CPA CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

The Canadian Ideal of Good Business

Annual Report | 2016-2017

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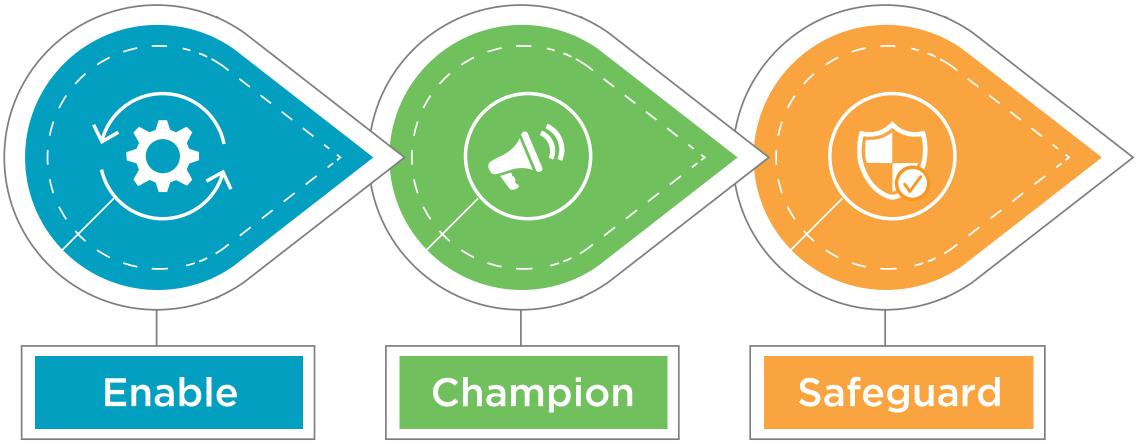
Letter from the President and CEO

Joy Thomas, MBA, FCPA, FCMA, C. Dir.

Living the Canadian ideal of good business

One year ago, I was appointed President and CEO of CPA Canada. I welcomed the opportunity to collaborate with CPA Canada leaders in thinking more deeply about the higher purpose, not only of our profession, but also this organization that represents it. What is at the heart of our mission, vision and values? What drives and unites us? What do we stand for, and what makes the work we do so vital to the economy, society and environment — not only of Canada but of the entire world? The answer to these questions can be expressed in a single phrase: **The Canadian ideal of good business.**

What is the Canadian ideal of good business? It is a passionate yet practical commitment to economic development that is inseparable from social development. This is a powerful ideal, as well as a distinctively Canadian one, for this interconnectedness of social and economic development — this notion of compassionate prosperity — is a deep and meaningful part of who we are as a nation. It is also at the heart and essence of what makes our profession and our membership so unique, so important and so needed in our increasingly globalized economy.



CPA Canada enables, champions and safeguards the Canadian Ideal of good business. Virtually everything CPA Canada does reflects one or more of these roles.

During this past year, all our efforts were driven by our overarching commitment to enable, champion and safeguard the Canadian ideal of good business. This year's annual report addresses these three components of our mandate in detail, but I would like to highlight a few of the past year's accomplishments here:

Enable

- Our organization kept expanding and enhancing our influence: the Canadian CPA designation is now used by more than 210,000 members at home and abroad.
- We reviewed the CPA competency framework to ensure all new CPAs are empowered with the right skills for the future — in particular, enhancing expertise in areas of rapid change such as data analytics and information technology.
- With 26,000 students enrolled in year one and year two of the CPA Professional Education Program (CPA PEP), and with close to 6,000 successful candidates completing the Common Final Examination in fiscal 2017, we continued to enable the next generation of business leaders with the right professional knowledge, values and ethics to contribute to the economy and society.
- We developed critical thought leadership on resiliency, adaptability and innovation, as well as on how skills in these areas support sustainable organizations — from climate change and blockchain technology to what the future holds for CPAs in auditing and financial reporting.

Champion

- CPA is now the first accounting designation to come to mind among managers, owners, professionals and entrepreneurs — surpassing all legacy bodies. Awareness of the CPA brand rose to 88 per cent.
- We championed financial literacy, which plays a key role in supporting our mission to enhance economic and social development, and we won two more Excellence in Financial Literacy Education (EIFLE) Awards.
- CPA Canada represented the profession and the public interest in activities with key international stakeholders throughout the year, including:
  - working closely with national and regional accounting bodies in the Caribbean and Asia-Pacific region to support a stronger accounting profession and to promote student growth
  - participating in the Global Accounting Alliance Tax Directors Committee and supporting the OECD action plan on base erosion profit shifting (BEPS), which amplifies our voice on international tax matters and allows us to influence global best practices
  - partnering with Prince's Charities Canada to launch the Canadian chapter of the Prince of Wales' Accounting for Sustainability (A4S) CFO Leadership Network, with the objective of encouraging the business community to integrate sustainability into their decision making

Safeguard

- We continued to safeguard the independence of standard setting, which helps ensure a sound financial reporting framework and allows Canada to positively influence international standards.

- We strengthened our collaborative relationship with the Canada Revenue Agency (CRA) by continuing to work on joint CRA-CPA Canada committees that address a wide range of issues of mutual interest. These include a simplified tax system that benefits Canadians and the tackling of aggressive tax avoidance to protect the health of our capital markets and financial system.

The reward for good work is more work

It is an exciting time for our profession as we navigate the changing global landscape of technology, business, finance, policy and community. CPA Canada has a strong brand and reputation. Our powerful focus on our highest purpose differentiates us at home and around the world. It also gives us a clear strategic plan to engage the many talented people among us and inspire thousands more to enable, champion and safeguard the Canadian ideal of good business far into the future.

From my vantage point of one year in, I see not only what we have accomplished but how much we have yet to do. In order to achieve our vision as the pre-eminent, globally respected business designation, we must continue to promote our designation, but also educate and inspire others to embrace the Canadian ideal of good business at the heart of our profession.

That's an ideal worth sharing with the world.

Letter from the Chair

Alain Côté, FCPA, FCA

After four years, unification of the Canadian CPA profession is virtually complete with the designation in use in every province and region across the country. We are operating as one unified profession and have strong, collaborative partnerships in place between national, provincial and regional CPA bodies as governed by the Collaboration Accord. This accord outlines the principles of governance, management and the allocation of resources that relate to activities jointly carried out in the interests of all members of the profession.

It has been a pleasure to engage more significantly with our provincial counterparts, who have exhibited a real spirit of cooperation. This contact has proved to be invaluable in building a strong partnership — ensuring that the national board is fully cognizant of challenges and triumphs at the regional level, and sharing the national perspective with the various jurisdictions.

A more streamlined governance structure

The role and structure of the national board is critical. Our mandate is to deliver the benefits of sound governance for the profession and CPAs while acting in the public interest. The board has also integrated long-term economic growth and social development as strategic priorities — key values that inform CPA Canada's promise to enable, champion and safeguard the Canadian ideal of good business.

To enhance efficiency and provide more agility in decision-making, the CPA Canada board reduced its size last September from 22 directors to 12. Three new directors have been elected and nine of the existing directors were re-elected.

As I approach the end of my two-year term of office, I'd like to express what an honour it has been to serve as chair, offer guidance on transition and help shape the future of the profession. Our vision for a globally recognized and respected Canadian CPA designation is now a reality. CPA Canada is thriving and the future is bright. I look forward to seeing the reach and influence of the Canadian CPA grow as we continue to make our mark worldwide.

About CPA Canada

Our mission, vision and values

Mission

CPA Canada enhances the influence, relevance and value of the Canadian profession by:

- acting in the public interest
- supporting its members
- contributing to economic and social development

Vision

The Canadian CPA is the pre-eminent, globally respected business and accounting designation.

Member values

Canadian CPAs are valued for their excellence and integrity as business and accounting professionals.

Our stakeholders

- The public
- Members
- Students
- Provincial and regional CPA bodies
- Employers
- Employees
- Academia
- Volunteers
- Federal government
- Domestic and international standard-setting boards
- Regulatory bodies
- Financial statement preparers, investors and boards
- Accounting firms
- International, national and regional professional accounting organizations
- Funding agencies
- Not-for-profit organizations
- Domestic and international committees
- Industry experts
- Think tanks
- Trade and professional associations
- Affinity program partners
- Financial literacy partners
- Media

Our organization

Becoming more resilient and adaptive

CPA Canada continues to build a constructive culture that supports the operational requirements for each area of the organization. To foster excellence, we focus on developing, engaging and retaining excellent people.

This year we continued work on our multi-year leadership development strategy, and hosted several employee engagement sessions to ensure our staff are well-equipped with the knowledge and insights they need to deliver on key business objectives and member value. We also welcomed and integrated feedback from employees, including surveys throughout the year.

Investing in digital transformation

With the integration of legacy systems now complete, CPA Canada has turned its attention to the ongoing development and delivery of an integrated digital strategy. Our comprehensive, three-year plan establishes the digital transformation of our processes and communications systems to increase our efficiency and effectiveness. These changes will help us provide better service and more actively engage with our members, as well as enhance collaboration, improve decision making and streamline data management. In 2017, we began the rollout of a business intelligence platform to enable access to and analysis of information to improve and optimize decisions and performance.

Town halls were held in three CPA Canada office locations: Burnaby, Montreal and Toronto.

Management's Discussion and Analysis

What follows is a discussion of CPA Canada's key objectives, major activities and core achievements for 2016-2017, as well as its financial position, results of operations and cash flows for the fiscal year ended March 31, 2017. Management's Discussion and Analysis should be read along with the audited financial statements and the accompanying notes for the same year-end.

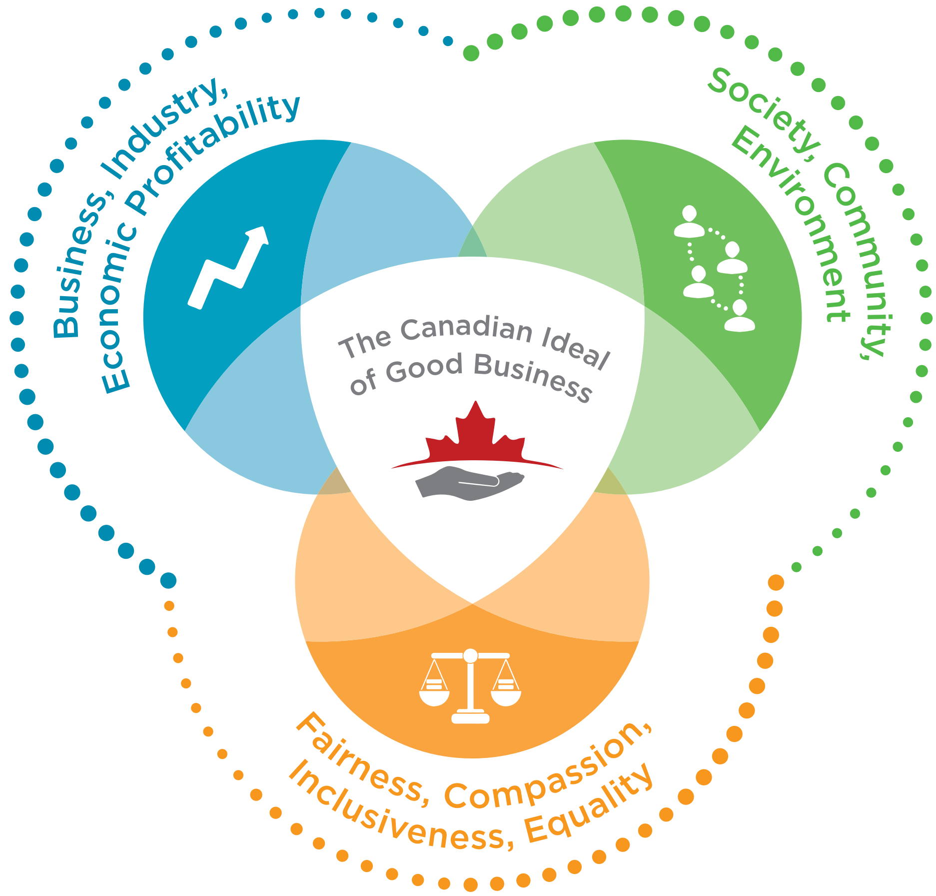
The heart of CPA Canada

With integration complete, 2016-2017 saw CPA Canada move into an historically unique position. For the first time, CPA Canada was able not only to speak and act for the entire profession in this country, but also to clarify a visionary approach capable of advancing the Canadian economy, Canadian values and the Canadian CPA designation on the world stage.

This approach derives from the CPA Canada mission: to act in the public interest, support our members and contribute to both economic and social development. It is worth noting that the elements of economic and social development are intertwined in today's world. Economic prosperity benefits not only the public, but also our people, our communities and the environment. We call this intersection "good business" because it delivers compassionate and sustainable prosperity.

> "CPA cares about its people, community and country. I'm proud to be Canadian and I'm a proud Canadian CPA."

Arlene Evangelista, CPA, CGA, Winnipeg, MB



This concept aligns strongly and distinctively with enduring Canadian values of compassion, fairness and inclusion: values for which we are recognized and respected around the world. When you overlay those Canadian values on the intersection of economic and social development, you have — as indicated in the diagram above — a "sweet spot" that lies at the heart of CPA Canada: the Canadian ideal of good business.

This is what we, our members, and Canadian businesses can and should stand for when defining a new global standard for business. As the global economy matures, it is increasingly essential to take a longer, more comprehensive view. The health of any business cannot be evaluated without also considering the health of the society and environment in which it operates. CPA Canada is ideally positioned to advocate for this Canadian ideal of good business on behalf of our members, our profession, our country and the many Canadian businesses that benefit from our work. The Canadian ideal of good business is embedded in everything we do at CPA Canada.

1 ENABLING CPAs, organizations and the economy to succeed, achieve and prosper

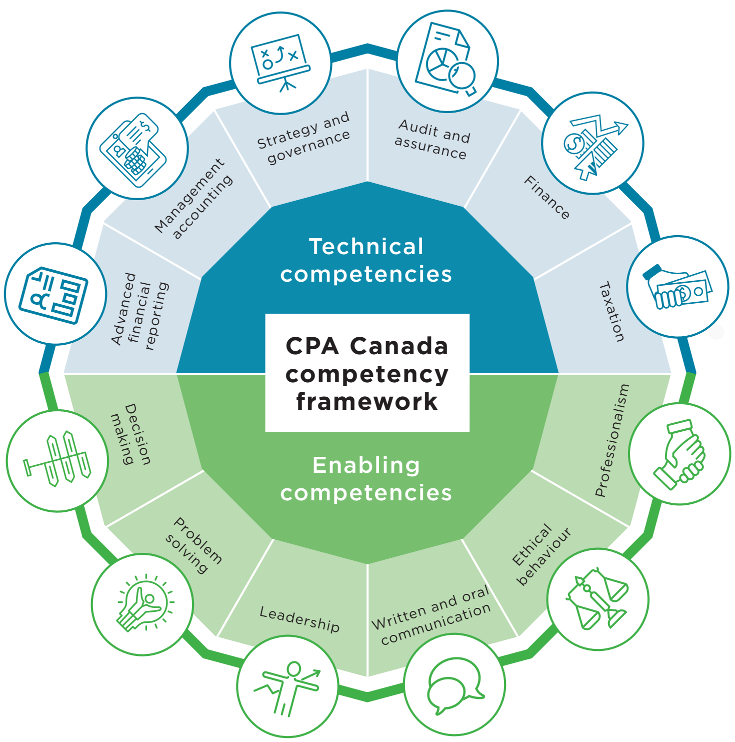
CPA Canada provides information, tools, and resources, as well as inspiration and ideas. We help CPAs, their organizations and communities identify approaches that are sustainable and that create positive change and value.

One key way that CPA Canada enables the Canadian ideal of good business is through the education of the rigorous CPA Certification Program, developed and maintained by CPA Canada. We further enable by providing thought leadership and insight through conferences, professional development, publications and white papers. With over 1,000 titles, we are one of the largest publishers of business and finance information in Canada.

Developing the next generation of business leaders

The CPA Canada competency framework describes the knowledge, skills and proficiency levels demonstrated by successful Canadian CPAs in public practice, business and government. Its purpose is to ensure that all CPAs have the strong foundation and values necessary to succeed as a professional accountant, while contributing to social and economic development.

This year CPA Canada continued to work on the competency framework project, reviewing and remapping what it takes to ensure CPAs have the right skills for the future. We completed data collection and analysis in January 2017 on the first three career tracks that are common paths for our members. The next step will expand the framework to include an additional three career tracks.



Collaborating to deliver top-quality education

CPA Canada develops and maintains the curriculum of the CPA Professional Education Program (CPA PEP). To support recruitment and ensure access to this program, CPA Canada has also developed a suite of 14 foundational courses, called CPA preparatory courses.

