrew Lee CPA, CA  
 Kevin Napady CPA, CA  
 Debbie Ooms CPA, CA  
 Kara Penno Mah CPA, CA  
 Paul Spiller (Public Member)  
 James Trites CPA, CA  
 Henrietta Wildeman CPA, CA

**Registrations Committee**

Faye K. Brown CPA, CA (Chair)  
 Damara Casper CPA, CA  
 Raman Deol CPA, CA  
 Kendra Gowdy CPA, CGA  
 Candace Moody CPA, CA  
 Jim E Smith P.ENG., FEC, ICD.D (Public Member)  
 Al-Nur Pradhan CPA, CMA  
 Robert Vandervelde CPA, CGA

**CPA Alberta Achievement Awards Review Committee**

Jim Downie FCPA, FCMA (Chair)  
 David Inhaber FCPA, FCGA (Vice-Chair)  
 J. Steve Allan FCPA, FCA, CA•CIRP  
 Nazeem Baksh CPA, CMA  
 Susan Bohaichuk FCPA, FCMA  
 Todd Cook CPA, CA  
 Joe Gagliardi FCPA, FCMA  
 Colette Miller FCPA, FCA  
 David Niebach CPA, CGA  
 Frank Potter CPA, CMA  
 Jason Schwab FCPA, FCMA  
 Elisha Sharma CPA  
 Fred Snell FCPA, FCA  
 Bruce Thurston FCPA, FCMA

**CPA Alberta Achievement Awards Nomination Committee**

Raymond Hawrelak CPA, CA (Chair)  
 Lance David Bick CPA, CA (Vice-Chair)  
 Farah Albert CPA, CA, CPA (IL, USA)  
 Roger Arcand CPA, CMA  
 Alex G. Beis CPA, CA  
 Dennis Bourgeault CPA, CA  
 J. Neil Cockburn FCPA, FCA  
 Matthew J. Creighton CPA, CA  
 Jessica Joss CPA, CA  
 Angela Loo CPA, CA  
 Ian McDonald FCPA, FCA  
 Rebecca Sanford CPA, CA  
 Jamie Lynne Smith CPA, CA  
 Rodney Skura CPA, CMA  
 Drew Thomson FCPA, FCMA  
 Tracey Zehl FCPA, FCA



CPA Alberta held Case Writing and Marking Parties in Calgary and Edmonton in August to help candidates prepare for the Common Final Examination.

# Honouring the Best of the Profession



## In 2019/20, CPA Alberta honoured and celebrated those who brought distinction to themselves and the CPA Alberta profession through their outstanding accomplishments.

These individuals demonstrate the best of the profession and reflect the strong legacy of distinctive achievement and volunteerism that has characterized the designated accounting profession's history.

### **Lifetime Achievement Awards**

The Lifetime Achievement Award is awarded to those CPAs whose continual commitment to the betterment of their profession, their communities, and the organizations they have served is unparalleled.

#### 2020 Recipients

- Daryl Ritchie FCPA, FCA
- Howie Shikaze FCPA, FCA
- Betty Thompson FCPA, FCGA

### **Fellows of the Chartered Professional Accountants**

The Fellow of Chartered Professional Accountants (FCPA) will be granted to those members who have rendered exceptional service to the profession or whose achievements in their careers, the community, or in the profession have earned them distinction and brought honour to the profession.

#### 2020 Recipients

- Daniel Adams FCPA, FCA
- Darwin Bozek FCPA, FCGA
- Jason Ding FCPA, FCA
- Theresa Jang FCPA, FCA
- Edward Lam FCPA, FCA
- Christine Lee FCPA, FCA
- Lisa Majeau Gordon FCPA, FCA
- Warren Pashkowich FCPA, FCA
- Bruce Picton FCPA, FCA
- Dale Somerville FCPA, FCA
- Patti Walsh FCPA, FCA

### Distinguished Service Awards

The Distinguished Service Award recognizes members or supporters of the profession who have demonstrated a significant achievement within the last five years and have therefore brought honour to the profession.

#### 2020 Recipients

- Sally Banek CPA, CMA
- Norm Ferguson CPA, CMA
- Nicole Finnigan CPA, CMA
- Nick Kietaihl CPA, CMA
- Geoff Oberg CPA, CA
- Jennifer Pede CPA, CA
- Adam Presslee CPA, CA
- Alisa SoroChan CPA, CA
- Erin Stephen CPA, CA

### Early Achievement Awards

The Early Achievement Award recognizes CPAs who have had their accounting designation for 10 years or less and have rendered exceptional service to the profession or whose achievements in their careers or in the community have earned them distinction and brought honour to the profession.

#### 2020 Recipients

- Scott Acheson CPA, CA
- Vivien Chu CPA, CA
- Darryl Delwo CPA, CMA
- Kathleen Dengler CPA, CGA
- Janet Hamley CPA, CMA
- Joshua Inhaber CPA, CGA
- Ross Johnson CPA, CA
- Devan Legare CPA, CMA
- Darren Liviniuk CPA, CA
- Staci Millard CPA, CGA
- Janine Moir CPA, CA
- Maureen Moneta CPA, CA
- Amy Sloat CPA, CA
- Jack Tsoi CPA, CA
- Ebony Verbonac CPA, CA
- Jessie Westers CPA, CA
- John Zabos CPA, CA
- Christina Zschocke CPA, CGA

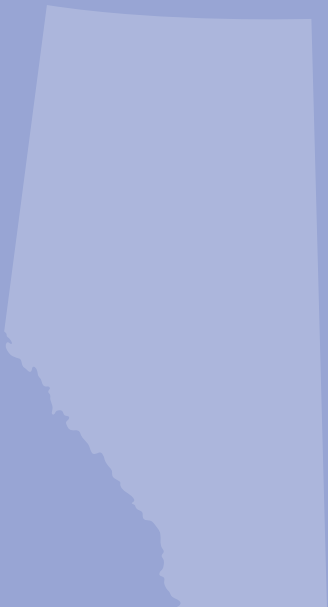
### CPA Education Foundation Impact Award

The CPA Education Foundation's 2020 Impact Award is presented posthumously to **Robert (Bob) Young FCPA, FCA**, who passed away in 2019. The award is in recognition of Bob's legacy of service to the Foundation and to accounting education in Alberta.



Proud CPA grads are welcomed to the profession at the CPA Alberta convocation gala, a celebration recognizing the hard work and dedication it takes to make it to this milestone.

# Management's Discussion and Analysis



Fiscal 2019/20 marked the halfway point in the implementation of CPA Alberta's current five-year strategic plan. This plan, developed and endorsed by the CPA Alberta Board, outlines five strategic priorities for the organization:

1. Protecting the public
2. Understanding the Alberta landscape
3. Dealing with disruption
4. Achieving smart growth
5. Maintaining fiscal accountability

The work done in the first half of this five-year cycle provides a tremendous base from which to move forward and enables the organization to better understand the landscape in which it operates—and the very likely future the profession will soon navigate. The second half of this cycle will continue to translate that information into concrete actions.

This Management's Discussion and Analysis (MD&A) reports on the key highlights and achievements toward fulfilling those priorities in the 2019/20 fiscal year. The analysis concludes with a look ahead to what the organization expects to focus on during 2020/21.

The MD&A is an overall review of CPA Alberta's performance—how we upheld our mandate of protecting the public interest and created value for more than 29,500 Alberta CPAs—and it should be considered in conjunction with the organization's audited financial statements.

Lou Marta is honoured for his 60 years in the profession at the Chair's Long Service Awards in June, which he attended with Diann, his wife of 61 years! The Chair's Long Service Awards in June honoured dozens of CPAs celebrating 40, 50, and 60 years in the profession.

Richard Haskayne (left) and Don Campbell were also honoured for their 60 years in the profession in June. Both celebrated at the awards with their wives: Richard's wife Lois (left) and Don's wife Marlene.





## STRATEGIC PRIORITY #1: Protecting the Public

CPA Alberta will continue to fulfill its mandate to protect the integrity of the profession, to promote and increase the competence of registrants, and to regulate the conduct of registrants.

### Registrations

One of CPA Alberta's essential roles in protecting the public is assisting and monitoring the more than 39,000 CPA Alberta registrants. ("Registrants" include CPAs, candidates, professional accounting firms, professional corporations, and professional service providers.) The Registrations department ensures compliance with the CPA Act and governing documents, provides accurate and informative responses to questions or concerns about any registrant or registration matter, monitors Continuing Professional Development (CPD) reporting and verifies (audits) members' CPD submissions, and takes appropriate remedial action in instances of non-compliance.

In 2019/20, the Registrations department evaluated and improved upon internal targets for regulatory processing timelines (over and above the requirements in the CPA Act). The Registrations department has consistently met or exceeded these targets.

CPA Alberta's website has also been updated to better clarify members' CPD obligations and, particularly, the new ethics requirement. In 2018/19, in collaboration with all Canadian CPA provincial and territorial regulatory bodies, CPD requirements were harmonized. These harmonized requirements now include a prescribed four-hour professional ethics component within each three-year rolling cycle. Alberta CPAs will be required to report on compliance with the professional ethics component starting with the 2021 CPD reporting year.

#### Number of registrants as of March 31

	2020	2019
Members	29,935	29,589
Candidates	4,643	4,455
Professional accounting firms	1,697	1,670
Professional corporations	2,909	2,859
Professional service providers	25	27
<b>TOTAL</b>	<b>39,209</b>	<b>38,600</b>

### Number of applicants

	2019/20	2018/19
Members	836	1,001
Candidates	1,525	1,141
Professional accounting firms	117	117
Professional corporations	180	156
Professional service providers	3	1



Successful CFE writers celebrate in style with their CPA Alberta toques in Calgary. The celebrations are an annual event hosted by CPA Alberta to congratulate successful writers of the profession's Common Final Examination.



Graduates and guests let loose and challenge each other to some pool at the CPA Alberta convocation gala in Edmonton.



Successful CFE writers are led into the CPA Alberta convocation gala in Calgary by a bagpiper, a fitting tribute to the roots of the modern accounting profession dating back to the mid-1800s in Scotland.



The stage party welcomes a successful CFE writer to the profession at a CPA Alberta convocation ceremony. Left to right: Rachel Miller, CEO of CPA Alberta; Steve Vieweg, CEO of CPA Western School of Business; Darrell Jones, Chair of CPA Alberta's Board; and Richard Olfert, member of the CPA Canada Board.

## Conduct and Discipline

As trusted advisors to the public, all CPA Alberta registrants (including members, candidates, professional accounting firms, professional corporations, and professional services providers) are accountable for and manage critical and confidential financial information. CPA Alberta's Conduct and Discipline department manages all complaints about registrants in accordance with the processes set out under the CPA Act. These processes are, in part, meant to ensure the public is protected and practice standards and rules of professional conduct are enforced.

In addition to the regular conduct and discipline processes (see stats below), in 2019/20, CPA Alberta increased its commitment to fulfilling its regulatory objectives beyond the requirements set out in the CPA Act.

The Conduct and Discipline department issued circulars about topics of specific interest to members, including member obligations and limitations related to the Alberta Personal Information Protection Act, outsourcing, and audit insurance. Each of these pieces offered insights on complying with member obligations under CPA Alberta's governing documents and on hot-button topics on the minds of many CPA Alberta registrants.

