

2016-17 Annual Report

The Institute of Chartered Professional Accountants of Saskatchewan



Navigating change.

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The Institute of Chartered Professional Accountants of Saskatchewan

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Vision

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

Mission

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

- Protecting the public interest;
- Supporting its members and candidates; and
- Contributing to economic and social development



Members of the CPA Saskatchewan Board 2016-17

Executive



Blair Davidson, FCPA, FCA
Chair



Regan Exner, FCPA, FCGA
Vice-Chair



Shelley Thiel, FCPA, FCA
Chief Executive Officer



William Hill, FCPA, FCA, CMA
Registrar

Members of the Board



Diana Adams, CPA, CA



Glen Bailey, FCPA, FCA



Clay Dowling, P. Log.
Public Appointee



Gayle Holman, FCPA, FCMA



Bob Kenny, FCPA, FCA



Annette Klassen, CPA, CGA



Bob Korol, FCPA, FCMA



Doug Kosloski, Q.C.
Public Appointee



Martin McInnis, FCPA, FCMA



Mike Pestill, FCPA, FCMA



James Salamon, FCPA, FCA



Darcy Spilchen, CPA, CA, CMA



Laurie Thomas, CPA, CMA



From the Chair and CEO



Blair Davidson, FCPA, FCA
Chair



Shelley Thiel, FCPA, FCA
Chief Executive Officer

Navigating Change

Our journey as CPA Saskatchewan began on November 10, 2014 with the proclamation of *The Accounting Profession Act*. Now, over two years later, we have transitioned into an organization that is looking to the future, while learning from the path that brought us here. The transition of the accounting profession in Canada has been powered by people; passionate and dedicated people. Thank you to our members who generously share their time to volunteer with the profession including the CPA Saskatchewan Board members, our Regulatory Committee members, our members who volunteer with the CPA Western School of Business, CPA Insurance Plans West, and in many capacities with CPA Canada. Thank you also to the amazing team at CPA Saskatchewan.

Our Vision and Mission

With over 5,000 members and candidates, CPA Saskatchewan is proud to serve and protect the public through the regulatory requirements as set out in *The Accounting Profession Act*. Through our Vision and Mission Statements, we are committed to ensuring that CPA Saskatchewan enhances the influence, relevance, and the value of the Canadian CPA profession by protecting the public interest, supporting our members and candidates and contributing to economic and social development.

Public Trust

At the core of the CPA profession is our commitment to protecting the public. This commitment is exemplified by ongoing rules enforcement, discipline and practice review processes and the national standard-setting regime.

During the past year CPA Saskatchewan has dedicated considerable effort to our regulatory requirement to protect the public. We have worked with the national Public Trust Committee to identify areas in which the profession needs to raise the bar to ensure it continues to best protect the public and maintain the confidence of capital markets. This includes harmonizing standards across the profession and making sure that standards in Canada meet or exceed our international counterparts.

Education

We continue to work closely with the CPA Western School of Business (CPAWSB) and the delivery of the Professional Education Program for CPA candidates. The CPAWSB delivers the program to all candidates culminating in the Common Final Examination (CFE). The success of our candidates is the result of the quality of the program, the facilitators, the mentors and the strength of the candidates that we have been fortunate to recruit. This year we celebrated the 107 candidates who successfully passed the CFE.

This year we are proud to congratulate Dustin Lowenberger from Saskatoon who was named to the National CFE Honour Roll. It is a significant accomplishment to be recognized as one of the top 52 candidates from across the country on the September 2016 exam.



Honour Roll Certificate recipient Dustin Lowenberger (middle) with Alain Côté, FCPA, FCA, Chair of the Board of CPA Canada and Shelley Thiel, FCPA, FCA, CEO of CPA Saskatchewan

Another critical component in the development of new CPAs is practical experience. Our program includes two training options – the pre-approved program route and the experience verification route – as paths for our candidates to meet their practical experience requirements.

CPA Saskatchewan continues to make significant investment in assisting candidates, mentors and employers transition to the CPA practical experience reporting requirements.

