



**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
MANITOBA

2017-2018

# Annual Report





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# Governance

## Officers and Members of the Board of CPA Manitoba

### Officers and Members of the Executive Committee

Timothy Silversides, FCPA, FCGA - Chair  
Cindee Laverge, FCPA, FCGA - First Vice-Chair  
Heather Reichert, FCPA, FCA - Second Vice-Chair  
Gordon Dowhan, CPA, CA - Member-at-large  
Todd Scaletta, FCPA, FCMA - Secretary (non-voting member of the Executive Committee)  
Irene Merie, CPA (Hon.), CA (Hon.) - Public Representative

### Other Members of the Board, At-Large

Kevin Antonyshyn, CPA, CGA  
Dion Bird, CPA, CA  
Mary Brabston, Ph.D., CPA (Hon.), CMA (Hon.) - Public Representative  
Bryan Byhre, CPA, CMA  
Kevin Chief - Public Representative  
Douglas Einarson, FCPA, FCA  
Jack Fleming - Public Representative  
Pat Gifford - Public Representative  
Deborah Grenier, FCPA, FCA  
Mark Jones, FCPA, FCGA  
George Prosk, CPA, CMA  
Kevin Regan, FCPA, FCA  
Terri-lyn Scott, CPA, CA  
Howard Wirch, FCPA, FCGA

# Governance



Front Row (left to right): Gordon Dowhan, Irene Merie, Timothy Silversides, Heather Reichert, Cindee Laverge

Second Row: Terri-lyn Scott, Deborah Grenier, Patty Gifford, Mary Brabston

Third Row: Bryan Byhre, Dion Bird, Todd Scaletta, Kevin Regan, Douglas Einarson, Howard Wirch

Missing from group photo: Kevin Antonyshyn, Kevin Chief, Jack Fleming, Mark Jones, George Prosk

# Chair & CEO Report



Tim Silversides, FCPA, FCGA  
Chair  
CPA Manitoba



Todd Scaletta, FCPA, FCMA  
President & CEO  
CPA Manitoba

## Introduction

Since proclamation on September 1, 2015, CPA Manitoba's influence continues to grow on the strength of our more than 9,000 CPA members, candidates and students. As a regulatory body our primary purpose is to protect the public by adhering to the Chartered Professional Accountant Act of Manitoba, our bylaws as well as international and national standards for the profession. Additionally, in CPA Manitoba's 2016-17 Annual Report, we outlined three strategic themes for the 2017-18 fiscal year:

- Increasing member pride and engagement;
- Growing the profession; and
- Contributing to Manitoba's economic and social development.

Here are a few highlights from the past year that we have collectively accomplished based on the above strategic themes that were guided by our ENDS, Mission, Vision and Values.

## Protecting the Public

In 2017-18, the organization went through a restructure to better align the organization to meet our ENDS. CPA Manitoba now has three main business units:

- Corporate Services, which is comprised of Finance, Human Resources, Information Technology, Marketing and Communications, and Operations.
- Regulatory Affairs, which handles all the regulatory components of the profession including but not limited to: registration, CPD, practice inspections, complaints investigation, discipline and appeals.
- Stakeholder Services and Engagement, which oversees the "member journey" including but not limited to: recruitment into the CPA program, practical experience support, graduation into membership, career support, advisory services and volunteer management.

In addition to achieving many efficiencies, the restructure has provided additional resources to Regulatory Affairs to serve the protection of the public.

# Chair & CEO Report

## Increasing Member Pride and Engagement

CPA Manitoba launched its inaugural Member Tour in 2017-18 with events held in Brandon, Steinbach, Winkler and Winnipeg. A series of polls taken at each of the stops revealed that members have strong pride in their designation and felt strongly that the designation has been instrumental in their success. The survey also confirmed that similar to the rest of Canada many members don't feel closely connected to the profession. Based on this information the Board has made member engagement one of its priorities over the upcoming year.

A variety of other engagement events were also held throughout the year which included the Member Recognition Gala, CPA Manitoba Conference, Beyond the Perimeter Conference, CPA Manitoba Member Milestone Reception, along with several networking events. These events and activities are intended to reach a broad range of members from all demographics, levels and industries to build a more connected, engaged and stronger profession.

As a designation, CPA continues to drive familiarity, consideration and demand for our members through our ongoing contributions to the national branding campaign.

## Growing the Profession

As a result of a continued effort to increase the profession's influence and growth in the province, CPA Manitoba admitted to membership the largest group of CPA candidates to date.

The 2017 CPA Common Final Examination (CFE), featuring the highest pass rate to date, had a record number of writers which resulted in 169 successful candidates.

In recognition of these successful candidates, as well as those who completed legacy CGA education and experience requirements, the 2018 convocation celebrated 208 graduates. Over 1,200 guests were in attendance for the ceremony and 875 attended the Dinner & Dance..

Over the past year CPA Manitoba, along with western regional partners and the CPA Western School of Business (CPAWSB) set out to change the School's governance model. In addition to aligning the strategic priorities of the four provincial bodies and fulfilling the provinces' legislated responsibility for pre-certification education, the new governance model will connect the School with the growth objectives of each provincial body.

## Contributing to Manitoba's Economic and Social Development

As part of CPA Manitoba's outreach program, 69 CPA volunteers spent 250 hours completing 337 tax returns for low-income individuals in Winnipeg and Dauphin.