### Number of complaints

	2019/20	2018/19
Received	95	102
Referred to the complaint resolution process (s. 71)	0	0
Dismissed	59	89
Referred to Discipline Tribunal Roster Chair for a hearing	26	23
Referred back to the Complaints Inquiry Committee from appeal	1	0
	2019/20	2018/19
Members temporarily suspended during a disciplinary process (s.107)	3	3
Monitoring files – Self-reported Bankruptcy or Insolvency (Rule 601)	12	10

**Number of hearings**

	2019/20	2018/19
<b>DISCIPLINE TRIBUNALS</b>		
Referred to Discipline Tribunal Roster Chair for hearing	26	23
Rescinded	3	0
<i>Completed Hearings</i>		
Resolved through a Sanction Agreement	18	10
Findings of Unprofessional Conduct	3	5
No Finding of Unprofessional Conduct	0	0
Stayed/Discontinued	0	1
<b>APPEAL TRIBUNALS</b>		
<b>Appealed from Discipline Tribunal decision</b>	1	0
<i>Completed Appeal Hearings</i>		
Confirmed decision of Discipline Tribunal	0	0
Discipline Tribunal's decision varied	0	1
Referral back to Complaints Inquiry Committee	0	0
Referral to Discipline Tribunal Roster Chair for hearing	0	0
<b>Dismissal of Complaints Inquiry Committee appealed</b>	9	13
<i>Completed Appeal Hearings</i>		
Confirmed decisions of the Complaints Inquiry Committee	8	5
Reversed the dismissal and referred the matter back for further investigation or to a hearing	1	0
Appeal withdrawn	2	4
<b>Appeal of CPA Alberta decision to the Court of Appeal</b>	0	1
Appeal Restored by Court of Appeal	0	0
<i>Completed Appeal Hearings</i>		
Appeal Dismissed	0	0
Appeal Struck	0	0
Matter returned to Discipline Tribunal	1	0
<b>CLOSED HEARINGS</b>		
<i>Hearings closed to the public</i>		
Closed in whole	0	0
Closed in part	0	0

## Practice Review

CPA Alberta's Practice Review department also plays an essential role in protecting the public. Practice Review assesses firms' compliance with professional standards under the National Harmonized Practice Review Program and provides an educational experience for firms.

In 2019/20, the Practice Review department completed 564 reviews, the most ever in a single year. Follow-up reviews are completed within 12 months of the initial practice review.

### Number of practice reviews

	2019/20	2018/19
Comply	528	497
Non-comply	36	39
<b>Total reviews assessed</b>	564	536
<b>Referrals to the Complaints Inquiry Committee</b>	4	2

## Regulatory Report

CPA Alberta also launched a new e-newsletter, the Regulatory Report, for all Alberta CPAs to keep them aware of the organization's efforts to protect the public. This was a collaborative effort across departments—including Registrations, Conduct and Discipline, Practice Review, and Communications.

The idea for the e-newsletter stemmed from an observation from the Complaints Inquiry Committee in 2018. The committee emphasized that the conduct process must not just be effective under the CPA Act; its results must also be transparent so that registrants are aware of recently sanctioned unprofessional conduct and the consequences flowing from such conduct.

The goal of the Regulatory Report is to provide this information and other important updates specifically related to CPA Alberta's regulatory role within the profession. The content of the publication includes summaries of conduct cases and discipline decisions, informative updates to allow Alberta CPAs to better comply with the standards of the profession, and insights into the individuals and processes behind CPA Alberta's regulatory work and how it protects the public through its regulatory frameworks.

## CPA Competency

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Another of CPA Alberta's core roles is to help the profession maintain the competency of Alberta CPAs, who are then able to best serve the public. From the practical experience component of the CPA Certification program to professional development (PD) offerings and mental health services, CPA Alberta provides a number of opportunities for learning, networking, and career development.

### Practical Experience

Practical experience is a mandatory and integral component of the CPA Certification program. Through practical experience, PEP (Professional Education Program) candidates develop their ethical and professional behaviour, problem solving, decision-making, communication, teamwork, and leadership skills. This helps them to best serve the public when they graduate as CPAs.

In 2019/20, the Practical Experience department also participated in comprehensive national calibration testing to ensure assessments are being conducted consistently and fairly across the country. This year, CPA Alberta received 679 requests for assessment against the completion requirements.

The Practical Experience department has collaborated extensively on the re-design of the Practical Experience Reporting Tool, which aims to better support candidates in the reporting of their practical experience and provide mentors, employers, and other stakeholders with more useful information.

### Professional Development

In 2019/20, CPA Alberta offered 361 in-person PD seminars, 386 online sessions, six executive programs, and five conferences, for a total of 10,770 registrations. To enhance flexibility and accessibility of learning, 25 per cent more online seminars were offered than in 2018/19. CPA Alberta also offered 14 customized training sessions to more than 380 participants.

This year, CPA Alberta implemented valuable changes to the main Professional Development Program. These updates include a reduced pricing strategy for seminars and passports, a new passport validity period, online formats, and new promotional strategies to improve the value and access for Alberta CPAs to enhance their professional competencies. CPA Alberta's Business Systems department also invested in analytics to enhance the planning, development, relevancy, and marketing of member products and services, including PD.

In 2019/20, CPA Alberta also re-introduced executive programming into its professional development offerings, and it had more than 140 participants. These in-residence programs target a wide variety of industries and included two controllership programs, two CFO programs, and a new innovation and technology executive program, which was developed in partnership with SAIT.

## Member Engagement

Keeping members engaged in the profession and the professional standards is an important component to ensuring their competency.

In 2019/20, the Technical Advisory team responded to more than 2,500 inquiries from members and the public on topics including ethical dilemmas, practice management, independence, conflicts of interest, and accounting and auditing standards.

CPA Alberta also facilitated nine roundtables, focus groups, and presentations with organizations, including the Canada Revenue Agency, the Accounting Standards Board, the Auditing and Assurance Standards Board, the International Ethics Standards Board for Accountants, and the Government of Alberta, engaging more than 400 CPAs. These sessions enabled members to engage on the standard-setting process, stay updated on recent developments within the profession, and/or provide their insights on opportunities for improvement.

Peer-to-Peer Forums were established in 2018/19 to provide an opportunity for Alberta CPAs and CPA candidates to share their experience and knowledge around a common topic and help each other tackle issues and challenges they may be facing. In 2019/20, CPA Alberta continued to hold these forums in Edmonton, Calgary, Grande Prairie, Red Deer, and Lethbridge on various topics, including cybersecurity, robotic process automation, data analytics, artificial intelligence, machine learning, and cloud computing.

## Career Services

CPA Alberta provided additional support in career advising through Monday Meetups, a peer-to-peer job search support group with active participation, particularly from members in Calgary where extended joblessness has been an issue. Participants were eager to share labour market insights, and relevant topics for future webinars or workshops were often revealed.

LinkedIn groups were created for several ongoing Member Services programs to provide cost-effective resources and discussion forums and support volunteers and participants, particularly in remote parts of the province.

Now in its second year, the Online Resource Centre was updated with a podcast section and includes links to topics like tax, accounting and finance, entrepreneurship, innovation, and diversity in the workforce.

Career Services also expanded its delivery of events, with 68 events planned in the fiscal year, a 79 per cent increase from the previous year. Due to the COVID-19 pandemic, several of the planned events had to be cancelled or postponed, but 61 were executed successfully.





CPA Alberta hosts its first Information, Technology, and Accounting Conference, designed to explore new technologies within the accounting and finance world.



CPAs from across the province develop their skills and knowledge at Elevate Your Mind, a full-day conference of thought-provoking sessions led by engaging speakers.



The Honourable Jason Copping, Minister of Labour and Immigration (right), poses for quick snapshot with CPA Alberta's CEO, Rachel Miller, and the Board's Vice-Chair, Damian Zapisocky, after connecting with Alberta CPAs at a breakfast hosted by CPA Alberta in November.



Samantha Weerasekera, a 2019 CPA Alberta Early Achievement Award recipient, shines at the Elevate Awards Gala.



Two CPAs protect themselves from the sun at the Elevate Golf Tournament, a fun opportunity for some networking and, of course, a little competition!

Alberta CPAs pitch in at Edmonton Meals on Wheels to make some nutritious meals for community members during CPA Alberta's annual Elevate week in June.



## **Elevate**

More than 2,200 people gathered to celebrate, learn, and connect at Elevate 2019: Celebrating Progress and Achievement, the annual celebration of the profession. Elevate events included volunteer opportunities in communities throughout the province, recognition of long-serving members and CPA Alberta Achievement Award recipients, and many chances to network with fellow CPAs.

Another important event was the Elevate Your Mind professional development conference, which encouraged participants to “ignite their future” through informative keynote and session speakers, who provided valuable knowledge and tips for increased results.

## **Volunteering**

Volunteer Days were held during Elevate 2019 in June and again in November 2019 during Financial Literacy Month. More than 230 CPAs volunteered with 18 organizations across five Alberta cities.

CPA Alberta’s Volunteer Tax Clinic Program to assist low-income Albertans by preparing personal tax returns normally takes place annually in the first few months of the year. In 2019/20, the COVID-19 pandemic impacted CPA Alberta’s ability to deliver in-person clinics, and the organization is exploring alternative solutions to deliver clinics for the 2019 taxation year.

## **CPA Assist**

CPA Assist provides confidential counselling services and 24/7 crisis support to Alberta and Saskatchewan CPAs, candidates, and their immediate families. This year, CPA Assist also hosted seven webinars on a variety of subjects, including mindful eating, stress management, active living, and exam anxiety. In total, the webinars were viewed by 1,486 participants.

In 2019/20, CPA Alberta, with Howatt HR Consulting, conducted a mental health and wellness study as part of the CPA Assist Program to gather information on members’ behaviours and attitudes towards health and wellness and provide insight into the issues CPAs and their families are facing. The study had 453 CPAs and candidates participate in the online assessment tool.

The research showed that the respondents are currently facing a significant amount of stress, and approximately 58 per cent of respondents experience a major stressor on a daily basis. The respondents are reporting at the national average for mental health issues: one in five Alberta CPAs struggle with a mental health issue, which is the same as the national average. This research will enable CPA Alberta to better support CPAs and their mental health.

In September 2019, the CPA Assist Program was extended to provide support to Saskatchewan CPAs through a partnership agreement.

## Communications

Ensuring clear and consistent communication with CPAs ensures they are aware of professional standards and CPA Alberta offerings. Similarly, communicating with the public is highly important so they know the value of working with CPAs and how CPA Alberta works to protect them.

Successful social media campaigns on International Accounting Day and International Women's Day—as well as materials such as the More Than Numbers brochure, CPA Alberta's About Us flipbook, and issues of The Asset (CPA Alberta's e-newsletter for MLAs)—promote the contributions of Alberta CPAs to all sectors of the economy and demonstrate how CPA Alberta protects the public.

In 2019/20, CPA Alberta sponsored nearly 30 business- and community-focused events. In addition to high-profile events such as Small Business Week in Edmonton and Calgary, CPA Alberta promoted the value of CPAs at the Edmonton Public Library's sold-out Forward Thinking Series featuring the Mayor of Edmonton, Don Iveson; the Calgary Influential Women in Business Awards; and the Art of Leadership in Calgary, which had almost 1,200 attendees.

CPA Alberta enhanced the national "Faces of CPA" brand advertising campaign with digital ads at busy intersections in Calgary and Edmonton and on prominent billboards in the Edmonton ICE District and along the Plus 15 pathway in Calgary. Ads also appeared on the elevator and lobby screens of 39 buildings in Edmonton and Calgary in fall 2019. The national brand campaign introduced Alberta business people and the general public to Canadian CPAs who visually represented qualities such as tomorrow, leadership, and integrity.



Alberta CPA Salina Dharamsi was featured in the profession's national brand awareness campaign as "The Face of Tomorrow."

## STRATEGIC PRIORITY #2: **Understanding the Alberta Landscape**

CPA Alberta will have a solid and broad comprehension of the forces shaping Alberta today and in the near future. With that comprehension, the profession can best ensure that it and its members remain relevant, valued and in fact essential to the province.

### **Events and Learning Opportunities**

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CPA Alberta invited the Honourable Jason Copping, Minister of Labour and Immigration (and Minister responsible for the CPA Act), to speak at a November breakfast event about the government's work to reduce red tape. This well-attended event gave CPAs the opportunity to learn more about the Government of Alberta's priorities.

Additionally, CPA Alberta was the presenting or silver sponsor of a number of high-profile events featuring the Honourable Travis Toews, Minister of Finance, and Premier Jason Kenney throughout 2019/20. CPA Alberta Board members and executive staff sat with government officials at these events, allowing CPA Alberta to not only get a better understanding of Alberta's landscape, but also to increase awareness of CPA Alberta's regulatory work and how the organization fulfills its mandate to protect the public.

In 2019/20, CPA Alberta expanded in-person learning opportunities across Alberta and delivered 11 in-person seminars to approximately 150 local CPAs in Grande Prairie, Lloydminster, Red Deer, and Lethbridge on a variety of timely and relevant topics.