CPA PEP and CPA preparatory courses reflect an important partnership between CPA Canada and the provincial and regional CPA bodies, based on a commitment to consistent programming. This year, 26,729 students enrolled in CPA PEP and 10,245 in preparatory courses, with 5,943 CPA students taking the Common Final Examination in fiscal 2017.

As a profession, we entered into an education agreement with provincial and regional CPA bodies. This agreement lays out the responsibilities of each party regarding the development and delivery of education and examination components for both the CPA PEP and CPA preparatory courses.

“Employers and institutions value my passion, skills, knowledge and diversity. CPAs in Canada have many opportunities to contribute to building our country, our workplaces and our communities.”

Lennox Parkins, CPA, CMA, Whitby, ON

Improving CPA pre-certification

To maintain our position as a leader in business and accounting education, we are improving delivery methods, increasing quality control and streamlining the examination experience for our students.

New reporting from our data warehouse — an aggregation of various data sources from across the organization — provides sharper insights and real-time information with improved reporting and grading capabilities for staff and for our regional and provincial partners in CPA exam administration. The more we know about our students' performance, the more we can improve and enhance the educational program.

The next step for ACAF

The CPA profession remains committed to the growth and success of the CPA Canada Advanced Certificate in Accounting and Finance (ACAF). During the past year, we critically assessed program delivery options to optimize the outcome for all stakeholders, including employers, students and post-secondary institutions (PSIs). In keeping with the success of post-secondary institutions delivering technical courses and providing strong student reach, CPA Canada has determined that PSIs are best-positioned to deliver all of the applied courses.

CPA Canada and the provincial and regional CPA bodies will work with PSIs to ensure they deliver curriculum equivalent to the current certificate learning outcomes and required competencies, but the profession will not be involved in program delivery after December 2017. CPA Canada will remain responsible for developing and administering the national examination for the ACAF.

This shift is designed to improve the student experience and increase the variety of delivery formats for courses, building on the high-quality programming already available from accredited academic partners.

"My family and I arrived in Canada in the 1990s... I was admitted to membership in February 2017 and remember how proud my parents were when I told them that I was now a CPA. Being a Canadian CPA reminds me of second chances and bright futures."

Joseph Silva, CPA, Toronto, ON

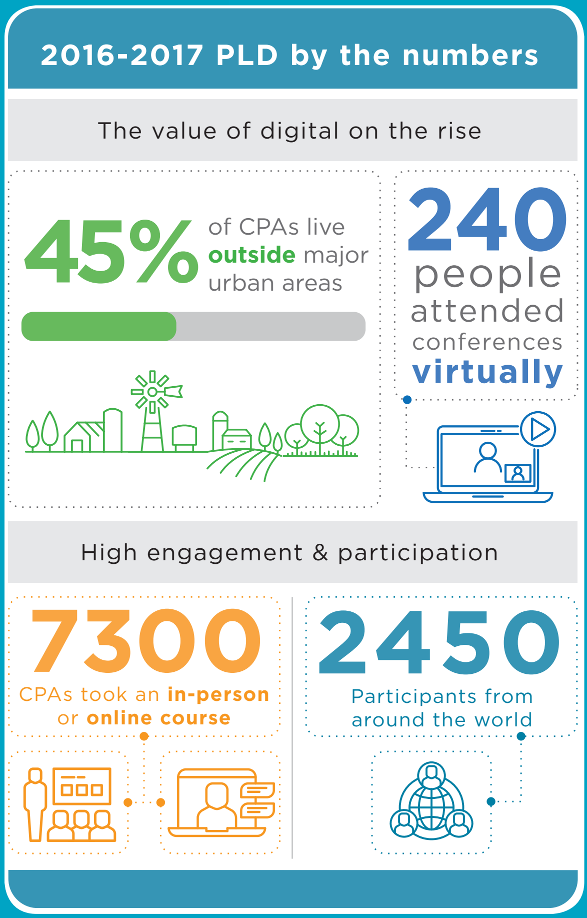
Keeping skills sharp with new education and learning opportunities

CPA Canada is proud to offer members and other business professionals access to the most relevant, timely and high-quality professional learning and development (PLD) opportunities.

These educational experiences range from online learning to in-person courses, conferences and special events that empower CPAs to optimize their potential as business and accounting leaders while meeting their annual continuing professional development requirements.

To enhance PLD at CPA Canada, we introduced several new certificate programs and learning options for our members:

- The Certificate in Driving Organizational Profit and Performance is designed for business leaders who want to enhance their organization's bottom line, ensure strategic alignment and better manage and mitigate risk.
- The Public Sector Certificate Program is an in depth training experience for CPAs who want to advance their career in government and learn more about specific issues like public sector accounting, financial management, financial reporting, governance and decision making.
- Fiscal 2017 also saw the launch of Translating Strategy Into Action: A Guide for Senior Not for Profit Leaders, a specialized multi stage program for senior executives in the not for profit sector who want to lead strategic organizational change.
- In fiscal 2017, we began to enhance our online learning offerings, including the launch of both podcasts and virtual classrooms. Several podcasts have been released, with more to come. Virtual classrooms are also now available, and connect students and subject matter experts so they can ask questions, share ideas and participate in real time with interactive case studies and hands on group work.



The ONE National Conference

The ONE 2016, our annual national conference and a premier professional development opportunity for CPAs, was jointly presented by CPA Canada and CPA British Columbia in Vancouver from Sept. 19-20, 2016.

It featured four different tracks for members to customize their experience and more than 50 sessions on management accounting and finance, leadership, taxation, and financial reporting and accounting. The turnout was impressive, with 921 participants. The ONE also became a social trending topic nationwide on Twitter for both days of the event.

Career growth and networking at professional conferences

CPA Canada hosts and participates in many prominent conferences for business and accounting professionals throughout the year, often with specialty focus areas and streams that reflect the diverse professional pursuits of CPAs. Our core annual conferences include:

- The ONE National Conference
- Conference for the Oil and Gas Industry
- Commodity Tax Symposium
- Public Sector Conference
- Not-for-Profit Executive Forum
- Conference for Audit Committees

For 2016-2017, we partnered with other organizations to support the following events as well:

- Globe 2016: The Leadership Summit for Sustainable Business
- AICPA Forensic and Valuation Services Conference
- AICPA Practitioners Symposium and TECH+
- AICPA Women's Global Leadership Summit

Later in 2017, we are continuing our work with AICPA to co-sponsor the ENGAGE Conference. We are also honoured to be the 2017 hosting member body for International Financial Reporting Standards Conference: Americas.

Cutting-edge insights and thought leadership

CPA Canada is dedicated to delivering relevant and high-quality thought leadership and guidance to members. To ensure we address emerging needs and keep pace with macro environmental trends, we regularly conduct research and develop knowledge to support our members today and provide an outlook for the future. This includes the publication of new resources for members.

Prominent research and resources

CPA Canada publishes a number of resources that speak to the current and emerging needs of our members and primary stakeholders. Notable examples include:

- *Technological Disruption of Capital Markets and Reporting? An Introduction to Blockchain*
- *Overseeing Strategy: A Framework for Boards of Directors*
- *From Bolt-On to Bolt-In: Managing Organizational Risk*
- *Advancing Women in Leadership: Business Case Q&A*

The growing global dialogue around the future of corporate reporting

CPA Canada hosted a number of luminaries on the topic of corporate reporting including Mark Carney, governor of the Bank of England (top left and top right, second from right); Elisse Walter, former chair of the SEC (bottom left, third from right); and Marie Claire Daveu, chief sustainability officer at Kering (bottom right on the left).

CPA Canada continues to explore how corporate reporting in Canada and internationally is evolving to satisfy the changing needs of stakeholders. We remain committed to driving awareness and facilitating dialogue between key stakeholders on current and emerging reporting issues, including the intersection of sustainability issues with global capital markets.

Last summer, we proudly hosted an event where prominent members of Canada's business and investment communities heard first hand from Mark Carney, chair of the Financial Stability Board (FSB) and governor of the Bank of England. This gathering focused on the FSB's Task Force on Climate related Financial Disclosures. Mr. Carney discussed the motivation for establishing the Task Force and outlined the importance of the initiative and the value that comes from consistent climate related financial disclosures.

CPA Canada brought together senior business leaders to learn about the Sustainability Accounting Standards Board's (SASB) work, and discuss best practices for elevating environmental and social issues on boardroom agendas. Elisse Walter, current SASB member and the former chair of the Securities Exchange Commission, was the keynote speaker.

In the fall of 2016, we also organized a special session for the business community to hear from Marie Claire Daveu, chief sustainability officer at Kering, a world leader in luxury apparel and accessories. She outlined Kering's approach to accounting for the value of nature through an environmental profit and loss (EP&L) account.

2 CHAMPIONING the Canadian ideal of good business

CPA Canada advocates for and promotes the Canadian ideal of good business. As champions, we also position Chartered Professional Accountants as a pre-eminent business designation and champion CPAs themselves, looking out for their interests in a changing, globalizing business environment and ensuring a thriving and successful profession.

Some of the primary ways CPA Canada champions the Canadian ideal of good business is by acting as a voice in Ottawa, recognizing best practices, and working with programs and initiatives that help businesses grow by highlighting how environmental, social and governance issues intersect with strategy, risk management and performance.

A voice for the profession in Ottawa

Our goal in Ottawa is to work closely with the federal government, sharing our knowledge to help influence decisions that positively affect Canadians, their businesses, communities and our economy. As a result, the CPA profession's expertise is recognized by the federal government and CPA Canada is seen as a trusted business and financial advisor.

Highlights of this year's advocacy efforts and activities with the federal government included:

- National and provincial CPA leaders met with federal decision makers on Parliament Hill for a discussion on issues of mutual interest
- Four appearances before various parliamentary committees dealing with income tax amendments, improvements to the estimates process, pre-budget consultations, as well as remarks and recommendations by President and CEO Joy Thomas on the need to reform Canada's tax system to help combat tax evasion and aggressive tax avoidance

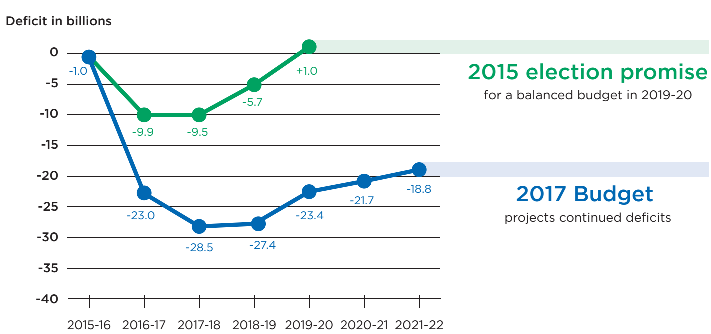
Joy Thomas appears before the Commons finance committee, speaking on tax evasion; Joy and CPA Canada's chief economist Francis Fong in the media lock-up for Budget 2017.

- Several submissions to the Government of Canada on topics including the 2016 pre-budget brief, the Pan-Canadian Framework on Climate Change and Clean Growth, immigration, innovation and the federal tax expenditure review
- The House of Commons Standing Committee on Finance endorsed CPA Canada's pre-budget recommendation that the Government of Canada undertake a comprehensive tax review
- President and CEO Joy Thomas was appointed to the National Steering Committee on Financial Literacy and will work with a number of dedicated stakeholders who have a mission to help Canadians become better money managers

The CPA Canada Board of Directors approved the *CPA Canada Government Engagement Policy and Acceptance Agreement* in February 2017. This policy established a new internal reporting process within CPA Canada to ensure our organization continues to be fully compliant with laws that mandate disclosure of lobbying activity. The agreement speaks to the core values of CPA Canada — that of integrity, honesty, accountability and transparency in our dealings with government.

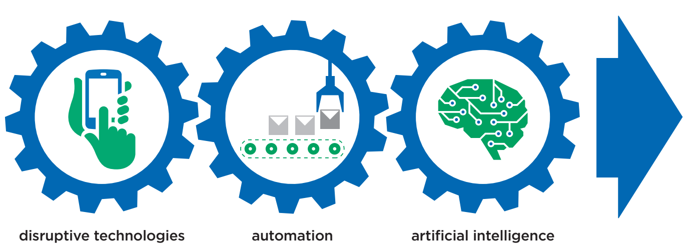
As part of CPA Canada's budget day analysis, several infographics were distributed via social media to quickly share insights.

Budget 2017 lacks a balance target date



Skills and Learning

The nature of work is evolving with the introduction of:



CPA Canada is encouraged by government initiatives that support developing the skills needed for a modern, innovation-driven economy. Technical skills and sophisticated business management skills are important for moving Canadian businesses forward.

"I represent the values of professionalism, integrity and service to the organization I serve, the community I support and the country I live in."

Therese Ellen Bitanga-Almaden, CPA, CGA, Ottawa, ON

Public policy and the Canadian ideal of good business

Good public policy seeks to enhance our society and economy by addressing issues of interest to all Canadians. Our mission aligns with these same goals. CPA Canada is taking steps to be more than a policy stakeholder with the federal government. Our new public policy strategy, in tandem with ongoing interaction with the federal government, will enhance our legitimacy and credibility as an organization engaged in public policy.

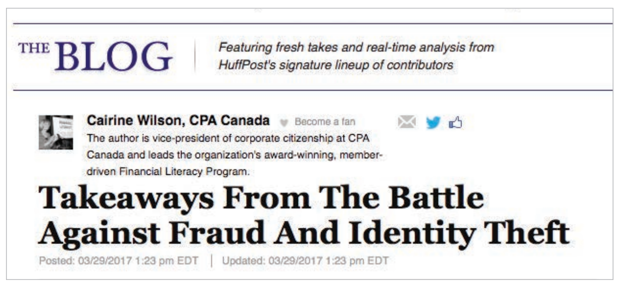
Through research and partnerships with other leading national business and policy groups, CPA Canada will contribute to our economy and society by developing recommendations and influencing government policy decisions in areas where we have, or are building, expertise. Those areas will align with the Canadian ideal and support inclusive growth.

Building a bright future for Canada with financial literacy education

Financial literacy is a fundamental driver of economic health for individual Canadians, their businesses and the broader economy. Our award-winning international financial literacy program continues to deliver free sessions for specific audiences, including:

- adults
- seniors
- workplace
- new Canadians
- elementary and high school students
- post-secondary students
- small and medium businesses
- entrepreneurs

Cairine Wilson, who led CPA Canada's financial literacy program until her retirement in May 2017, was recognized with an EIFLE Legacy Award for her outstanding contributions in helping Canadians become better money managers. CPA Canada was also recognized in the category of Adult Education Program: Money Management for creating a practical guide to help unemployed Canadians called *Survive and Thrive*.



CPA Canada's financial literacy program's reach includes a blog on The Huffington Post and sessions in the Caribbean.

CPAs embrace the rewards of giving back

CPA members are often at the frontlines of our work as volunteers, providing expertise and leading community engagement. For the financial literacy program in particular, we are proud to have an extensive outreach component with 11,000 member volunteers, who help us produce successful publications, lead sessions and share valuable information online.

We also have more than 700 individuals who dedicate their time, energy and expertise to the CPA profession on strategic activities such as serving on one or more of our 100 boards, committees, task forces and advisory groups. We appreciate being able to utilize the knowledge of these recognized experts.

Awards acknowledge outstanding volunteers

Our CPA volunteers are dedicated to using their knowledge and skills to make a difference and support the public interest. We gave out CPA Canada Volunteer Awards in fiscal 2017 to recognize and celebrate the incredible contributions of our members.

We received 41 nominations across six categories, and the winners were chosen by an independent judging panel. The winners:

- Peter Norwood, Education
- David Duong, Financial Literacy
- Karyn Brooks, Research and Guidance
- Nicola Young, Standards
- Penelope Woolford, Tax
- Leo Gallant, Lifetime

Top, VP of Corporate Citizenship Cairine Wilson speaks at the CPA Canada Volunteer Awards. Bottom, left to right: Leo Gallant, Peter Norwood, Penelope Woolford, Joy Thomas, Karyn Brooks, David Duong.

Forging stronger ties with Indigenous communities

George Arcand Jr., co chair of the AFOA 2017 National Conference; former Prime Minister Paul Martin touched on the CPA Canada Martin Mentorship Program for Indigenous High School Students at the Mastering Money conference in November 2016.

In many Indigenous cultures, the traditional way of learning is for elders to teach their youth. This mentorship, guidance and counselling enables the community to raise more culturally aware children and develop shared social values.

Building on these traditions, we participate in the CPA Canada Martin Mentorship Program for Indigenous High School Students, a venture started by former Canadian Prime Minister Paul Martin. It lines up professional accountants from accounting firms across the country to act as mentors for Indigenous youth and encourage academic success.