# Chair & CEO Report

The CPA Manitoba Tax Committee provided the provincial government with a pre-budget submission in January which focused on key issues affecting Manitoba. These issues included Manitoba's competitiveness to attract and retain business, opportunities for economic growth and a fair and efficient provincial tax regime for individuals and businesses. We are proud that the 2018 Manitoba Budget addressed many of the areas the Tax Committee had recommended.

During the summer of 2017, the Tax Committee, alongside other provincial partners, provided CPA Canada (CPAC) with evidence-based information to help formulate CPA Canada's response to the federal government's proposed tax changes. This included calculating the financial impacts of the proposed tax changes as well as outlining some of the practical issues related to applying the proposed tax changes.

In January 2018, CPA Manitoba assumed the role of area leader for CPA Canada's Financial Literacy Program. The program offers 40 different sessions covering a variety of topics for Canadians at all stages of life - from students to retirees, small businesses and new Canadians. CPA Manitoba's role is promotion and volunteer management of the program in the Manitoba market. CPA member volunteers teach financial literacy education in their communities at no cost to stakeholders.

## Looking Ahead to 2018-19

At a strategic planning session held in September 2017, the Board and CPA Manitoba's leadership team identified key drivers such as technological advances, demographic shifts and international regulatory changes that could impact the accounting profession in subsequent years. A three-year strategic plan (2018-21) has been developed to track, manage and influence these points of interest.

CPA Manitoba will also work to gain a better understanding of future demand for designated accountants in our province. As a profession, we want to ensure that we have enough candidates in the CPA Professional Education Program to meet the needs of the market.

We are excited for the 2018-19 fiscal year and look forward to working towards these initiatives and projects while: protecting and ensuring the public trust, supporting our members, working with business and government, growing the profession and contributing to Manitoba's economic and social development.



Tim Silversides, FCPA, FCGA  
Chair



Todd Scaletta, FCPA, FCMA  
President & CEO



# Management Discussion and Analysis Report

The Chartered Professional Accountants Act (the Act) was proclaimed on September 1, 2015 establishing Chartered Professional Accountants of Manitoba (CPA Manitoba). As specified by legislation, the objects of CPA Manitoba are:

- to regulate and govern its members, candidates, students, professional corporations and firms, including the professional conduct and discipline of such persons, in accordance with this Act, the principles of self-regulation and the public interest;
- to establish standards of academic achievement and other qualifications required for registration as a member, candidate or student;
- to issue certificates of registration and regulate the use of restricted titles, designation, and abbreviations, including “Chartered Professional Accountant”, “CPA”, and related variations;
- to regulate the provision of professional services by its members, candidates, students, professional corporations and firms, including reasonable measures to ensure that reserved public accounting services are provided only by persons authorized to do so;
- to promote and increase the professional knowledge, skill and proficiency of its members, candidates and students; and
- to promote and foster a greater public awareness of, and confidence in, the professional accounting profession.

## Governance

CPA Manitoba was governed by a Board of 14 members and five public representatives in 2017-18. The first election of members took place in June 2017. In each of the next two fiscal years the size of the Board will be reduced until the composition required by the Act is obtained. Once the ideal size is established, public representatives will make up one third of the Board.

Four committees of the Board assist with governance. They are the Executive, Governance and Nominating, Audit and Ownership Linkage Committees. As well, the following legislated committees support CPA Manitoba’s regulatory responsibilities: Registration, Complaints Investigation, Discipline, Appeals and Practice Inspection Committees.

Additionally, the Board may establish other advisory committees and work groups from time to time.

The Board follows a Policy Governance Model® to govern CPA Manitoba’s affairs. Accordingly, it sets Ends, Executive Limitations, Governance Process and Board-CEO Relationship policies.

## Management Responsibility

Management is responsible for developing and implementing an annual business plan that outlines how management intends to achieve the Ends policies established by the Board. The business plan encompasses



# Management Discussion and Analysis Report

strategies and performance indicators for each End, departmental action plans and a supporting operations budget.

Management fulfills its financial reporting obligation with quarterly reporting to the Board and publication of the annual report to the membership and public.

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. Management is responsible for maintaining appropriate internal controls to best ensure the preparation of financial statements that are free from material misstatement.

The information contained within this management discussion and analysis report is intended to complement and supplement the audited financial statements. The report is prepared by management and is not audited. Where applicable, the information is consistent with the audited financial statements.

The Audit Committee meets periodically with management and the external auditors. The Committee also meets directly with the auditors, without management being present, to discuss the auditors' findings on the adequacy of internal controls, quality of financial reporting and any other audit issues it may deem important. The Audit Committee subsequently provides a report to the Board. Responsibilities of the Committee include reviewing the audited financial statements and providing a recommendation to the Board for approval. It is also responsible for evaluating auditor performance and recommending the appointment of auditors to the Board, who in turn recommend the appointment to the members.

## 2017-18 Financial Performance

The audited financial statements are included in the annual report. This was the second year of full operations making the comparative information more meaningful.

Overall, CPA Manitoba is financially sound with net assets of \$6.2M. It has sufficient cash and investments to meet its immediate needs and enable the development of strategic plans that will continue to maintain CPA Manitoba as a financially sustainable organization.

Member fees are billed annually with a due date of April 1. Fees paid prior to April 1 result in high levels of cash, unearned fees and accounts payable to CPA Canada at March 31.

