



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
CANADA

Unlocking our potential

Annual Report | 2018-2019



Unlocking our potential

Annual Report | 2018-2019

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Letter from the chair of the board and the president and CEO

The future is now

For CPA Canada, it's been a remarkable six years of growth and global recognition for the work we do. Since unification, our business strategy has focused on the future, embracing change and working hard to establish a solid foundation for the profession's national organization.

Over the past year, we've made great progress both internally and externally, with many achievements. We focused on building the culture, capabilities and skills of our team to better serve our members and stakeholders. And we have improved our internal operations to strengthen the value and viability of CPA Canada and the profession. With this report, we will reflect on the successes of fiscal 2018-2019 in a new shorter and visually engaging format.

Going forward, we must continuously adapt to unlock our full potential. This will include addressing issues facing the profession such as embracing technological advancements, measuring value beyond financial statements, harnessing the power of data to make informed decisions, and continuously equipping Canadian CPAs with relevant and contemporary skills.



Terry LeBlanc, chair of CPA Canada's Board of Directors, and Joy Thomas, president and CEO.

Global changes in the profession and business

The Canadian accounting profession achieved a milestone on January 8, 2019, as the final step of the unification process was completed with the creation of CPA Northwest Territories and Nunavut. Full attention now turns to the emerging challenges and opportunities in Canada and globally. New technologies, including blockchain and artificial intelligence, shifting societal attitudes towards inclusion and sustainability, and blurring boundaries between industries are all having a profound impact on the accounting profession and the organizations CPAs support.

While change will continue to disrupt business models and alter the future of work, Canadian CPAs have the foundational skills to successfully define the future. However, we must ensure our education programs remain relevant, both in terms of content and learning techniques. We believe the profession will need to further develop adaptive, innovative and resilient mindsets to create strategies that drive performance.

A thriving profession with unlimited potential

CPA Canada is one of the largest national accounting bodies in the world, representing more than 217,000 members. We are a leading voice in Canada, championing best practices that benefit business and society.



217,000
members

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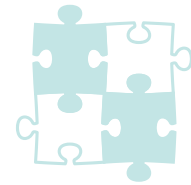
Here at home, we have the ear of the federal government, regulators and the business community. Our expertise is regularly sought by government agencies and other key stakeholders. We are recognized for working in the public interest to help combat money laundering, corruption and tax evasion. This includes our work with the federal government's Advisory Committee on Money Laundering and Terrorist Financing, and the Minister's Underground Economy Advisory Committee.

Around the world, CPA Canada contributes its knowledge and expertise to international standard-setting forums, and we work closely with groups such as the International Federation of Accountants and the Global Accounting Alliance to build a stronger profession worldwide.

Through our strategic partnerships we are having a positive impact on the profession. For example, our work with Natural Resources Canada and The Prince of Wales' Accounting for Sustainability Project is helping to elevate the conversation on the impacts of climate change. We also continue to support Indigenous communities across the country through our partnership with the Martin Family Initiative and AFOA Canada.

Creating value

To be successful and deliver member value, we need to stay focused on creating a more effective and efficient organization. Our excellence journey, drawing from best-in-class practices from around the world, will help create value for CPA Canada in the form of reduced costs, higher revenues, improved processes and increased employee satisfaction. This will allow us to better serve our members and other stakeholders now and into the future.



We made changes to the CPA certification program to better align it with the needs of today's marketplace.

This past year, through the Professional Education Management Committee, we made changes to the CPA certification program to better align it with the needs of today's marketplace. The *CPA Competency Map* - which outlines the knowledge and skills required to enter the profession - was updated to include a greater emphasis on data analytics and information systems, as well as updates to tax content.

Focusing on the economy, we contributed to consultations held by the federal government's Expert Panel on Sustainable Finance. A highlight included being invited to participate at the Sustainable Finance Roundtable at the G7 Environment Ministers' meeting.

Key accomplishments

We have achieved so much this past year in support of our two strategic goals: *Making a difference in the world* and *Making a difference at CPA Canada*. Here are some of the achievements that we are most proud of:

- We launched an extensive stakeholder consultation project called **CPA Canada Foresight: Reimagining the Profession**. The project assembled a broad cross-section of international and domestic leaders to engage in an extended dialogue to reimagine the future of the accounting profession. With all the global changes in the business environment, the time for transformation is now if accountants are to prosper in this new dynamic world.



- CPA Canada's excellence journey** continued with the achievement of the silver-level certification in the *Excellence, Innovation and Wellness® (EIW)* standard. This is a commitment to continual improvement and building a high-performing, innovative organization that creates value for members. Excellence Canada noted numerous best practices across the organization, something that was unusual at this level of certification.



Investments in new technology, tools and processes to identify and meet the changing needs of members and other stakeholders.

- Our **digital optimization initiative** continued with investments in new technology, tools and processes to identify and meet the changing needs of members and other stakeholders. We are focused on creating a great customer experience by providing the right information to the right people at the right time.
- In the public interest, we continue to **advocate for a comprehensive review of Canada's tax system**. The goal is to achieve a simpler, fairer, more efficient and internationally competitive tax system in Canada. Through our extensive advocacy, research and multi-channel communications, we are keeping this issue at the forefront.
- We have received **international recognition** from various organizations. CPA Canada's communications projects won six international MarCom Awards; we were presented with the Communications Campaign of the Year award (Professional Body) from *The Accountant* and *International Accounting Bulletin*; our monthly e-newsletter *Member News* won a silver Tabby Award; and our 2017-2018 annual report received two ARC Awards. In addition, CPA Canada's award-winning financial literacy program received another two Excellence in Financial Literacy Education (EIFLE) awards - an impressive total of 11 EIFLE awards since its launch in 2013.



Our focus on good governance

During the first several years of our organization's existence, the CPA Canada Board of Directors and leadership team moved to build a solid governance framework. This ensured that the national body of the Canadian accounting profession could effectively serve its members and focus on its mandate to act in the public interest.

Today, the board continues to focus on the sustainability of the profession. CPA Canada and the CPA regional bodies work together through the *Collaboration Accord* — a principle-based document that is adhered to by all bodies and promotes consultation, concurrence, collaboration and communication. This past year, the board initiated a review of the *Accord* to ensure the governance of the accounting profession remains strong and respected.

The coming year and beyond

Much of what was accomplished in the past year will pave the way forward as we continue to help our members face the challenges ahead. CPA Canada has identified three new priorities for fiscal 2019-2020, to help focus our efforts and resource allocations. They are: member value (direct and indirect), digital optimization and financial sustainability. Details of each are provided in the “Looking forward” section (pg. 29).

These priorities will meet the needs of our members and cement our own financial sustainability in the short and longer term and facilitate more integrated planning across our organization. By focusing on the three priorities, CPA Canada will unlock its potential as a progressive and adaptive organization that is well positioned to help the profession remain relevant and sustainable in today’s business environment.