A key feature of the program is that all CPA candidates must be mentored by a CPA. Volunteers are key to ensuring the success of the aspiring CPAs in gaining the competencies required through practical experience to earn the CPA designation. Thank you to those members who have volunteered as mentors. We encourage all members to consider getting involved in this very rewarding and critical part of our CPA education and experience program.

The Advanced Certificate in Accounting and Finance (ACAF) is a certificate program developed by CPA Canada. It was created to fill a need for those who work in the accounting and finance field but do not wish to pursue a CPA designation. As we move forward with this program we anticipate changes to strengthen the program and opportunity for those interested in improving their skills.



To continue our efforts to assist students and faculty members in their pursuit of achieving excellence in accountancy, CPA

Saskatchewan partnered with the University of Regina's Faculty of Business Administration and University of Saskatchewan's Edwards School of Business to provide philanthropic and sponsorship support for the schools.

The CPA Saskatchewan Scholarship Fund Inc. is an independent entity that was originally established in 1991 as the CGA Saskatchewan Scholarship Fund. After unification of the profession, the Fund was renamed the CPA Saskatchewan Scholarship Fund Inc. All CPA Saskatchewan members are members of the Fund. The purpose of the Fund is to provide scholarships, bursaries or grants to those

enrolled in the CPA Professional Education Program (PEP) or the CPA preparatory courses.

Member Engagement

During the 2016-17 fiscal year, CPA Saskatchewan committed to increasing member outreach and engagement.

In November and December our CEO, Board Chair, members of our management team, and Board members travelled to seven cities throughout the province to meet with our members. The agenda of these meetings included an update on the profession, member requirements and deadlines, CPA education, and member services provided by the profession, both provincially and nationally. These meetings were very well attended.



Member Outreach event in Regina

The September Board meeting was held in Swift Current which provided an opportunity to reach out to members in the southwest part of the province to network and discuss the profession.

We also focused on building relationships with employers in both industry and public practice, encouraging partnerships for training candidates and hiring future CPAs.

We continue to offer a wide variety of professional development courses. We have seen an increase in the purchases of both corporate and personal passports. As well, there was a significant increase in the number of registrations, reaching 3445 this year as compared to 2714 in the prior year. As we enter the third year of our first three year CPD cycle, all of our members need to be aware of both the annual and three year requirements. The required hours can be obtained through the CPA SK professional development program or any provider of the member's choice.

Recruitment of new candidates also continues to be very important. We have seen growth in the number of candidates registered in the Professional Education Program (PEP). At March 31, 2017, we had 642 Saskatchewan

candidates registered in PEP as compared to 535 at the same time last year. We encourage our members to be proud of their designation and to continue to recruit candidates into the profession. It is our goal to grow the profession and to support the Canadian CPA as the pre-eminent, globally respected business and accounting designation.

This year, for the first time as CPA SK, we awarded five of our members with the honor of Fellow Chartered Professional Accountant. Regan Exner, FCPA, FCGA, Dallas Green, FCPA, FCGA, Nathalie Johnstone, FCPA, FCA, Bob Korol, FCPA, FCMA, Mike Pestill, FCPA, FCMA were this year's recipients.



Regan Exner, Dallas Green, Mike Pestill, Bob Korol, Nathalie Johnstone, and Blair Davidson, Chair of the Board, CPA Saskatchewan

Building the CPA Brand

Together, we are raising awareness that we are now one accounting profession, with more than 200,000 members at home and abroad. We're united under the new Canadian Chartered Professional Accountant (CPA) designation — created by the unification of Canada's three independent legacy accounting professions (CA, CGA and CMA) into the CPA, now Canada's only business and accounting profession.

Now in its fourth year, the national multimedia advertising campaign creates awareness of the Canadian CPA as the pre-eminent, globally respected business and accounting designation. The campaign is reinforced by provincial CPA organizations across the country in a variety of local recruitment ads and ongoing marketing and communication initiatives.