CPA Alberta also collaborated with and supported local chapters and practitioner groups to assist members in building and developing their professional networks and gaining and sharing professional knowledge. Over 4,600 members attended 61 chapter events in 2019/20. Some of the event topics related to understanding the province's landscape included Alberta's Economy 2019: One Thing That Matters a Little and Five Things That Matter a Lot, a presentation from Alberta's Minister of Finance, and a presentation from the CEO of Alberta Innovates.

## Work with CPA Canada

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CPA Alberta continued to work with its national counterpart, CPA Canada, throughout 2019/20. This year, the work enabled CPA Alberta—and the profession as a whole—to gain a better understanding of the Alberta landscape and the specific social and economic issues facing our province.

CPA Alberta served as an advisory board member for CPA Canada's 2019 Oil & Gas Conference and delivered a pre-conference workshop on data analytics to 35 participants.

The Member Engagement team also continued to work collaboratively with CPA Canada to deliver their Financial Literacy Program presentations through more than 500 Alberta CPAs.

## STRATEGIC PRIORITY #3: Dealing with Disruption

CPA Alberta will understand the impacts of disruption on the CPA profession, and implement strategies to respond positively to those impacts.

### Professional Development and Learning Opportunities

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In 2019/20, CPA Alberta introduced several new targeted programs to assist CPAs in learning and understanding the impact of disruption in the profession. These included several short-term seminars, an executive program on innovation and technology, and a two-day conference on innovation and technology in accounting with more than 100 attendees.

CPA Alberta continued its educational road trip in 2019/20, delivering 29 sessions in 22 Alberta communities on CPA Canada's Foresight: Reimagining the Profession project. The CPA Foresight project looks to the year 2030, and the resulting report presents insights from the initiative and makes an urgent case for change. The sessions focused on trends around the key drivers of change for the future, a review of key findings from the project, and insights on some plausible futures for the world and the accounting profession. In addition, the sessions helped enhance the visibility of member engagement opportunities, member products and services, and the CPA Assist Program.

In its collaboration with local chapters, CPA Alberta also supported several events related to disruption, including Solving the Cryptocurrency Puzzle, Data Analytics in Finance, and Scientific Research and Experimental Development Tax Incentive Program.

## Resources and Communications

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Helping Alberta CPAs seize the opportunities created by disruption and effectively navigate uncertainty was a focus of many articles and other communications from CPA Alberta. All told, more than 200 valuable pieces of content were created and distributed through social media posts and articles in the Daily Dividends e-newsletter and Dividends magazine to help CPAs deal with this challenge.

## STRATEGIC PRIORITY #4: Achieving Smart Growth

CPA Alberta will gain an understanding of the emerging needs for CPAs in the marketplace and set growth strategies to meet these needs.

Through a variety of initiatives, CPA Alberta continued to grow membership and better understand the needs of incoming CPAs. Once again, the profession welcomed a record-setting number of candidates who passed the Common Final Examination (CFE). These 831 graduates were ushered into the profession at convocation events in Calgary and Edmonton in January and February 2020.

## Recruitment

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CPA Alberta's Recruitment team continued its work to attract new entrants to the profession, focusing primarily on post-secondary students, the group that makes up the vast majority of individuals who successfully join the profession. In addition to a number of other activities, new recruitment materials, including a presentation and brochures featuring Alberta CPAs, were created. They focused on the theme of "Who do you want to be?" to emphasize the opportunities inherent in the profession and the value a CPA designation can provide to any career.

In 2019/20, issues of Capitalize, CPA Alberta's semi-annual student recruitment magazine, continued to focus on the key benefits of pursuing a CPA designation and how a CPA designation is relevant to the career aspirations of high school and post-secondary students across the province. Issues in 2019/20 celebrated 70 years of women in the Alberta profession and featured "how-to" tips from Alberta CPAs on topics such as negotiating a job offer and finding a good mentor.

As a result of 2019/20 recruitment activities, 1,127 individuals in Alberta entered the CPA Professional Education Program (PEP).

CPA Alberta also hosted a gathering of national recruitment leads to share best practices with respect to growing the profession.

## **Employer Relations**

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CPA Alberta created a new Employer Relations team to provide Alberta employers with resources and information to better help them support their CPA candidates. In 2019/20, the team developed almost 20 informative resources, such as publications and blog posts for candidates and employers; hosted 15 events for candidates to increase their preparedness for CPA PEP or to write the CFE; and facilitated connections between industry experience verification route employers and pre-approved program route employers to help them share best practices and techniques for training candidates.

As CPA Alberta is the first in the profession to create such a team, Employer Relations is sharing their experiences and learnings with other provincial CPA organizations interested in emulating the same initiatives across Canada.

## **Practical Experience**

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The Practical Experience team created 13 new pre-approved programs or made material modifications to existing pre-approved programs at employers across Alberta. The focus for the team this year was on working with existing pre-approved program providers in both industry and public accounting to develop new and diverse roles. This will better enable Alberta CPA candidates to complete their practical experience requirements.

Through corporate reorganization, the task of identifying new employers to become pre-approved program route providers and experience verification route opportunities for candidates was moved to the Employer Relations team. The team continues to look for opportunities to establish new pre-approved program routes at employers across Alberta and is focused on building collaborative and productive relationships with current and new employers.





Post-secondary students network and learn more about future career opportunities at CPA Alberta's annual Meet Your Employer, a post-secondary student event held each September.



Dale Somerville FCPA, FCA took time out of his busy schedule in March to share his tax expertise as a guest on the "Straight From the CPA's Mouth" podcast sponsored by the CPA Education Foundation's Hesje CPA Knowledge Centre. Dale, who was granted Fellowship in March for his service to the profession and the community, is shown here in-studio at the recording of his podcast.

Students act out handing over apartment keys in a photo shoot for the How-to Issue of Capitalize, CPA Alberta's semi-annual magazine introducing Albertans to the profession.

## STRATEGIC PRIORITY #5: **Maintaining Fiscal Accountability**

CPA Alberta will maintain and demonstrate fiscal accountability.

### **Business Continuity**

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In 2019/20, CPA Alberta's Corporate Strategy and Risk team led projects to sustain organization capacity and a resilient CPA Alberta that is agile in responding to our changing business environment. The electronic documentation management project has engaged departments across the organization to understand current practices and systems with a view to making recommendations to best suit our ongoing business needs.

A new Emergency Response Plan was implemented, and the Business Continuity Plan was being updated when COVID-19 provided a real-time opportunity to test the framework of the pandemic plan. The full plan will be finalized in 2020/21.

### **Internal Projects**

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In 2019/20, the Corporate Strategy and Risk department also enhanced CPA Alberta's already robust internal controls program to formalize its system based on the COSO framework, a model for defining and evaluating internal controls. This model has been adopted as the generally accepted framework for internal control and is widely recognized as the definitive standard against which organizations measure the effectiveness of their systems.

In 2018/19, CPA Alberta amended the organization's strategy map to simplify and better reflect its strategic priorities. This year, CPA Alberta continued to report on the corporate business plan based on the strategy map. Operationally, CPA Alberta continues to refine the key performance indicators across all operations to provide appropriate and timely reporting.

CPA Alberta has also enhanced its capacity and effectiveness by implementing a new PD and event management system, EventsAIR.

On the cyber security front, CPA Alberta's Business Systems team continues to update best practices and guidance for members and makes that information readily available on CPA Alberta's website. Internally, CPA Alberta has ongoing training and testing for staff and is continuously monitoring and improving its security controls.

To support a culture of high performance, employee engagement, innovation, and collaboration, CPA Alberta undertook an initiative to implement a new intranet. Brainstorming sessions were held with staff to identify their needs and identify ways to increase organizational awareness and create a sense of community. In response to a request for proposal, several vendors provided demonstrations of their recommended solution. The solution is currently in development and is expected to go live early in 2020/21.

### **Internal Projects to Enhance Technology and Improve Efficiency**

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Several projects in 2019/20 were implemented to sustain organizational capacity and ensure CPA Alberta is resilient and agile in responding to the changing business landscape.

Work in this area included:

- Continuing to develop a paperless accounts payable system
- Introducing innovations in financial reporting and continuing to develop best practices
- Implementing an automated fraud detection tool
- Continuing to implement the CPA Alberta Member Management System (CAMMS), with new system expected to be rolled out in 2020/21

## 2020/21 Outlook

**In 2020/21**, CPA Alberta will be in its fourth year of operating under its current five-year strategic plan. Progress achieved during the first three years under that plan has been notable, and all indications are that the organization will meet its targets and goals by the end of Year Five in 2021/22. Working toward those targets and goals will be the primary focus of CPA Alberta through 2020/21.

The onset of the COVID-19 global pandemic just as fiscal 2019/20 drew to a close requires that CPA Alberta re-evaluate its plans for the new fiscal year. The impact of the pandemic, along with the resulting economic downturn and the historic decline in global energy markets, are all expected to have deep impacts on the CPA profession in Alberta and across Canada. It will be essential, therefore, that CPA Alberta align its work to respond to these impacts, while at the same time ensuring its core mandate to protect the public is met without interruption.

As severe as the outlook for 2020/21 appears to be as the year begins, we know that CPAs will be essential to the recovery and future growth of the provincial economy. As business leaders, trusted advisors, proven strategic thinkers, and fiscal experts, CPAs will provide vital input and direction to business, the public sector, and the broader community in the months ahead. CPA Alberta's role during this time of recovery will be to fulfill its legislated mandate by providing CPAs with relevant and timely resources, services, products and processes, so that those CPAs in turn can continue to serve Alberta with rigour, integrity and high levels of professional competency.

Also in 2020/21, the Board and management of CPA Alberta will begin to contemplate beyond the term of the current five-year strategic plan in order to map out the next five years for the organization and the profession in Alberta. As this longer-term planning work begins, CPA Alberta will look to Alberta CPAs for their ideas and priorities. There is no doubt that, at a time of uncertainty and challenge, the wisdom and expertise of Alberta CPAs will be crucial to the success of CPA Alberta and the profession in the coming year and beyond.

# Financial Discussion



## Overview

CPA Alberta commits to a balanced budget annually. The budget supports the Board of Directors' strategic objectives while protecting the public through high regulatory standards and offering programs and services that provide value to the membership. While the fiscal year ended March 31, 2020 planned a balanced budget, the actual financial results report a deficit of \$322,318. This mainly resulted from unrealized loss on investments due to the market downturn during the COVID-19 pandemic, while other areas of operations experienced offsetting variances. Of note is that during the last quarter, when the major market downturn happened, CPA Alberta's portfolio outperformed the market benchmark by 0.96%. This demonstrates that CPA Alberta's investment approach has served the goal of capital preservation well and provided downside protection, which is crucial to not-for-profit organizations such as CPA Alberta.

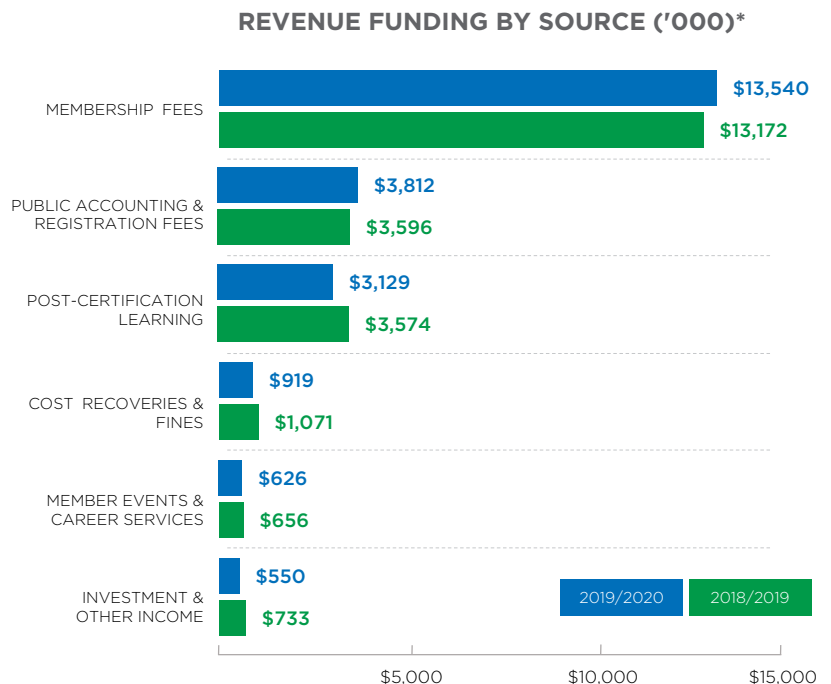
# Understanding Our Business

## Funding

CPA Alberta is organized around three business units: Member Services, Regulatory, and Communications and Recruitment. These business units are assisted by a support team comprised of Corporate Services, Business Systems, and the Executive Office.