Terry LeBlanc, FCPA, FCGA

Chair, CPA Canada Board of Directors

Joy Thomas, FCPA, FCMA

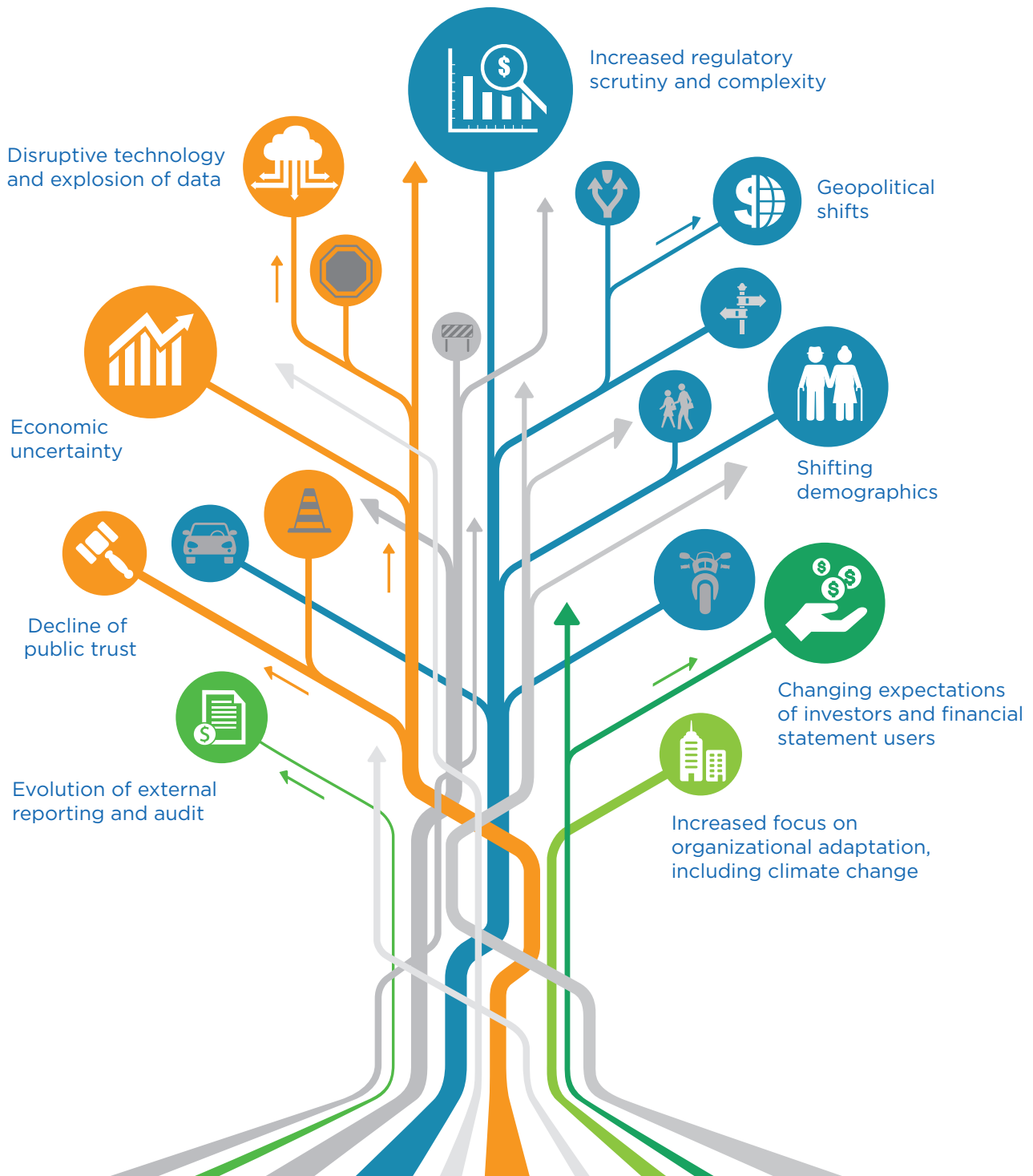
President and CEO



Members of the 2018-2019 CPA Canada Board of Directors. (Top): Fahd Bouayed, Nancy Hopkins, Dan Little, Susan Moellers, Dorothy Rice, Gregory Gallant, Tamara Schock. (Bottom): Marilyn Kuntz, Joy Thomas, Terry LeBlanc (chair), Amanda Whitewood (vice-chair), Alain Dugal. Missing: Joan Hertz.

Changing landscape

Global external forces driving change



In the age of information, data is power. The accounting profession in Canada and globally is experiencing unique and unprecedented challenges and opportunities. The digitization of transactions is quickly transforming the landscape and nature of work, and accountants are recognizing the need to shift their focus from hindsight to foresight. This means embracing new technologies and methods that will enable professional accountants to harness the power of information in a data-driven world.

Fluctuating global conditions are reshaping what constitutes value in today's world. Businesses are adapting to this new reality by increasingly making decisions based on real-time data rather than historical information - impacting the traditional role of accounting. The very notion of what an accountant is has been changing - and will continue to evolve.

If the profession is to thrive and maintain a competitive advantage, it must be nimble in responding to global changes in the business environment. In doing so, it will be well-positioned to continue making relevant contributions to businesses today and into the future.

To address these fast, complex and far-reaching changes, CPA Canada launched an initiative called **Foresight: Reimagining the Profession**. Phase 1 of the project presented an urgent case for change and inspired a renewed energy and eagerness to attack the challenges of today and tomorrow. Through a unique and collaborative approach to the initiative, CPA Canada was able to leverage the tremendous and valuable insights of CPAs and other critical stakeholders across the accounting "ecosystem," including regulators, standard setters, academics, and experts in technology and sustainability.

Phase 1 will lay the groundwork for the next phase and the implementation of targeted workstreams in fiscal 2019-2020.



1,300 participants

provided insights into the future
of the accounting profession.



Strategy and business model

As the profession evolves, our strategies must be agile in order to meet the needs of members and stakeholders. We continue to develop our strategic objectives and related business plans to ensure that resources are allocated to priority initiatives, progress is monitored and results are delivered. Our ultimate goal is to create value for our members and the accounting profession.

How CPA Canada creates value

Mission

CPA Canada enhances the influence, relevance and value of the Canadian CPA 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.

Values

- Act with integrity
- Foster excellence
- Be accountable
- Work collaboratively
- Respect others

Strengths

- Respected voice
- Trusted organization and profession
- Global influence
- Thought leader

Goals

- Making a difference in the world
- Making a difference at CPA Canada

Priorities

- Member value (direct and indirect)
- Digital optimization
- Financial sustainability

Key activities

- Support for standard setting
- Development and delivery of pre- and post-education programs
- Thought leadership and guidance
- Profession-wide communications and member engagement
- Government relations and public policy
- Global advocacy

and internationally. Operating in the highly complex and global accounting ecosystem, we are a convener, facilitator, contributor and disseminator of information that advances the profession.

- Internationally respected leader in accounting and business education
- Valued and trusted resource for members, students and stakeholders
- Supports education that ensures CPA capabilities exceed market demands
- Ignites member pride and engagement
- Augments domestic and international efforts to grow and strengthen the profession
- Reinforces public confidence in integrity and ethical conduct of Canadian CPA profession
- Enhances organizational effectiveness
- Fosters employee collaboration and satisfaction

Our stakeholders

We are committed to delivering an excellent experience to our many stakeholders.



Top accomplishments: Making a difference in the world

We make a difference in the world by:

- acting in the public interest and championing sustainable growth and social development for stronger communities
- educating our members so they have the skills to successfully define the future
- supporting the standard-setting process in Canada and internationally
- developing thought leadership on key accounting and business issues and practices
- using our influence and expertise to engage in the public policy arena at the national and international levels

Fostering economic growth and stronger communities



CPA Canada Financial Literacy highlights



2,300

2,300 financial literacy sessions delivered, reaching **60,000** Canadians



9,000

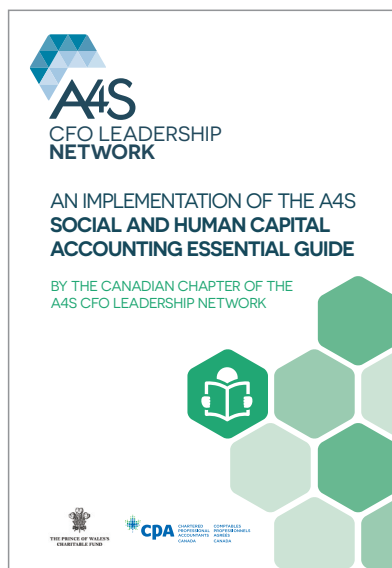
Launched the **Financial Wellness Guide** to help individuals better understand money basics. Over **9,000** online questionnaires completed



360 / 56

Hosted the sold-out **Mastering Money Conference** in collaboration with Chartered Professional Accountants of British Columbia

- **360** attendees
- **56** speakers



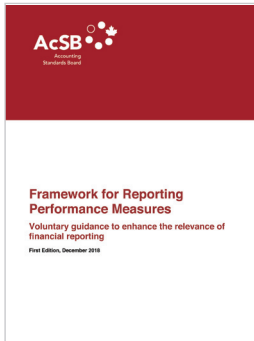
Through the Canadian Chapter of the Accounting for Sustainability (A4S) CFO Leadership Network, CPA Canada continues to develop sustainability-focused resources that benefit business and society.