The evolution of the brand campaign continues to strengthen awareness and recognition of the value of the designation, and showcases the benefits CPAs bring to the business world.

"Navigating Change" marks a new creative direction for the brand campaign, featuring CPAs at the centre of the rapidly changing business landscape. As the profession continues to evolve, this campaign focuses on CPAs' ability to leverage their expertise and ethical fortitude to navigate through disruptive change by anticipating the unexpected, making sense of complexity and analyzing data to make business decisions that drive success.



Our Future

We look forward to continuing to build on our accomplishments and to ensure that CPA Saskatchewan delivers on its mission of enhancing the influence, relevance and value of the Canadian CPA profession by protecting the public interest, supporting its members and students and contributing to economic and social development. Together we will continue to make a difference.

Blair Davidson, FCPA, FCA
Chair

Shelley Thiel, FCPA, FCA
Chief Executive Officer

Management Discussion & Analysis

Overview

The Institute of Chartered Professional Accountants of Saskatchewan (CPA Saskatchewan) has completed its second full year since the proclamation of *The Accounting Profession Act* by the Government of Saskatchewan on November 10, 2014.

CPA Saskatchewan is a self-regulatory professional body incorporated under *The Accounting Profession Act*. The objects of CPA Saskatchewan are to regulate the practice of the profession, govern the registrants in accordance with the Act and the bylaws, and to assure the public of the knowledge, skill, proficiency and competency of registrants in the practice of professional accounting and other services provided by registrants. CPA Saskatchewan provides leadership, support and a variety of services to its CPA members and candidates.

Governance

CPA Saskatchewan is governed by a Board of 15 members, including 13 CPAs as well as two public appointees in accordance with the requirements of *The Accounting Profession Act*. After the 2017 AGM, the Board will transition to a slightly smaller Board as members who were appointed by the legacy bodies completed their initial terms.

To assist with governance there are four Committees of the Board – Audit, Future Innovations, Governance, and Human Resources & Nominating. As well, the regulatory committees include Rules, Registration, Professional Practice, Professional Conduct, and Discipline that help the Board fulfill CPA Saskatchewan's regulatory mandate.

Strategy

The CPA Saskatchewan Board follows a results based model in governing the affairs of CPA Saskatchewan.

During the year the Board reaffirmed the Vision and Mission statements which are consistent with the Vision and Mission of CPA Canada and

the other provincial bodies. They also confirmed the three areas of focus:

- Protection of the Public
- Designation of Choice & Growth
- Member Engagement

The strategic direction was implemented by the Chief Executive Officer and the management team who developed an action plan to best achieve the priorities. The Board approved the business plan, budget, and annual fees.



Management's Responsibility

Management is responsible for stewardship of CPA Saskatchewan's resources and the reporting of its financial results. The March 31, 2017 financial statements and all other financial information contained in this report are related to this responsibility. The information contained in the management discussion and analysis of the financial statements is not audited.

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include estimates based on management's best judgment.

The Audit Committee reviews the annual financial statements and recommends their approval to the Board. The Audit Committee meets periodically with senior management of CPA Saskatchewan and the external auditors. The auditors may meet with the Audit Committee without management present to discuss the auditors' comments on the adequacy of internal accounting controls, quality of financial reporting, and other audit issues.

Financial Position

During the previous year, the Board approved a net asset policy for CPA Saskatchewan. The approved net asset policy is “to maintain an unrestricted net asset balance of a minimum of 60% of member fees.” The intent of the net asset policy is to maintain the fiscal stability of the organization and to ensure prudent fiscal management. More specifically, the Board considered the level of surplus that could be required for potential shortfalls in the ongoing day-to-day operations, the result of the disciplinary process or for one-time non-recurring expenses to build long-term capacity.

Results from Operations

The results of operations for CPA Saskatchewan for the year ended March 31, 2017 are included in the financial statements. These statements show a surplus for the year of \$249,000.