CPA Alberta is funded through various sources of revenue, so that the organization can fulfill its mandate under the CPA Act. Membership fees continue to be the primary source of funding, followed by public accounting firm fees and post-certification learning. These fees support the various activities and programs provided by CPA Alberta and allow the profession to self-regulate.

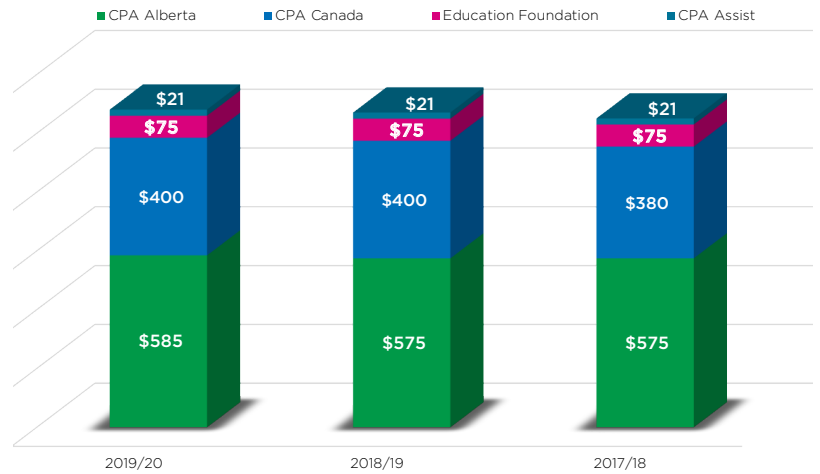
Pre-certification learning revenue relates to student fees collected by the CPA Western School of Business (CPAWSB) on behalf of CPA Alberta. This is a result of the operating agreement effected on April 1, 2019. These fees are mainly used to support student programming.



### Membership Fees

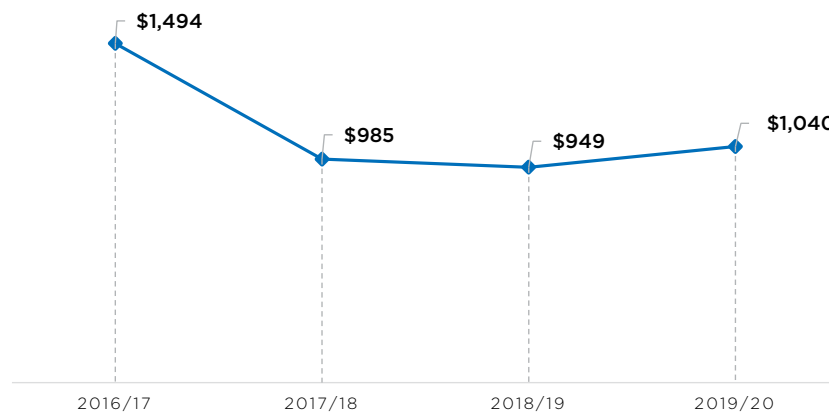
There was a \$10 increase in provincial member fees in 2019/20 to \$585 from \$575; this was the first increase since fiscal year 2016/17, when membership fees and fee reduction policies were harmonized.

Provincial fees remain comparable to the other western Canadian provinces. National (CPA Canada) fees remained at \$400 and are remitted to CPA Canada on behalf of Alberta CPAs.



Through the CPA Alberta fee reduction program, Alberta CPAs can apply for a fee reduction provided certain criteria are met. The objective of the program is to support members who are not active in the accounting profession or who have a reduced income for any reason. The economic downturn in Alberta over the past number of years has increased the use of this program, and the slow recovery has continued to impact member fee revenue due to an increased number of fee reduction applications. Although it is difficult to predict economic conditions, in light of the COVID-19 pandemic and the expected continued low oil prices, CPA Alberta expects to see an increase in the number of members applying for fee reduction or fee deferral in the upcoming year.

### MEMBER FEES REDUCTION TRENDRING ('000)

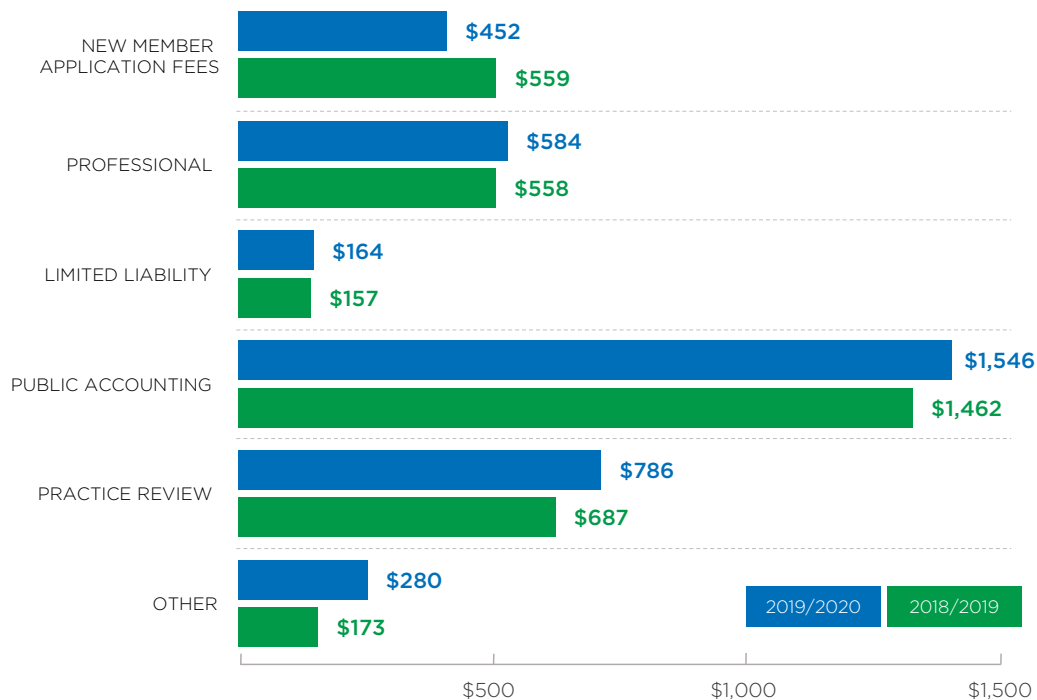


### Public Accounting and Registration Fees

Public Accounting and Registration Fees slightly increased compared to the prior year.

Practice reviews are performed on a three-year cycle. Annually, the cycle may fluctuate in terms of volume, complexity of the practice reviews performed, and location of the firms reviewed. Higher practice review revenues this year were due to an increase in review hours performed, driven by the types of firms reviewed, new firms, and firms with increased risk cycle.

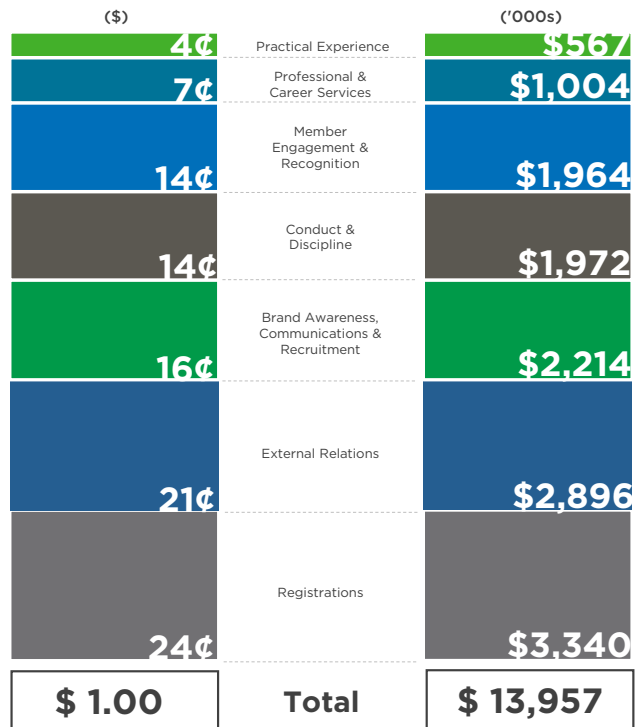
#### PUBLIC ACCOUNTING & REGISTRATION FEES ('000)



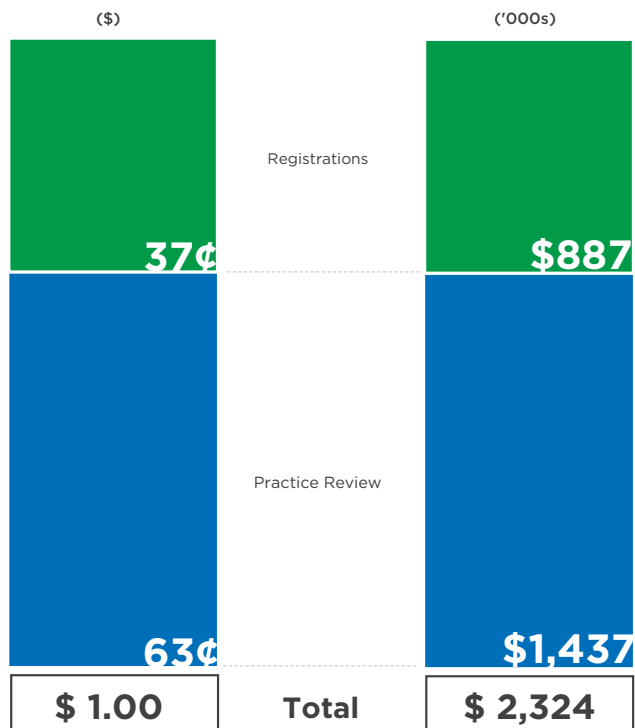


For every member dollar spent, the activities and programs supported by Member & Professional Accounting Firm Fees and Registration Fees

Activities & Programs Supported by Member Type Fees



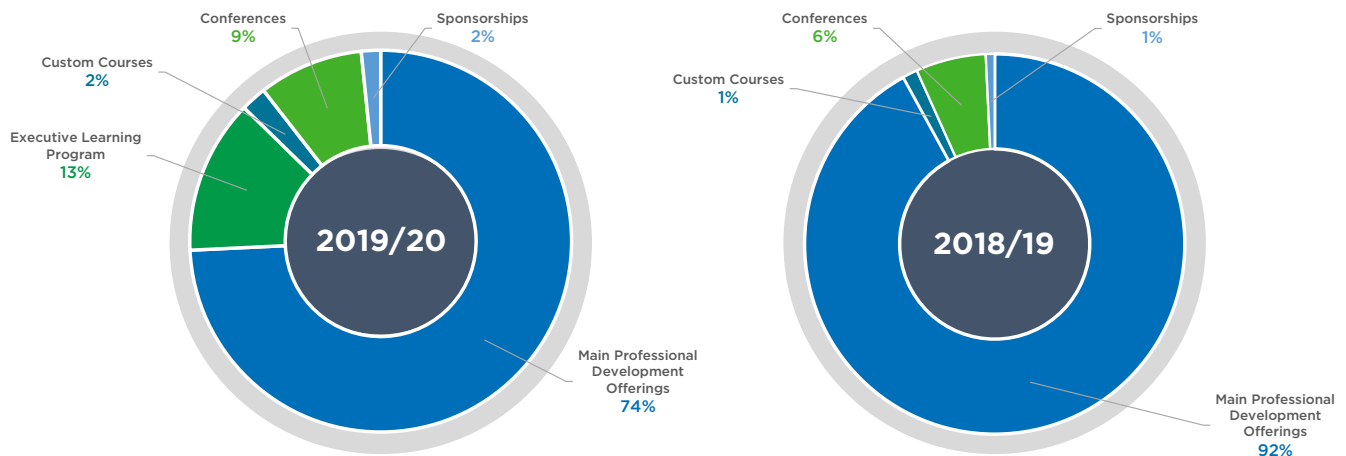
Activities & Programs Supported by Public Accounting Firm Fees



### Post-certification Learning

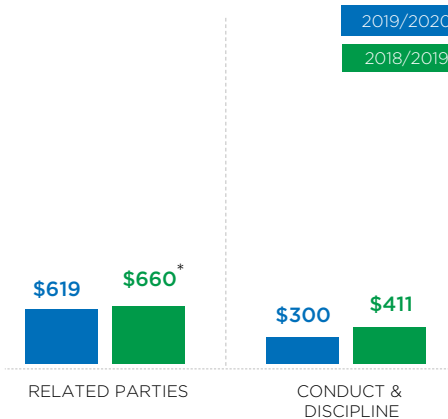
Post-certification learning revenue encompasses a comprehensive program of professional development programs, conferences, and custom courses. Fiscal 2019/20 re-launched the Executive Learning Program, which experienced sold-out registrations for most of the offerings. Revenues for the main professional development offerings has seen a decline, primarily from reduced registrations and a reduction in Passport pricing. Approximately \$133K of the decline in revenue is attributed to the cancellation of several in-person offerings resulting from COVID-19 protocols.