An Implementation of the A4S Social and Human Capital Accounting Essential Guide was the first of four Canadian A4S projects to be completed. It focuses on practical examples, tools and guidance on how social and human capital can be integrated into decision-making.

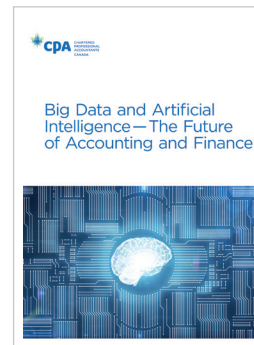
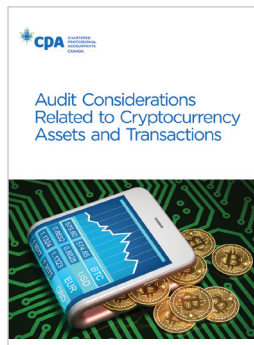
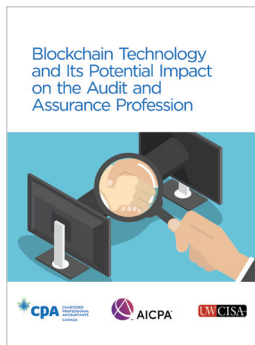
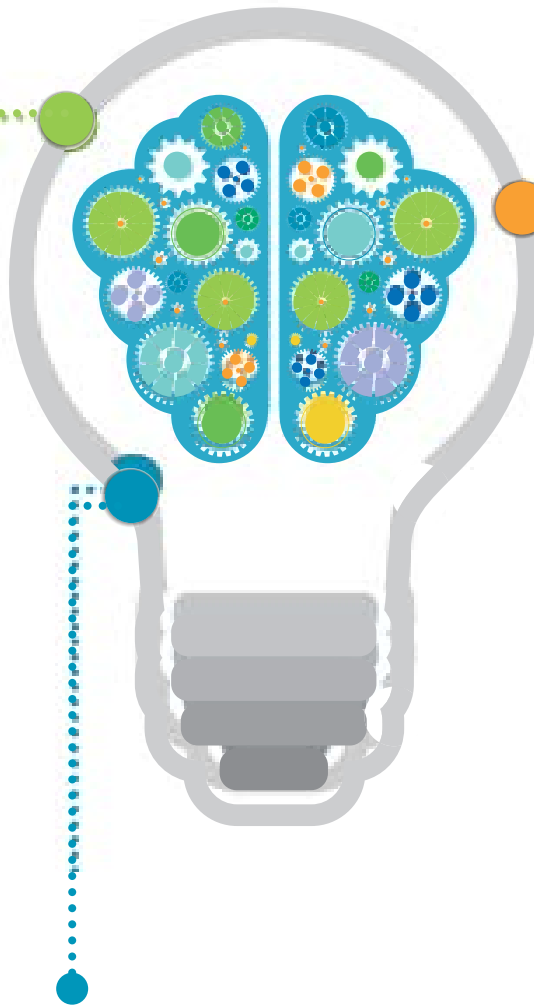
Thought leadership

Delivering professional insights for a digital future

CPA Canada worked with the AcSB to issue the **Framework for Reporting Performance Measures**, its first non-authoritative document, to provide guidance to improve the quality of financial and non-financial performance measures reported outside financial statements.



The **future of audit** is a priority for CPA Canada. This includes engaging senior professionals in discussions to identify the actions necessary to evolve and advance the value and relevance of audit and assurance.



Promoting the value of the profession and Canadian CPAs

Media



14.9 million impressions

earned from media coverage in fiscal 2018-2019. Topics that generated the most coverage were financial literacy and tax.



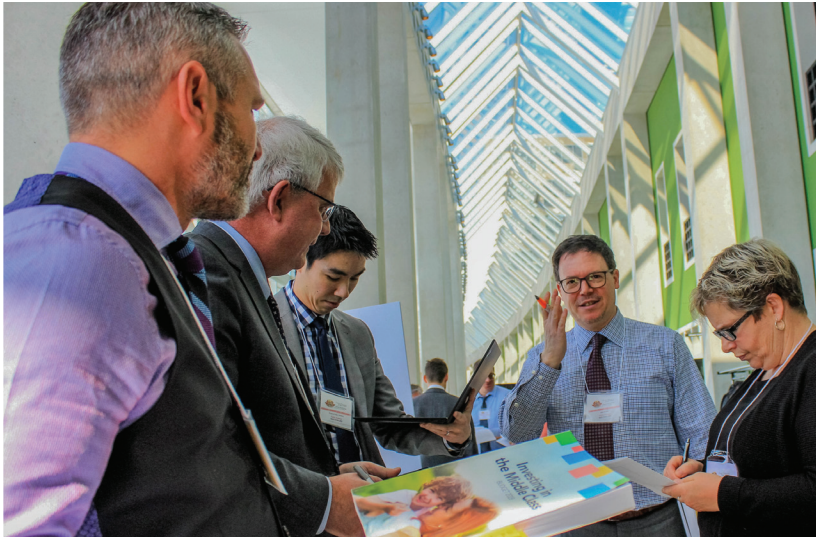
CPA Canada's Vivian Leung, senior principal, Taxation, appearing on BNN Bloomberg, provides tips on how to build financial literacy education into everyday activities.

Federal budget



4.9 million impressions

earned from media coverage of CPA Canada's 2019 federal budget analysis.
National media outlets that reported on CPA Canada's analysis include
The Globe and Mail, *National Post*, *CBC News*, and *BNN Bloomberg*.



CPA Canada budget day team reviews the federal government's fiscal blueprint.

World Congress of Accountants – Sydney, Australia



5,693 delegates / 131 countries

CPA Canada representatives shared insights about the future of the profession on the global stage at the World Congress of Accountants.



CPA Canada's Gord Beal, vice-president, Research, Guidance and Support, hosted a session on climate change and the role of accountants in creating adaptive organizations.



President and CEO Joy Thomas moderated a breakout panel session on the innovation-led finance function.



Supporting our members

Official launch of **Pivot** magazine and **Online News**. Each offers interesting insights on business, economics, culture and the profession in Canada and internationally.



259,829
total circulation
(print and digital)

6
issues published per year

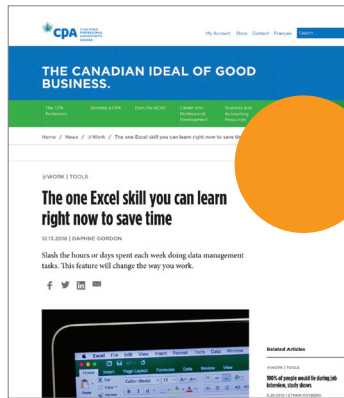
 Won Best Magazine at the National Magazine Awards: B2B



630,613*
unique page views

418,070
users

6:45 min.
average time on page



19,072
unique page views

11:39 min.
average time on page

* Data captured is from May 2018 to March 2019.





7 conferences

Last year, CPA Canada offered **seven** conferences, **51** in-person courses and more than **150** flexible online learning options (this includes courses, certificate programs, virtual classrooms, virtual conferences, on-demand webinars, podcasts).



6,163

The number of individuals who passed the September 2018 Common Final Examination (CFE).