The most significant sources of revenue included in the financial statements are from member and firm fees. Revenue from professional development, conference and convocation is included in member services and events. This year we hosted two convocation ceremonies, conference and offered approximately 160 professional development courses. The candidate and student fees include annual fees from two sources: the CPA Saskatchewan share of fees from PEP candidates related to practical experience and the legacy CMA and CGA candidates who have completed the legacy education program but have not yet met the practical experience requirements.

The most significant expenses are categorized in member services and events, regulatory functions and administration. The member services and events include the costs of the professional development courses, conference and the two convocations. The regulatory costs include the costs to meet our primary objective of the protection of the public. The administration expenses include all salaries which is the largest expense in this category. The second most significant administration expense is occupancy costs.

The financial information at March 31, 2017 shows a surplus of \$249,000 as compared to a break even budget. There were three areas that have the most significant impact on the surplus.

1. Reimbursement of practical experience costs by the CPA Western School of Business (CPAWSB): The CPAWSB collects candidate fees from all PEP candidates. The fees are intended to cover the full education costs for the candidates, including both the PEP and the practical experience. The costs of PEP are borne by the CPAWSB but the costs of practical experience are borne by the provincial bodies. During the year, the CPAWSB reimbursed the provincial bodies for the costs related to practical experience. The CPA SK share was \$141,000 which was based on our actual costs.
2. Professional Development: The professional development program was extremely successful with increases in both corporate and personal passport sales. The PD registrations increased to 3445 in 2016/17 from 2714 in 2015/16. This resulted in a net surplus approximately \$60,000 higher than budget.
3. Education costs: The CPA Saskatchewan share of national education costs was lower than anticipated as the national costs have stabilized.

Volunteers

CPA Saskatchewan is dependent on volunteers. The Board plays a significant role as the policy setter for CPA Saskatchewan while volunteers on the regulatory committees help ensure that high standards of education, admission, professional conduct and discipline are maintained as required by *The Accounting Profession Act*. A list of volunteers who served on the various committees this year can be found on Page 22 of this report.



**The Institute of Chartered Professional Accountants of
Saskatchewan**

Financial Statements

March 31, 2017



INDEPENDENT AUDITORS' REPORT

To the Members, The Institute of Chartered Professional Accountants of Saskatchewan

We have audited the accompanying financial statements of The Institute of Chartered Professional Accountants of Saskatchewan 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Institute'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 Institute'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 The Institute of Chartered Professional Accountants of Saskatchewan 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.

May 25, 2017
Regina, Saskatchewan

VIRTUS GROUP LLP
Chartered Professional Accountants

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of **The Institute of Chartered Professional Accountants of Saskatchewan** (the "Institute") have been prepared by the Institute's management in accordance with Canadian accounting standards for not-for-profit organizations and necessarily include some amounts based on informed judgment and management estimates.

To assist management in fulfilling its responsibilities, a system of internal controls has been established to provide reasonable assurance that the financial statements are accurate and reliable and that assets are safeguarded.

The Institute's Board has delegated certain responsibilities to the Audit Committee, including the responsibility for reviewing the annual financial statements and meeting with management and external auditors on matters relating to the financial reporting process and the Institute's system of controls.

The Board has reviewed and approved these financial statements.

These financial statements have been examined by the independent auditors, Virtus Group LLP, and their report is presented separately.

A handwritten signature in black ink, appearing to read "Regan Exner", is positioned above a horizontal line.

Regan Exner, FCPA, FCGA
Audit Committee Chair

A handwritten signature in black ink, appearing to read "Shelley Thiel", is positioned above a horizontal line.