**POST-CERTIFICATION LEARNING**  
REVENUE BY PROGRAM ('000)



### Cost Recoveries and Fines

**COST RECOVERIES & FINES ('000)**



\*Excludes pre-certification recoveries of \$2.9M

Cost recoveries and fines include expense reimbursements from related parties for work CPA Alberta performs on their behalf, as noted in the financial statement disclosures. This also includes cost recoveries and fines for conduct and discipline activities.

There was a significant decrease in cost recoveries from the CPAWSB, related to a change in the student education delivery model as reflected in the new operating agreement that was effective April 1, 2019. This revenue is captured within pre-certification revenue for 2019/20.

Cost recoveries relating to conduct and discipline cases have also decreased. The timing and amount of these recoveries vary year over year, depending on the nature and complexity of the case.

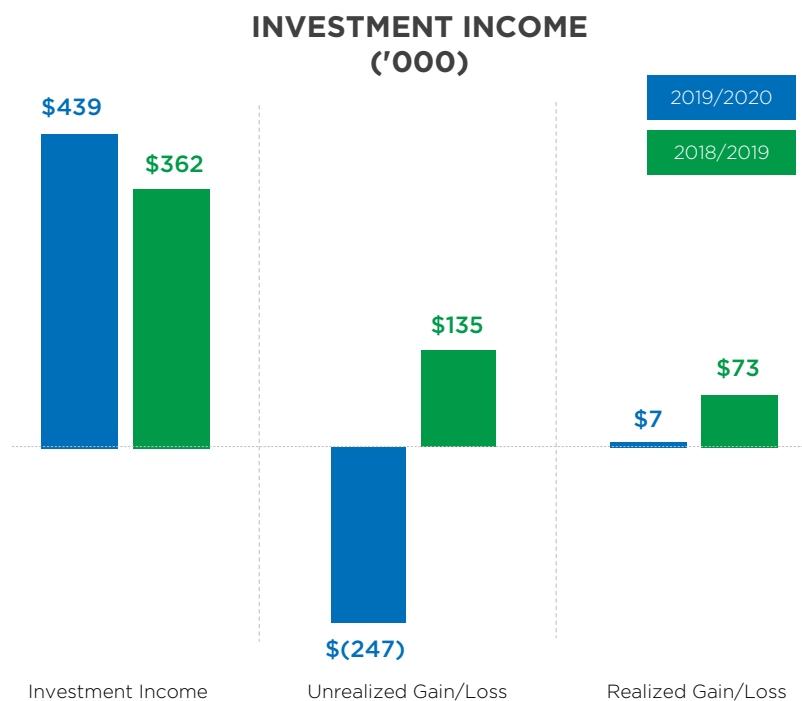
### Pre-certification Learning

Pre-certification learning revenue reflects the student fees collected by CPAWSB on behalf of CPA Alberta for the fiscal year 2019/20.

As reported in the financial statement note disclosures (Note 7), CPAWSB acts as an agent for the western provinces to deliver the CPA Professional Education Program (PEP) and Preparatory Education Program (PREP) to students, and the appropriate revenue and expenses are reported accordingly.

### Investments and Other Income

An Investment Policy Statement (IPS) for CPA Alberta was approved by the Board of Directors in March 2016 and subsequently amended in September 2017. The IPS has been designed to generate income and long-term capital growth. The IPS is reviewed by the Audit and Risk Committee on a regular basis. The portfolio produced positive returns until early February 2020, primarily from the U.S. and Canadian equity market holdings. The development of the COVID-19 pandemic in the last two months of this fiscal year has negatively impacted the global markets, resulting in a \$247,000 unrealized loss by the end of the fiscal year.

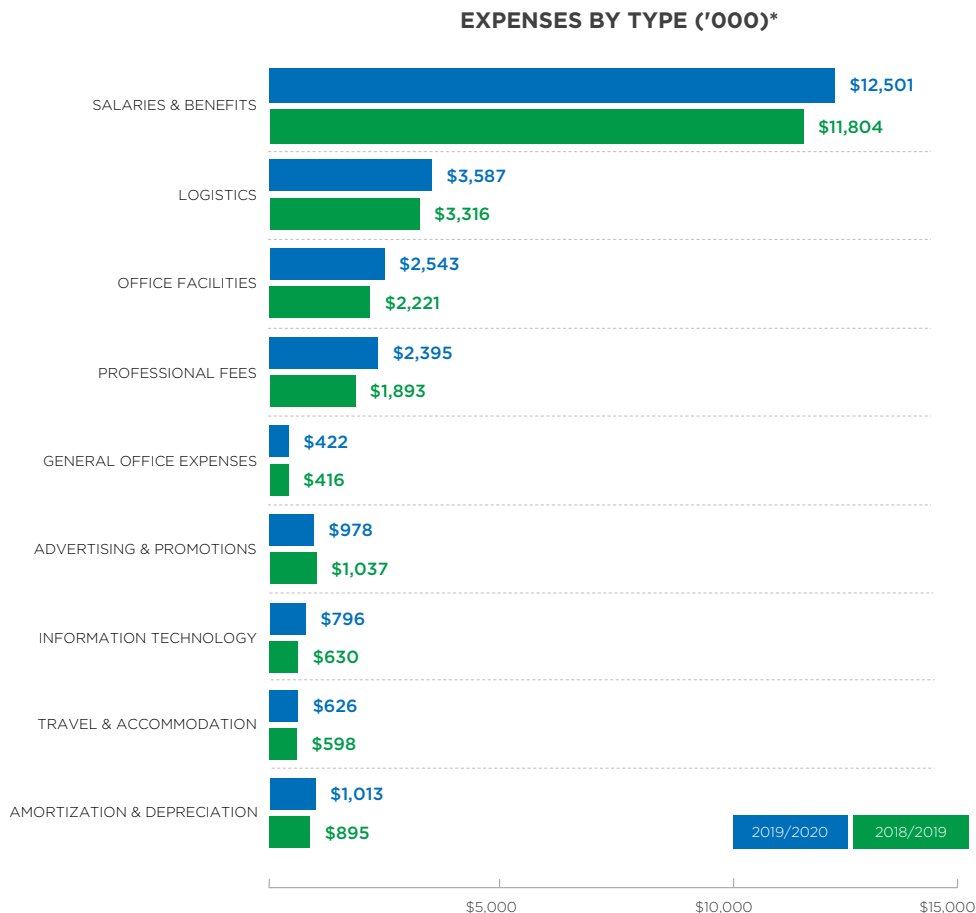


CPA Canada is responsible for program development and operating expenses related to PEP, PREP, and the Advanced Certificate in Accounting and Finance (ACAF). The ACAF program is now discontinued, with the last ACAF National Examination on January 29, 2021. The provinces fund these expenditures and share any related surplus or deficit.

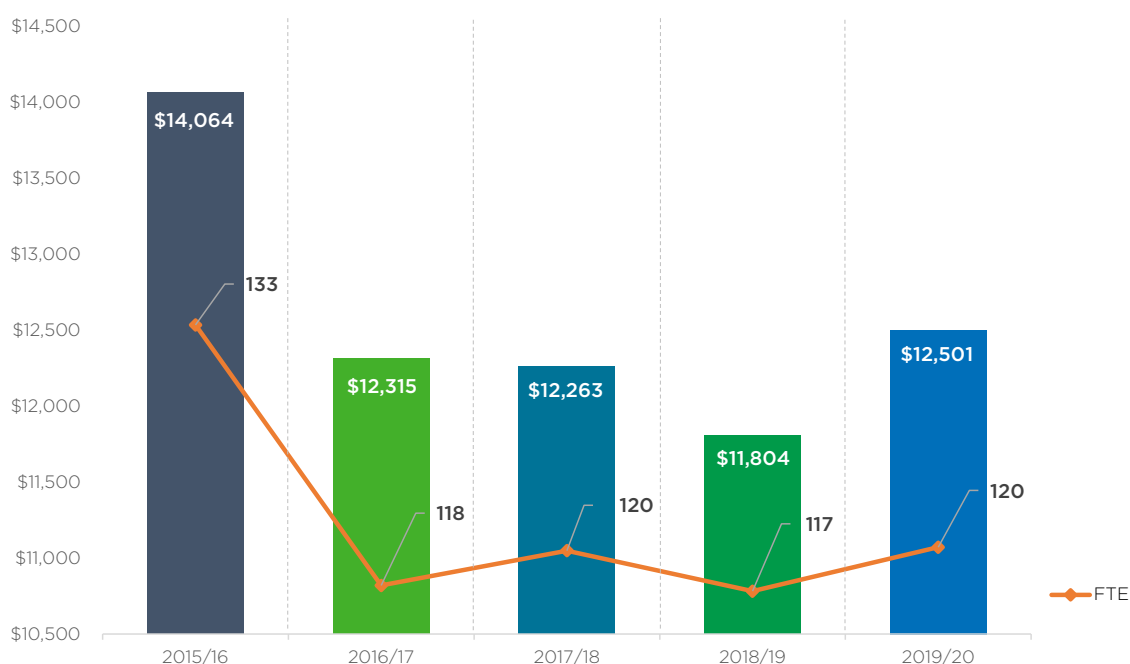
Investment and Other Income ('000)	2019/20	2018/19
Investment Income	\$ 199	\$ 570
Advertising/Exhibitor	40	61
Education Program	287	102
CPA SK - Assist program	47	0
Loss on disposal of capital assets	(23)	0
Total	550	733

## Understanding Our Business

### Operating Expenses



Operating expenses increased over the prior year. Increases in salaries and benefits are due to filling previously vacated positions. Significant work on an organizational security project as well as project post-implementation support costs were the main contributors for the increased spending in professional fees. Pre-certification learning expenses relate to spending incurred by CPAWSB in the delivery of student programs.

**SALARIES & BENEFITS ('000)****Human Capital**

CPA Alberta prides itself on high service standards and support to its members. Accordingly, as a service organization, salaries and benefits continue to be CPA Alberta's most significant expense. CPA Alberta completes a market assessment every two years to ensure compensation and benefits remain comparable to similar organizations.

CPA Alberta has optimized staffing levels while ensuring a high-performing and effective team by strategically positioning itself as an employer of choice. CPA Alberta offers a competitive salary and benefits program compared to similar not-for-profit and public service entities. To ensure employees remain competent and engaged, CPA Alberta invests in a corporate training program to develop the skills and competencies required in the various roles and job families.

Employees are rewarded for meeting strategic objectives through a Performance Management program that measures success towards goals and contributions to the workplace. In addition, CPA Alberta has a number of other initiatives within its rewards program, including peer-to-peer recognition and long-term service awards. CPA Alberta also supports team building and social responsibility through its volunteer social committee, which provides events to employees throughout the year, including those that support organizations such as the Edmonton and Calgary Food Banks and Brown Bagging for Kids.

# Understanding Our Business

## Financial Stewardship

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### System and Processes

CPA Alberta maintains a high-quality system of accounting and administrative controls that is consistent with reasonable cost. Our system is designed to provide reasonable assurance that the financial information is reliable and accurate, and the assets are appropriately accounted for and adequately safeguarded. CPA Alberta is confident that there are no deficiencies that would impair its ability to provide reliable, timely disclosure or affect its ability to execute its strategic plan.