During the previous year, CPA Manitoba's operations were consolidated into one location. This resulted in the sale of the Donald Street location, a lease expansion agreement at the Lombard location, plus capital costs for the expansion of the space, including furniture. The current year capital additions included replacement of computer equipment and some new office equipment.

Investments are primarily with Great-West Life Assurance Company in a diversified portfolio that consists of

# Management Discussion and Analysis Report

Canadian fixed income, equity (of which 58% are Canadian) and Canadian real estate funds. A joint investment advisory committee with the CPA Manitoba Foundation Inc. (the Foundation) provides advice on levels of risk as well as assisting in evaluating the performance of the investment manager.

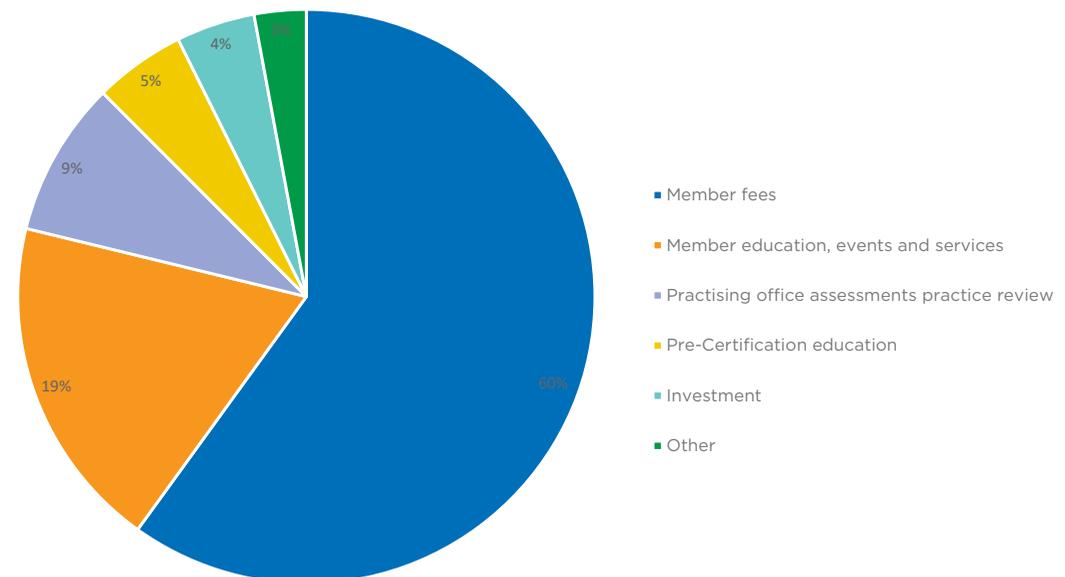
In addition, the Board has formed an ad hoc committee to review the Unrestricted Net Asset (UNA) policy. The current policy provides for UNA levels to be maintained between 50%-70% of membership fees. The anomalies of the unification of the profession and the sale of the Donald Street building last fiscal year has resulted in the UNA being well in excess of this policy.

Results from operations in the past year is an excess of revenue over expense of \$429,171, compared with budgeted break-even results. The following factors contributed to the surplus over budget:

- Salaries and benefits: A review of the organization's structure took place to better align resources with the new objectives. This resulted in several positions lost through attrition and existing staff being utilized differently.
- Office occupancy and operations: Two factors contributed to the reduction of costs in this area. The first was savings achieved by consolidating operations in one location. The second was savings achieved by renegotiation of a service agreement related to our membership data base.
- Investment income: This was higher than budgeted due to market performance.

CPA Manitoba has many sources of revenue, but relies heavily on member fee revenue as the following chart demonstrates.

Revenue Sources 2017-18





# Management Discussion and Analysis Report

Member fees include regular members, out-of-country, affiliate, entrance and compliance fees. Regular and out-of-country fees contribute 95% of the total member fees revenue of \$3.4M revenue. The number of fee paying members in this category has remained relatively flat over the last two years. This, along with the fee amount being unchanged, has resulted in revenue consistent with the previous year.

Member events, education and services is the next largest revenue source, representing 19% of the total revenue. It includes member education through the PD program, annual conferences as well as revenue from various events. The PD program makes up 58% of this total. Overall, there has been a decline in revenue as well as direct costs from the previous year, primarily in the PD program. Expenses associated with these programs are presented separately.

Practicing office assessments and practice reviews represent 9% of the total revenue. These include assessments on partners, members, students and candidates in public practice as well as practice reviews that are required in our role as a self-regulating profession.

Pre-Certification education has increased from the previous year, due primarily to the revenue received from the true-up of education costs from CPA Canada. The Education Agreement between the provinces and CPA Canada provides for excess revenue or expense to be proportionately shared with the provinces. CPA Manitoba also receives revenue from the CPA Western School of Business (CPAWSB) for practical experience services.

During the current year, CPA Manitoba entered into Association Management Services Agreements to provide data base hosting and support services to shareholders in the CGA Shared Services Facility Corp. (SSF). CPA Manitoba now provides the services previously provided by SSF. SSF is no longer active and is expected to be wound up in the coming year.

Almost 50% of CPA Manitoba's expenses are salaries and benefits. The organization values its employees and regularly reviews its compensation to ensure salaries are competitive with market rates and to ensure the benefits package is cost-effective and valued by the employees. Salaries and benefits are not allocated to departments on the financial statements.

Office occupancy and operations is the next largest expense. These costs have declined by 13% over the past year primarily due to the factors noted above.