Co-presented with provincial CPA bodies from Nova Scotia, New Brunswick, PEI and Newfoundland & Labrador

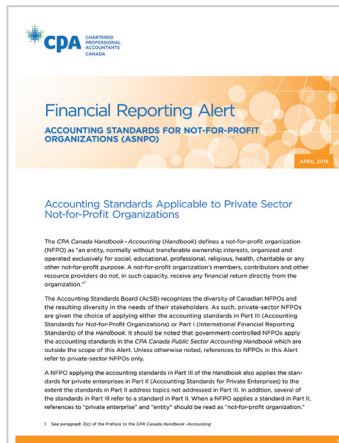
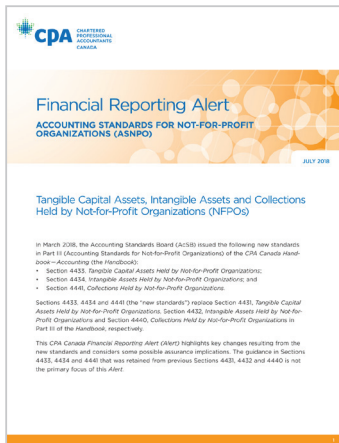
PREMIER EVENT

1,305 attendees

4 keynote speakers

50 sessions including pre- and post-conference workshops

4 tracks: Leadership, Financial Reporting & Accounting, Management Accounting/ Finance, Tax



CPA Canada provides resources for members and stakeholders in the not-for-profit sector, including guidance related to financial reporting.



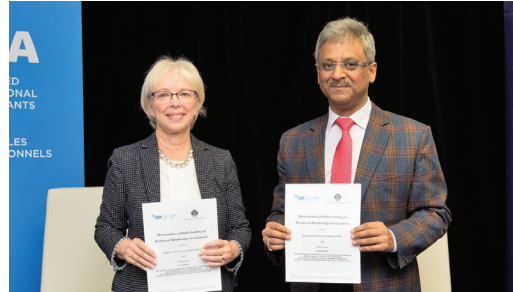
International



CPA Canada's international chapters hosted over **30** professional learning and development events and **20** networking and social events. The most popular events were the Hong Kong and China chapter's Annual Dinner, the Barbados chapter's Ethics and Compliance session and the Trinidad and Tobago chapter's Blockchain session.

New agreements and strategic partnerships

CPA Canada is committed to increasing international labour mobility through comprehensive international credential recognition agreements.



Joy Thomas, president and CEO of CPA Canada, and Naveen N. D. Gupta, president of the Institute of Chartered Accountants of India.

One example is the Memorandum of Understanding with the Institute of Chartered Accountants of India. This agreement creates new opportunities for members and greater collaboration between the two organizations.



CPA Canada's Trinidad and Tobago chapter hosted a session on Blockchain to provide members with practical guidance.



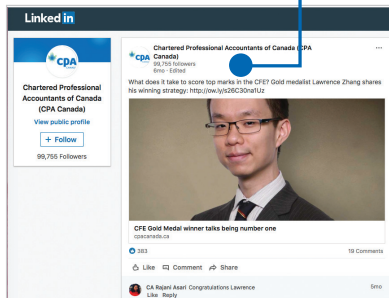
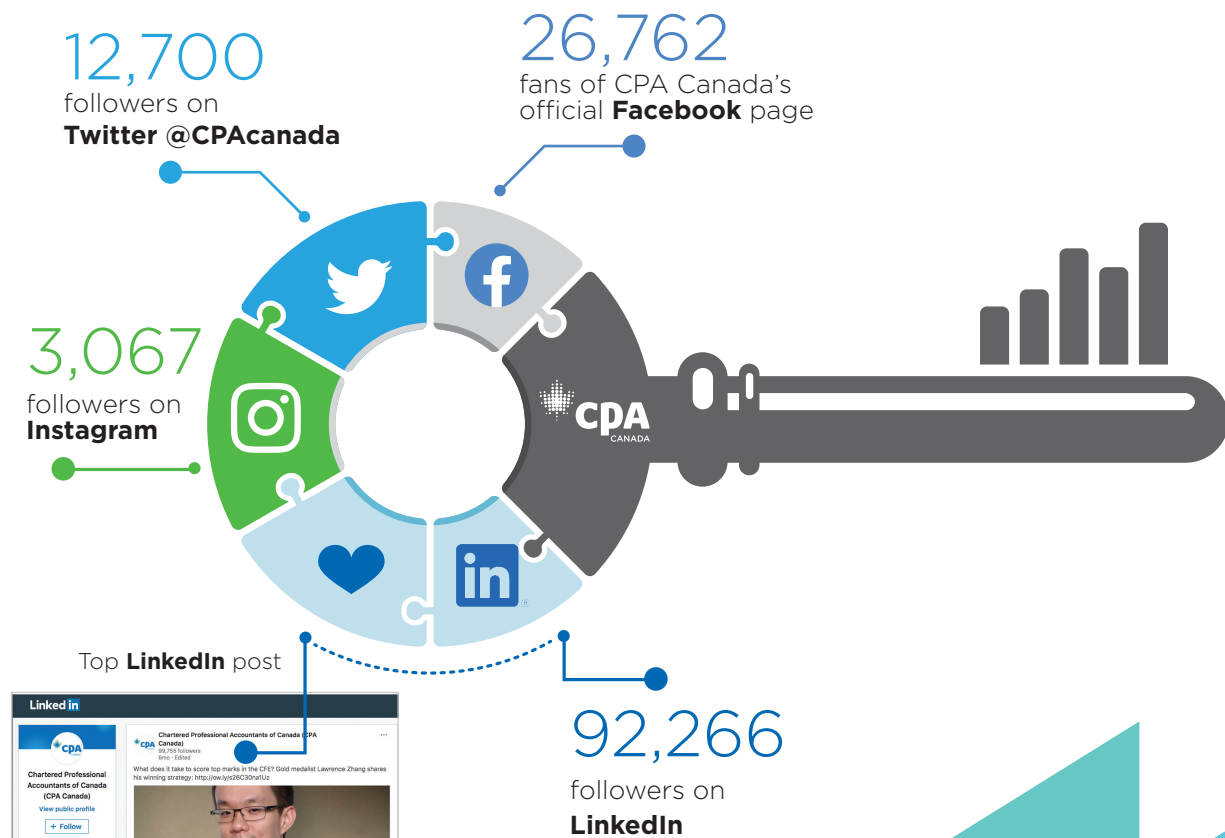
Attendees of CPA Canada's Beijing chapter's annual member conference.

Top accomplishments: Making a difference at CPA Canada

We make a difference at CPA Canada by:

- creating an effective and efficient organization that delivers value to members and stakeholders
- building the culture, capabilities and skills of our team
- ensuring the financial sustainability of the organization

Enhancing member engagement



CFE Gold Medal winner Lawrence (Qianyu) Zhang shares his winning strategy.

The logo for the Canada Awards for Excellence is circular. It features the text "CANADA AWARDS FOR EXCELLENCE" in a serif font on the left. On the right is a stylized graphic of a building or structure made of diagonal lines. Below the main text, it says "SILVER RECIPIENT 2019" and "EXCELLENCE, INNOVATION & WELLNESS" in a smaller font.