Shelley Thiel, FCPA, FCA
Chief Executive Officer

THE INSTITUTE OF CHARTERED PROFESSIONAL ACCOUNTANTS OF SASKATCHEWAN
STATEMENT OF FINANCIAL POSITION
 As at March 31

ASSETS			
Current assets		<u>2017</u>	<u>2016</u>
Cash and short term investments (Note 3)	\$	1,403,400	\$ 1,433,800
Accounts receivable		349,500	202,000
Prepaid expenses		98,300	47,900
		<u>1,851,200</u>	<u>1,683,700</u>
Long term investments (Note 3)		1,413,800	1,208,900
Tangible capital assets (Note 4)		514,100	667,000
	<u>\$</u>	<u>3,779,100</u>	<u>\$ 3,559,600</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$	169,100	\$ 197,000
Fees received in advance		120,100	121,700
		<u>289,200</u>	<u>318,700</u>
NET ASSETS			
Net assets invested in tangible capital assets		514,100	667,000
Unrestricted surplus		2,975,800	2,573,900
		<u>3,489,900</u>	<u>3,240,900</u>
	<u>\$</u>	<u>3,779,100</u>	<u>\$ 3,559,600</u>
Commitments (Note 5)			

APPROVED BY:



Board Member



Board Member



THE INSTITUTE OF CHARTERED PROFESSIONAL ACCOUNTANTS OF SASKATCHEWAN
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2017

	<u>Investment in tangible capital assets</u>	<u>Unrestricted surplus</u>	<u>Mar 31, 2017 Total</u>	<u>Mar 31, 2016 Total</u>
Opening balance	\$ 667,000	\$ 2,573,900	\$ 3,240,900	\$ 3,233,700
Amortization	(176,100)	176,100	-	-
Purchase of tangible capital assets	23,200	(23,200)	-	-
Excess of revenues over expenses	<u>-</u>	<u>249,000</u>	<u>249,000</u>	<u>7,200</u>
Ending balance	<u>\$ 514,100</u>	<u>\$ 2,975,800</u>	<u>\$ 3,489,900</u>	<u>\$ 3,240,900</u>



**THE INSTITUTE OF CHARTERED PROFESSIONAL ACCOUNTANTS OF SASKATCHEWAN
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2017**

Revenues	2017	2016
Member fees	\$ 2,327,000	\$ 2,351,700
Firm fees	422,000	384,200
Candidate/student fees	168,700	313,000
Member services and events	917,100	782,300
Regulatory functions	176,800	75,400
Other revenue	65,500	63,800
	<u>4,077,100</u>	<u>3,970,400</u>
Expenses		
Candidate/student programs	0	55,900
Member services and events	711,600	635,800
Regulatory functions	234,900	337,000
Governance	76,100	79,500
Administration	2,805,500	2,855,000
	<u>3,828,100</u>	<u>3,963,200</u>
Excess of revenues over expenses	<u>\$ 249,000</u>	<u>\$ 7,200</u>

THE INSTITUTE OF CHARTERED PROFESSIONAL ACCOUNTANTS OF SASKATCHEWAN
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
Operating activities		
Excess of revenues over expenses	\$ 249,000	\$ 7,200
Amortization	176,100	172,800
Net change in non-cash current assets and liabilities related to operations (Note 6)	(227,400)	42,700
Cash provided by operating activities	<u>197,700</u>	<u>222,700</u>
Investing activities		
Increase in long term investments	(204,900)	(1,011,100)
Purchase of tangible capital assets	(23,200)	(20,600)
Cash used in investing activities	<u>(228,100)</u>	<u>(1,031,700)</u>
Net (decrease) increase in cash	(30,400)	(809,000)
Cash and short term investments beginning of year	1,433,800	2,242,800
Cash and short term investments end of year	<u>\$ 1,403,400</u>	<u>\$ 1,433,800</u>

1. **Nature of operations**

The Institute of Chartered Professional Accountants of Saskatchewan (the "Institute") was established as a corporation by *The Accounting Profession Act* proclaimed in the Saskatchewan Legislature on November 10, 2014. It is a not-for-profit organization under the *Income Tax Act* and therefore is not subject to either federal or provincial income taxes. The objects of the Institute are to regulate the practice of the profession, govern the registrants in accordance with the Act and Bylaws and to assure the public of the knowledge, skill, proficiency and competency of registrants in the practice of professional accounting and other services provided.

2. **Summary of significant accounting policies**

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses. Actual amounts could differ from these estimates.