Other costs include external communications, student recruitment, regulatory, governance, pre-certification and amortization.

## Collaboration with Related Entities

CPA Manitoba works collaboratively with numerous related organizations including CPA Canada, CPA provincial bodies, CPAWSB, and the Foundation.



# Management Discussion and Analysis Report

The Council of Chairs and Council of Chief Executives meet regularly to discuss matters regarding the CPA profession in Canada and internationally. To achieve strategic national initiatives, a cost sharing agreement is in place. CPA Canada is responsible for one half of the related costs, while the CPA provincial bodies share the remaining costs proportionately based on their respective number of members. Shared costs include branding, public trust, member engagement and professional education initiatives. Manitoba's costs are included within various expense categories on our statement of operations. CPA Manitoba also participates in the Western Regional Forum which consists of CEOs and board representatives from western provinces and territories. Through this forum, the provincial bodies work closely together to support the interests of CPAs across western Canada.

To support its legislated responsibilities, CPA Manitoba works closely with the CPAWSB. The CPAWSB was established by the western CPA provincial bodies to register students and candidates and to deliver the CPA preparatory courses and the Professional Education Program.

CPA Manitoba also works in collaboration with the Foundation to achieve its mission of supporting and funding the pursuit of quality business and accounting education. In accordance with the Foundation Bylaws, CPA Manitoba nominates one third of the Foundation's Board and the CEO serves as an ex-officio member of the Board. CPA Manitoba shares staff with and provides office space to the Foundation.

## Compliance with Governance Policies

Consistent with policy governance, the Board has established Ends and Executive Limitations.

To most effectively achieve the Ends, a business plan was created by management, complete with strategies, tactics, performance indicators and operations budget. The CEO provides regular reporting on the success of initiatives as well as an annual summary report to the Board explaining CPA Manitoba's progress towards achieving the Ends.

The Executive Limitations act as controls, establishing specific parameters on the CEO's scope of authority to ensure CPA Manitoba operates in a manner that is consistent with the Ends, with integrity and respect and is fiscally responsible.

More specifically, the Executive Limitations provide guidance with respect to financial planning and budgeting, financial condition and activities, asset protection, risk management, external agreements, human resource policies, and the appropriate communication and support to the Board as well as treatment of staff and people we serve. Compliance reporting to the Board on these requirements is done on a regular basis.

# Management Discussion and Analysis Report

## Outlook

During the past year, CPA Manitoba continued to implement efficiencies with the goal of delivering a financially sustainable operating model while providing exceptional service to its members and the public. In developing our three-year strategic plan for 2018-21, the following key operational strategies were identified:

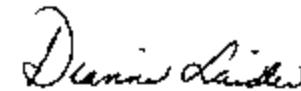
- Recruitment Strategy
- Foundation Strategy
- Volunteer Management Strategy
- Member Journey Strategy
- IT Strategy
- Regional Strategy

We look forward to working closely with CPAWSB, the Foundation and our key stakeholders - members, candidates, students, employers, post-secondary institutions and governments in helping us achieve these strategies.

Adapting to the ever-changing environment and implementing strategic initiatives designed to ensure CPA Manitoba excels in achieving its Ends, will ensure CPA Manitoba remains a relevant, healthy and vibrant organization.



Todd Scaletta, FCPA, FCMA  
President & CEO



Dianne Laidler, CPA, CMA  
Director, Finance

# Auditors' Report



500 - Five Donald Street  
Winnipeg, Manitoba R3L 2T4  
Tel: (204) 284-7060  
Fax: (204) 284-7105  
www.bookeandpartners.ca

## Independent Auditors' Report

To the Members of  
Chartered Professional Accountants of Manitoba

We have audited the accompanying financial statements of Chartered Professional Accountants of Manitoba, which comprise the statement of financial position as at March 31, 2018, 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Chartered Professional Accountants of Manitoba as at March 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Booke & Partners*

Winnipeg, Canada  
May 24, 2018

Chartered Professional Accountants

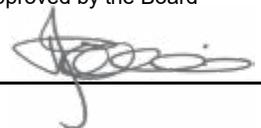
# Financial Statements

**Chartered Professional Accountants of Manitoba**  
(Incorporated by *The Chartered Professional Accountants Act of Manitoba*)  
**Statement of Financial Position**  
March 31

	2018	2017
<b>Assets</b>		
Current		
Cash	\$ 3,921,701	\$ 4,749,667
Short-term investments (Note 4)	151,800	115,005
Accounts receivable (Note 3)	218,001	405,553
Prepays	103,125	64,331
Due from related party (Note 9)	<u>26,828</u>	<u>45,396</u>
	4,421,455	5,379,952
Long-term investments (Note 4)	4,814,031	3,784,571
Investment in related party (Note 9)	35	35
Capital assets (Note 5)	<u>1,145,158</u>	<u>1,285,071</u>
	<u>\$ 10,380,679</u>	<u>\$ 10,449,629</u>
<b>Liabilities</b>		
Current		
Accounts payable and accruals (Note 6)	\$ 1,049,905	\$ 1,280,599
Unearned fees	<u>2,564,326</u>	<u>2,779,695</u>
	3,614,231	4,060,294
Deferred lease inducement (Note 8)	<u>559,632</u>	<u>611,690</u>
	<u>4,173,863</u>	<u>4,671,984</u>
<b>Net Assets</b>		
Invested in capital assets	581,939	806,439
Unrestricted	<u>5,624,877</u>	<u>4,971,206</u>
	<u>6,206,816</u>	<u>5,777,645</u>
	<u>\$ 10,380,679</u>	<u>\$ 10,449,629</u>