The focus of this program is to increase high school graduation rates, encourage students to enroll in post secondary programs and support them as they consider business or accounting careers. The program's cautious and supportive approach respects Indigenous culture.

CPA Canada and Aboriginal Financial Officers Association Canada (AFOA Canada) continue to strengthen ties. We share AFOA Canada's goal of having a qualified accounting and finance professional in every Indigenous community across Canada over the next 10 years.

To play a part in making this possible, our memorandum of understanding with AFOA Canada provides recognition of Certified Aboriginal Financial Manager courses toward the CPA Canada Advanced Certificate in Accounting and Finance (ACAF).

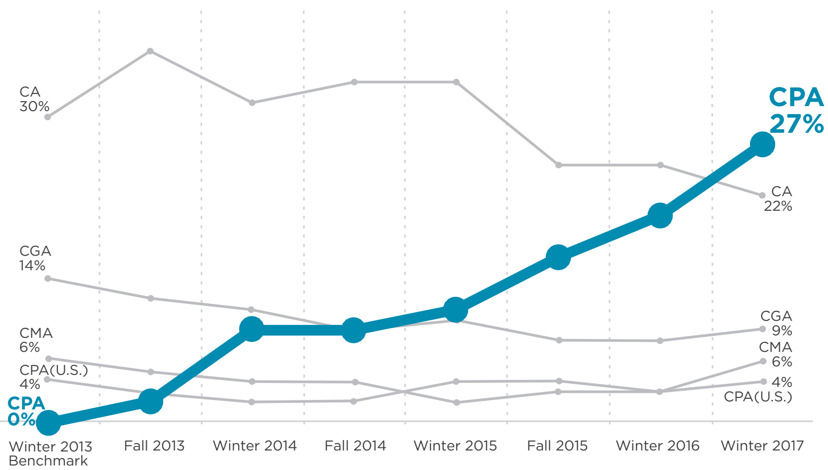
Our collaborative relationship with AFOA Canada also allows us to provide assistance as colleagues and friends through professional mentorship, financial literacy programs and access to additional training and education.

Working together to share our story

To enhance understanding of the Canadian CPA profession's value both domestically and internationally, CPA Canada works with the provinces on a number of committees to promote and protect the CPA brand. We participate on the CPA Branding Committee that develops the CPA annual ad campaign; we also work with the Integrated Communicators Group, which manages some of the top issues facing the profession.

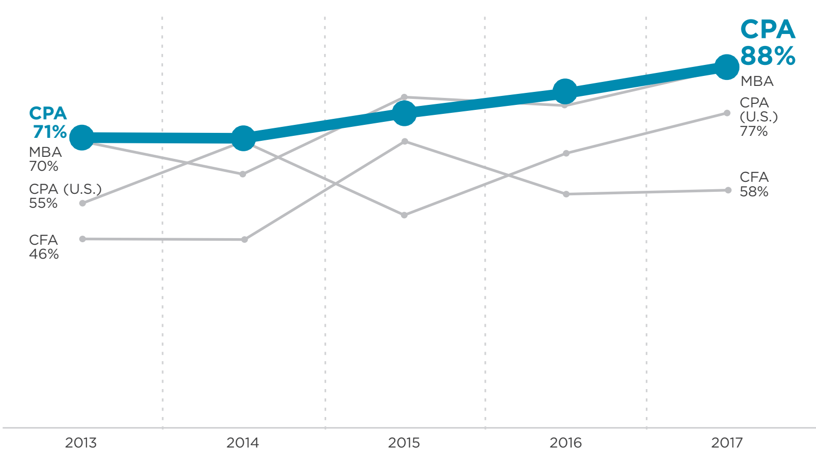
CPA Canada also undertakes a wide variety of activities to enhance recognition of the Canadian CPA's influence both domestically and globally. A major 2016-2017 project, for example, has been communicating how our organization enables, champions and safeguards the Canadian ideal of good business. This distinct brand and strategic value proposition communicates the unique value of CPA Canada, our members and the profession.

To promote the value of CPAs, we created the CPA Heritage History Project. The CPA Heritage Project tells stories that illustrate the value created by CPAs throughout history and shares the value CPAs continue to create going forward. This project shares profiles of interesting and trail-blazing individuals who have made their mark as accountants, leaders, innovators and thinkers over the last 100 years in Canada.



CPA Brand

The CPA profession tracks awareness of the brand through research undertaken by a third-party. Top graph: CPA is now the first accounting designation to come to mind among managers, owners, professionals and entrepreneurs (MOPEs). Bottom: MOPEs put CPA on par with MBA in aided awareness among business and accounting credentials.



Earning widespread media coverage

CPA Canada works to consistently promote the profession's visibility in the media. In 2016-2017 our media visibility was up four per cent, largely due to proactive efforts resulting in positive coverage and commentary from subject matter experts. We also experienced our highest volume of media visibility on record according to Cormex, a Canadian media analysis firm. Media impressions climbed to 16 million from 15.4 million in the previous fiscal year.

Our organization received prominent and positive coverage on a broad range of issues including tax, fraud prevention, climate change and holiday season spending, as well as on our economic survey and Joy Thomas's appointment to the National Steering Committee on Financial Literacy.

In the midst of negative media coverage about the Panama Papers and tax evasion, CPA Canada weighed in to demonstrate how we support the federal government and others combatting this problem. We firmly stressed that tax evasion is illegal, unethical and harmful to the economy and societies worldwide.

CPA Canada's Gabe Hayos interviewed by CTV News about the federal government tax evasion crackdown.

CPA Canada newsletters receive accolades at the Canadian Online Publishing Awards

The *PD and Events Guide* won gold at the Canadian Online Publishing Awards and *Member News* won silver, both in the category of Best Email Newsletter for B2B media.

Recognizing excellence in the public sector

This year's Awards of Excellence for Public Sector Financial Management (PSFM) dinner attracted 245 attendees, including high-ranking government officials such as the Comptroller General of Canada.

Innovation awards, which recognize ground-breaking work that has made a significant contribution to financial management within the Government of Canada, were presented to:

- Canadian Nuclear Safety Commission (CNSC) for its new Financial Guarantee Program, which contributes to improved safety of the Canadian nuclear industry
- Statistics Canada for its Financial and Administrative Process Review and Automation team that transformed the delivery of the agency's corporate services

The Financial Leadership (CFO) award honours individuals who exhibit excellence and/or leadership in accounting, management and strategy within the Government of Canada. It was presented to Susanne Robertson, CPA, CA Chief Financial Officer of Canadian Museum for Human Rights (CMHR). Robertson played a major role in the development of the CMHR and is credited with ensuring the museum's financial viability as the first new national museum created in over 40 years and the first outside of Ottawa.

The Awards of Excellence in Corporate Reporting continues to grow and evolve

For more than 65 years, the Awards of Excellence in Corporate Reporting have advanced corporate reporting in Canada by recognizing best practices and providing detailed feedback to help entrants raise the bar. Thirteen companies and Crown corporations received honours at the 65th annual gala in Toronto on Dec. 7, 2016. TELUS was the big winner with three awards, including the Overall Award of Excellence in Corporate Reporting.

Nearly 200 business leaders attended the gala. The evaluation process involved more than 90 judges with expertise in four distinct judging areas:

- financial reporting
- sustainability reporting
- electronic disclosure
- corporate governance disclosure

In presenting the awards, CPA Canada recognizes the important role high quality reporting plays within the Canadian economy and in the stability of the global financial system. The information contained in corporate reports can drive key investment and business decisions. CPA Canada's ultimate objective with the awards program is to continually improve the quality of corporate reporting practices in Canada.

Senior civil servants celebrate excellence in public sector financial management. Left to right: Alain Côté, Walter Natynczyk, Joy Thomas, Bill Matthews.

Trent Klein, the Director of Finance at TELUS, accepts Overall Award of Excellence in Corporate Reporting.

Developing a truly global profession

CPA Canada collaborates and forms strategic partnerships across the world to contribute to the development of the profession globally. We are also expanding the presence and influence of the Canadian CPA abroad by offering CPA programs and services, building relationships with global accounting organizations and spearheading capacity initiatives.

In 2016-2017, we provided ongoing support to public sector financial management efforts in the Caribbean. We participated in mutual areas of interest to the profession internationally with the Confederation of Asian & Pacific Accountants, the Institute of Chartered Accountants of the Caribbean and International Federation of Francophone Accountants (Fédération Internationale des Experts-Comptables Francophones, or FIDEF).

Our goal to see growth in student enrollment of 20 per cent in strategic regions is on track. We are also making progress to ensure every student in China has access to the Canadian CPA program. CPA Canada partners with top-tier universities in China that offer international accounting programs taught in English. We are currently working with 12 partner universities, with another expected to come on board this fall.

Our international member network of more than 12,000 Canadian CPAs is thriving as we work to ensure a chapter in each jurisdiction with 100 or more active CPAs. International CPA Canada chapters are active and doing great work to support the profession and Canadian CPA designation abroad. Right now we support our international members with chapters in Hong Kong, Shanghai, Beijing and Guangzhou, as well as chapters in the Caribbean, including Barbados, the Cayman Islands and a recently launched Trinidad and Tobago chapter. We also provided support to members in the United States by working with the Association of Chartered Accountants in the U.S.

Hong Kong chapter and the frontiers of sustainability reporting

In March 2017, CPA Canada supported our Hong Kong chapter as they hosted Sustainability Reporting and Green Financing: From Canada to Greater China & Asia. At this exclusive business forum and annual dinner, world-class experts from Canada and China came together to share their insights on how to support strategic and sustainable business practices in the face of new challenges brought on by global climate change.

Top, Joy Thomas at the Sustainability Reporting and Green Reporting forum in Hong Kong; Joy and Nancy Foran (second from right), CPA Canada's VP International, with visiting representatives from Trinidad and Tobago.

International conversations and collaboration

CPA Canada representatives have a significant presence on a number of international committees and associations, including IFAC (left) and A4S (right).

Globalization is having a significant impact on how accounting organizations operate. As the world becomes increasingly interconnected, global accounting bodies must follow suit to grow and expand their influence.

To maintain our influential and well respected position on the world stage, CPA Canada works closely with a number of international committees and associations to take an integrated approach to core issues that affect the profession.

IFAC: By working with the International Federation of Accountants (IFAC), we ensure that the Canadian profession has a global voice, while contributing to the development of strong international economies and promoting high quality professional standards. We have two Canadian CPAs on the board — CPA Canada President and CEO Joy Thomas, and Auditor General of British Columbia Carol Bellringer. In addition, our representatives sit on the Small and Medium Practice Advisory Committee, the Professional Accounting Organization Development Committee and the Professional Accountants in Business Committee.

GAA: As a member of the Global Accounting Alliance (GAA), CPA Canada is one of 10 major national accounting bodies that work with national regulators, governments, stakeholders and international bodies to promote quality accounting services, share information and collaborate on important international issues. We have representatives on several GAA committees to help navigate opportunities and challenges that face the profession at a global level.

A4S: We have joined forces with The Prince of Wales's Accounting for Sustainability Project (A4S) to bring the CFO Leadership Network to Canada. It was successfully launched in March 2017 and is the first grouping of its kind to focus on the role CFOs play in integrating environmental and social issues into financial decision making. This opportunity will allow us to share knowledge and insights, develop new sustainability focused resources and reach new markets.

"I love being part of a profession whose first goal is to protect the public interest. I love that we acted in the best interest of society and united the three legacy designations. I love the fact that my daughter just earned her CPA designation."

Diane MacConnell Cameron, CPA, CA, Pictou County, NS

3 SAFEGUARDING the integrity of good business, our profession and our professionals

CPA Canada safeguards the integrity of our designation, Canada's financial reporting system and the economy as a whole. Ultimately, safeguarding integrity ensures the sustainability of our economy, our society and our environment.

CPA Canada safeguards the Canadian ideal of good business by underwriting the operations of the independent standard-setting boards, and by working with governments and regulators to ensure that Canada's taxation, reporting and business environment is effective, efficient and supports sustainable economic and social prosperity for all Canadians.

Protecting the independence and integrity of standard setting

CPA Canada provides funding, staff and other resources to support the independent standard-setting boards and their network of more than 250 volunteers.

We do this because high-quality accounting and auditing standards protect the health of our economy, capital markets and the financial reporting supply chain. They ensure equality, fairness and transparency, providing a common and essential measurement for Canadians to assess organizations and the credibility of their financial results.

Substantial work continues on reporting and assurance matters, with relevant guidance on International Financial Reporting Standards, Accounting Standards for Private Enterprises, non-GAAP reporting, regulatory reporting and Canadian Auditing Standards. Our voice supporting standards in Canada and in a global context remains strong.

Providing expertise on tax matters in Canada and around the world

In 2017, Joy Thomas and CPA Canada's VP of Taxation, Gabe Hayos (left photo, on the right) hosted the GAA.

As experts on tax matters that affect our economy and the public, and as the country's leading provider of tax education, CPA Canada has long been a respected voice on tax. Our initiatives are supported by the energy and expertise of more than 100 volunteers who contribute to committees covering 11 tax areas.

We continued to strengthen our collaborative relationship with the Canada Revenue Agency (CRA). Our joint CRA CPA committee work this year led to recommendations to improve tax system administration, with our priority being the best interests of taxpayers and the public.

In fiscal 2017 CPA Canada made a formal submission to the CRA on the agency's red tape reduction initiative called "Serving You Better," working collaboratively with the provinces to integrate input from members across Canada.

There are currently seven active joint committees where CPA Canada acts as the voice of the profession with government, and we are working on a number of high profile files alongside the Government of Canada, including tax reform.

CPA Canada actively participated in the Global Accounting Alliance (GAA) Tax Committee and in fiscal 2017 hosted the first in person tax committee meeting of members in a GAA country. International professional accounting organizations gathered for three days in Toronto, working together on key topics of mutual interest that CPA Canada is leading, such as:

- supporting the OECD and implementing the base erosion profit shifting action plan with corporations in Canada
- developing a comprehensive checklist to help practitioners minimize risk when delivering tax services
- the CPA Canada CRA framework agreement as a model of effective cooperation between tax authorities and key stakeholders
- best practices in dispute resolution
- the impact of digitalization on tax services, audit processes and the security of taxpayer data

We continued to refine the academic and technical rigour of the In Depth Tax Course, a three year program recognized as one of Canada's most comprehensive tax training programs, with a focus on important topics for tax specialists. The In Depth program now includes a more robust ethics component and enhanced technology that makes content more accessible and relevant to students. Fiscal 2017 saw 605 students graduate from the In Depth Tax Course.

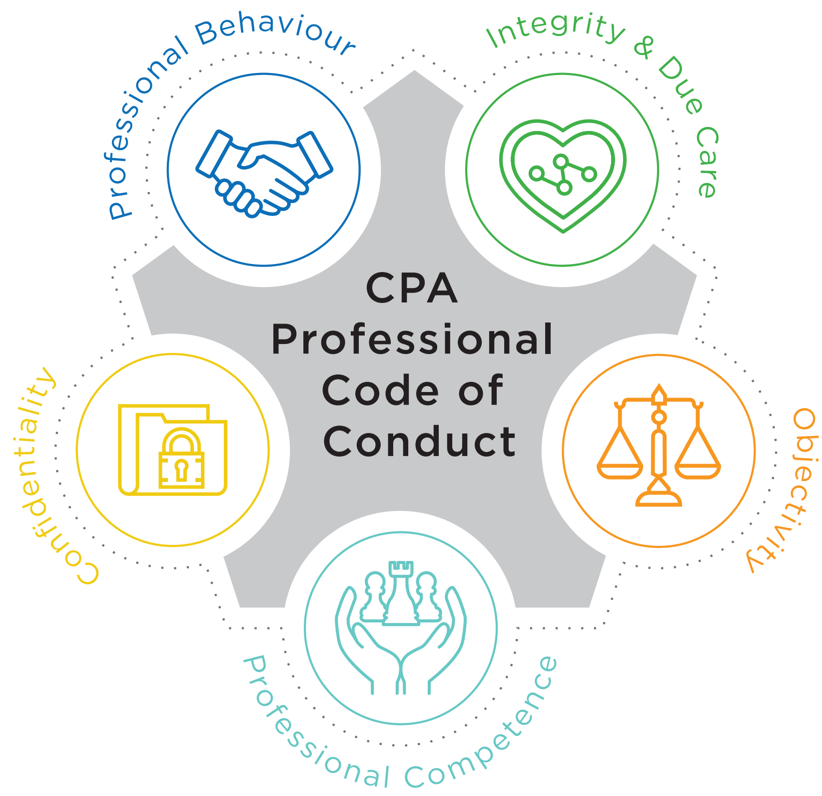
Upholding the ethics and integrity of the profession

The accounting profession's standards and requirements of CPAs ensure that our members and our organization conduct business with the utmost of integrity. The CPA Professional Code of Conduct is adopted and enacted by individual provincial and regional CPA bodies, with some variations by jurisdiction.