Financial instruments - recognition and measurement

Financial assets and financial liabilities are recorded on the statement of financial position when the Institute becomes party to the contractual provisions of the financial instruments. All financial instruments are required to be recognized at fair value upon initial recognition, except for certain related party transactions. Measurement in subsequent periods of equity instruments is at fair value. All other financial assets and financial liabilities are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Fair value is the amount at which a financial instrument could be exchanged at arm's length between willing, unrelated parties in an open market. Changes in fair value of financial assets and financial liabilities measured at fair value are recognized in excess of revenues over expenses.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be reversed if the value subsequently improves.

When there is an indication of impairment and such impairment is determined to have occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted cash flows expected or the proceeds that could be realized from sale of the financial asset. Such impairments can be reversed if the value subsequently improves.

Cash and cash equivalents

Cash is comprised of short term investments and demand deposits. The short term investments are highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Investments

Investments are reported at fair market value.

2. **Summary of significant accounting policies (continued)**

Tangible capital assets

Tangible capital assets are stated at cost. Office equipment and leasehold improvements are amortized on the straight-line basis over ten years. Computer hardware and software are amortized on the straight-line basis over three years.

Revenue recognition

Member fees, firm fees, and candidate/student fees are recorded as revenue in the accounting period to which they apply. Revenues from member services and events are recognized in the period when the events are held.

3. **Cash and investments**

	<u>2017</u>	<u>2016</u>
Long term investments	\$ 1,413,800	\$ 1,208,900
Short term investments	1,145,300	1,096,800
Marketable securities and cash	258,100	337,000
Total cash and investments	<u>\$ 2,817,200</u>	<u>\$ 2,642,700</u>

Long term investments consist of long term guaranteed investment certificates and federal, provincial, and A rated bonds with maturity dates ranging from October 2018 to December 2045 and an average interest rate of 1.91% (2016 – 2.07%).

Short-term investments consist of guaranteed investments certificates with an average interest rate of 1.28% (2016 - 1.21%)

4. **Tangible capital assets**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value 2017</u>	<u>Net Book Value 2016</u>
Office equipment	\$ 216,900	\$ 124,200	\$ 92,700	\$ 112,400
Computer hardware	67,300	44,500	22,800	7,000
Computer software	337,400	282,000	55,400	155,500
Leasehold improvements	487,800	144,600	343,200	392,100
	<u>\$ 1,109,400</u>	<u>\$ 595,300</u>	<u>\$ 514,100</u>	<u>\$ 667,000</u>

During the period, tangible capital assets were amortized in the amount of \$176,100 (2016 - \$172,800).

5. **Commitments**

The Institute is committed to annual lease payments for office space and equipment as follows:

2018	\$441,900
2019	\$414,700
2020	\$422,300
2021	\$329,500
2022	\$329,500

6. Net change in non-cash current assets and liabilities related to operations

The net change in non-cash current assets and liabilities related to operations consists of:

	2017	2016
Decrease (increase) in accounts receivable	\$ (147,500)	\$ 132,700
(Increase) in prepaid expenses	(50,400)	(16,500)
(Decrease) increase in accounts payable & accrued liabilities	(27,900)	(35,900)
(Decrease) increase in dues and fees received in advance	(1,600)	(37,600)
	<u>\$ (227,400)</u>	<u>\$ 42,700</u>

7. Chartered Professional Accountants of Canada (CPA Canada)

CPA Saskatchewan has an agreement with Chartered Professional Accountants of Canada (CPA Canada) to work together to achieve a common mission and vision, to administer affairs in accordance with agreed principles, and to act in the spirit of trust to best serve the interests of the CPA profession and the public. The provincial associations such as the Institute share in the cost of the operations of the national committees. The Institute also collects member fees on behalf of CPA Canada and remits those to CPA Canada.