Commitments and Guarantee (Note 7)

Approved by the Board

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Secretary

# Financial Statements

## Chartered Professional Accountants of Manitoba Statement of Operations

Year ended March 31	2018	2017
Revenue		
Member fees	\$ 5,361,587	\$ 5,364,626
Less national fees and assessment	<u>(2,005,148)</u>	<u>(2,010,613)</u>
	<b>3,356,439</b>	3,354,013
Member education, events and services	<b>1,054,692</b>	1,162,836
Practicing office assessments and practice review	<b>486,405</b>	490,650
Investment (Note 4)	<b>249,226</b>	186,861
Pre-certification education	<b>316,627</b>	246,561
Other	<b>160,686</b>	162,040
	<u><b>5,624,075</b></u>	<u>5,602,961</u>
Expense		
Salaries and benefits	<b>2,528,219</b>	2,566,075
Office occupancy and operations	<b>826,331</b>	945,922
Member education, events and services	<b>737,914</b>	759,048
External communications and student recruitment	<b>487,081</b>	482,677
Regulatory	<b>245,210</b>	252,914
Amortization	<b>159,293</b>	141,499
Governance	<b>116,085</b>	104,213
Pre-certification education	<b>94,771</b>	74,648
	<u><b>5,194,904</b></u>	<u>5,326,996</u>
Excess of revenue over expense before other income	<b>429,171</b>	275,965
Gain on sale of capital assets	<u>-</u>	<u>1,362,076</u>
Excess of revenue over expense	<u><b>\$ 429,171</b></u>	<u>\$ 1,638,041</u>

# Financial Statements

## Chartered Professional Accountants of Manitoba Statement of Changes in Net Assets Year ended March 31

	Invested in capital assets	Unrestricted	Total 2018	Total 2017
Net assets, beginning of year	\$ 806,439	\$ 4,971,206	\$ 5,777,645	\$ 4,139,604
Excess (deficiency) of revenue over expense	(107,235)	536,406	429,171	1,638,041
Investment in capital assets	(117,265)	117,265	-	-
Net assets, end of year	<u>\$ 581,939</u>	<u>\$ 5,624,877</u>	<u>\$ 6,206,816</u>	<u>\$ 5,777,645</u>

# Financial Statements

## Chartered Professional Accountants of Manitoba Statement of Cash Flows

Year ended March 31	2018	2017
<b>Operating</b>		
Member and pre-certification fees	\$ 3,461,645	\$ 4,129,353
Member education, events and services	1,228,086	888,847
Practicing office assessments and practice review	483,906	487,159
Investment and other	235,382	363,776
Cash disbursements	<u>(5,479,637)</u>	<u>(6,376,422)</u>
	<u>(70,618)</u>	<u>(507,287)</u>
<b>Financing</b>		
Repayment from related party	18,568	148,741
Lease inducements	<u>162,425</u>	<u>-</u>
	<u>180,993</u>	<u>148,741</u>
<b>Investing</b>		
Purchase of investments	(1,173,705)	(2,342,979)
Proceeds on sale of investments	280,524	791,418
Purchase of capital assets	(45,160)	(576,655)
Proceeds on disposal of capital assets	<u>-</u>	<u>1,738,951</u>
	<u>(938,341)</u>	<u>(389,265)</u>
<b>Net decrease in cash</b>	<b>(827,966)</b>	<b>(747,811)</b>
<b>Cash</b>		
Beginning of year	<u>4,749,667</u>	<u>5,497,478</u>
End of year	<u>\$ 3,921,701</u>	<u>\$ 4,749,667</u>

# Financial Statements

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## Chartered Professional Accountants of Manitoba Notes to the Financial Statements

March 31, 2018

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### 1. Purpose and objectives

Chartered Professional Accountants of Manitoba (CPA Manitoba) is the self-regulating body for all Chartered Professional Accountants in Manitoba. Its mission is to foster public confidence in the CPA profession and act in the public interest through its development and support of CPAs and CPA students and candidates with the competencies and resources to excel in all sectors.

CPA Manitoba was incorporated by *The Chartered Professional Accountants Act*, a special act of the Manitoba Legislature. As a not-for-profit organization, CPA Manitoba is exempt from tax under the *Income Tax Act*.

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### 2. Summary of significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. The financial statements include the following significant accounting policies:

#### (a) Investments

Investments are comprised of units of pooled funds and guaranteed investment certificates.

Pooled funds are initially recognized and subsequently measured at fair value, determined using quoted market prices. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in operations.

Guaranteed investment certificates are initially recognized at fair value and subsequently measured at amortized cost.

#### (b) Capital assets

Amortization is provided on a straight-line basis over the estimated useful lives of the capital assets:

Furniture	10 years
Office equipment	5 years
Computer equipment	3 years
Signs	5 years

Amortization of leasehold improvements is recorded on a straight-line basis over the remaining term of the lease.

#### (c) Deferred lease inducements

Lease inducements are amortized on a straight-line basis over the remaining term of the lease.

# Financial Statements

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## Chartered Professional Accountants of Manitoba Notes to the Financial Statements

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March 31, 2018

### 2. Summary of significant accounting policies - continued

#### (d) Revenue recognition

Member fees, practicing office assessments and practice review and pre-certification education revenue are recognized in the year to which they relate. Member education and events revenue are recognized when the event is presented.