CANADA
AWARDS FOR
EXCELLENCE

SILVER RECIPIENT 2019
EXCELLENCE, INNOVATION
& WELLNESS

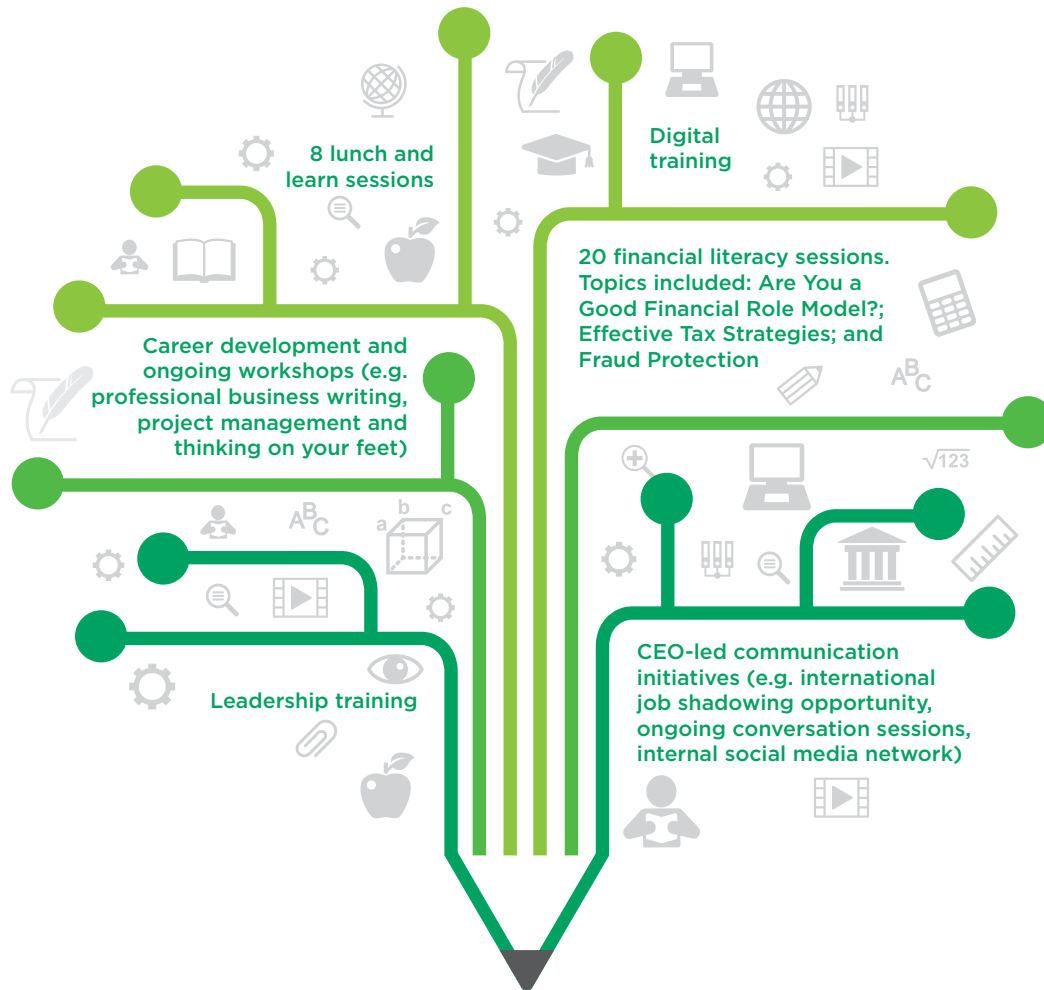
Our employees

On February 1, 2019, CPA Canada received notification from Excellence Canada that, after a comprehensive review of the organization's Going-for-Silver submission and on-site verification, certification at the Silver level in the *Excellence, Innovation and Wellness*® (EIW) standard was achieved.

Within CPA Canada we are focused on building the culture, capabilities and skills of our team to better serve our members and stakeholders. Twenty-five employees from all locations serve on the CPA Canada Excellence Council to champion organizational excellence, continual improvement and innovation.



CPA Canada is committed to creating a positive work environment where employees can learn, grow and succeed in their careers.



CPA Canada was one of three professional accountancy organizations that participated in IFAC's webinar event to promote empowerment and inclusion of those with disabilities. CPA Canada's Human Resources department was among the speakers.

CPA Canada employees giving back



\$51,600

CPA Canada's highly successful Employee Volunteer Program raised over **\$51,600** for a variety of charitable organizations.

- **222** employee volunteers
- **957** volunteer hours



CPA Canada volunteers from Ottawa, Toronto, Montreal and Burnaby gave back to their communities through the Employee Volunteer Program. Activities included sorting food at the Ottawa food bank, coordinating games for kids in Toronto at the annual Macaulay Sports Day, planting trees and cutting invasive plants on Montreal's Mount Royal, and cleaning garlic at The Sharing Farm for the Richmond, B.C. community.

Driving organizational excellence



Implementation of **ADP's Workforce Now platform** provides a host of human resources functions on one site. The new Me@CPACanada portal allows employees to update information, file attendance, request vacation days, complete performance evaluations and view and/or print pay statements and T4s.



The new **online expense system** will make processing claims easier and more efficient so employees will receive reimbursement quicker.



CPA Canada advances its digital optimization initiative with the introduction of new **Office 365 collaboration tools**. This will enable greater communication and collaboration and help transform CPA Canada into a digital workforce.



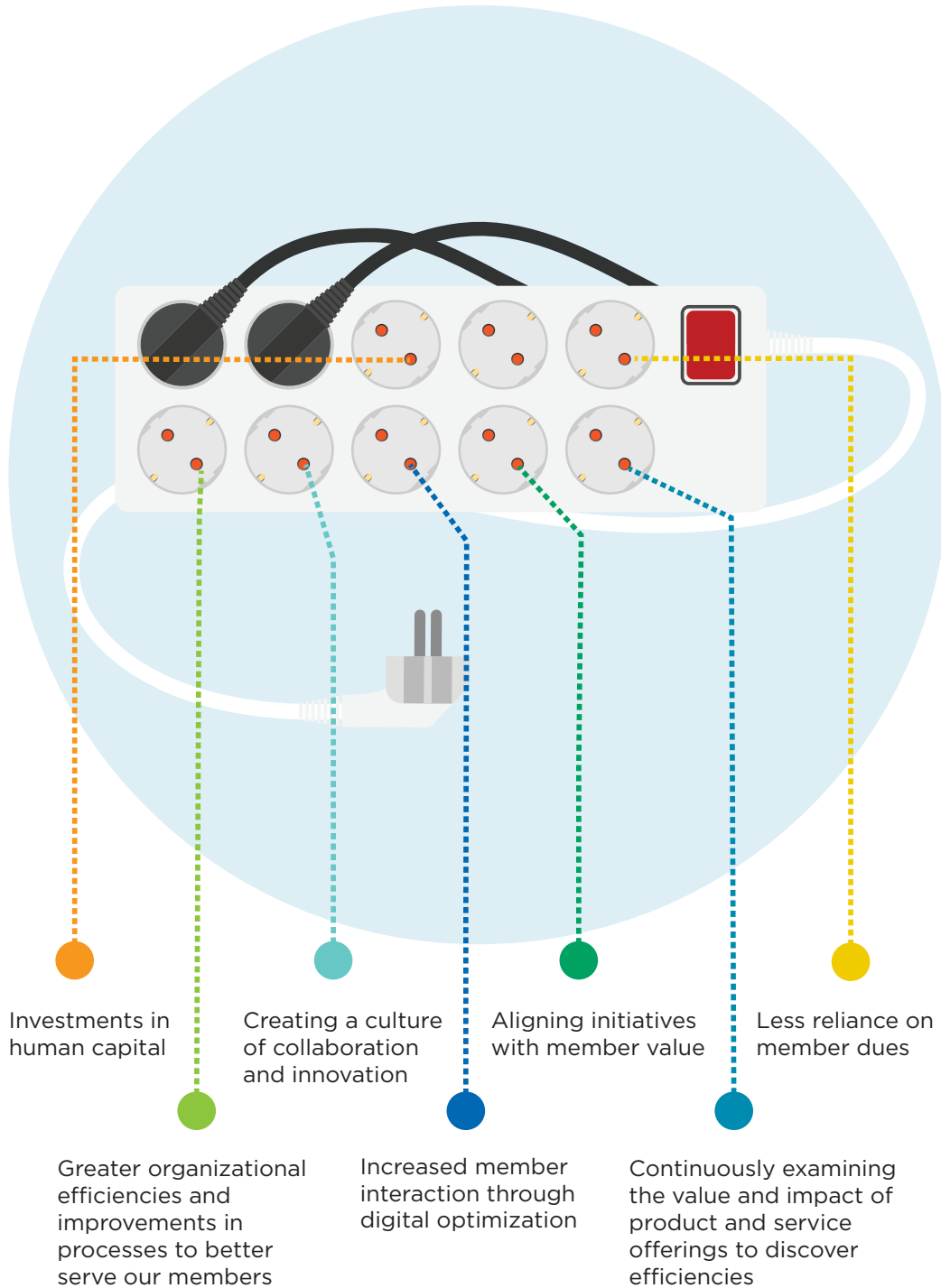
AWARDS AND RECOGNITION

- **6** International MarCom Awards
- **6** National Magazine Awards: B2B
- **2** Excellence in Financial Literacy Education awards
- **2** ARC Awards
- **1** Certificate of Merit for financial wellness from Excellence Canada
- **1** *The Accountant* and *International Accounting Bulletin* award
- **1** Tabbie Award



CPA Canada's President and CEO Joy Thomas was recognized by the Women's Executive Network.