8. Chartered Professional Accountants Western School of Business (CPAWSB)

The bylaws of the Institute allow the Board to approve an educational institution to administer the registration of candidates and the delivery of the CPA Canada professional education program. In Saskatchewan, Manitoba, Alberta, British Columbia, and the territories, the CPA Canada professional education program is being delivered and administered by the Chartered Professional Accountants Western School of Business (CPAWSB). The CPAWSB is a registered charity incorporated under the *Canada Not-for-profit Corporations Act*, and is not subject to income taxes. It is governed by a separate board appointed by the western provincial bodies.

During the year ended March 31, 2017, CPAWSB charged CPA Saskatchewan \$0 (2016 - \$40,000) primarily related to the transfer of students. During the year ended March 31, 2017, CPA Saskatchewan charged \$153,400 (2016 - \$14,700) for costs incurred on behalf of CPAWSB. The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Amounts due from CPAWSB at March 31, 2017 totaled \$150,300 (2016 - \$3,600) and are included in accounts receivable. There are no amounts due to CPAWSB at March 31, 2017 (2016 - \$2,750).

9. CPA Insurance Plans West (CPAIPW)

CPA Insurance Plans West (CPAIPW) administers benefits plans for members of the CPA bodies in Alberta, British Columbia, Manitoba, Saskatchewan and the Territories.

CPAIPW is a not for profit organization under the *Income Tax Act* and therefore is not subject to income taxes. The Board members are appointed by the western provincial bodies.

During the year ended March 31, 2017, the Institute paid benefit plan premiums for its employees to CPAIPW totaling \$58,800 (2016 - \$58,400). CPAIPW provided sponsorships to the Institute of \$7,000 (2016 - \$7,000). The transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

10. Financial risk management

The Institute has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The significant financial risks to which the Institute is exposed are:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Institute is exposed to credit risk on the accounts receivable from its members, however, does not have a significant exposure to any individual customer or counterpart. In order to reduce its credit risk, the Institute regularly reviews outstanding accounts receivable and follows internal collection policies.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Institute's exposure to liquidity risk is dependent on the receipt of funds from its operations, external borrowings and other related sources. Funds from these sources are primarily used to finance working capital and capital expenditure requirements, and are considered adequate to meet the Institute's financial obligations.

CPA Saskatchewan Self-Regulation and Regulatory Committees Overview



The CPA profession in Saskatchewan is privileged to be a self-regulating profession. With this privilege comes the paramount responsibility to act in the public interest. Congruent and concurrent with this role is protecting the public and maintaining the reputation of the CPA profession as a whole. Registrants who provide professional services with competence and who are of good character are the essence of the strategy to achieve this goal. CPA Saskatchewan's regulatory framework is designed with this strategy in mind.

Each registrant is at the forefront of this strategy. Going forward, each registrant and all registrants collectively will take on a greater role in self-regulation. Self-assessment and peer-assessment will become critical components of the overall regulatory processes. CPA Saskatchewan, through its Board, regulatory committees and management, is responsible for establishing, monitoring and enforcing bylaws, standards of professional practice and professional conduct. The members of these groups make decisions and take actions based on an objective of protecting the public and thus maintaining public trust in the CPA profession.



Maintaining public trust is a priority for the leadership of Canada's CPA profession. The national Public Trust Committee is charged with direct strategic responsibility for this area, including comprehensive projects to harmonize regulatory requirements and processes such as standards of ethical conduct, practice inspection and discipline. CPA Saskatchewan's regulatory committees have an opportunity to provide input to the national committees.



William Hill, FCPA, FCA, CMA
Senior Director Regulatory Affairs - Registrar

Each provincial institute is committed to implementing nationally recommended practices in various areas of regulation. However each institute, including CPA Saskatchewan, must establish rules and practices within the framework of its legislation and government approved regulations.

Based on the framework established in *The Accounting Profession Act* and the bylaws, our regulatory processes continue to evolve under the direction of our regulatory committees. Five regulatory committees of volunteers have been established as per the CPA Saskatchewan bylaws – Rules, Registration, Professional Practice, Professional Conduct and Discipline. These committees of volunteers are the key decision makers in CPA Saskatchewan's regulatory framework.