At the core of our Professional Code of Conduct are rules and regulations that detail ethical guidelines and information for members, including:

- definition of independence in assurance and auditing procedures
- identification of threats and safeguards
- specific prohibitions that members and firms shall comply with across a range of situations where independence is threatened
- procedures for members to disclose conflicts of interest
- maintenance of independence in insolvency engagements
- the obligations for firms and partners to ensure compliance

The CPA Professional Code of Conduct is derived from five fundamental principles of ethics:



Supporting ethical standards

This year the Canadian profession will consider what changes are required to adopt the new non-compliance with laws and regulations (NOCLAR) standard. Set out by the International Ethics Standards Board for Accountants, the new standard provides clear pathways for disclosure to public authorities when matters cannot be resolved through other means.

As a member of IFAC, the Canadian CPA profession must ensure its ethical standards meet or exceed the international standards set by the International Ethics Standards Board for Accountants unless there is a legal, regulatory or public-interest reason to not do so.

In addition to updating our Professional Code of Conduct to integrate NOCLAR, we have worked to stimulate greater accountability among organizations and protect stakeholders from substantial harm by issuing an audit and assurance alert regarding Canadian Auditing Standard (CAS) 250, *Consideration of Laws and Regulations in an Audit of Financial Statements*, which has been updated to acknowledge NOCLAR. This alert covered key information for auditors, including revised expectations for audit procedure and the pertinent conforming amendments for CAS.

Maintaining audit quality and value

CPA Canada maintains confidence and supports economic stability by providing boards and organizational leaders with the right tools and insights to enhance audit quality and value. We continue to work with the Canadian Public Accountability Board, provincial and regional CPA bodies, national accounting firms and other key organizations to provide thought leadership that advances best practices and ensures our members adopt those practices. Guidance and support produced this year includes:

- an implementation tool for auditors dealing with risk of material misstatement due to fraud in revenue recognition
- an audit data analytics alert on how to keep up with the pace of change, along with how to integrate more extensive data into the auditing of financial statements
- a survey on practitioner use of audit data analytics, with insights presented at the American Accounting Association and an academic paper produced by the University of Waterloo to showcase the results
- guidance publications on the new review engagement standard, as well as alerts promoting awareness of the new standard and comprehensive guide on application
- audit quality checklists
- audit quality blog posts on:
    - IAASB's invitation for CPA Canada to comment on enhancing audit quality for the public interest
    - a re-proposal on PCAOB auditor reporting standards to give Canadian stakeholders a clear understanding of the U.S. auditing climate and what they need to prepare for dual-listed companies
    - CPAB inspections and more robust conversations between audit committees and their external auditors to drive meaningful change
    - professional skepticism and how to apply it beyond audit and assurance engagements

Transparency in financial reporting

CPA Canada publishes a number of guidance materials on various reporting standards.

Trust in financial reporting is essential to the health and stability of our economy. CPA Canada supports increased transparency in financial reporting because it helps ensures that public confidence is high and our country's capital markets are efficient and competitive.

We accomplish this by providing leadership and support to improve the quality of information provided to investors and working with like minded organizations to effect change and develop more effective and efficient reporting for capital markets.

IIRC: In 2015, CPA Canada became a member of the International Integrated Reporting Council (IIRC), which promotes the worldwide implementation of a principles based framework to enhance the usefulness of companies' business reporting on how they create value over time. Canadian capital markets already function within a mature regulatory reporting regime, but we are committed to exploring how the concepts and principles of the IIRC integrated reporting framework can be applied or adapted to enhance the decision usefulness of corporate reporting to Canada's capital markets and other stakeholders.

IFRS®: As a member organization of the International Accounting Standards Board, CPA Canada supports the standards setting activities of International Financial Reporting Standard (IFRS), which provide guidance and support on complex accounting issues and recommendations for the application of new and existing standards, with a focus on extractive industries like oil and gas. In order to create an open international dialogue about increased transparency and best practices in financial reporting, we are also working with IFRS to co host the next IFRS Conference: Americas this year.

ASPE: We published significant guidance materials on standards created by Accounting Standards for Private Enterprises (ASPE), including The Guide to ASPE and two in depth briefings that support the application of ASPE for investments and amalgamations of wholly owned subsidiaries.

Looking Forward

Future of the profession

As CPA Canada continues its journey of transformation, our future outlook includes the pursuit of three wildly important goals (WIGs) central to our vision for 2018-2020.

Goal 1: Drive organizational sustainability

We must become a high-performing, innovative organization and employer of choice. CPA Canada is focusing on the following areas to enhance organizational sustainability and develop a more resilient and adaptive entity. To reach our objective, we will:

- plan for and implement Excellence Canada's quality framework, which focuses on organizational excellence, innovation and wellness, with the goal of attaining progressive levels of certification to honour our commitment to high standards and continuous improvement
- embrace digital transformation and leverage technology to create a more productive, sustainable and modern organization
- transform our performance management by aligning our objectives to effectively deliver on our strategic and operational goals and deliver value to our stakeholders

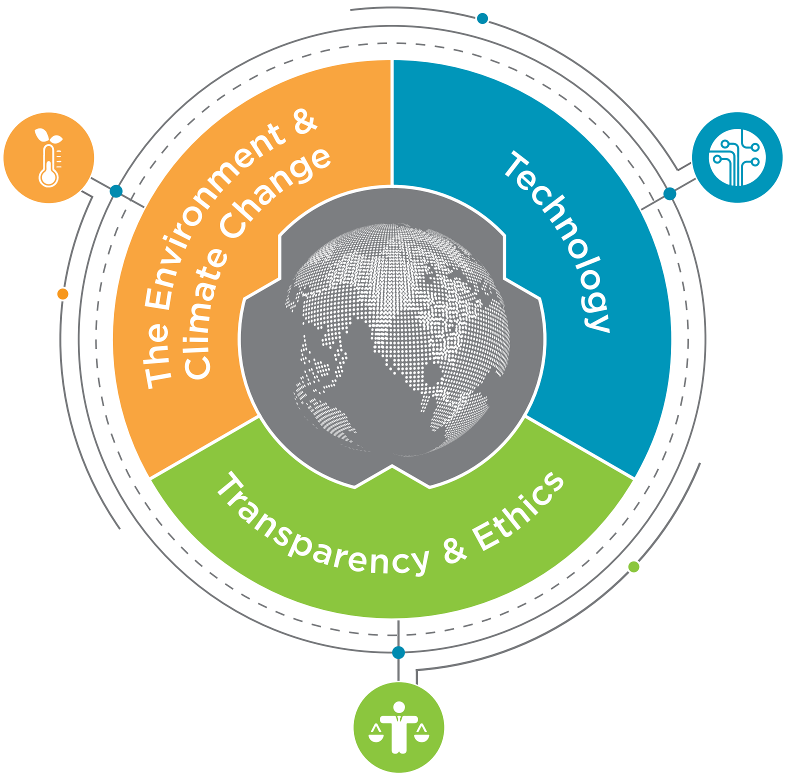
Goal 2: Become a globally recognized leader

We aim to establish CPA Canada as a "go to" organization for key business and accounting areas of focus. To do so, we must advocate for its value in business, government, academia and the public interest.

Future of financial reporting: We will evaluate opportunities to modernize financial reporting to better meet evolving needs, and address how changes in reporting might be implemented in the context of Canadian business, capital markets, laws and regulations.

Future of audit: As global accounting designations continue to emphasize developing professional standards and improving audit quality, we will work to ensure our voice is heard regarding the evolution of audit and the effect of rapidly shifting automation and disruptive technologies.

Management accounting: We will continue to develop thought leadership on management accounting, along with products and services that leverage our abundant content and expertise in this area. We are also pursuing a multi-year plan for an enterprise management framework to enable growth and innovation for our primary stakeholders.



CPA Canada looks at the trends shaping the future of business and accounting to ensure focus on relevant priorities going forward.

Taxation: In light of recently controversial issues like the Panama Papers, there is a renewed focus on tax avoidance, tax evasion and bringing greater transparency to the corporate tax system in Canada. To support this, we are active on the GAA tax committee and complying with efforts like the OECD's BEPS action plan. We will also continue to produce best-in-class tax training, lead volunteer committees, work with the CRA and disseminate important thought leadership in tax.

Sustainability, adaptation and resilient enterprises

To lead sustainable enterprises of the future, we must advance issues that support economic, environmental and social development, including resilience, adaptability, innovation and creativity. In cooperation with other organizations, the federal government and international bodies, we will prioritize the public interest and address the evidence-based case for adaptation to climate change

Goal 3: Ensure the value and relevance of CPA Canada and the profession are sustained for the future

Quality pre-certification education

CPA Canada's pre-certification education program is one of the main drivers of our profession's sustainability, but education needs to constantly evolve to adapt to new trends, technologies and markets. To ensure we educate future accounting professionals to meet the needs of employers, society and the economy, we are examining program elements including:

- the CPA Competency Map, with a focus on updating competencies in data analytics and information technology to address rapid change in the last five years
- continuing to focus on lifelong skills in the professional education program to keep up with new technologies and advances in artificial intelligence

- researching alternative assessment methods, including task-based simulation, to test higher order skills and ensure the examination process remains rigorous, flexible and financially sustainable

Standards

Our support for independent standard setting is one of the crucial areas where CPA Canada serves the public interest. Independence is one of the fundamental tenets of strong standard setting and so it's important that we emphasize that CPA Canada exerts no influence on the decision-making process beyond financial support. Key priorities as indicated by the standard-setting boards are to:

- Ensure all board work programs are fully achieved: Deliver work programs to develop high-quality standards that serve the public interest.
- Enhance our international influence: Work hard to engage with global standard setters to ensure that the perspective of our Canadian stakeholders is heard.
- Increase stakeholder engagement: Create communication strategies for each board to increase awareness among Canadian stakeholders of the independent standard-setting boards and encourage contributions to their work.

Inclusive growth and prosperity

We will continue to pursue initiatives at the intersection of economic and social development, that benefit both business and society. CPA Canada will maintain a strong commitment to promoting financial literacy, supporting integrated, sustainable reporting models and offering timely guidance and recommendations on issues that affect the well-being of everyone — from tax reform to climate change.

CPA Canada is also developing a public policy agenda to strengthen our voice on behalf of the public interest and the profession. This agenda will act as an umbrella for the ongoing government relations strategy and as a channel for our thought leadership and expertise.

We have an important story to tell — not just about where we've come from, but where we're going and why it matters. There is a great deal of respect and admiration for the unique perspective that Canada brings to professional accounting, and we are striving to live up to that reputation. Going forward, we will continue to look for ways to tell the CPA Canada story in these terms, as an organization that enables, champions and safeguards the Canadian ideal of good business.

> "In order to achieve our vision as the pre-eminent, globally respected business designation, we must continue to promote our designation, but also educate and inspire others to embrace the Canadian ideal of good business at the heart of our profession."

Joy Thomas, President and CEO, CPA Canada

Operating environment

CPA Canada pursues opportunities, provides services and conducts activities that may expose it to a variety of risks. The ability to respond effectively and in a timely manner to expected and unanticipated change is critical to the organization's success.

Risks to CPA Canada's strategy

Managing risk

An important aspect of governance and management best practices is to ensure that organizational risks are identified, assessed and managed in a timely, efficient and effective manner.

Risk management approach

CPA Canada's risk management policy integrates an enterprise risk management (ERM) framework that helps guide the organization in its risk management activities. The ERM framework:

- establishes the roles and responsibilities of the CPA Canada Board of Directors, Audit Committee and Management Committee
- specifies the organization's tolerance for risk
- outlines the process for identifying, assessing and categorizing the organization's risks
- ensures a uniform approach to risk mitigation, management and reporting
- incorporates numerous approaches for managing risk, including avoidance, mitigation, transferal, insurance and acceptance
- encourages a risk-aware culture, with risk management integrated into CPA Canada's strategic and operational decision making
- outlines how key risks, opportunities and impacts are determined
- facilitates the understanding, discussion, evaluation and management of risks at all levels

Risk governance

Risk oversight of CPA Canada activities resides with the Board of Directors. The board oversees the organization's ERM and approves a risk management policy and an annual risk-tolerance profile designed to ensure a consistent understanding of risk exposure. The board is responsible for the annual approval of CPA Canada's multi-year strategic plan. It ensures that the strategic direction is sound, links strategies and provision of services, and establishes the basis of the annual operational commitments and related budgets. CPA Canada's strategic planning process identifies and addresses key risks that affect the organization as a whole.

The board monitors compliance with the risk management policy and reviews the risk management policy and procedures annually.

The board delegates primary responsibility for risk management to the Audit Committee and is supported by the Management Committee. The board is kept informed of significant risks and mitigating strategies through ongoing reporting mechanisms.

The Audit Committee is responsible for reviewing the significant risks and uncertainties that may affect CPA Canada, and the adequacy of its risk management policy, procedures and controls. The committee recommends the risk management policy and annual risk tolerance profile to the board for approval.

The CPA Canada Management Committee is composed of the president and CEO, senior vice-presidents, and the vice-presidents of each core business group and support function. It provides leadership in the development and implementation of ERM.

The committee's responsibilities encompass:

- developing, implementing and maintaining an effective ERM framework for the organization
- developing the risk management policy and risk tolerance profile of the organization
- communicating the organization's risk management policy, risk tolerance profile, and ERM framework
- identifying potential and emergent risks, assessing their likelihood and impact, determining what risks are unacceptable and when risk mitigation and risk management strategies must be developed
- determining the right level of risk for each strategic initiative using the risk tolerance profile
- assigning responsibility to develop risk mitigation approaches and actions to appropriate staff and/or committees on an issue-specific basis
- explicitly identifying risk mitigation resource requirements and allocation to reduce risks to an acceptable level
- identifying opportunities to manage the uncertainties of potential and emergent risks, and potential outcomes

Risk assessment

CPA Canada, under its risk management policy and risk tolerance profile, assesses its willingness to accept risk and seeks to manage those risks to an acceptable level, otherwise referred to as its tolerance for risk.

Members of the Management Committee are accountable for effectively managing risks relative to their respective areas and collectively updating the ERM framework during the year.

CPA Canada attempts to proactively mitigate its exposure to risk through sound planning, effective management, and the appropriate response strategies.

Key risks

A key risk is one that, alone or in combination with interrelated risks, can have a significant adverse impact on the organization's reputation, its ability to achieve its priorities, its objectives, or its financial stability, and has a probability of occurring.

Key risk	Risk management strategy
EXTERNAL AND ENVIRONMENTAL	
Inability to support and act in the public interest	CPA Canada supports a robust and independent standard-setting process that helps to ensure the financial and non-financial information in the private and public sectors is reliable, comparable, transparent and credible. This is critical to investor confidence, a sound financial system and the public interest. CPA Canada also enhances audit quality through initiatives that include collaborative efforts with regulators such as the Canadian Public Accountability Board (CPAB), and enhances the value of audit by effectively responding to the technological, regulatory and other challenges facing audit practices. Through its Corporate Reporting Awards, Awards of Excellence in Public Sector Financial Management and guidance publications, CPA Canada helps establish best practices that support healthy capital markets and contribute to accountability and transparency. Through its financial literacy publications, tools and resources, CPA Canada is a leading advocate for financial literacy.
Inability to identify and adapt to the diverse and changing needs of key stakeholders and/or inability to demonstrate and deliver value	CPA Canada consults regularly with stakeholders including members, candidates, students, provincial and regional CPA bodies, academics, employers and others to monitor the changes in expectations, needs, and priorities against which it benchmarks and measures its performance. Through its strategic planning process, CPA Canada ensures its key priorities and objectives align with the ongoing needs of its stakeholders. It also conducts periodic research for relevant products and services, and listens to feedback to incorporate these into programs and service delivery.
Inability to comply with, or adapt to, current and changing regulations and laws	CPA Canada's Code of Conduct sets out expected ethical behaviour of employees, volunteers and consultants and helps set the tone at the top for a culture of integrity. It is everyone's responsibility to uphold the principles of respect, integrity, honesty and trust, and to speak up and report concerns about the violation of laws, regulations and CPA Canada policies. CPA Canada's policies and processes also provide for the timely review and monitoring of potential or actual legal or regulatory issues to enable senior management and the board to effectively perform their management and oversight responsibilities. CPA Canada also maintains a broad range of insurance coverage, which is reviewed annually with the Audit Committee. While it is not possible to entirely eliminate legal and regulatory risk, CPA Canada works closely with its legal and other advisors to manage risk, seek advice on its legal obligations, and manage litigation that involves or affects CPA Canada.