Multi-pronged approach to achieving financial sustainability at CPA Canada



Looking forward

CPA Canada must anticipate and respond to the acceleration of multiple business, economic and social trends that create both opportunities and risks for members and the accounting profession.

During these changing and uncertain times, CPA Canada is well-positioned to be a valued and trusted adviser with a focus on helping members successfully navigate change. Our fiscal 2019-2020 business plan identifies three priorities to guide our work and drive enterprise initiatives, projects and programs.



1. Member value

To help us address the different ways in which member value is created, we've identified two perspectives to shape our work:

- **Direct value:** relates to the provision of products, services and initiatives that meet the needs of our members and empower their leadership.

- **Indirect value:** relates to CPA Canada activities that leverage the knowledge and expertise of the Canadian accounting profession and the CPA designation through research and public policy work, thought leadership, support for standard setting and international efforts aimed at enhancing the value of accounting and business best practices.

2. Digital optimization

Enhancing member value also requires embracing a new digital environment. Planned initiatives will help create positive member experiences and a digital-first mindset within the organization. Our focus will be to improve the member and stakeholder experience when interacting with CPA Canada by improving the national website, developing a more robust customer relationship management (CRM) strategy and implementing a new e-commerce system.

3. Financial sustainability

CPA Canada will drive the financial sustainability of the organization by continuously examining the value and impact of product and service offerings, as well as creating greater efficiencies in its operating model.

Highlights for fiscal 2019-2020

CPA Canada

Foresight

REIMAGINING THE PROFESSION.

Phase 2 of CPA Canada's Foresight initiative will continue to engage the global accounting community to help advance the future of the profession. This will include establishing a governance model that will ensure the project moves ahead with specific deliverables, outcomes and timelines. Phase 2 will include participation from a wide range of domestic and international stakeholders, including regulators, standard-setters, academics, investors, the accounting profession and others. CPA Canada will continue to support the Foresight initiative under the guidance of the oversight committee.

There will be ongoing promotion of our public **policy and advocacy agenda**, including CPA Canada's call for a comprehensive review of the country's tax system.



We will continue with the implementation of our **digital**

optimization initiative to enhance member engagement.

CPA Canada's multi-year excellence journey,

which strives for continual improvement, moves forward with the goal to achieve Gold, and ultimately Platinum-level certification in the coming years.



To better meet the needs of students and employers, CPA Canada will offer an additional writing of the **Common Final Examination (CFE)** next year. Starting in 2020, the CFE will be offered in May and September.

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, as well as 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 an effective ERM framework for the organization. The committee's responsibilities include developing and communicating the organization's risk management policy and risk tolerance profile, identifying and assessing risks, and developing and assigning responsibility for risk mitigation strategies and actions, as appropriate.

Risk assessment

CPA Canada, under its risk management policy and risk tolerance profile, assesses its willingness to accept risks 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 factors, can have a significant adverse impact on the organization's reputation or its ability to achieve its priorities, objectives or financial stability, and has a probability of occurring.

CATEGORY	KEY RISKS	RESPONSES TO RISKS
<p>PUBLIC TRUST & ACCOUNTABILITY</p> 	<p>Inability to inspire confidence and trust in the profession among the public and our stakeholders.</p>	<ul style="list-style-type: none"> • Support a robust and independent standard-setting process in Canada and internationally. • Lead efforts in the area of Tax Best Practices and other public policy issues that benefit Canadians. • Act as a leading advocate for financial literacy for Canadians through our financial literacy program, publications and resources. • Intervene as required in legal cases, where public interest may be at risk.
<p>BRAND AND REPUTATION</p> 	<p>Failure to raise awareness and engagement with the CPA brand.</p>	<ul style="list-style-type: none"> • Engage members and raise awareness of the value and purpose of the Canadian CPA through multiple channels and approaches in Canada and internationally. • Conduct research on the effectiveness of the CPA brand strategy. • Continue building and enhancing relationships with key stakeholders, including the federal government and other national bodies. • Maintain our profession-wide issues-management process with provincial, territorial and Bermudian (regional) partners to safeguard the reputation of the profession and preserve a strong brand.

CATEGORY	KEY RISKS	RESPONSES TO RISKS
<p>MEMBER VALUE</p> 	<p>Failure to be an effective and relevant voice for the profession nationally and internationally.</p>	<ul style="list-style-type: none"> • Conduct ongoing consultations with stakeholders in domestic and international markets to monitor changes in needs, expectations and priorities. • Ensure CPA Canada’s strategy is aligned with the CPA regional partners through the core elements of the profession and the needs of its members and other stakeholders. • Conduct research to gauge the needs and satisfaction of members and other stakeholders. • Support standard-setting and contribute to the development of global standards to better reflect the Canadian perspective. Publish timely and relevant guidance and other support materials. • Consult with the federal government and other key stakeholders on issues important to the profession. • Proactively promote the value of the Canadian CPA and the profession within Canada and internationally.
<p>STANDARD-SETTING SUPPORT</p> 	<p>Failure of the accounting profession to be a driving force in the future of financial reporting and enhancing the value of audit and assurance.</p>	<ul style="list-style-type: none"> • Continue support for a high-quality, effective standard-setting process in Canada and internationally through strong expert staff and engaged volunteers. • Enhance audit quality through multiple initiatives, including collaborative efforts with members, regulators and those charged with governance. • Support the focus on placing high-calibre Canadians on international standard-setting bodies. • Ensure availability of guidance and other resources for effective implementation of standards. • Provide leadership in the evolution of external reporting and audit on a broad range of contemporary topics and issues. • Engage all stakeholders in dialogue on the future of financial reporting and audit.

CATEGORY	KEY RISKS	RESPONSES TO RISKS
<p>CPA PROFESSION GOVERNANCE</p> 	<p>Failure to collaborate and align effectively with our CPA regional partners.</p>	<ul style="list-style-type: none"> Guided by the profession's <i>Collaboration Accord</i>, work closely with CPA regional partners to ensure the sustainability of the Canadian accounting profession.
<p>EDUCATION</p> 	<p>Failure of our certification education programs to be sustainable and relevant in the Canadian marketplace.</p>	<ul style="list-style-type: none"> Proactively seek stakeholder input to inform current and future CPA competency requirements while ensuring that content and delivery of CPA certification education programs remain relevant, inclusive and attractive in the marketplace.
<p>PEOPLE AND CULTURE</p> 	<p>Inability to attract and retain a diverse and highly qualified staff.</p>	<ul style="list-style-type: none"> Continue to invest in the wellbeing of our people through good communication, progressive policies and practices, wellness programs and culture initiatives. Develop our people and strong leaders through the implementation of Excellence Canada's <i>Excellence, Innovation and Wellness</i> standard, focusing on planning, leadership, process improvement, innovation, customers and wellness.

CATEGORY	KEY RISKS	RESPONSES TO RISKS
<p>DATA & SYSTEMS</p> 	<p>Inability to optimize technology or to safeguard systems and data.</p>	<ul style="list-style-type: none"> • Continuously evaluate and employ technology based on the organization's evolving needs and priorities. • Continue the current digital optimization initiative to enhance the member experience and drive financial sustainability. • Carry out performance testing, security measures and backup protocols to ensure availability and protection of systems and data. • Maintain business continuity plans.
<p>ORGANIZATIONAL SUSTAINABILITY</p> 	<p>Failure to adapt and evolve our business model to thrive and compete effectively.</p>	<ul style="list-style-type: none"> • Support CPA Canada's strategic plan with a strong accountability framework, effective reporting and metrics that drive performance. • Perform environmental scans regularly to inform CPA Canada's strategic plan and to adapt accordingly. • Ensure effective oversight and robust controls are in place to support the organization. • Continue to forge strong strategic partnerships and to collaborate with international accounting bodies. • Actively manage and protect trademarks, intellectual property and other strategic assets.
<p>ENVIRONMENT</p> 	<p>Failure to comply and adapt to relevant laws, regulations and policies.</p>	<ul style="list-style-type: none"> • Support employees, volunteers and consultants in upholding the principles in CPA Canada's Code of Conduct. • Provide programs that enable speaking out and reporting concerns about the violation of laws, regulations and policies. • Maintain training and education on workplace policies and procedures, relevant laws and regulations.