Investment income on pooled funds is recorded on a proportionate share of revenue, gains, losses, and expenses within the pooled funds, as well as on disposition of units owned. Investment income includes dividend and interest income and realized and unrealized gains and losses.

Investment income on guaranteed investment certificates consists of interest income received plus accrued interest earned from the anniversary date to the period end.

Other income, which includes various cost recoveries and revenue from services provided to other accounting bodies, is recorded in the year to which it relates.

#### (e) Donated services

The work of CPA Manitoba is dependent on the voluntary service of many members and public representatives. The value of donated services is not recognized in these statements.

#### (f) Accounting 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 and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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### 3. Accounts receivable

	<u>2018</u>	<u>2017</u>
CPA bodies and other accounting bodies	\$ 167,904	\$ 188,204
Member and other receivables	17,152	15,314
Interest	32,945	31,489
Lease inducement	-	170,546
	<u>\$ 218,001</u>	<u>\$ 405,553</u>

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# Financial Statements

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**Chartered Professional Accountants of Manitoba**  
**Notes to the Financial Statements**  
 March 31, 2018

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**4. Financial instruments**

CPA Manitoba's financial instruments consist of cash, accounts receivable, investments, due from related parties and accounts payable and accruals. CPA Manitoba initially measures its financial assets and liabilities at fair value. CPA Manitoba subsequently measures all financial assets and liabilities at amortized cost, except for long-term investments held in pooled funds which are measured at fair value.

	<u>2018</u>	<u>2017</u>
<b>Investments measured at amortized cost:</b>		
Guaranteed investment certificates	<u>\$ 290,280</u>	<u>\$ 405,285</u>
<b>Pooled fund investments measured at fair value:</b>		
Canadian fixed income funds	<u>1,636,443</u>	1,288,430
Equity funds	<u>2,431,286</u>	1,754,903
Canadian real estate funds	<u>607,822</u>	450,958
	<u>4,675,551</u>	3,494,291
	<u>\$ 4,965,831</u>	<u>\$ 3,899,576</u>
<b>Short-term investments:</b>		
Guaranteed investment certificates	<u>\$ 151,800</u>	<u>\$ 115,005</u>
<b>Long-term investments:</b>		
Guaranteed investment certificates	<u>138,480</u>	290,280
Pooled funds	<u>4,675,551</u>	3,494,291
	<u>4,814,031</u>	3,784,571
	<u>\$ 4,965,831</u>	<u>\$ 3,899,576</u>

# Financial Statements

## Chartered Professional Accountants of Manitoba Notes to the Financial Statements

March 31, 2018

### 4. Financial instruments - continued

Investments in guaranteed investment certificates are held at National Bank of Canada.

Investments in pooled funds are made available through The Great-West Life Assurance Company. The managers of the funds held within the account include GWL Investment Management, London Capital, Portico Investment Management (divisions of GLC Asset Management Group), GWL Realty Advisors and JP Morgan Asset Management.

CPA Manitoba is exposed to various risks through its investments. The following analysis provides a measure of CPA Manitoba's exposure to credit, market, currency and interest rate risks and concentrations.

The fixed income funds invest primarily in federal and provincial government debt obligations, medium to high quality corporate debt securities and mortgages on Canadian property. The government debt obligations comply with federal and provincial pension benefits standards laws, and with Canadian Life and Health Insurance Association Inc. Guideline G2 and other applicable laws as may be amended from time to time. The government debt obligations within the fixed income funds have a weighted average yield of 2.5% (2017 - 2.1%), with maturity dates ranging from 3 to 20 years.

The corporate debt securities are issued by Canadian corporations reflecting a wide range of industrial sectors and credit quality. The investments have a weighted average yield of 3.1% (2017 - 2.6%) and an average duration of 2 years.

Approximately 37% (2017 - 35%) of the fixed income funds consist of mortgage investments. The mortgage portfolio is diversified across regional markets, with 41% (2017 - 37%) of mortgages located in Ontario and the remainder spread across Canada. The portfolio is also diversified by type of mortgage, with 41% (2017 - 37%) being retail mortgages, 17% (2017 - 22%) being industrial mortgages, and the remainder being office, residential and other. These investments have a weighted average yield of 3.2% (2017 - 2.2%) and a duration of 4.0 years (2017 - 3.8 years).

The equity funds invest predominately in shares of publicly traded Canadian medium and large capitalized companies, publicly traded shares in the United States (U.S.) market, and a combination of common shares and other equity investments issued by non-North American companies which are traded primarily outside Canada and the U.S.

CPA Manitoba's equity funds include the following:

	<u>2018</u>	<u>2017</u>
Canadian	\$ 1,402,665	\$ 1,050,530
U.S.	514,311	385,756
Various European	313,215	193,082
Japanese	96,330	67,865
Other	<u>104,765</u>	<u>57,670</u>
Total market value	<u>\$ 2,431,286</u>	<u>\$ 1,754,903</u>

# Financial Statements

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## Chartered Professional Accountants of Manitoba Notes to the Financial Statements

March 31, 2018

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### 4. Financial instruments - continued

The real estate funds consist of income producing real estate properties diversified by both location and type. Approximately 56% (2017 - 55%) of the portfolio was located in Ontario, with the remainder spread across Canada and 44% (2017 - 47%) was invested in office real estate.