Key risk	Risk management strategy
INTERNAL AND OPERATIONAL	
Inability to protect CPA Canada's brand assets and/or effectively build brand awareness	To manage risks to its brand strategy, CPA Canada regularly monitors and measures the effectiveness of its branding initiatives through the Council of Chief Executive's Brand Steering Committee. It engages outside expertise to assist in this activity. It also maintains relationships with political and governmental bodies, and enhances its presence in Ottawa as a trusted advisor on business and accounting issues. CPA Canada has a strategic communication and crisis-management process, and a social media strategy and policy that enhances its effectiveness and credibility in the social media environment. The CPA Canada branding strategy ensures CPA Canada talks to members with one voice.
Inability to attract and retain sufficient and appropriately skilled people who have the expertise (focus, commitment and capability) to support the achievement of CPA Canada's key strategic objectives and priorities; and address external and/or internal human resources-related matters	Various policies and practices address organizational design, employee recruitment programs, succession planning, compensation structures, ongoing training and professional development programs and performance management.
Inability to attract and retain high quality volunteers	Volunteer recruitment and recognition programs are utilized. Volunteer satisfaction is tracked through periodic online surveys. CPA Canada also hires specialist consultants where necessary.
Inability to produce competent CPAs	To produce competent CPAs, CPA Canada employs uniform assessments throughout the certification program (including a common final exam), collaborates with provincial and regional CPA bodies to maintain a practical experience requirement, and ensures relevant competencies are developed and assessed.
Inability to deliver a CPA professional education program that meets the expectations of the marketplace, hindering new entrants and attracting an insufficient number of candidates	CPA Canada conducts regular research with members, employers and other stakeholders to measure satisfaction, determine key touch points to drive promotion, and bring the new CPA professional education program to the attention of prospective candidates. Broad stakeholder consultation on program relevancy also ensures marketplace penetration and awareness. The CPA competency map and programming are regularly reviewed to ensure they remain relevant. In addition, alternate streams to certification have been developed to ensure the program remains inclusive and attractive. Since the delivery of the CPA professional education program in conjunction with the provincial and regional CPA bodies is heavily reliant on technology, CPA Canada has partnered with key third-party providers with proven track records.

Key risk	Risk management strategy
INTERNAL AND OPERATIONAL (CONTINUED)	
Inability to ensure the CPA professional education program module evaluations and the common final examination are not compromised, and the reliability and validity of the examinations themselves are not disputed	A team of experienced and dedicated CPA Canada employees and volunteers with expertise in the design and delivery of examinations ensure the exams are not compromised and that the results are reliable and valid. Comprehensive confidentiality and security processes ensure integrity.
Inability of CPA Canada to produce professional learning and development programs, publications, products and services that are innovative, relevant, and aligned with contemporary technology and delivery models	CPA Canada conducts member-focused research to help select and deliver products and benefits that provide value. Members are also encouraged to participate at events and try out publications, products or services through a variety of marketing activities and promotions. The organization collaborates with provincial and regional CPA bodies to enhance and expand product offerings. It works closely with key strategic partners to design inventive programs with long-term benefits. Appropriate information technology skills and core competencies are available to the organization, and the IT infrastructure appropriately supports current and future development plans. IT Services monitors new technology and trends, works closely with stakeholders and undertakes extensive surveys to understand stakeholders' needs and priorities.
Inability to adequately protect and secure CPA Canada's technology, IT infrastructure, and data from a major crisis	IT Services employs a number of programs, procedures and processes to effectively respond to emergencies and safeguard CPA Canada technology, IT infrastructure and information from unauthorized intrusions and other threats.

Financial instrument risk management

CPA Canada is exposed to various risks through its financial instruments that have the potential to affect its operating and financial performance. The financial instrument risk exposures are: credit risk, liquidity risk and market risk (comprised of currency, interest rate and other price risk).

CPA Canada manages these risks in accordance with its risk management policy. The objective of the policy is to reduce volatility in cash flow and earnings and to safeguard assets.

CPA Canada also has an investment policy that details the asset quality and proportion of the fixed income and equity securities in which it invests. It does not use derivative financial instruments to manage its risks.

Credit risk

CPA Canada is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations that have similar economic characteristics that could be similarly affected by changes in economic conditions, such that CPA Canada could incur a financial loss. CPA Canada does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposure of CPA Canada to credit risk at March 31 is as follows ($000s):

	2017	**2016**
Cash	$ 4,183	$ 6,492
Amounts receivable	7,895	9,785
Short-term investments	2,000	1,000
Investments – Guaranteed investment certificates	24,741	20,411
Investments – Canadian fixed income	12,861	5,256
Investments – Index pooled funds: Canadian fixed income	22,915	21,035
	$ 74,595	$ 63,979

Cash, short-term investments and investments: Credit risk associated with cash, short-term investments and investments is minimized substantially by ensuring that these assets are invested in financial obligations of: governments; major financial institutions that have been accorded investment grade ratings by a primary rating agency; and/or other credit-worthy parties. An ongoing review is performed to evaluate changes in the status of the issuers of securities authorized for investment under the investment policy of CPA Canada.

Amounts receivable: Credit risk associated with amounts receivable is minimized by CPA Canada's large and diverse customer base, which includes substantially all business sectors in Canada and provincial and regional CPA bodies. CPA Canada follows a program of credit evaluations of customers and limits the amount of credit extended when necessary.

The concentration of credit risk with respect to amounts receivable is limited due to the credit quality of the parties that are extended credit. At March 31, 2017, amounts receivable from the two largest accounts comprised 51% of the total amounts receivable in current assets (2016 – 51%).

Concentrations of credit risk with respect to guaranteed investment certificates are mitigated by the credit quality of the major financial institutions issuing the investment. At March 31, 2017, the largest holding in guaranteed investment certificates with the same financial institution comprised 34% of total guaranteed investment certificate holdings (2016 – 39%).

Concentrations of credit risk with respect to Canadian fixed income investments are mitigated by ensuring that these assets are invested in financial obligations of governments, major financial institutions and other creditworthy parties. At March 31, 2017, the largest holding in Canadian fixed income investments with the same entity comprised 24% of total Canadian fixed income investment holdings (2016 - 22%).

Liquidity risk

Liquidity risk is the risk that CPA Canada will not be able to meet a demand for cash or fund its obligations as they come due.

CPA Canada meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities, and holding assets that can be readily converted into cash. CPA Canada has available a short-term unsecured bank facility of up to $1.0 million, bearing interest at prime, to meet temporary fluctuations in cash requirements. At March 31, 2017 and 2016, the bank facility had not been drawn upon.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The functional currency of CPA Canada is the Canadian dollar. CPA Canada occasionally transacts in foreign currencies when certain revenues and expenses are denominated in those currencies, or to source certain purchases, services and capital asset acquisitions internationally.

CPA Canada does not use foreign exchange forward contracts to manage foreign exchange transaction exposures.

CPA Canada also invests a portion of its investment portfolio in an index pooled fund which invests in foreign equities. CPA Canada mitigates its currency risk exposure by investing in an index pooled fund that is composed of investment securities denominated in multiple currencies.

Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of CPA Canada to interest rate risk arises from its interest-bearing assets and fixed-rate long-term debt.

CPA Canada's interest-bearing assets include cash, short-term investments and investments in guaranteed investment certificates, and fixed income investments that earn interest at market rates.

CPA Canada manages the interest rate risk exposure of its investments in guaranteed investment certificates and fixed income investments by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

The fixed income index pooled fund investments have varying maturities, which reduces the overall sensitivity to interest rate changes.

Other price risk

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

CPA Canada is exposed to other price risk because of its investment in index pooled funds.

The investment policy of CPA Canada restricts investments in index pooled funds to selected market indices. The investment policy for index pooled funds provides for an asset mix of 55% (+/-5%) fixed income investments and 45% (+/-10%) equities and is rebalanced on a quarterly basis. Risk and volatility of investment returns are mitigated through diversification of investments in different countries, business sectors and corporation sizes.

Financial risks associated with defined benefit plans for employees

The primary long-term risk to CPA Canada of the post-retirement benefit plans is that the plan assets and future operational cash flows of CPA Canada will be insufficient to satisfy plan obligations. A summary of the funded status of the plans is as follows ($000s):

	2017	2016
Funded plan:		
Plan assets at fair value	$ 58,110	$ 53,662
Defined benefit obligations	(63,324)	(58,870)
	(5,214)	(5,208)
Unfunded plans:		
Defined benefit obligations	(24,709)	(25,891)
Post-retirement benefits liability recognized in the statement of financial position	$ (29,923)	$ (31,099)

The liabilities of the plans expose CPA Canada to various forms of risk including liquidity risk and the risk associated with changes in actuarial assumptions — primarily interest rate risk with reference to the discount rate used to measure the defined benefit obligations of the plans.

The assets of the plan expose CPA Canada to various forms of risk including credit, liquidity and market risk which is comprised of interest rate, currency and other price risk. The assets of the plan comprise investments in index pooled funds with an asset mix of 40% (+/-3%) fixed income investments and 60% (+/-3%) equities, and are rebalanced on a quarterly basis.

CPA Canada mitigates the risks relating to the plan assets in the same manner as its financial instruments. In addition, there is a natural offset for the interest rate risk on the liability of its funded plan since the value of its investments in index pooled funds is also affected by changes in interest rates.

Changes in risk

There have been no significant changes in the risk profile of the financial instruments and defined benefit plans of CPA Canada from the prior year.

Capability to deliver results

Capital resources and liquidity

CPA Canada's cash position was $4.2 million at March 31, 2017, a decrease of $2.3 million from the $6.5 million cash position at the prior year-end. Cash at year-end is held on deposit with major Canadian financial institutions in interest-bearing accounts.

Operating activities provided $11.9 million in cash for fiscal 2016-2017 in comparison to $14.9 million in the prior year. Compared to the prior year there was an increase in operating cash before net changes in non-cash working capital of $7.2 million, primarily due to the excess of revenues over expenses in the current year. This was offset by a decline of $10.2 million year over year in the cash generated by the net changes in non-cash working capital.

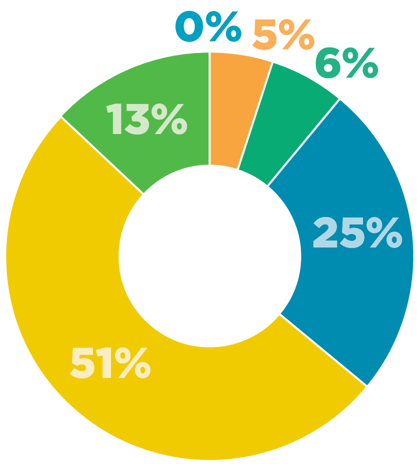
Investing activities used cash of $13.8 million primarily from the net purchases of investments.

CPA Canada's short-term investments consist of a $1.0 million guaranteed investment certificate with an effective interest rate of 1.25% maturing in March 2018.

CPA Canada's investments in the amount of $79.4 million are comprised of guaranteed investment certificates, Canadian fixed income investments and index pooled funds. The guaranteed investment certificates have effective interest rates ranging from 1.40% to 2.10% with maturity dates ranging from March 2019 to July 2021. The Canadian fixed income investments have effective interest rates ranging from 1.39% to 3.13% with maturity dates ranging from November 2019 to March 2026. The Canadian fixed income investments in index pooled funds have effective interest rates ranging from 0.66% to 7.09%, and maturity dates ranging from March 2018 to November 2065. CPA Canada's investment policy benchmark asset mix of the index pooled funds' investments is set at 55% (+/-5%) for fixed income investments and 45% (+/-10%) for equities. The asset mix is rebalanced on a quarterly basis. The benchmark asset mix remained the same throughout the year.

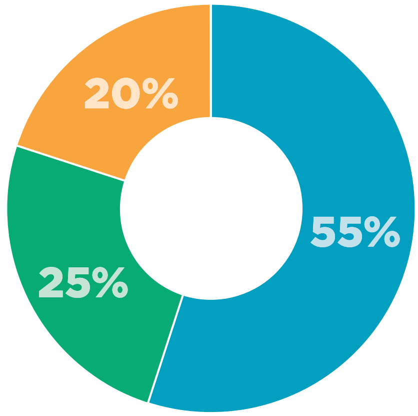
Investment in capital assets is guided by the capital asset plan prepared by management each year and approved by the Board of Directors. For fiscal 2016-2017, the plan called for a reduction in capital spending from the prior year. In the previous year, a higher level of capital investment was needed primarily for leasehold improvements, and furniture and equipment to improve the efficiency of workspace and common areas and expand much needed meeting space in the Toronto offices. CPA Canada's total capital investment in fiscal 2016-2017 was $1.0 million compared to $3.2 million ($4.8 million before lease incentives of $1.6 million) in the prior year.

Fixed Income Investments at Amortized Cost



	$000s
Matures in fiscal 2018	0
Matures in fiscal 2019	2,000
Matures in fiscal 2020	2,011
Matures in fiscal 2021	9,511
Matures in fiscal 2022	19,071
Matures after fiscal 2022	5,009

Index Pooled Funds at Fair Value



	$000s
Canadian fixed income	22,915
Foreign equities	10,412
Canadian equities	8,315

Net assets

Net assets at March 31, 2017 amounted to $45.3 million and consisted of $7.6 million invested in capital assets (net book value of capital assets less debt and the unamortized balance of deferred tenant inducements used to purchase capital assets), and $37.7 million of unrestricted net assets. The increase in net assets of $10.7 million during the year stemmed from the fiscal 2016-2017 excess of revenues over expenses of $8.9 million, and $1.8 million in net gains from remeasurements and other items related to post-retirement benefits.

In fiscal 2016-2017, CPA Canada continued its transformation, embracing the many important changes underway throughout the organization while successfully managing the wide range of activities undertaken to advance our mission and strategy. CPA Canada continued to enrich and refine the certification education programs, took further steps to ensure the success and future growth of ACAF, provided a wide variety of professional learning opportunities, enhanced our product and brand marketing capacity, continued to build our digital environment, shared our knowledge and expertise in Ottawa as trusted business and financial advisers and supported financial literacy education to help address social and economic topics of interest to all Canadians. We shared our expertise on tax matters in Canada and around the world and continued to develop our human capital through our culture initiatives and leadership programs. Throughout the year, revenues and expenses were regularly monitored and resources were effectively and prudently managed to ensure appropriate support for our key priorities and areas of focus.

The unrestricted net assets of CPA Canada are required to provide sufficient financial capital to meet any material unexpected financial risks and to capitalize on significant new opportunities when presented. The unrestricted net assets are also available to help maintain reasonable stability in annual member fees.

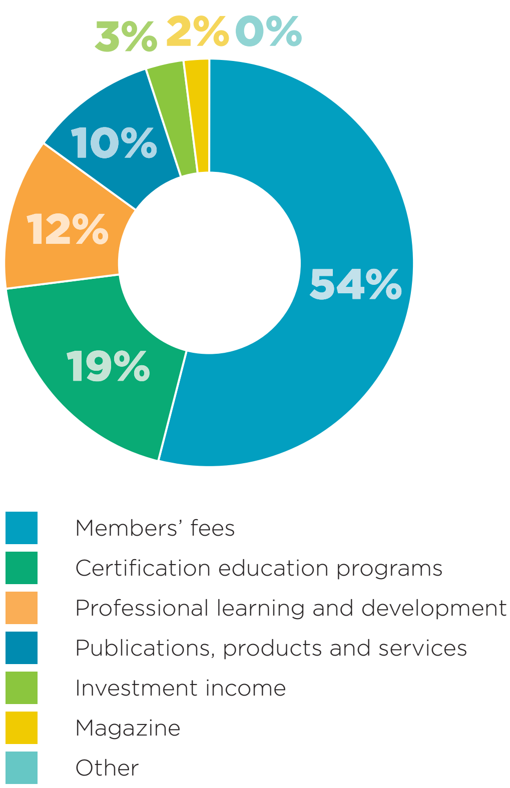
On behalf of the Board of Directors, the Audit Committee annually reviews the level of unrestricted net assets to assess its appropriateness. The Audit Committee takes into account the potential negative financial impact from CPA Canada's exposure to operational and financial risks as well as the likelihood of important new opportunities arising and being undertaken. Based on the overall assessment and the need to address potential negative financial impact, the Audit Committee believes CPA Canada should currently retain a minimum surplus amount between the range of $26.0 million and $51.0 million and a target surplus amount of $34.0 million. The unrestricted net assets of $37.7 million are within the required range and above the current target amount.