Capability to deliver results

Capital resources and liquidity

CPA Canada's cash position was \$11.2 million at March 31, 2019, a decrease of \$3.3 million from the \$14.5 million cash position in the prior year. Operating activities generated positive cash flow of \$3.4 million, while investing activities used cash of \$6.7 million, primarily from the net purchases of investments offset by the proceeds received on disposal of tangible assets. Cash at year-end is held on deposit with major Canadian financial institutions in interest-bearing accounts.

CPA Canada had no financing activities in the current year. Financing activities in the prior year used cash of \$6.4 million to discharge the mortgage on CPA Canada's office in Burnaby, B.C.

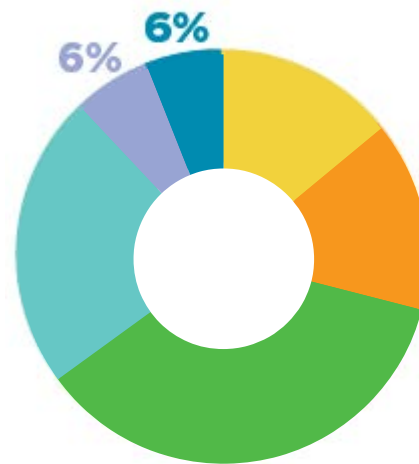
CPA Canada's short-term investments of \$6.7 million consist of guaranteed investment certificates with effective interest rates ranging from 1.70 per cent to 2.30 per cent, maturing between May 2019 and March 2020.

CPA Canada's investments of \$92.7 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 per cent to 2.65 per cent with maturity dates ranging from April 2020 to March 2024. The Canadian fixed income investments have effective interest rates ranging from 1.65 per cent to 2.88 per cent with maturity dates ranging from December 2019 to June 2025. The Canadian fixed income investments in the index pooled funds have effective interest rates ranging from 1.99 per cent to 7.80 per cent with maturity dates ranging from April 2019 to November 2065.

Investment in capital assets is guided by the capital asset plan prepared by management each year and approved by the Board of Directors. CPA Canada's total capital investment in fiscal

2018-2019 decreased to \$1.5 million from the \$2.4 million invested in the prior year. Last year, increased capital spending was needed for the purchase of new furniture and leasehold improvements to complete new office space renovations in Montreal and Ottawa.

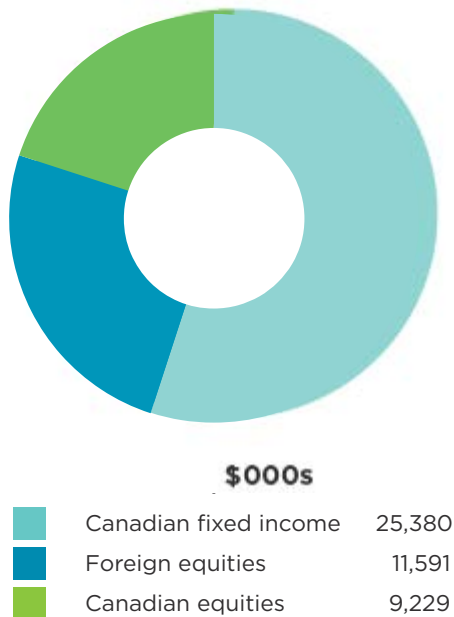
Fixed Income Investments at Amortized Cost



\$000s

■	Matures in fiscal 2020	7,583
■	Matures in fiscal 2021	7,888
■	Matures in fiscal 2022	19,216
■	Matures in fiscal 2023	12,081
■	Matures in fiscal 2024	3,004
■	Matures after fiscal 2024	3,471

Index Pooled Funds at Fair Value



Net assets

Net assets at March 31, 2019, amounted to \$55.6 million and consisted of \$3.7 million invested in capital assets (net book value of capital assets less the unamortized balance of deferred tenant inducements used to purchase capital assets) and \$51.9 million of unrestricted net assets. The increase in net assets of \$10.4 million during the year resulted from the excess of revenues over expenses of \$12.3 million, less \$1.9 million in post-retirement defined benefit costs from remeasurements and other items. The proportion of unrestricted net assets to total net assets was significantly impacted during the year due to the disposal of tangible assets with a net book value of \$9.1 million primarily related to the sale of the Burnaby property.

The unrestricted net assets of CPA Canada are required to provide sufficient financial capital to meet any unexpected material 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.

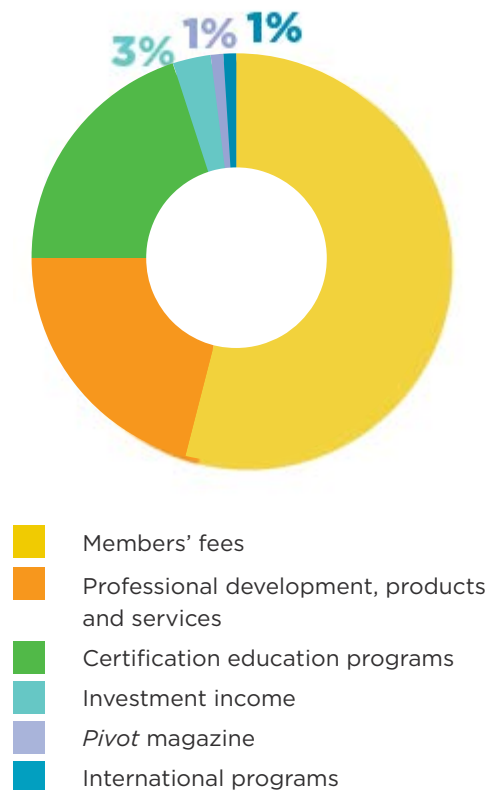
On behalf of the Board of Directors, the Audit Committee annually reviews the level of unrestricted net assets to assess its appropriateness. The Audit Committee considers the potential negative financial impact from CPA Canada's exposure to operational and financial risks as well as the likelihood of 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 in the range of \$32.9 million to \$55.2 million and a target surplus amount of \$40.6 million. The unrestricted net assets of \$51.9 million are well within the required range and above the current target amount. This is a significant improvement compared to the prior year, where unrestricted net assets of \$32.1 million were at the lower end of the required range and well below the target surplus amount of \$37.5 million. The restoration of unrestricted net assets to above the current target and at the higher end of the required range can be attributed primarily to the decision by the CPA Canada Board of Directors in fiscal 2016-2017 to build up our unrestricted net assets through a \$20-per-member fee increase, which took effect in fiscal 2018-2019, as well as the current year sale of the Burnaby property.

Financial performance

In fiscal 2018-2019, CPA Canada operations resulted in a \$12.3 million excess of revenues over expenses compared to the prior year, where the excess of revenues over expenses was \$0.3 million. The major contributing factors to the fiscal 2018-2019 surplus are from the gain realized on the sale of tangible assets of \$6.4 million, primarily for selling our Burnaby property, a one-time event; investment income of \$3.9 million; and a net contribution of \$1.6 million from the sale of professional development, products and services. Members' fees primarily supported the net cost of all other CPA Canada activities in fiscal 2018-2019, including significant support for standard setting, support for profession-driven initiatives, and investing in strategically important projects such as digital optimization and Foresight: Reimagining the Profession.