Investment income is composed of the following:

	<u>2018</u>	<u>2017</u>
Interest from cash	\$ 35,594	\$ 29,531
Interest and dividends from investments	87,290	60,977
Net realized gains on sales of investments	120,090	31,187
Net unrealized gains on investments	<u>6,252</u>	<u>65,166</u>
	<u>\$ 249,226</u>	<u>\$ 186,861</u>

Guaranteed investment certificates bear interest at effective interest rates ranging from 2.25% to 2.65% (2017 - 2.15% to 2.65%) and their maturity dates range from July 2018 to December 2019 (2017 - July 2017 to December 2019).

CPA Manitoba manages its exposure to the risks associated with financial instruments that have potential to affect its operating and financial performance in accordance with its Governance Policies. The objective of these policies is to reduce volatility in cash flow and earnings. CPA Manitoba does not use derivative financial instruments to manage its risk.

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# Financial Statements

**Chartered Professional Accountants of Manitoba**  
**Notes to the Financial Statements**  
 March 31, 2018

**5. Capital assets**

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Leasehold improvements	\$ 1,124,836	\$ 252,900	\$ 1,124,836	\$ 169,240
Furniture	408,465	198,544	408,465	166,211
Office equipment	123,212	91,861	118,127	70,606
Computer equipment	223,993	193,470	217,119	179,254
Computer software	-	-	221,506	221,506
Signs	2,039	612	2,039	204
	<u>\$ 1,882,545</u>	<u>\$ 737,387</u>	<u>\$ 2,092,092</u>	<u>\$ 807,021</u>
Net book value	<u>\$ 1,145,158</u>		<u>\$ 1,285,071</u>	

**6. Accounts payable and accruals**

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 155,513	\$ 138,173
Accruals and other	182,701	285,815
Other accounting bodies	581,691	731,498
Government remittances	130,000	125,113
	<u>\$ 1,049,905</u>	<u>\$ 1,280,599</u>

# Financial Statements

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**Chartered Professional Accountants of Manitoba**  
**Notes to the Financial Statements**  
March 31, 2018

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**7. Lease obligations and other commitments**

**Office space**

CPA Manitoba currently leases office space through to December 31, 2028.

The following schedule includes future lease payments under this lease:

2019	\$	202,175
2020		226,436
2021		226,436
2022		226,436
2023		226,436
2024-2029		<u>1,463,747</u>
	\$	<u>2,571,666</u>

**Office equipment**

In 2017, CPA Manitoba entered into an operating lease for office equipment expiring in December 2021. The remaining commitment during this period is \$16,910.

**Internet agreement**

In 2017, CPA Manitoba entered into a 5 year internet service agreement which expires in December 2021. The annual commitment is \$14,243 for three years and \$9,495 in the final year.

**Software services agreement**

During the year, CPA Manitoba entered into an agreement for software licensing and data hosting through to March 31, 2022. The remaining commitment is \$382,500.

**University support**

CPA Manitoba and the CPA Foundation agreed to a 10 year commitment to provide funding of \$100,000 annually to the I.H. Asper School of Business for the purposes of upgrading classrooms and increasing enrolment. CPA Manitoba's portion of this commitment is \$50,000 which is paid annually to the CPA Foundation. The second payment of \$50,000 was made during the year. The remaining commitment of \$400,000 will be funded over the next eight years.

# Financial Statements

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## Chartered Professional Accountants of Manitoba Notes to the Financial Statements

March 31, 2018

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### 7. Lease obligations and other commitments - continued

#### Guarantee

CPA Manitoba has an agreement with Steinbach Credit Union to provide financial assistance to students and candidates in the CPA program who meet specific criteria. The program provides for a pool of financing of \$1,000,000 for a maximum of 75 students for the duration of their CPA studies. In the event of non-payment by the student or candidate, CPA Manitoba is responsible for 50% of the outstanding amount up to a maximum of \$10,000 per student. At March 31, 2018, 3 (2017 - 11) students have loans outstanding totaling \$13,114 (2017 - \$42,775). Since inception, the agreement has not incurred a default.

In March 2017, CPA Manitoba entered into a new agreement with Steinbach Credit Union to provide financial assistance to students and candidates in the CPA program who meet specific criteria. Loans to new and existing borrowers will be under the new program, for which CPA Manitoba provides no guarantee.

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### 8. Deferred lease inducement

The current lease for office space provides for a lease inducement for leasehold improvements. It is being amortized over the life of the lease to December 2028.

	<u>2018</u>	<u>2017</u>
Opening balance	\$ 611,690	\$ 493,536
Additions during the year	-	162,425
Amortization	<u>(52,058)</u>	<u>(44,271)</u>
Closing balance	<u>\$ 559,632</u>	<u>\$ 611,690</u>

Amortization of lease inducements is included in office occupancy and operations.

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# Financial Statements

## Chartered Professional Accountants of Manitoba Notes to the Financial Statements

March 31, 2018

### 9. Related party information

#### Chartered Professional Accountants of Manitoba Foundation Inc. (CPA Foundation)

CPA Manitoba has significant influence over the CPA Foundation through its ability to nominate one third of the Board and by having the CEO of CPA Manitoba serve as an ex-officio member of the Board. The CPA Foundation was established on July 1, 2015 with the purpose of supporting and funding the pursuit of quality business and accounting education. The CPA Foundation is incorporated under *The Corporations Act of Manitoba* and is a registered charity under the *Income Tax Act*.