Financial Performance

In fiscal 2016-2017, CPA Canada operations resulted in an $8.9 million excess of revenues over expenses compared to the prior year where the excess of expenses over revenues was $2.0 million. The fiscal 2016-2017 surplus was largely driven by extraordinary items noted below. Nonetheless, the surplus funds have provided for an increase in Member's Equity that stabilizes this account and allows CPA Canada to position itself for future growth while ensuring the continued focus on driving organizational sustainability and delivering increased value to its members.

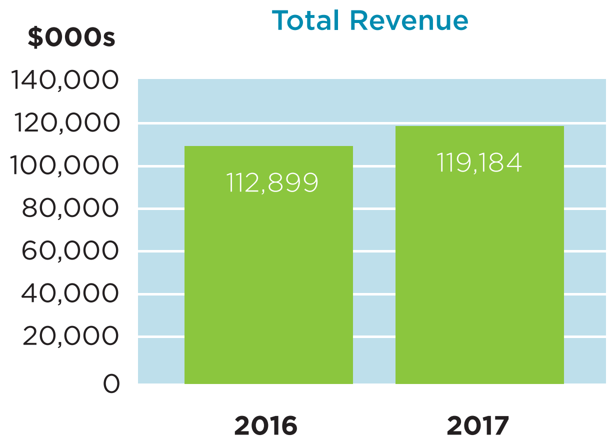
Total revenues of $119.2 million from all sources increased by $6.3 million over the prior year. Total members' fees increased year over year by $1.1 million primarily due to the overall growth in membership. Certification education programs revenue increased significantly compared to the prior year, from $19.1 million to $22.1 million. This was largely due to an increase in the number of candidates who wrote the common final examination (CFE) in fiscal 2016-2017. This increase is a strong indicator of the growing recognition and attractiveness of the CPA certification education programs among prospective candidates and the marketplace. In contrast, professional learning and development revenue and revenue from publications, products and services contracted by $0.2 million and $0.5 million respectively when compared to the prior year. This contraction primarily

2017 Sources of Revenue



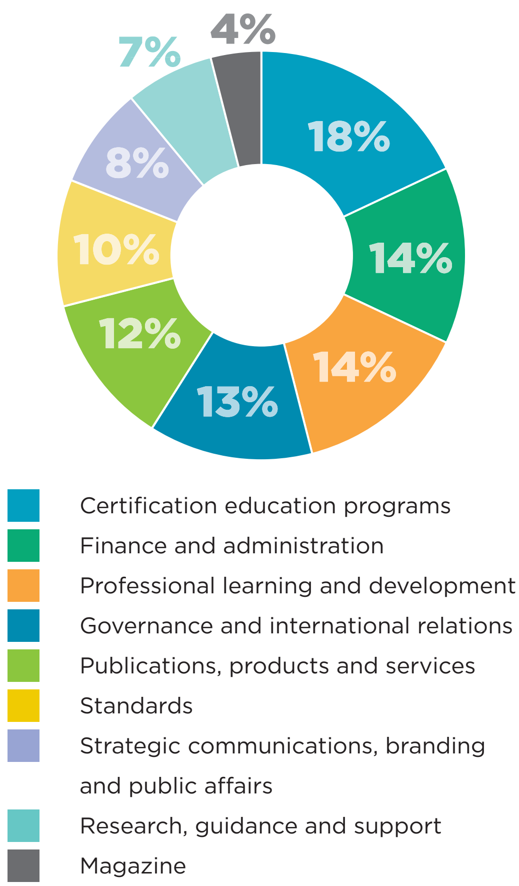
reflected the current year suspension of the corporate finance program, which is undergoing reevaluation, and continued lower demand for technical publications. Investment income of $4.0 million was $3.8 million higher in fiscal 2016-2017, primarily from an unrealized appreciation in the fair value of index pooled funds. In fiscal 2016-2017, total *CPA Magazine* revenue decreased $0.9 million compared to the prior year and reflecting continued weakness in the print advertising market.

Total expenses were down $4.6 million from the prior year to $110.3 million in fiscal 2016-2017, reflecting a $4.8 million reduction in certification education programs' expenses offset by $0.2 million in higher expenses from all other activities combined. The significant expense reduction in certification education programs on a year over year basis is due to a recovery of $3.0 million for development costs incurred in the prior year. In fiscal 2016-2017, it was agreed this would be reimbursed to CPA Canada by the provincial and regional CPA bodies; $1.3 million was received in fiscal 2016-2017 and the remaining portion is receivable in equal amounts in fiscal 2017-2018 and fiscal 2018-2019. The provincial and regional CPA bodies also agreed to reimburse CPA Canada for ACAF expenses incurred in fiscal 2016-2017, net of any surplus amounts generated by the professional education program (PEP), preparatory courses (PREP) and evaluations. On a net basis, this amounted to $0.2 million in amounts recoverable for the ACAF expenses. In addition, total direct costs in certification education programs was lower than the prior year by $1.6 million largely because of higher spending in the prior year, when legacy education programs were winding down but still operating.

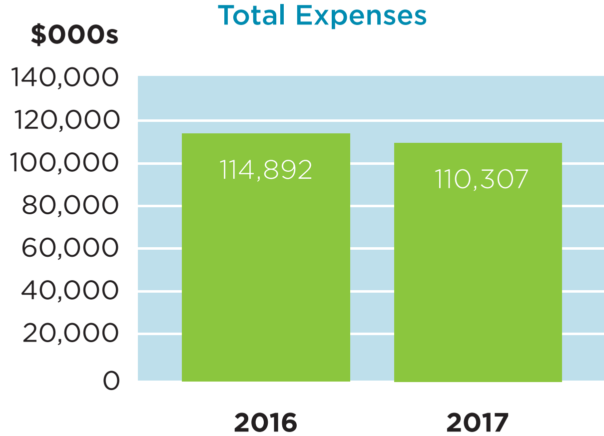


In fiscal 2016-2017 CPA Canada continued its transformative journey and pursuit of excellence. We supported standard setting and thought leadership, delivered relevant, value-added programs, products and services for stakeholders, helped to grow the influence and expand the profile of the CPA profession, and continued to build a progressive and sustainable organization.

2017 Sources of Expenses



Total Expenses



Financial Statements

CPA Canada

Management Responsibility for Financial Reporting

The accompanying financial statements and all other information contained in this annual report are the responsibility of the management of Chartered Professional Accountants of Canada (CPA Canada). The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and have been approved by the Board of Directors.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of CPA Canada, which includes adherence by all employees to CPA Canada's Code of Conduct. Management maintains a system of internal accounting controls to provide reasonable assurance that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial information. Such information also includes data based on management's best estimates and judgments.

The Audit Committee reviews the annual financial statements and recommends them to the Board of Directors for its approval. In addition, the Audit Committee meets periodically with management and the external auditors, and reports to the Board of Directors thereon. The Audit Committee also reviews the annual report in its entirety.

The accompanying financial statements have been audited by the auditors who are engaged by the Board of Directors on the recommendation of the Audit Committee and whose appointment was ratified at the annual meeting of members. The auditors have access to the Audit Committee, without management present, to discuss the results of their work.

Joy Thomas, FCPA, FCMA
President and Chief Executive Officer

Independent Auditor's Report

To the Members of
Chartered Professional Accountants of Canada

We have audited the accompanying financial statements of Chartered Professional Accountants of Canada, which comprise the statement of financial position as at March 31, 2017, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chartered Professional Accountants of Canada as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Hilborn LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 21, 2017

Statement of Financial Position

as at March 31

	2017 ($000s)	2016 ($000s)
ASSETS		
Current Assets		
Cash	**$4,183**	$6,492
Amounts receivable [Notes 10,12 & 13]	**7,895**	9,785
Short-term investments [Note 3]	**2,000**	1,000
Investments [Note 4]	**—**	3,386
Inventories [Note 5]	**465**	551
Prepaid royalties and other assets	**2,969**	2,858
	17,512	24,072
***Amount Receivable* [Notes 10 & 12]**	**896**	1,190
***Investments* [Note 4]**	**79,244**	60,484
***Capital Assets* [Note 6]**		
Tangible assets	**15,387**	16,853
Intangible assets	**277**	658
	15,664	17,511
	95,804	79,185
	$113,316	$103,257
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities [Note 7]	**$14,691**	$15,360
Deferred revenue	**15,256**	13,362
Current portion of long-term debt [Note 8]	**6,379**	397
	36,326	29,119
***Long-term Debt* [Note 8]**	**—**	6,379
***Post-retirement Benefits* [Note 9]**	**29,923**	31,099
***Deferred Lease Incentives* [Note 10]**	**1,759**	2,024
	31,682	39,502
	68,008	68,621
NET ASSETS		
Invested in capital assets	**7,636**	8,873
Unrestricted	**37,672**	25,763
	45,308	34,636
	$113,316	$103,257

The accompanying notes are an integral part of these financial statements

On behalf of the Board,

Alain Côté, FCPA, FCA
Director

Manon Durivage, FCPA auditor, FCA
Director

Statement of Operations

for the year ended March 31

	2017 ($000s)	2016 ($000s)
REVENUES		
Members' fees	**$64,818**	$63,704
Certification education programs	**22,143**	19,148
Professional learning and development	**14,753**	14,908
Publications, products and services	**11,305**	11,823
Investment income [Note 11]	**3,950**	159
CPA Magazine	**1,744**	2,670
Other	**471**	487
	119,184	112,899
EXPENSES		
Certification education programs [Note 12]	**20,096**	24,876
Finance and administration	**15,876**	16,959
Professional learning and development	**15,182**	15,233
Governance and international relations	**14,401**	13,702
Publications, products and services [Note 5]	**13,190**	13,278
Standards	**11,113**	10,170
Strategic communications, branding and public affairs	**8,524**	8,552
Research, guidance and support	**7,446**	7,366
CPA Magazine	**4,479**	4,756
	110,307	114,892
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	**$8,877**	$(1,993)

The accompanying notes are an integral part of these financial statements

Statement of Changes in Net Assets

for the year ended March 31

	Invested in Capital Assets	**Unrestricted**	**2017 ($000s)**	Invested in Capital Assets	Unrestricted	2016 ($000s)
Balance, beginning of year	**$8,873**	**$25,763**	**$34,636**	$7,768	$28,857	$36,625
Excess of revenues over expenses (expenses over revenues)	**(2,221)**	**11,098**	**8,877**	(3,669)	1,676	(1,993)
Purchase of tangible assets	**911**	**(911)**	**—**	4,555	(4,555)	—
Purchase of intangible assets	**73**	**(73)**	**—**	219	(219)	—
Defined benefit costs – remeasurements and other items	**—**	**1,795**	**1,795**	—	4	4
Balance, end of year	**$7,636**	**$37,672**	**$45,308**	$8,873	$25,763	$34,636

The accompanying notes are an integral part of these financial statements

Statement of Cash Flows

for the year ended March 31

	2017 ($000s)	2016 ($000s)
OPERATING ACTIVITIES		
Excess of revenues over expenses (expenses over revenues)	**$8,877**	$(1,993)
Adjustments to determine net cash provided by (used in) operating activities:		
Amortization of tangible assets	**2,317**	1,962
Amortization of intangible assets	**454**	588
Loss on disposal of tangible assets	**56**	52
Interest capitalized on investments	**(532)**	(329)
Interest received on investments capitalized in prior years	**256**	114
Reinvested distributions from index pooled funds	**(2,069)**	(1,980)
Realized gain on sale of investments	**(133)**	(153)
Unrealized (appreciation) depreciation in fair value of index pooled funds	**(1,106)**	2,516
Required post-retirement benefits funding	**(1,734)**	(2,211)
Post-retirement benefits expense	**2,353**	2,999
Amortization of deferred lease incentives	**(265)**	(251)
	8,474	1,314
Change in non-cash working capital items		
Amounts receivable	**2,184**	7,700
Inventories	**86**	39
Prepaid royalties and other assets	**(111)**	429
Accounts payable and accrued liabilities	**(669)**	1,265
Deferred revenue	**1,894**	4,187
	11,858	14,934
INVESTING ACTIVITIES		
Purchase of short-term investments	**(2,000)**	(1,000)
Purchase of investments	**(40,685)**	(25,028)
Proceeds on sale of short-term investments	**1,000**	2,000
Proceeds on sale of investments	**28,895**	16,036
Purchase of tangible assets	**(911)**	(4,555)
Purchase of intangible assets	**(73)**	(219)
Proceeds on disposal of tangible assets	**4**	—
Receipt of lease incentives – tenant inducement	**—**	448
	(13,770)	(12,318)
FINANCING ACTIVITIES		
Repayment of long-term debt	**(397)**	(373)
Net change in cash	**(2,309)**	2,243
Cash, beginning of year	**6,492**	4,249
Cash, end of year	**$4,183**	$6,492

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statements

for the year ended March 31, 2017 *(all amounts in $ thousands)*

Nature and description of the organization

Chartered Professional Accountants of Canada (CPA Canada) was incorporated as a not-for-profit corporation under the Canada Not-for-profit Corporations Act on January 1, 2013. CPA Canada is exempt from income taxes.

CPA Canada conducts research into current business issues and supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government. It assists and encourages organization members in promoting and developing appropriate and uniform standards of qualification for admission of Chartered Professional Accountants and maintaining appropriate standards of professional conduct for all Chartered Professional Accountants. CPA Canada issues guidance, publishes professional literature, develops certification education and professional learning programs, and represents the CPA profession nationally and internationally.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

a) Revenue recognition

(i) Members' fees
Members' fees are recognized as revenue proportionately over the fiscal year to which they relate. Membership fees received in advance of the membership year to which they relate are recorded as deferred revenue.

(ii) Certification education programs
Revenue is recognized upon a candidate's enrolment in a certification education program module. Examination fees are recognized as revenue when the examinations are held. The amount received in advance of candidate enrolment or an examination being held is recorded as deferred revenue.

(iii) Professional learning and development
Revenue is recognized when professional learning and development programs are presented. The amount received in advance of the program being presented is recorded as deferred revenue.

(iv) Publications, products and services
Revenue is recognized at the time of shipment, when the service is rendered, or proportionately over the period of the subscription depending on the nature of the product or service. The amount received in advance of shipment, the service being rendered or the subscription period is recorded as deferred revenue.

(v) Investment income
Investment income comprises interest from cash, short-term investments and investments, distributions from index pooled funds, realized gains and losses on the sale of investments, and the unrealized appreciation and depreciation in the fair value of index pooled funds. Revenue is

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

1. Significant accounting policies *(continued)*

a) Revenue recognition *(continued)*

(v) Investment income *(continued)*

recognized on an accrual basis. Interest earned from investments is recognized over the terms of the respective investments using the effective interest method.

(vi) *CPA Magazine*

Magazine subscriptions are recognized as revenue over the period of the subscriptions. Advertising revenue is recognized in the period in which the advertisement is published. The amount received in advance of the subscription period or the advertisement being published is recorded as deferred revenue.

b) Short-term investments

Short-term investments consist of guaranteed investment certificates with maturity dates ranging from 91 days to twelve months from date of acquisition.

c) Investments

Investments consist of guaranteed investment certificates and fixed income investments with maturity dates of greater than twelve months from date of acquisition, and index pooled funds. Guaranteed investment certificates and fixed income investments maturing within twelve months from the year-end date are classified as current.

d) Donated services

The work of CPA Canada is dependent on the voluntary service of many individuals who are experts and industry leaders of specialized subject matters. Since these services are not normally purchased by CPA Canada and because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

e) Prepaid expenses

Prepaid expenses primarily comprise advance payments made to vendors in the current fiscal year for goods and services to be received in the next fiscal year. Prepaid expenses are recognized as expenses in the period when the goods and services are received.

f) Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, and is determined on a first-in, first-out basis.

g) Financial instruments

(i) Measurement of financial assets and liabilities

CPA Canada initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

1. Significant accounting policies *(continued)*

g) Financial instruments *(continued)*

(i) Measurement of financial assets and liabilities *(continued)*

CPA Canada subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in index pooled funds that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in income in the year in which the changes occur.

Amortized cost is the amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

Transaction costs are recognized in income in the year incurred, except those relating to financial instruments which will subsequently be measured at amortized cost. Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Investment management fees associated with index pooled funds are expensed as incurred.

Financial assets measured at amortized cost include cash, amounts receivable, short-term investments, and investments in guaranteed investment certificates and fixed income investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Financial assets measured at fair value include investments in index pooled funds that are quoted in an active market.

The fair values of investments in index pooled funds are determined by reference to the latest closing transactional net asset value of each respective index pooled fund.

(ii) Impairment

At the end of each reporting period, CPA Canada assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of CPA Canada, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; and bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, CPA Canada determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset.