Total revenues of \$128.8 million from all sources increased by \$9.3 million over the prior year. Total members' fees increased year over year by \$4.1 million, primarily reflecting a \$20-per-member fee increase approved by CPA Canada's Board of Directors in fiscal 2016-2017 that took effect in fiscal 2018-2019. This action was taken to address the need to build up our unrestricted net assets, which were below target. Revenue from certification education programs increased significantly compared to the prior year, from \$24.5 million to \$26.8 million. This was largely due to the increased number of Common Final Examination (CFE) writers and a different schedule of courses in the current year compared to the prior year. This represents the third straight year of significant growth and continues to indicate strong demand for the CPA Certification

2019 Sources of Revenue



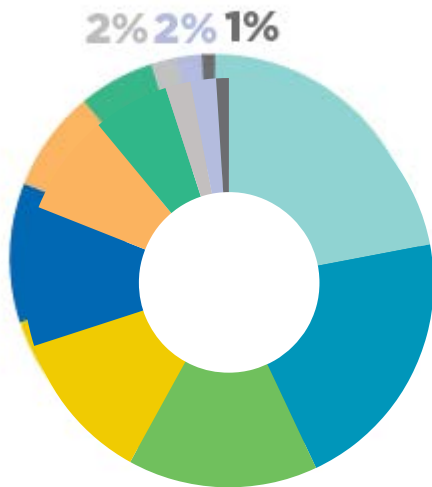
program among prospective candidates and the marketplace. Revenue from professional development, products and services also grew year over year due to higher registration for conferences and events, increased demand for technical publications such as the *Professional Engagement Guide*, and the launch of new courses. Investment income of \$3.9 million was \$2.2 million higher than in the prior year. Investment returns were as expected for the year, but an unrealized appreciation in the fair value of index pooled funds contributed significantly to the increase over the prior year. *Pivot* magazine revenue is mainly from advertising placed in the magazine. It decreased \$0.4 million compared to the prior year due primarily to the reduced number of issues published in the current year.

Total expenses of \$122.9 million were higher than they were in the prior year by \$3.8 million, reflecting an increased level of activity across most areas of the organization, with *Pivot* magazine being the notable exception. Magazine expenses were lower by \$2.6 million compared to the prior year, reflecting the reduced number of issues published in the current year. Year-over-year changes were primarily driven by the continuation and expansion of initiatives started in the prior year, such as the Excellence Canada program, as well as the launch of important new initiatives including digital optimization and Foresight: Reimagining the Profession.



CPA Canada’s financial performance in fiscal 2018-2019 will help us achieve financial sustainability, increase future growth opportunities through investments in technology and our people, and support our ongoing efforts to expand member value and increase member engagement.

2019 Sources of Expenses



- Certification education programs
- Professional development, products and services
- Finance and administration
- Governance and international relations
- Standards
- Marketing, communications and public affairs
- Research, guidance and support
- Pivot* magazine
- International programs
- Financial literacy programs



Financial statements

Management responsibility for financial reporting

The accompanying summary 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 summary financial statements have been prepared by management and are derived from the complete audited financial statements prepared 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 summary 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 summary 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 CEO



Report of the independent auditor on the summary financial statements

To the members of Chartered Professional Accountants of Canada

Opinion

The summary financial statements, which comprise the summary statement of financial position as at March 31, 2019, and the summary statements of operations, changes in net assets and cash flows for the year then ended, and related note, are derived from the audited financial statements of Chartered Professional Accountants of Canada ("CPA Canada") for the year ended March 31, 2019.

In our opinion, the accompanying summary financial statements are a fair summary of the audited financial statements, on the basis described in the note to the summary financial statements.

Summary financial statements

The summary financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the summary financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements of CPA Canada and the auditor's report thereon.

The audited financial statements and our report thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated June 19, 2019.

Management's responsibility for the summary financial statements

Management is responsible for the preparation of the summary financial statements on the basis described in the note to the summary financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary financial statements are a fair summary of the audited financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

A stylized, handwritten-style signature of "Hilborn LLP" in blue ink.

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
June 19, 2019

Summary Statement of Financial Position

as at March 31

	2019 (\$000s)	2018 (\$000s)
ASSETS		
Cash	\$11,191	\$14,500
Accounts receivable and other assets	8,828	10,224
Investments	99,443	74,930
Capital assets	6,157	15,557
	\$125,619	\$115,211
LIABILITIES		
Accounts payable and accrued liabilities	\$19,253	\$19,795
Deferred revenue	16,223	17,609
Post-retirement benefits	31,992	30,161
Deferred lease incentives	2,548	2,490
	70,016	70,055
NET ASSETS		
Invested in capital assets	3,735	13,067
Unrestricted	51,868	32,089
	55,603	45,156
	\$125,619	\$115,211

On behalf of the Board,



Terry LeBlanc, FCPA, FCGA
Director



Gregory Gallant, FCPA, FCA
Director

Summary Statement of Operations

for the year ended March 31

	2019 (\$000s)	2018 (\$000s)
REVENUES		
Members' fees	\$69,500	\$65,396
Professional development, products and services	27,001	25,893
Certification education programs	26,761	24,519
Investment income	3,946	1,735
<i>Pivot</i> magazine	829	1,265
International programs	739	663
	128,776	119,471
EXPENSES		
Certification education programs	27,069	25,240
Professional development, products and services	25,395	24,528
Finance and administration	18,456	17,686
Governance and international relations	15,180	13,534
Standards	13,432	12,136
Marketing, communications and public affairs	10,398	10,064
Research, guidance and support	6,854	7,184
<i>Pivot</i> magazine	2,627	5,172
International programs	2,269	2,373
Financial literacy programs	1,187	1,206
	122,867	119,123
Excess of revenues over expenses before the following	5,909	348
Gain (loss) realized on sale of capital assets	6,400	(77)
EXCESS OF REVENUES OVER EXPENSES	\$12,309	\$271

Summary Statement of Changes in Net Assets

for the year ended March 31

	Invested in		2019 (\$000s)	Invested in		2018 (\$000s)
	Capital Assets	Unrestricted		Capital Assets	Unrestricted	
Balance, beginning of year	\$13,067	\$32,089	\$45,156	\$7,636	\$37,672	\$45,308
Excess of revenues over expenses (expenses over revenues)	(1,539)	13,848	12,309	(2,191)	2,462	271
Repayment of mortgage	—	—	—	6,379	(6,379)	—
Purchase of capital assets, net of tenant inducements	1,315	(1,315)	—	1,318	(1,318)	—
Disposal of capital assets	(9,108)	9,108	—	(77)	77	—
Purchase of capital assets	—	—	—	2	(2)	—
Defined benefit cost – remeasurements and other items	—	(1,862)	(1,862)	—	(423)	(423)
Balance, end of year	\$3,735	\$51,868	\$55,603	\$13,067	\$32,089	\$45,156

Summary Statement of Cash Flows

for the year ended March 31

	2019 (\$000s)	2018 (\$000s)
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$12,309	\$271
Adjustments to determine net cash provided by (used in) operating activities:		
Amortization of capital assets	1,814	2,410
(Gain) loss on disposal of capital assets	(6,400)	77
Capitalized investment income	(2,207)	(2,946)
Unrealized (appreciation) depreciation in fair value of index pooled funds	(1,262)	1,830
Post-retirement benefits	(31)	(185)
Amortization of deferred lease incentives	(278)	(329)
	3,945	1,128
Change in non-cash working capital items	(532)	7,980
	3,413	9,108
INVESTING ACTIVITIES		
Purchase of investments	(47,653)	(24,520)
Proceeds on sale of investments	26,609	31,950
Purchase of capital assets	(1,522)	(2,380)
Proceeds on disposal of capital assets	15,508	—
Receipt of lease incentives – tenant inducements	336	2,250
	(6,722)	7,300
FINANCING ACTIVITIES		
Repayment of mortgage	—	(6,379)
Net change in cash	(3,309)	10,029
Cash, beginning of year	14,500	4,471
Cash, end of year	\$11,191	\$14,500

Note to Summary Financial Statements

for the year ended March 31, 2019

Basis of Presentation

These summary financial statements have been prepared from the audited financial statements of Chartered Professional Accountants of Canada (CPA Canada) for the year ended March 31, 2019, on a basis that is consistent, in all material respects, with the audited financial statements of CPA Canada except that the information disclosed in the notes to the audited financial statements has not been provided.

Complete audited financial statements are available on the [CPA Canada website](#).



CPA

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ACCOUNTANTS
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