### Non-financial Resources

CPA Alberta relies heavily on experienced volunteers and employees to enable it to carry out its mandate. The organization has an experienced team of directors, managers, staff, and volunteers that can be redeployed to meet changing market needs and support the organization in implementing its strategies.

### Impact From the COVID-19 Pandemic

The development of the COVID-19 pandemic occurred towards the end of this fiscal year, and the impact on the financial results are mainly from the cancellation of planned professional development courses due to social distancing measures, as well as the unrealized loss of the investment portfolio in the last two months of the year (\$661K unrealized loss).

### Capital Resources ('000)

At March 31, 2020, CPA Alberta had a cash balance of \$3,785, compared to \$8,649 at March 31, 2019. The decrease is primarily from decline in cash inflow from member fees for the upcoming billing year (2020/21), as important deadlines were extended in light of the global pandemic. Cancellations of several in-person professional development offerings as well as events for the next three months have resulted in an increase in cash refunds as well.

### Long-term Investments ('000)

Long-term Investments include fixed-income securities and common shares based on the asset allocation in the Investment Policy Statement (IPS). The IPS and investment advisor performance is reviewed annually by the Audit and Risk Committee. The objective of the IPS is to focus on wealth preservation and some long-term growth to retain the real (inflation-adjusted) value of the portfolio. The risk profile of the portfolio is low- to moderate-risk. The long-term investments balance at March 31, 2020, was \$7,062, compared to \$7,101 in the prior year.

### Tangible and Intangible Capital Assets ('000)

At March 31, 2020, CPA Alberta held tangible capital assets with a net book value of \$5,555, compared to \$6,303 in the prior year. The decrease was due to the depreciation and amortization on the assets. Intangible Assets include development costs for upgrading the existing member management system in use (\$3,551). The system will continue to be upgraded in phases over the next two years.

Capital Assets	2019/20	2018/19
Tangible	\$5,555	\$6,303
Intangible	\$3,551	\$2,012

### Working Capital ('000)

The working capital position at March 31, 2020, which is defined as current assets minus current liabilities, is \$701, compared to \$1,986 in the prior year. The decrease in working capital is primarily from the reduction in capital resources as mentioned prior. The organization believes that the current cash position and anticipated cash flows from operations is sufficient to meet future working capital and capital expenditure requirements. The COVID-19 pandemic's impact on the organization's operations will be closely monitored.

### Net Assets ('000)

CPA Alberta has a Net Assets Policy in place to ensure sufficient net assets are available to respond to adverse business conditions and to mitigate revenue and expense fluctuations year to year.

The Board has restricted a portion of Net Assets for capital assets, wellness programs for members, future development of the CPA Education program, and to fund regulatory processes.

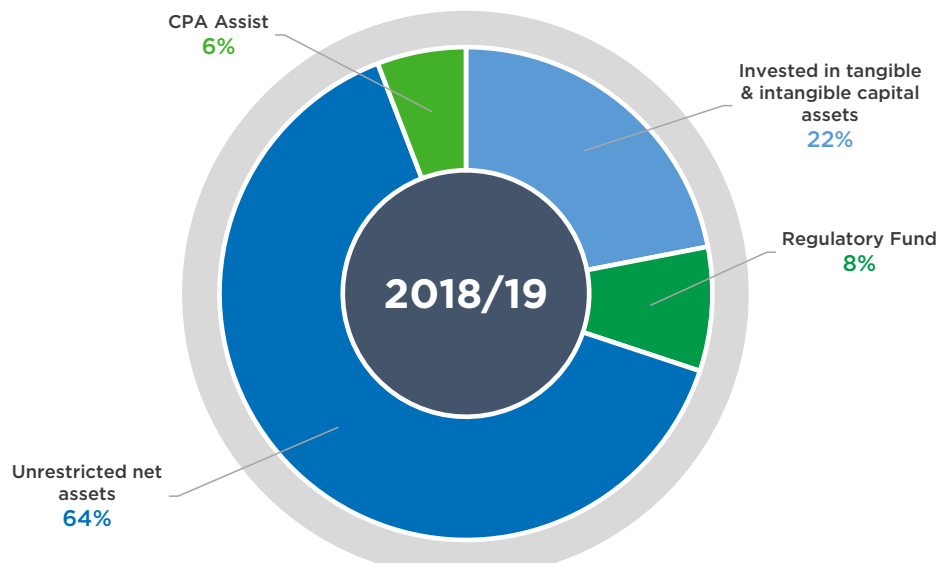
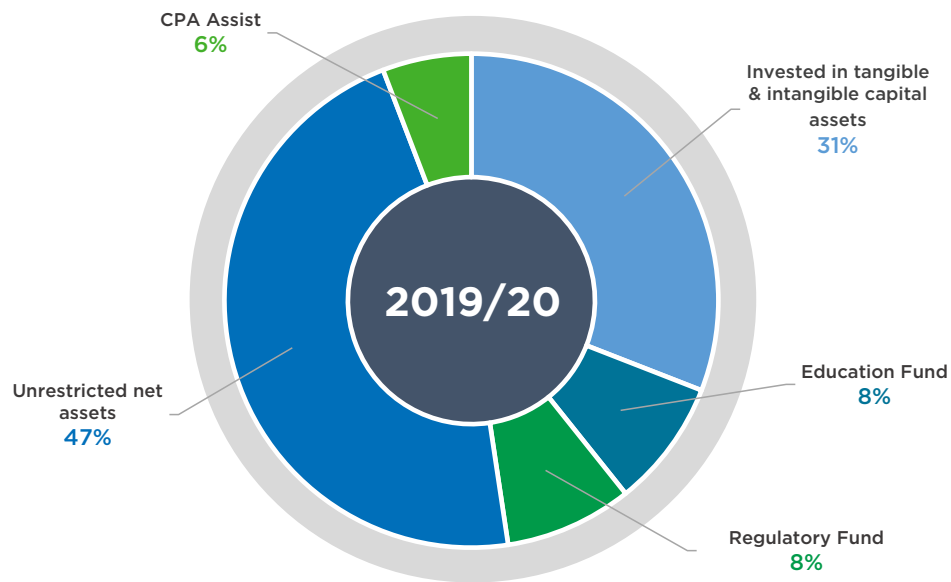
The Regulatory Fund supports the complexity of the regulatory processes and any related unforeseen costs, which fluctuate annually.

The CPA Assist Fund supports mental health initiatives for members.

The Education Fund supports a high-quality, relevant learning environment for students and candidates and serves to respond to significant fluctuations in revenue and expenses relating to program enrollment.

### The Results ('000)

CPA Alberta reports an operating deficit of \$322, compared to a \$2,985 operating surplus in the prior year before transition expenses of \$555. The transition expenses and related unification stabilization fund has been exhausted.





# Understanding Our Business

## Efficient and Effective Use of Resources

### Procurement and Contract Management

The procurement and contract management business partner is responsible for ensuring that procurement initiatives of the organization are transparent and value for money is optimized. Through vendor negotiations and formal requests for proposals, CPA Alberta has realized cost savings and improvements in service and value.

### Internal Controls and Analytics

The internal controls and analytics business partner is responsible for ensuring value to the membership by demonstrating accountability, transparency, and compliance through business analysis and reporting. CPA Alberta has implemented a program to enhance and protect organizational value through fraud risk assessment, risk-based and objective assurance, advice, and insight, building on the existing Enterprise Risk Management Program (ERMP).

## Risks and Opportunities

An ERMP based on the ISO: 31000 standard was implemented in 2017/18 to identify, assess, treat, and report on strategic and operational risks. The objectives of CPA Alberta's ERMP are to:

- Develop a common understanding and implementation of risk management across the organization.
- Develop and implement:
  - o methods to integrate risk management into the organization's structure;
  - o standard methodology for managing risks;
  - o education, support and guidance to risk owners, and;
  - o reporting to senior management and the Board.
- Maintain risk registers for all key risks.
- Develop effective risk treatments or controls to manage risk.

In CPA Alberta's governance structure, the Audit and Risk Committee, on behalf of the Board, has the responsibility for oversight of risk management. This responsibility includes reviewing guidelines and policies to understand the process by which risk management is handled and to obtain assurance on the adequacy and effectiveness of risk management.

Through CPA Alberta's Directives, the Board has delegated the responsibility for risk management to the CEO, to ensure that proper processes and procedures are in place to continuously identify and manage key business risks within the guidelines established by the Audit and Risk Committee and the Board. The ERMP has been designed to meet these obligations and to help ensure that CPA Alberta will achieve its objectives. The strategic risk register, developed by senior management, is presented to and monitored by the Audit and Risk Committee and provided to the Board as part of the Committee's mandate.

CPA Alberta monitors several strategic risks, including:

- Ensuring CPA Alberta and the profession maintains its positive and strong reputation.
- Ensuring CPA Alberta fulfills its mandate and will continue in its self-regulatory role.
- Ensuring members are competent and continue to be respected by the public for professional accounting services and advisory and high ethical standards.
- Ensuring members continue to see value in CPA Alberta's services and its ability to self-regulate.
- Ensuring CPA Alberta continues to understand the unique Alberta Landscape and the impact on its members.
- Monitoring and addressing disruptive forces to the organization and its members.
- Ensuring private member information is secured through increased cybersecurity programs and continual monitoring and awareness of the cyber environment.
- Safeguarding the organizations assets and ensuring its viability in the long term.

As the ERMP expands and matures, CPA Alberta continues to ensure the principles of effective risk management become part of, and are integrated into, the CPA Alberta culture and workplace.

## Looking Ahead

CPA Alberta's 2020/21 corporate business plan outlines the goals and strategies for the organization, guided by the current five-year strategic plan. A detailed budget was prepared in support of this plan and the Board's strategic priority to maintain fiscal accountability. Management anticipated a balanced budget for 2020/21 fiscal year. Current economic conditions and the impacts of COVID-19 will have an impact on the financial situation at CPA Alberta. CPA Alberta is monitoring the environment daily and working to mitigate potential financial impacts through cost savings and adjustments to programs and related offerings. CPA Alberta maintains a healthy net asset position that is in line with its Net Asset Policy. This healthy net asset position will help the organization to withstand these adverse business conditions.

CPA Alberta strives to operate as efficiently as possible while ensuring adequate funds to meet its mandate, provide services of value to members, and secure the long-term viability of the profession. For the 2020/21 year, Alberta member fees will increase slightly—by less than one per cent from \$585 to \$590—reflecting an increased cost of doing business. Implementing nominal fee increases when necessary will help the organization avoid any substantial fee increases in the future.

The portion of the total fees that go to CPA Alberta allows the organization to meet its legislated mandate by regulating the profession in the province in order to protect the public. As part of this responsibility, the fees also allow CPA Alberta to provide a number of services to help Alberta CPAs succeed, including providing professional development opportunities, promoting the value of CPAs to stakeholders, and representing Alberta CPAs nationally.

CPA Alberta recognizes that Alberta CPAs, like all Albertans, are facing stress and uncertainty due to the health, economic, and social impacts of COVID-19. These are challenging times for the province, and so, when it comes to fee payments, CPA Alberta will do what it can to respond to the specific circumstances that individual CPAs might be facing.

Looking ahead, CPA Alberta will be focusing on navigating the economic challenges and impacts of COVID-19. This is an unusual year and its circumstances will invariably have an impact on the approved corporate business plan; this plan will need to be adjusted in light of current events.



The Spring 2020 issue of Capitalize, CPA Alberta's semi-annual magazine introducing Albertans to the profession, featured Alberta CPAs providing the building blocks for a number of useful skills.

# Financial Statements

For the year ended March 31, 2020



## Management's Responsibilities for Financial Reporting

The accompanying financial statements of the Chartered Professional Accountants of Alberta ("CPA Alberta") and all the information in this annual report are the responsibility of management.

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

CPA Alberta maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that CPA Alberta's assets are appropriately accounted for and adequately safeguarded.

The CPA Alberta Board of Directors (the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for the financial statements. The Board carries out this responsibility principally through its Audit and Risk Committee (the "Committee").