When CPA Canada identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the financial asset to the greater of the following:

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

1. Significant accounting policies *(continued)*

g) Financial instruments *(continued)*

(ii) Impairment *(continued)*

i) the present value of the cash flows expected to be generated by holding the financial asset discounted using a current market rate of interest appropriate to the financial asset; and
ii) the amount that could be realized by selling the financial asset at the statement of financial position date.

Any impairment of the financial asset is charged to income in the year in which the impairment occurs.

When the extent of impairment of a previously written-down financial asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, but not in excess of the impairment loss. The amount of the reversal is recognized in income in the year in which the reversal occurs.

h) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as a capital asset, with the exception of expenditures on internally generated intangible assets during the development phase, which are expensed as incurred. The cost of a capital asset comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital asset to its fair value. Any impairment of the capital asset is charged to income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

(i) Tangible assets

Tangible assets, consisting of land, building, building improvements, furniture and equipment and leasehold improvements, are measured at cost less accumulated amortization, if applicable, and accumulated impairment losses.

Amortization is provided for, upon the commencement of the utilization of the assets, on a straight-line basis at rates designed to amortize the cost of the tangible assets over their estimated useful lives as follows:

Building	25 years
Building improvements	10 years
Furniture and equipment	3 to 10 years
Leasehold improvements	Remaining terms of the relevant leases

Notes to the Financial Statements *(continued)*

for the year ended March 31, 2017 *(all amounts in $ thousands)*

1. Significant accounting policies *(continued)*

h) Capital assets *(continued)*

(ii) Intangible assets

Intangible assets, consisting of separately acquired computer application software, are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon the commencement of the utilization of the assets, on a straight-line basis at rates designed to amortize the cost of the intangible assets over their estimated useful lives of three to five years.

i) Post-retirement benefits

Defined benefit plans

(i) A defined benefit liability is recognized in the statement of financial position to the extent that the defined benefit obligations of a plan exceed the fair value of the plan's assets.

Components of the total cost of a defined benefit plan, excluding remeasurements and other items, are recognized in income in the year incurred.

Remeasurements and other items incurred during the year are recognized directly in the statement of changes in net assets.

(ii) Defined benefit obligations are actuarially determined using the projected benefit method prorated on services and management's best estimates of retirement age, mortality, discount rates to reflect the time value of money, future salary and benefit levels and other actuarial assumptions.

(iii) Defined benefit obligations are measured using actuarial valuation reports prepared for accounting purposes on an annual basis under which actuarial assumptions, including the discount rate, are updated annually.

(iv) Plan assets are measured at fair value.

(v) Plan assets and defined benefit obligations are measured at March 31.

(vi) The components of the total cost of a defined benefit plan for a year are comprised of:

- current service cost;
- finance cost; and
- remeasurements and other items.

Current service cost for the year is the actuarial present value of benefits attributed to employees' services rendered during the year, reduced to reflect employee contributions.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

1. Significant accounting policies *(continued)*

i) Post-retirement benefits *(continued)*

Defined benefit plans *(continued)*

Finance cost for the year is the net interest on the defined benefit liability calculated by multiplying the defined benefit liability at the beginning of the year by the discount rate used in determining the defined benefit obligation at the beginning of the year. Finance cost for a defined benefit asset is a credit.

Remeasurements and other items are comprised of:
- the difference between the actual return on plan assets and the return calculated using the discount rate used in determining the defined benefit obligation at the beginning of the year;
- actuarial gains and losses;
- the effect of any valuation allowance in the case of a net defined benefit asset;
- past service costs; and
- gains and losses arising from settlements and curtailments.

Actuarial gains and losses can arise in a given year from:
- the difference between the actual defined benefit obligations at the end of the year and the expected defined benefit obligations at the end of the year; and
- changes in actuarial assumptions.

Defined contribution plans

(i) Components of the total cost of a defined contribution plan are recognized in income in the year incurred.

(ii) The components of the total cost of a defined contribution plan for a year are comprised of:
- current service cost;
- past service costs;
- interest cost on the estimated present value of any contributions required in future years related to employee services rendered during the current year or prior years; and
- a reduction for the interest income for the year on any unallocated plan surplus.

Current service cost for the year is comprised of the contributions required to be made in the year in exchange for employee services rendered during the year and the estimated present value of any contributions required to be made in future years related to employee services rendered during the year.

j) Deferred lease incentives

Lease incentives received include reduced rent benefits and tenant inducements received in cash.

Lease incentives received in connection with original leases are amortized to income on a straight-line basis over the terms of the original leases. Lease incentives received in connection with re-negotiated leases are amortized to income on a straight-line basis over the period from the expiration date of the original lease to the expiration date of the re-negotiated lease.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

1. Significant accounting policies *(continued)*

k) Net assets invested in capital assets
Net assets invested in capital assets comprises the net book value of capital assets less debt and the unamortized balance of deferred tenant inducements used to purchase capital assets.

l) Management estimates
The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current year. Actual results may differ from the estimates, the impact of which would be recorded in future years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Management considers the discount rates used to measure defined benefit obligations to be significant estimates.

2. Financial instrument risk management

CPA Canada is exposed to various risks through its financial instruments. The following analysis provides a measure of the risk exposure and concentrations.

The financial instruments of CPA Canada and the nature of the risks to which these instruments may be subject, are as follows:

	Risks				
			Market risk		
Financial instruments	Credit	Liquidity	Currency	Interest rate	Other price
Cash	X			X	
Amounts receivable	X				
Short-term investments	X			X	
Investments — Guaranteed Investment certificates	X			X	
Investments — Canadian fixed income	X			X	
Investments — Index pooled funds: Canadian fixed income	X			X	X
Investments — Index pooled funds: Canadian and foreign equities			X		X
Accounts payable and accrued liabilities		X			
Long-term debt		X		X	

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

2. Financial instrument risk management *(continued)*

CPA Canada manages its exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance in accordance with its risk management policy. The objective of the policy is to reduce volatility in cash flow and earnings and to safeguard assets. The Board of Directors monitors compliance with risk management policies and reviews risk management policies and procedures on an annual basis.

CPA Canada has an Investment Policy that details the asset quality and proportion of the fixed income and equity securities in which it invests.

CPA Canada does not use derivative financial instruments to manage its risks.

Credit risk

CPA Canada is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that CPA Canada could incur a financial loss. CPA Canada does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposure of CPA Canada to credit risk at March 31 is as follows:

	2017	2016
Cash	**$4,183**	$6,492
Amounts receivable	**7,895**	9,785
Short-term investments	**2,000**	1,000
Investments – Guaranteed investment certificates	**24,741**	20,411
Investments – Canadian fixed income	**12,861**	5,256
Investments – Index pooled funds: Canadian fixed income	**22,915**	21,035
	$74,595	$63,979

Cash, short-term investments and investments: Credit risk associated with cash, short-term investments and investments is minimized substantially by ensuring that these assets are invested in financial obligations of: governments; major financial institutions that have been accorded investment grade ratings by a primary rating agency; and/or other credit-worthy parties. An ongoing review is performed to evaluate changes in the status of the issuers of securities authorized for investment under the investment policy of CPA Canada.

Amounts receivable: Credit risk associated with amounts receivable is minimized by CPA Canada's large and diverse customer base, which includes substantially all business sectors in Canada and provincial and regional CPA bodies. CPA Canada follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. At March 31, 2017, an allowance for doubtful accounts in the amount of $50 has been provided for (2016 - $50).

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

2. Financial instrument risk management *(continued)*
Credit risk *(continued)*

The concentration of credit risk with respect to amounts receivable is limited due to the credit quality of the parties that are extended credit. At March 31, 2017, amounts receivable from the two largest accounts comprised 51% of the total amounts receivable in current assets (2016 – 51%).

Concentrations of credit risk with respect to guaranteed investment certificates are mitigated by the credit quality of the major financial institutions issuing the investment. At March 31, 2017, the largest holding in guaranteed investment certificates with the same financial institution comprised 34% of total guaranteed investment certificate holdings (2016 – 39%).

Concentrations of credit risk with respect to Canadian fixed income investments are mitigated by ensuring that these assets are invested in financial obligations of governments, major financial institutions and other credit-worthy parties. At March 31, 2017, the largest holding in Canadian fixed income investments with the same entity comprised 24% of total Canadian fixed income investment holdings (2016 - 22%).

Liquidity risk
Liquidity risk is the risk that CPA Canada will not be able to meet a demand for cash or fund its obligations as they come due.

CPA Canada meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities, and holding assets that can be readily converted into cash. CPA Canada has available a short-term unsecured bank facility of up to $950, bearing interest at prime to meet temporary fluctuations in cash requirements. At March 31, 2017 and 2016, the bank facility had not been drawn upon.

Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk is comprised of currency risk, interest rate risk and other price risk.

Currency risk
Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates.

The functional currency of CPA Canada is the Canadian dollar. CPA Canada occasionally transacts in foreign currencies when certain revenues and expenses are denominated in those currencies, or to source certain purchases, services and capital asset acquisitions internationally.

CPA Canada does not use foreign exchange forward contracts to manage foreign exchange transaction exposures.

CPA Canada also invests a portion of its investment portfolio in an index pooled fund which invests in foreign equities. CPA Canada mitigates its currency risk exposure by investing in an index pooled fund that is composed of investment securities denominated in multiple currencies.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

2. Financial instrument risk management *(continued)*

Interest rate risk
Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The exposure of CPA Canada to interest rate risk arises from its interest-bearing assets and fixed-rate long-term debt.

CPA Canada's interest bearing assets include cash, short-term investments and investments in guaranteed investment certificates, and fixed income investments that earn interest at market rates.

CPA Canada manages the interest rate risk exposure of its investments in guaranteed investment certificates and fixed income investments by using a laddered portfolio with varying terms to maturity. The laddered structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

The fixed income index pooled fund investments have varying maturities which reduces the overall sensitivity to interest rate changes.

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

CPA Canada is exposed to other price risk because of its investment in index pooled funds.

The investment policy of CPA Canada restricts investments in index pooled funds to selected market indices. The investment policy for index pooled funds provides for an asset mix of 55% (+/-5%) fixed income investments and 45% (+/-10%) equities and is rebalanced to the asset mix on a quarterly basis. Risk and volatility of investment returns are mitigated through diversification of investments in different countries, business sectors and corporation sizes.

Changes in risk
There have been no significant changes in the risk profile of the financial instruments of CPA Canada from the prior year.

3. Short-term investments

Guaranteed investment certificate with an effective interest rate of 1.25% maturing in March 2018
(2016 - guaranteed investment certificate with an effective interest rate of 1.40% maturing in March 2017).

Notes to the Financial Statements *(continued)*

for the year ended March 31, 2017 *(all amounts in $ thousands)*

4. Investments

		2017	2016
MEASURED AT AMORTIZED COST			
Guaranteed investment certificates		**$24,741**	$20,411
Canadian fixed income		**12,861**	5,256
		37,602	25,667
MEASURED AT FAIR VALUE			
Index pooled funds	– Canadian fixed income	**22,915**	21,035
	– Canadian equities	**8,315**	7,641
	– Foreign equities	**10,412**	9,527
		41,642	38,203
		$79,244	$63,870
CURRENT			
Guaranteed investment certificates		**$ —**	$ 3,386
Canadian fixed income		**—**	—
		—	3,386
LONG-TERM			
Guaranteed investment certificates		**24,741**	17,025
Canadian fixed income		**12,861**	5,256
Index pooled funds		**41,642**	38,203
		79,244	60,484
		$79,244	$63,870

The guaranteed investment certificates have effective interest rates ranging from 1.40% to 2.10% (2016 - 1.55% to 2.10%), with maturity dates ranging from March 2019 to July 2021 (2016 - September 2017 to August 2020).

The Canadian fixed income investments have effective interest rates ranging from 1.39% to 3.13% (2016 - 1.45% to 2.66%) with maturity dates ranging from November 2019 to March 2026 (2016 – August 2017 to May 2025).

The Canadian fixed income investments in the index pooled funds have effective interest rates ranging from 0.66% to 7.09% (2016 - 0.45% to 9.51%) and maturity dates ranging from March 2018 to November 2065 (2016 - April 2016 to November 2065).

5. Inventories

Inventories are comprised of books and publications available for sale. The amount of inventories recognized as an expense during the year was $1,664 (2016 - $1,443).

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

6. Capital assets

		Cost	Accumulated amortization	2017 Net book value	Cost	Accumulated amortization	2016 Net book value
a)	Tangible assets						
	Land	**$3,661**	**$ —**	**$3,661**	$3,661	$ —	$3,661
	Building	**8,543**	**2,905**	**5,638**	8,543	2,563	5,980
	Building improvements	**2,007**	**1,422**	**585**	1,836	1,305	531
	Furniture and equipment	**9,147**	**6,436**	**2,711**	8,951	5,724	3,227
	Leasehold improvements	**6,440**	**3,648**	**2,792**	6,379	2,925	3,454
		29,798	**14,411**	**15,387**	29,370	12,517	16,853
b)	Intangible assets						
	Computer application software	**5,313**	**5,036**	**277**	5,329	4,671	658
		$35,111	**$19,447**	**$15,664**	$34,699	$17,188	$17,511

During the year, tangible assets with a net book value of $60 (cost $483 and accumulated amortization $423) and intangible assets with a net book value of nil (cost and accumulated amortization both of $89) were disposed of at a loss of $56. (2016 - net book value of $52 (costs $2,072 and accumulated amortization $2,020) and intangible assets with a net book value of nil (cost and accumulated amortization both of $1,839) were disposed of at a loss of $52.)

7. Accounts payable and accrued liabilities

	2017	2016
Trade payables and accrued liabilities	**$14,498**	$15,125
Sales taxes	**193**	235
Payroll and withholding taxes	**—**	—
	$14,691	$15,360

8. Long-term debt

	2017	2016
Business mortgage, interest at a fixed rate of 5.74% per annum, payable monthly, up to and including the maturity date which is October 17, 2017, when the amount outstanding is due and payable in full. Currently CPA Canada pays $64 per month, as blended payments of principal and interest.	**$6,379**	$6,776
Current portion	**(6,379)**	(397)
	$—	$6,379

The business mortgage is secured by a demand all indebtedness first mortgage and assignment of rents charging the Burnaby office of CPA Canada. Interest paid during the year amounted to $371 (2016 - $395).

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

9. Post-retirement benefits

	2017	2016
Liability recognized in the statement of financial position:		
Pension plans	**$14,315**	$13,680
Other post-retirement benefits	**15,608**	17,419
	$29,923	$31,099
Defined benefit costs recognized in the statement of operations:		
Pension plans	**$1,260**	$1,942
Other post-retirement benefits	**1,093**	1,057
	$2,353	$2,999
Defined benefit costs recognized in the statement of changes in net assets:		
Pension plans	**$672**	$562
Other post-retirement benefits	**(2,467)**	(566)
	$(1,795)	$(4)
Total cash payments for pension and other post-retirement benefits:		
Required minimum contributions to the funded pension plan under current pension regulations	**$766**	$1,370
Benefit payments directly to beneficiaries for the unfunded supplementary pension plan	**531**	462
Contribution to fund current costs of the other post-retirement benefits plan	**437**	379
	$1,734	$2,211

a) Pension plans

CPA Canada maintains a registered pension plan with defined benefit and defined contribution components and a non-registered unfunded supplementary pension plan.

Effective July 1, 2010, the registered pension plan was amended to eliminate the non-contributory option for new plan members of the defined benefit component after that date. Effective May 1, 2012, the defined benefit component of the registered pension plan and the supplementary pension plan were closed to new members. Members of the defined benefit component of the registered pension plan continued to accrue services until October 31, 2013. On November 1, 2013, the registered pension plan opened its defined contribution component to new members and existing defined benefit component members with less than 55 combined years of age plus service at November 1, 2013. Members with 55 or more combined years of age plus service were offered the option of staying in the defined benefit component of the registered pension plan until October 31, 2016 or transferring their participation to the defined contribution component of the registered pension plan effective November 1, 2013. All future service of plan members from November 1, 2013 onward is recognized in the defined contribution component of the registered pension plan with the exception of plan members who elected to accrue services in the defined benefit component of the registered pension plan until October 31, 2016.

On November 1, 2016, all plan members whose services were accrued in the defined benefit component of the registered pension plan before were transferred to the defined contribution component of the plan.

Notes to the Financial Statements *(continued)*

for the year ended March 31, 2017 *(all amounts in $ thousands)*

9. Post-retirement benefits *(continued)*

a) Pension plans *(continued)*

CPA Canada funds the registered pension plan in the amount that is required by governing legislation and determined by actuarial valuations for funding purposes. Pension benefits in excess of the maximum allowable benefits permitted pursuant to the Income Tax Act are provided from the supplementary pension plan for those members who qualified prior to November 1, 2013. Contributions are made to the supplementary plan as benefits are paid.