CPA Saskatchewan relies heavily on volunteers to fulfill its mandate of protection of the public. The Board and management thanks the many volunteers who have served to date on the regulatory committees. We look forward to continuing working with the committees as we build Canada's and Saskatchewan's pre-eminent professional accounting and business designation.

Committees of the Board

Audit

Regan Exner, FCPA, FCGA *Chair*
Blair Davidson, FCPA, FCA
Gayle Holman, FCPA, FCMA
Annette Klassen, CPA, CGA
Martin McInnis, FCPA, FCMA

Future Innovations

Clay Dowling, P. Log.
Regan Exner, FCPA, FCGA
Bob Korol, FCPA, FCMA
Mike Pestill, FCPA, FCMA
Laurie Thomas, CPA, CMA

Governance

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Glen Bailey, FCPA, FCA
Blair Davidson, FCPA, FCA
Gayle Holman, FCPA, FCMA
Bob Korol, FCPA, FCMA
James Salamon, FCPA, FCA

HR & Nominating

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Clay Dowling, P. Log.
Bob Kenny, FCPA, FCA
Bob Korol, FCPA, FCMA

Regulatory Committees

Discipline

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Velma Geddes, FCPA, FCA *Vice-Chair*
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Jana Blais, CPA, CMA
Dwayne Dahl, CPA, CA
Judy Ferguson, FCPA, FCA
Cary Hewitt, FCPA, FCA
Craig Hinz, FCPA, FCA
Doug Kalesnikoff, FCPA, FCA, IFA
Doug Kosloski, Q.C., *Public Appointee, Board Liaison*
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Daryl Lindsay, FCPA, FCA
Kara Marchand, CPA, CMA
Ken McDougall, *Public Representative*
Shawn Peters, CPA, CA
Annette Revet, *Public Representative*
Stan Thorp, FCPA, FCA
Ed Tiefenbach, FCPA, FCMA
Judy Yungwirth, CPA, CA
Lyle Zdunich, CPA, CA

Professional Practice

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Jason Heinmiller, CPA, CGA
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Cyril Kesten, PhD *Public Representative*
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Dan McCarron, CPA, CMA
Teresa Olfert, CPA, CA
Jeff Persic, CPA, CA, CGA
Adynea Russell, CPA, CA
Trevor St. John, CPA, CA
Marla Yeadon, CPA, CGA

Professional Conduct

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Kristi Baxter, CPA, CMA
Glen Berger, FCPA, FCA
Doug Finnie, *Public Representative*
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Dallas Green, FCPA, FCGA
Tanya Knight, CPA, CA
Kama Leier, CPA, CA
Alison McKay, CPA, CMA
Carolyn O'Quinn, CPA, CA
Juanita Pandya, CPA, CMA

Regulatory Committees (continued)

Registration

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Chelsey Berrecloth, CPA, CMA
Sherry Chen Yiqiu, CPA, CMA
Brett Duncan, CPA, CA
Ashraf El Bakri, CPA, CA
Regan Exner, FCPA, FCGA, *Board Liaison*
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Kent Paul, CPA, CA
Rebecca Preciado, CPA, CA
Catherine Roberts, CPA, CMA
June Schultz, CPA, CMA
Lillian Schweitzer, CPA, CMA
Dave Sinclair, CPA, CA
Darcy Spilchen, CPA, CA, CMA, *Board Liaison*
Crystal Spooner, *Public Representative*
Mike Wild, CPA, CA

Rules

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Linda Close, CPA, CMA
Reilley Dutchak, CPA, CA
Ross Harwood, FCPA, FCA
Kyla Hillmer, CPA, CMA
Dan Li, CPA, CA
James Salamon, FCPA, FCA *Board Liaison*
Laurie Thomas, CPA, CMA *Board Liaison*
Johaine Thomas-Miranjie, CPA, CMA



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CPA Saskatchewan's head office in Regina

2016-17 Annual Report

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