The Committee, which is composed of certain board members, reviews the financial statements and other information contained in the annual report and recommends them to the Board for approval. The Committee meets with management, as well as the external 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 auditor's report. The Committee also recommends the appointment of the external auditor, which is appointed by the members at the Annual General Meeting.

The financial statements have been audited by RSM Alberta LLP, in accordance with Canadian generally accepted auditing standards, on behalf of the members. RSM Alberta LLP has full and free access to the Committee.

Rachel Miller FCPA, FCA  
Chief Executive Officer  
July 21, 2020

Cindy Priebe FCPA, FCMA  
Chief Financial Officer

# Independent Auditor's Report

## To the Members of the Chartered Professional Accountants of Alberta:

### Opinion

We have audited the financial statements of the Chartered Professional Accountants of Alberta, (the "Organization") which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2020, and its financial performance and cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations ("ASNPO").

### Basis of 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 Organization 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 will 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 this 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 of the financial statements in accordance with ASNPO, 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.

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

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

## Independent Auditor's Report (Continued)

### Auditor's Responsibilities 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 judgment 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 Organization'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 Organization'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 Organization 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.

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.

RSM Alberta LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

[•]

July 21, 2020

Calgary, Canada



# Chartered Professional Accountants of Alberta

## Statement of Financial Position

### As at March 31, 2020

	<u>2020</u>	<u>2019</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 3,784,977	\$ 8,649,246
Accounts receivable (Notes 7,8,17)	8,809,267	7,272,276
Prepaid expense	390,658	252,431
Deposits	24,328	51,750
	<u>13,009,230</u>	<u>16,225,703</u>
<b>Non-Current Assets</b>		
Long term investments (Note 3)	7,061,883	7,101,403
Tangible capital assets (net) (Note 4)	5,555,098	6,302,706
Intangible capital assets (net) (Note 4)	3,551,274	2,012,246
	<u>16,168,255</u>	<u>15,416,355</u>
	<b>\$ 29,177,485</b>	<b>\$ 31,642,058</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Notes 7,9,11)	\$ 3,913,076	\$ 5,009,567
Deferred revenue (Note 7b,17)	8,394,855	9,229,794
	<u>12,307,931</u>	<u>14,239,361</u>
<b>Non-Current Liabilities</b>		
Deferred lease incentives (Note 10)	4,895,146	5,105,971
	<u>4,895,146</u>	<u>5,105,971</u>
	<b>17,203,077</b>	<b>19,345,332</b>
<b>Net Assets</b>		
Invested in tangible and intangible capital assets	3,701,769	2,699,524
Internally restricted (Note 12)		
Regulatory Fund	1,000,000	1,000,000
CPA Assist	697,439	716,775
Education Fund (Note 13)	1,000,000	-
Unrestricted net assets	5,575,200	7,880,427
	<u>11,974,408</u>	<u>12,296,726</u>
	<b>\$ 29,177,485</b>	<b>\$ 31,642,058</b>

**Commitments and Contingency (Notes 5-6)**

**Subsequent Event (Note 16)**

**Approved on behalf of the CPA Alberta Board**

**Darrell Jones, FCPA, FCMA**  
Board Chair

**Rachel Miller, FCPA, FCA**  
Chief Executive Officer

**Chartered Professional Accountants of Alberta**  
**Statement of Operations**  
**For the year ended March 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>Revenues</b>		
Pre-certification learning (Note 7)	\$ 16,893,662	\$ 40,969
Membership fees	13,540,073	13,172,106
Public accounting and registration fees	3,812,217	3,596,229
Post-certification learning	3,128,687	3,573,826
Cost recoveries and fines (Note 7)	918,957	4,023,379
Member events and career services (Note 7)	625,643	656,176
Investment and other income (Notes 7, 4)	550,063	732,844
	<u>39,469,302</u>	<u>25,795,529</u>
<b>Expenses</b>		
Pre-certification learning (Note 7)	14,931,270	-
Administration (Note 4)	10,027,523	8,705,683
Member services	6,277,795	5,757,456
Regulatory	5,759,627	5,558,118
Communications and recruitment	2,795,405	2,789,710
	<u>39,791,620</u>	<u>22,810,967</u>
<b>Excess (deficiency) of revenues over expenses before the following</b>	(322,318)	2,984,562
Transition expenses	-	554,741
	<u>-</u>	<u>554,741</u>
<b>Excess (deficiency) of revenues over expenses</b>	<u>\$ (322,318)</u>	<u>\$ 2,429,821</u>

## Chartered Professional Accountants of Alberta

### Statement of Changes in Net Assets

#### For the year ended March 31, 2020

	Invested in tangible and intangible capital assets	Internally Restricted			Unrestricted	2020	2019
		Regulatory Fund	CPA Assist	Education Fund			
Balance, beginning of year	\$ 2,699,524	\$ 1,000,000	\$ 716,775	\$ -	\$ 7,880,427	\$ 12,296,726	\$ 9,866,905
Excess of revenue over expenses (expenses over revenue)	(824,941)	-	(19,336)	-	521,959	(322,318)	2,429,821
Purchase of capital assets, net of disposals	1,827,186	-	-	-	(1,827,186)	-	-
Inter-fund transfer (Note 13)	-	-	-	1,000,000	(1,000,000)	-	-
<b>Balance, end of year</b>	<b>\$ 3,701,769</b>	<b>\$ 1,000,000</b>	<b>\$ 697,439</b>	<b>\$ 1,000,000</b>	<b>\$ 5,575,200</b>	<b>\$ 11,974,408</b>	<b>\$ 12,296,726</b>

## Chartered Professional Accountants of Alberta

### Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
<b>Cash provided by (Used for) the following activities</b>		
<i>Operating</i>		
Excess (deficiency) of expenses over revenue	\$ (322,318)	\$ 2,429,821
Non-cash adjustments:		
Amortization of tangible capital assets	1,012,736	894,747
Amortization of deferred lease incentives	(210,825)	(192,308)
Loss on disposal of capital assets	23,030	5
Unrealized loss (gain) on investments	246,618	(134,564)
Realized gain on investments	(7,202)	(73,003)
	<u>742,039</u>	<u>2,924,698</u>
Changes in non-cash working capital accounts (Note 14)	<u>(3,579,226)</u>	<u>3,128,660</u>
	<u>(2,837,186)</u>	<u>6,053,358</u>
<i>Investing</i>		
Purchase of capital assets	(1,827,186)	(1,699,528)
Purchase of investments	(426,858)	(10,635,611)
Proceeds on sale of investments	226,962	10,371,888
	<u>(2,027,082)</u>	<u>(1,963,251)</u>
<b>Increase (decrease) in cash</b>	<b>(4,864,269)</b>	<b>4,090,107</b>
<b>Cash, beginning of year</b>	<b><u>8,649,246</u></b>	<b><u>4,559,139</u></b>
<b>Cash, end of year</b>	<b><u>\$ 3,784,977</u></b>	<b><u>\$ 8,649,246</u></b>

**1 Incorporation and nature of operations**

The Chartered Professional Accountants of Alberta (“CPA Alberta”) is a professional regulatory organization established by the Chartered Professional Accountants Act (“the Act”), and the purpose of CPA Alberta is to protect the interest of the public, to protect the integrity of the profession, to promote and increase the competence of registrants, and to regulate the conduct of registrants.

As a not-for-profit organization under the Income Tax Act (Canada), CPA Alberta is not subject to income taxes.

**2 Significant accounting policies**

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

**Cash**

Cash includes bank balances and cash held in a high-interest savings account.

**Measurement uncertainty**

The preparation of financial statements in conformity with Part III requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of the tangible and intangible capital assets. These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in revenue or expenses in the period in which they become known. Actual results could differ from those estimates.

**Revenue recognition**

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

- Membership, public accounting, and registration fees are recognized as revenue in the year to which they relate. Included in public accounting and registration fees are practice review fees that are recognized when practice review services are performed;
- Pre-certification learning fees and Post-certification learning fees are recognized as revenue in the year to which they relate or when the courses are presented;
- Member events and career services registration fees, sponsorships and other related income are recognized when the event is held;

- Cost recoveries and fines resulting from hearings and appeals are recognized when decisions are made while operating cost recoveries from related parties are recognized when services are performed;
- Investment income is recognized as it is earned over the term of investment; and
- Other income is recognized as it is earned.

### **Tangible and Intangible assets**

Capital assets (when a single asset, or multiple assets grouped together as appropriate, meets the capital asset criteria) are initially recorded at cost. Amortization is calculated using the straight-line method over their estimated useful lives as follows:

	<b>Rate</b>
Furniture	10 years
Office equipment	5 years
Computer software and hardware	3 years
Leasehold improvements	Lease term
Artworks	Indefinite
Intangible capital assets	10 years

The expenditures incurred on internally generated intangible assets during the development phase of the new member management system are capitalized as intangible assets.

During the year, CPA Alberta adopted the new accounting standards Handbook Section 4433 - Tangible capital assets held by not-for-profit organizations and Section 4434 - Intangible assets held by not-for-profit organizations. These standards are effective for years beginning on or after January 1, 2019 and are applied on a prospective basis. The adoption of these new standards did not have an impact on CPA Alberta's financial statements.

CPA Alberta has updated their policy as it relates to the impairment of capital assets as follows:

When conditions indicate a capital asset is impaired, the carrying value of the capital asset is written down to the asset's fair value or replacement cost. The write down of the capital assets is recorded as an expense in the statement of operations. A write down shall not be reversed.

### **Contributed materials and services**

Contributed materials and services are recorded at fair value when the amount can reasonably be determined and would have been purchased by CPA Alberta if not contributed. Due to the difficulty of determining their fair value, volunteer services are not recognized in the financial statements. There were no contributed materials and services recorded for the years ended March 31, 2020 and March 31, 2019.

### Deferred lease incentives

Lease incentives received, including rent-free periods and tenant inducements for leasehold improvements, are recognized on a straight-line basis over the term of the lease as a reduction in rental expense as a component of administration expenses.

### Financial instruments

CPA Alberta initially measures financial assets and financial liabilities at their fair value. The organization subsequently measures its financial assets and financial liabilities, other than investments, at amortized cost. The financial assets subsequently measured at amortized cost include cash and accounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. Investments are recorded at fair value.

## 3 Investments

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

	March 31, 2020		March 31, 2019	
	Fair Value	Cost	Fair Value	Cost
Fixed income	\$ 4,271,748	\$ 4,036,247	\$ 4,144,545	\$ 4,006,613
Canadian equity	1,272,507	1,457,167	1,377,450	1,314,861
US equity	1,232,523	1,276,675	1,269,304	1,253,088
International equity	285,105	294,740	310,104	283,169
	<u>\$ 7,061,883</u>	<u>\$ 7,064,829</u>	<u>\$ 7,101,403</u>	<u>\$ 6,857,731</u>

The long-term investments balance includes an unrealized loss of \$2,946 (2019 – gain of \$243,672). A gain of \$7,202 that was realized in the 2020 fiscal year (2019 – gain of \$73,003) and an unrealized loss of \$246,618 in the 2020 fiscal year (2019 – gain of \$134,564) are included in investment and other income. Annual interest rates on fixed income range from approximately 1.82% to 8.35%, and mature at various dates from June 2020 to Dec 2050. (In 2019, the annual interest rates on bonds ranged from 1.67% to 8.35%, and maturity dates ranged from April 2019 to July 2046).

Cash earned interest for the year ended March 31, 2020 of \$191,472 (2019 - \$90,676). Interest earned on long-term investments for the year ended March 31, 2020 was \$246,572 (2019 - \$271,651). Annual interest rates on cash in 2020 ranged from 0.25% to 2.05% (2019 – 0.65% to 1.9%).

#### 4 Capital assets

	March 31, 2020			March 31, 2019
	Cost	Accumulated amortization	Net book value	Net book value
Furniture	\$ 2,127,508	\$ 1,020,989	\$ 1,106,519	\$ 1,249,283
Office equipment	993,206	822,236	170,970	263,044
Computer software and hardware	5,186,234	4,912,146	274,088	396,476
Leasehold improvements	6,260,069	2,283,688	3,976,381	4,366,763
Artworks	27,140	-	27,140	27,140
Tangible capital assets	14,594,157	9,039,059	5,555,098	6,302,706
Intangible capital assets	3,596,327	45,053	3,551,274	2,012,246
	\$ 18,190,484	\$ 9,084,112	\$ 9,106,372	\$ 8,314,952

Intangible assets of \$3,180,451 (2019 - \$1,599,836) in development has not been amortized. This mainly consists of the new member management system software.