The most recent actuarial valuation of the pension plans for accounting purposes was made on March 31, 2017.

The actuarial valuation of the pension plans for funding purposes on January 1, 2014 indicated required minimum funding contributions for fiscal 2017 of $598 (2016 - $1,003) for current service and $334 (2016 - $526) for solvency and going concern amortization. The most recent actuarial valuation of the pension plan for funding purposes was made on January 1, 2017 and indicated required minimum funding contributions for fiscal 2018 for current service of nil and $186 for solvency and going concern amortization. The next required actuarial valuation of the pension plan for funding purposes will be on January 1, 2020.

	2017			2016		
	Registered plan	**Supplementary plan**	**Total**	Registered plan	Supplementary plan	Total
(i) Funded status of plans						
Plan assets at fair value	**$58,110**	**$ —**	**$58,110**	$53,662	$ —	$53,662
Defined benefit obligations	**(63,324)**	**(9,101)**	**(72,425)**	(58,870)	(8,472)	(67,342)
Defined benefit liability	**$(5,214)**	**$(9,101)**	**$(14,315)**	$(5,208)	$(8,472)	$(13,680)
(ii) Plan assets at fair value						
Balance, beginning of year	**$53,662**	**$ —**	**$53,662**	$56,832	$ —	$56,832
Actual return on plan assets	**5,527**	**—**	**5,527**	(1,458)	—	(1,458)
Employer's contributions	**766**	**531**	**1,297**	1,370	462	1,832
Employees' contributions	**219**	**—**	**219**	379	—	379
Benefits paid	**(2,064)**	**(531)**	**(2,595)**	(3,461)	(462)	(3,923)
Balance, end of year	**$58,110**	**$ —**	**$58,110**	$53,662	$ —	$53,662
Plan assets consist of:						
Equity securities	**59.9%**	**—**	**59.9%**	59.9%	—	59.9%
Debt securities	**40.1%**	**—**	**40.1%**	40.1%	—	40.1%
	100.0%	**—**	**100.0%**	100.0%	—	100.0%

Notes to the Financial Statements *(continued)*

for the year ended March 31, 2017 *(all amounts in $ thousands)*

9. Post-retirement benefits *(continued)*

a) Pension plans *(continued)*

	2017			2016		
	Registered plan	**Supplementary plan**	**Total**	Registered plan	Supplementary plan	Total
(iii) Defined benefit obligations						
Balance, beginning of year	**$(58,870)**	**$(8,472)**	**$(67,342)**	$(61,069)	$(8,771)	$(69,840)
Current service cost	**(714)**	**(13)**	**(727)**	(1,331)	(143)	(1,474)
Interest cost on defined benefit obligations	**(2,296)**	**(330)**	**(2,626)**	(2,198)	(316)	(2,514)
Employees' contributions	**(219)**	**—**	**(219)**	(379)	—	(379)
Benefits paid	**2,064**	**531**	**2,595**	3,461	462	3,923
Actuarial gain (loss)	**(3,289)**	**(817)**	**(4,106)**	2,646	296	2,942
Balance, end of year	**$(63,324)**	**$(9,101)**	**$(72,425)**	$(58,870)	$ (8,472)	$(67,342)
(iv) Components of defined benefit costs						
Current service cost	**$714**	**$13**	**$727**	$1,331	$143	$1,474
Finance cost	**203**	**330**	**533**	152	316	468
Defined benefit costs recognized in the statement of operations	**917**	**343**	**1,260**	1,483	459	1,942
Remeasurements and other items:						
• difference between the actual return on plan assets and the return calculated using the discount rate used in determining the defined benefit obligation at the beginning of the year	**(3,434)**	**—**	**(3,434)**	3,504	—	3,504
• actuarial (gain) loss	**3,289**	**817**	**4,106**	(2,646)	(296)	(2,942)
Defined benefit costs recognized in the statement of changes in net assets	**(145)**	**817**	**672**	858	(296)	562
Defined benefit costs	**$772**	**$1,160**	**$1,932**	$2,341	$163	$2,504

(v) Actuarial assumptions

The significant actuarial assumptions used in measuring the defined pension obligations and the defined benefit costs for the years then ended are as follows:

	2017		2016	
	Defined benefit obligations	**Defined benefit costs**	Defined benefit obligations	Defined benefit costs
Discount rate	**3.70%**	**3.90%**	3.90%	3.60%
Rate of compensation increase	**3.00%**	**3.00%**	3.00%	3.00%

Notes to the Financial Statements *(continued)*

for the year ended March 31, 2017 *(all amounts in $ thousands)*

9. Post-retirement benefits *(continued)*

a) Pension plans *(continued)*

(vi) Defined contribution component

CPA Canada matches employee contributions to the defined contribution component of the registered pension plan. The matching rate is based on the member's level of contributions, earnings and years of service. The required contributions made during fiscal 2017 were $1,951 (2016 - $1,482).

b) Other post-retirement benefits

CPA Canada provides non-pension post-retirement health, dental, and nominal life insurance benefits to its retired employees through defined benefit plans. Benefits are provided through a group insurance contract and are paid through the payment of annual insurance premiums to an insurance provider.

The most recent actuarial valuation of the non-pension post-retirement benefit plans for accounting purposes was made on March 31, 2017.

	2017	2016
(i) Funded status of plans		
Plan assets at fair value	**$—**	$—
Defined benefit obligations	**(15,608)**	(17,419)
Defined benefit liability	**$(15,608)**	$(17,419)
(ii) Plan assets at fair value		
Balance, beginning of year	**$—**	$—
Employer's contributions	**437**	379
Benefits paid	(437)	(379)
Balance, end of year	**$—**	$—
(iii) Defined benefit obligations		
Balance, beginning of year	**$(17,419)**	$(17,307)
Current service cost	**(395)**	(399)
Interest cost on defined benefit obligations	**(698)**	(658)
Benefits paid	**437**	379
Actuarial gain	**2,467**	566
Balance, end of year	**$(15,608)**	$(17,419)
(iv) Components of defined benefit costs		
Current service cost	**$395**	$399
Finance cost	**698**	658
Defined benefit costs recognized in the statement of operations	**1,093**	1,057
Remeasurements and other items		
• actuarial gain	**(2,467)**	(566)
Defined benefit costs recognized in the statement of changes in net assets	**(2,467)**	(566)
Defined benefit cost (credit)	**$(1,374)**	$491

Notes to the Financial Statements *(continued)*

for the year ended March 31, 2017 *(all amounts in $ thousands)*

9. Post-retirement benefits *(continued)*

b) Other post-retirement benefits *(continued)*

(v) Actuarial assumptions

The significant actuarial assumptions used in measuring the defined benefit obligations and the defined benefit costs for the years then ended are as follows:

	2017		2016	
	Defined benefit obligations	**Defined benefit costs**	Defined benefit obligations	Defined benefit costs
Discount rate	**3.80%**	**4.00%**	4.00%	3.80%
Initial health care trend rate	**5.72%**	**5.89%**	5.89%	5.96%
Ultimate health care trend rate	**4.50%**	**4.50%**	4.50%	4.50%
Year that the health care trend rate reaches the ultimate rate	**2028**	**2028**	2028	2028

c) Financial risks

The primary long-term risk to CPA Canada of the post-retirement benefit plans is that the plan assets and future operational cash flows of CPA Canada will be insufficient to satisfy plan obligations. A summary of the funded status of the plans is as follows:

		2017	2016
Funded plan:			
Plan assets at fair value		**$58,110**	$53,662
Defined benefit obligations		**(63,324)**	(58,870)
		(5,214)	(5,208)
Unfunded plans:			
Defined benefit obligations	– pension plan	**(9,101)**	(8,472)
	– other post-retirement benefits	**(15,608)**	(17,419)
		(24,709)	(25,891)
Post-retirement benefits liability recognized in the statement of financial position		**$(29,923)**	$(31,099)

The liabilities of the plans expose CPA Canada to various forms of risk, including liquidity risk and the risk associated with changes in actuarial assumptions, primarily interest rate risk with reference to the discount rate used to measure the defined benefit obligations of the plans.

The assets of the plan expose CPA Canada to various forms of risk, including credit, liquidity and market risk which is comprised of interest rate, currency and other price risk. The assets of the plan comprise investments in index pooled funds with an asset mix of 40% (+/-3%) fixed income investments and 60% (+/-3%) equities, and are rebalanced on a quarterly basis.

CPA Canada mitigates the risks relating to the plan assets in the same manner as its financial instruments. In addition, there is a natural offset for the interest rate risk on the liability of its funded plan since the value of its investments in index pooled funds is also affected by changes in interest rates.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

10. Commitments

a) Premises leases

CPA Canada has entered into lease agreements for its office premises. The agreements require CPA Canada to pay a proportionate share of property taxes and operating expenses.

The future annual lease payments for the office premises, including an estimate of the proportionate share of property taxes and operating expenses, are as follows:

2018	$3,366
2019	3,307
2020	3,313
2021	3,313
2022	3,313
Subsequent years	18,660
	$35,272

b) Deferred lease incentives

	2017			2016		
	Tenant inducements	**Reduced rent benefits**	**Total**	Tenant inducements	Reduced rent benefits	Total
Balance, beginning of year	**$1,862**	**$162**	**$2,024**	$422	$215	637
Additions during the year	**—**	**—**	**—**	1,638	—	1,638
Amortization	**(213)**	**(52)**	**(265)**	(198)	(53)	(251)
Balance, end of year	**$1,649**	**$110**	**$1,759**	$1,862	$162	$2,024

Pursuant to lease amending agreements for its Toronto office premises, CPA Canada received tenant inducements of $448 in fiscal 2016. A further amount of $1,190 was recognized as a long-term amount receivable and as deferred lease incentives in fiscal 2016, as monies were expended towards eligible leasehold improvements that upon commencement of the amended lease effective September 1, 2017, will trigger the payment of leasehold inducements to CPA Canada in the same amount. The amount receivable has been classified as a current asset as at March 31, 2017.

11. Investment income

	2017	2016
Interest from cash	**$50**	$51
Interest from short-term investments	**8**	28
Interest from guaranteed investment certificates	**395**	352
Interest from fixed income investments	**189**	111
Distributions from index pooled funds	**2,069**	1,980
Realized gain on sale of investments	**133**	153
Unrealized appreciation (depreciation) in fair value of index pooled funds	**1,106**	(2,516)
	$3,950	$159

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2017 *(all amounts in $ thousands)*

12. Education agreement

During fiscal 2017, an agreement was reached between CPA Canada and each provincial and regional CPA body in respect of the payments that CPA Canada will receive for development costs incurred prior to April 1, 2016 of the education and examination components of the CPA Certification Program and Preparatory Courses. Over a three-year period, CPA Canada will receive $3,045. As of March 31, 2017, CPA Canada had received $1,253. $896 is recognized in current amounts receivable and the remaining $896 is recognized as a long-term amount receivable.

The agreement also provides for the annual true-up of the actual cost to CPA Canada of the continued development of the education and examination components of the CPA Certification Program and Preparatory Courses in comparison to the budgeted cost. Variances of actual to budgeted cost are primarily driven by estimates of student registrations compared to actual registrations. Any favourable variances from the budget will be refunded by CPA Canada to the provincial and regional CPA bodies, whereas CPA Canada will be in receipt of any unfavourable variances from the provincial and regional CPA bodies.

For the year ended March 31, 2017, CPA Canada realized a net favourable variance of $2,134 in connection with the continued development of the education and examination components of the CPA Certification Program and Preparatory Courses. This amount has been offset in current amounts receivable against other amounts owing from the provincial and regional CPA bodies [note 13].

13. Advanced certificate in accounting and finance

During fiscal 2017, an agreement was reached between CPA Canada and each provincial and regional CPA body in respect of the payments that CPA Canada will receive for the development costs incurred in fiscal 2017 of the Advanced Certificate in Accounting and Finance (ACAF) Program.

For the year ended March 31, 2017, CPA Canada incurred costs of $2,336 related to the ACAF Program. This amount has been offset in current amounts receivable against other amounts owing to the provincial and regional CPA bodies [note 12].

The net result, $202 due from the provincial and regional CPA bodies, has been included in current amounts receivable.

Governance of CPA Canada

The CPA Canada Board of Directors conducted five regular and one special meeting in 2016-2017, as well as two strategy sessions. Key business included oversight of the of the changes required leading to the Reorganization Date in September 2016 (the date by which virtually all jurisdictions had become Organization Members), including updating the CPA Canada by-laws, dissolving the legacy CMA Canada and CICA corporations and reducing the size of the Board from 22 to 12 Directors.

At each of its regular meetings, the Board receives reports from its four standing committees (Audit, Nominating and Governance, Human Resources and Compensation, and Education and Qualifications Advisory). It also receives a report from the Council of Chief Executives, covering the core elements of the profession that are managed jointly by national, provincial and regional CPA bodies: strategic planning, public trust and ethics, education and qualification, and brand and reputation management.

Alain Côté and Terry LeBlanc continued to serve as Chair and Vice Chair of the Board respectively in 2016-2017 and three new Directors joined the Board following the 2016 Annual General Meeting: Susan Moellers (Ontario), Alain Dugal (Québec) and Nancy Hopkins (a Public Director).

CPA Canada Board of Directors 2016-2017

CHAIR

Alain Côté
FCPA, FCA
Partner, Deloitte
Montréal, Québec

VICE-CHAIR

Terry LeBlanc
FCPA, FCGA
Retired Executive,
Canada Revenue Agency
Moncton, New Brunswick

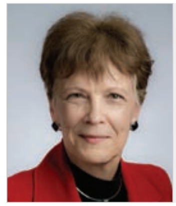
CPA Canada Board of Directors 2016-2017

DIRECTORS

Alain Dugal
FCPA, FCA
Retired Partner,
PricewaterhouseCooper
Montréal, Québec

Manon Durivage
FCPA auditor, FCA
Partner, BDO Canada LLP
Montréal, Québec

Gregory Gallant
FCPA, FCA
Partner, Grant Thornton LLP
Toronto, Ontario

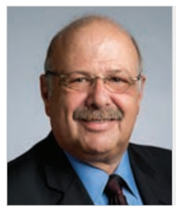


Nancy Hopkins
(Hon) CPA
Partner, McDougall Gauley LLP
Saskatoon, Saskatchewan
(Public Representative)

Marilyn Kuntz
FCPA, FCA
Retired Partner,
BDO Canada LLP
Calgary, Alberta

Jonathan Levin
Partner, Fasken Martineau
Toronto, Ontario
(Public Representative)

Susan Moellers
FCPA, FCMA
Governance Consultant
Toronto, Ontario



John Nagy
FCPA, FCGA
Partner, Reid Hurst Nagy Inc.
Richmond, British Columbia

Dorothy Rice
FCPA, FCMA
Managing Director Electoral Finance,
Elections Nova Scotia
Halifax, Nova Scotia

Rod Wiley
FCPA, FCMA
Associate, Praxis Consulting
Regina, Saskatchewan

CPA Canada directors completing terms of office in September 2016

Barb Carle-Thiesson, N. Thomas Conyers, Meryle Corbett, Jacques Côté, Catherine Emrick, Leo Gallant, Colleen Gibb, Michael Lem, Blake Mercer, Stephan Robitaille, Michel Théroux, Douglas J. Tkach, Marcel Vienneau

Senior Management of CPA Canada As of March 31, 2017

Stephen Anisman CPA, CMA
Vice-President, Finance and Chief Financial Officer

Tashia Batstone, MBA, FCPA, FCA
Senior Vice-President, External Relations and Business Development

Gordon Beal, CPA, CA, M.ED.
Vice-President, Research, Guidance and Support

Gale Evans, CPA, CMA, C.DIR.
Vice-President, Administration

Nancy Foran, FCPA, FCMA, C.DIR.
Vice-President, International

Stephenie Fox, CPA, CA
Vice-President, Standards

Gabe Hayos, FCPA, FCA
Vice-President, Taxation

Andrew (Sandy) Hilton, PH.D., M.A., FCPA, FCA
Vice-President, Precertification Education

Lou Ragagnin, CPA, CA
Senior Vice-President, Operations

Joy Thomas, MBA, FCPA, FCMA, C.DIR.
President and CEO

Janet Treasure, FCPA, FCMA
Vice-President, Member Development and Support

Heather Whyte, MBA, APR
Vice-President, Strategic Communications, Branding and Public Affairs

Cairine Wilson, MBA, CAE
Vice-President, Corporate Citizenship

Michele Wood-Tweel, FCPA, FCA
Vice-President, Regulatory Affairs

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