Amortization amounted to \$1,012,736 for the year ended March 31, 2020 (2019 - \$894,747), and is included in administration expenses. CPA Alberta disposed of certain assets for a loss of \$23,030 reported in investment and other income (2019 - \$5 loss).

#### 5 Commitments

##### Discipline

Under the Act, CPA Alberta is required to regulate the conduct of its members. At March 31, 2020, a number of investigations and hearings were in progress.

##### Contractual obligations

CPA Alberta has various leases for office space which expire between December 2022 and February 2032. The future minimum cash lease payments (exclusive of occupancy charges) for the year ending March 31 are as follows:

2021	\$ 1,200,393
2022	1,476,211
2023	1,394,427
2024	1,167,593
2025	1,204,628
Thereafter	5,260,948
	<u>\$ 11,704,200</u>



## 6 Contingencies

CPA Alberta is defending one statement of claim. The outcome and an estimate of loss in relation to that claim, if any, is not determinable. Defense costs to date have been covered by the CPA Alberta's insurer. As such, no amounts related to the claim are recorded in the financial statements.

## 7 Related Party Transactions

### (a) CPA Education Foundation

CPA Education Foundation ("the Foundation") is related to CPA Alberta through common management as its Executive Director is also the Chief Executive Officer ("CEO") of CPA Alberta. The CPA Alberta Board establishes the level of contributions to the Foundation by way of a component of fees assessed to members.

For the year ended March 31, 2020, CPA Alberta contributed \$1,710,142 (2019 - \$1,706,658) towards the Foundation's general revenue. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

During the year ended March 31, 2020, CPA Alberta has recovered \$384,397 (2019 - \$362,178) for operating costs incurred on behalf of the Foundation and are included in cost recovery and fines. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due from the Foundation at March 31, 2020 totaled \$10,095 (2019 - \$50,694), and are included in accounts receivable. Amounts due to the Foundation at March 31, 2020 totaled \$200 (2019 - \$1,687) and are included in accounts payable and accrued liabilities.

### (b) CPA Western School of Business

CPA Western School of Business ("CPAWSB") is responsible for delivering pre-certification education for students in the four western provinces/territories, in accordance with an agreement signed by the CPA bodies in Alberta, British Columbia, Saskatchewan, and Manitoba, collectively the "western provincial bodies", and CPAWSB effective September 29, 2015. Effective June 1, 2018, the western provincial bodies/territories approved changes relating to the governance structure of CPAWSB. The new Board of Directors of the CPAWSB is now comprised of the CEOs from the four western provincial bodies.

CPAWSB is a registered charity incorporated under the Canada Not-for-profit Corporations Act, and is not subject to income taxes. In the event of dissolution or winding up of the corporation, all of its remaining assets after payment of liabilities shall be distributed to qualified donees as defined in Section 149.1(1) as amended, of the Income Tax Act (Canada), and therefore not available to the four western provincial bodies/territories including CPA Alberta. Accordingly, no ownership interest of CPAWSB is reflected in the financial statements. If a provincial body withdraws from the agreement prior to operations ceasing, that body would have no right to any of the assets or other property of CPAWSB.

Effective April 1, 2019, under the operating agreement signed between CPAWSB and the four western provincial bodies, CPAWSB is an independent contractor that delivers education on behalf of each of the four western provinces/territories. The revenue collected and incurred by CPAWSB is allocated to each of the four western provinces based on the number of learners in each province. The expenses incurred by CPAWSB is allocated to each of the four western provinces based on the percentage of total student revenues earned by each province.

During the year ended March 31, 2020, CPA Alberta recovered \$339,293 (2019 - \$3,479,498) for operating costs incurred on behalf of CPAWSB and are included in cost recovery and fines. Agreements with CPAWSB that resulted to \$2.9M cost recoveries in the prior year have since been replaced by the new operating agreement. 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.

Pre-certification learning revenues at March 31, 2020 total \$16,893,157 (2019 - \$0) while related expenses total \$14,931,270 (2019 - \$0). Also included in pre-certification learning revenues is \$505 relate to legacy programs that have since been concluded (2019 - \$40,969).

Student fees CPAWSB collected on behalf of CPA Alberta for the billing year 2020/21 at March 31, 2020 total \$5,530,824 (2019 - \$5,874,549) and are included in deferred revenue.

Amounts due from CPAWSB at March 31, 2020 totaled \$7,586,510 (2019 - \$6,064,267), and are included in accounts receivable.

### **(c) CPA Insurance Plans West**

CPA Insurance Plans West (“CPAIPW”) provides insurance and other benefit programs exclusively to Chartered Professional Accountant firms, individual Chartered Professional Accountants and their dependents in Western Canada.

CPAIPW is a not-for-profit organization continued under the Canada Not-for-profit Corporations Act. CPA Alberta Board appoints two persons to serve on the eight person board of CPAIPW. As a not-for-profit organization under the Income Tax Act (Canada), CPAIPW is not subject to income taxes.

During the year ended March 31, 2020, CPA Alberta purchased benefit plan services for its employees from CPAIPW costing \$545,814 (2019 - \$478,019) and are included in salaries and benefits expense, which are allocated to four categories of business unit expenses. In addition, CPAIPW purchased advertising from CPA Alberta for \$5,040 (2019 - \$5,040) and provided sponsorships of \$76,500 (2019 - \$110,000). These are included in other income and member events and career services revenue, respectively. CPA Alberta recovered \$0 (2019 - \$4,083) for costs incurred on behalf of the CPAIPW. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due from CPAIPW at March 31, 2020 totaled \$0 (2019 - \$2,520) and are included in accounts receivable. Amounts due to CPAIPW at March 31, 2020 totaled \$1,000 (2019 - \$0) and are included in accounts payable.

#### (d) Chartered Professional Accountants of Canada

CPA Alberta has an agreement with Chartered Professional Accountants of Canada ("CPA Canada") to work together to achieve a common mission and vision, to administer their affairs in accordance with agreed principles, and to act in the spirit of utmost faith and trust to best serve the interests of the CPA profession and the public. Provincial bodies which govern Chartered Professional Accountants across Canada, such as CPA Alberta, fund the operations of CPA Canada through sharing national committee costs, marketing expenses, and collecting national member fees on its behalf.

Amounts due from CPA Canada at March 31, 2020 totaled \$309,084 (2019 - \$117,705) and are included in accounts receivable. Amounts due from CPA Canada relate to recovery of expenses paid on behalf of CPA Canada and surplus allocation of \$244,385 (2019 - \$73,111) which is included in other income. During the year, CPA Alberta incurred national committee costs of \$729,878 (2019 - \$713,980) and are included in CPA Canada shared committee and brand campaign costs which are allocated to four categories of business unit expenses. Amounts due to CPA Canada at March 31, 2020 totaled \$343,493 (2019 - \$119,721) and are included in accounts payable. 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.

## 8 Accounts receivable

Accounts receivable is net of an allowance for doubtful accounts of \$1,027,712 (2019 - \$1,131,959).

## 9 Member fees and other amounts received in advance

Included in accounts payable are member fees collected in March 2020 for the 2020/21 billing year (Note 7(a) and Note 7(d)). These are amounts owing to CPA Canada of \$764,387 (2019 - \$1,348,447), and amounts owing to the Foundation of \$139,144 (2019 - \$245,019). Amounts due will be paid within the next fiscal year with no interest charged.

## 10 Deferred lease incentives

For the year ended March 31, 2020, rent expenses were reduced by \$210,825 (2019 - \$192,308) which represents the amortization of deferred lease incentives.

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Deferred lease incentive, beginning of year	\$ 5,615,428	\$ 5,807,736
Less: amortization	(210,825)	(192,308)
Deferred lease incentive, end of year	<u>\$ 5,404,603</u>	<u>\$ 5,615,428</u>
Current portion (included in accounts payable)	\$ 509,457	\$ 509,457
Long-term portion	\$ 4,895,146	\$ 5,105,971

## 11 Government remittances

Government remittances at March 31, 2020 consisted of \$326,112 payable to government authorities (2019 payable - \$650,364) related to Goods and Services Tax.

## 12 Internally restricted net assets

Internally restricted net assets represents amounts the board of directors internally restricted for the cost related to support the complexity of the regulatory process and any related unforeseen costs, the cost related to providing CPA Alberta members, candidates and their immediate families assistance in addressing their personal or professional issues through CPA Assist program, costs related to future development of the CPA Education program (Note 13), and unforeseen costs related to regulating registrants, which is not available for other purposes without the approval of the board of directors.

## 13 Education Fund

The Education Fund comprised of resources to support investment into future development of the CPA education program, and to provide a high quality, relevant learning environment to students and candidates. The fund will also serve to respond to significant fluctuations in revenue and expenses based on unforeseen changes in program enrollment. The Board approved the contribution of \$1,000,000 to the fund in March 2019.

## 14 Changes in non-cash working capital accounts

	<b>March 31, 2020</b>	<b>March 31, 2019</b>
Change in:		
Accounts receivable	\$ (1,536,991)	\$ (5,200,427)
Prepaid expense	(138,227)	(50,452)
Deposits	27,422	(20,306)
Decrease (increase) in current assets	<u>(1,647,796)</u>	<u>(5,271,185)</u>
Accounts payable and accrued liabilities	(1,096,491)	1,588,617
Deferred revenue	(834,939)	6,811,228
Increase (decrease) in current liabilities	<u>(1,931,430)</u>	<u>8,399,845</u>
Changes in non-cash working capital	<u>\$ (3,579,226)</u>	<u>\$ 3,128,660</u>

## 15 Financial Instruments

CPA Alberta's risk exposures related to its financial instruments are outlined as follows:

## a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. CPA Alberta's main credit risk relates to its cash and accounts receivable.

CPA Alberta mitigates its exposure to credit loss by placing its cash with major financial institutions. Accounts receivable are primarily from CPA Alberta's members, partners and CPA Canada. Management believes CPA Alberta's exposure to credit risk is not significant.

## b) Liquidity risk

Liquidity risk is the risk that CPA Alberta will encounter difficulty in meeting obligations associated with financial liabilities. CPA Alberta is exposed to this risk mainly through its accounts payable and accrued liabilities. CPA Alberta mitigates its liquidity risk by monitoring its operating cash flow requirements to ensure it has sufficient funds to meet its obligations.

## c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The investments of CPA Alberta 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.

**d) Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. CPA Alberta is exposed to currency risk through its investments in US and global markets.

**e) Other price risk**

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

CPA Alberta manages its credit, interest rate and other price risk by restricting investments to a diverse range of corporate preferred shares, common shares and government and corporate fixed income securities with specified ratings and terms as prescribed by CPA Alberta Board resolution.

**16 Subsequent events**

As of the date of these financial statements, social distancing measures have been put in place in Alberta as part of the interventions intended to prevent the spread of COVID-19, which impacts the pre- and post-certification learning as these are held in a traditional classroom setting and gatherings such as member events have to be postponed or cancelled. The Government of Alberta declared a provincial state of public health emergency as per the Province of Alberta's Public Health Act on March 17, 2020 with respect to COVID-19. The length of time these social distancing measures will be put in place is currently unknown. The extent to which COVID-19 impacts CPA Alberta's results will depend on future developments, which are highly uncertain and cannot be predicted and dependent upon new information which may emerge concerning the severity of COVID-19 and actions taken to contain this or its impact, among others.

**17 Comparative figures**

Accounts receivable and deferred revenue related to the CPAWSB at March 31, 2019, have been reduced by \$1,368,422 to be comparable to the amounts reported in the current year. It was determined the annual dues portion that was invoiced but not received should not have been included in accounts receivable and deferred revenue. The following adjustment has been made:

	As originally reported	Adjustment	Adjusted balance
Accounts receivable	\$ 8,640,698	\$(1,368,422)	\$ 7,272,276
Deferred revenue	\$ 10,598,216	\$(1,368,422)	\$ 9,229,794



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