The CPA Foundation provides financial aid to students and candidates in the CPA program, while CPA Manitoba provides staff, IT and other administration resources. During the period, CPA Manitoba collected \$54,669 (2017 - \$55,993) in contributions and event revenue on behalf of the CPA Foundation. Salary costs totaling \$45,008 (2017 - \$43,616) were recovered from the CPA Foundation. University support payments of \$100,000 (2017 - \$50,000) were paid to the CPA Foundation. Contributions of \$3,340 (2017 - \$Nil) were made to the CPA Foundation.

#### CGA Shared Services Facility Corp. (SSF)

CPA Manitoba has significant influence over SSF through its ability to nominate two of the four directors. Although CPA Manitoba currently holds a 74% (2017 - 74%) interest in SSF, all board decisions and resolutions require approval of three of the four directors representing, in the aggregate, not less than 50% of the total number of shares.

SSF's purpose is to provide a vehicle for sharing data required for the operations of its shareholders.

SSF was incorporated under the *Canada Business Corporations Act* on July 17, 2001 and is a non-profit organization under paragraph 149(1)(l) of the *Income Tax Act*.

During the period, CPA Manitoba paid fees for services totaling \$29,225 (2017 - \$98,067). SSF paid CPA Manitoba \$13,500 (2017 - \$57,125) for administration and maintenance services.

Effective July 1, 2017, CPA Manitoba and the shareholders of SSF entered into a new Association Management Services Agreement. CPA Manitoba now provides the services previously provided by SSF. SSF is no longer active and is expected to be wound up during the next year.

#### Investment in related parties

	<u>2018</u>	<u>2017</u>
SSF	<u>\$ 35</u>	<u>\$ 35</u>

#### CPA Insurance Plans West (CPAIPW)

CPAIPW administers benefits plans for members of the CPA bodies in the four western provinces and the territories. CPA Manitoba appoints two persons to serve on the CPAIPW's eight member board.

# Financial Statements

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## Chartered Professional Accountants of Manitoba Notes to the Financial Statements

March 31, 2018

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### 9. Related party information - continued

#### CPA Western School of Business (CPAWSB)

CPAWSB is responsible for delivering pre-certification education for students and candidates in the four western provinces and the territories, in accordance with an agreement established on September 29, 2015. CPAWSB is governed by a twelve member board, with one member elected by each member body and the remaining board appointed by a nominating committee composed of the Chairs of the participating bodies.

CPAWSB is a registered charity incorporated under the *Canada Not for Profit Corporations Act*, and is not subject to income taxes. In the event of dissolution or wind-up of the corporation, all of its remaining assets after payment of liabilities shall be distributed to qualified donees as defined in Section 149.1(1) of the *Income Tax Act*. If a member body withdraws from the agreement prior to operations ceasing, that body would have no right to any of the assets or other property of CPAWSB.

During the year, CPA Manitoba recovered \$271,879 (2017 - \$234,761) from CPAWSB.

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

CPA Manitoba, along with other CPA bodies in Canada, have entered into a Collaboration Accord with CPA Canada which allows the bodies to work together to achieve a common mission and vision that best serves the interests of both the public and the CPA profession. CPA Manitoba collects dues on behalf of CPA Canada and participates in various strategic and cost-sharing initiatives.

CPA Manitoba's proportionate share of these costs was \$173,332 (2017 - \$140,939).

#### Receivable from related party

At March 31 the following amounts were receivable from CPA Foundation over which CPA Manitoba has significant influence:

	<u>2018</u>	<u>2017</u>
CPA Foundation	<u>\$ 26,828</u>	<u>\$ 45,396</u>

The amounts receivable from CPA Foundation are unsecured and have no specific terms of repayment.

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### 10. Comparative figures

Certain amounts for March 31, 2017 have been reclassified to conform with the presentation adopted in the current year.

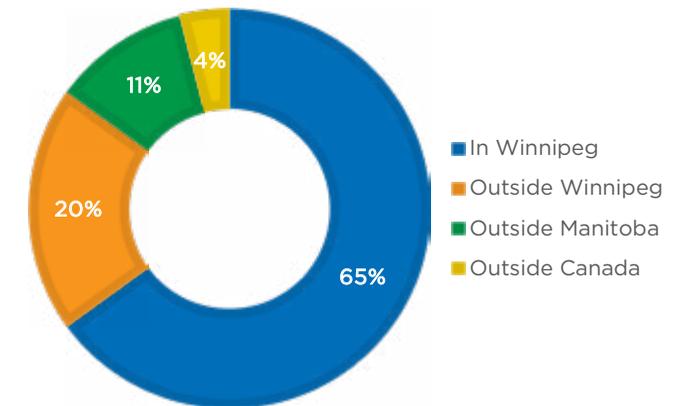
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# Member & Candidate/Student Statistics

## Member Statistics for the Year Ended March 31

	2018	2017
<b>Membership Changes During the Period</b>		
Membership at beginning of the year	7,395	7,316
Admitted during the period by		
Examination	150	145
Affiliation and transfer in	33	26
Reciprocity	6	3
Reinstated	1	1
	<b>7,585</b>	<b>7,491</b>
Decrease in membership		
Deceased	29	16
Resigned	32	44
Removed	21	33
Transfer out	12	3
<b>Membership at the end of the year</b>	<b>7,491</b>	<b>7,395</b>

### Membership Location by Region

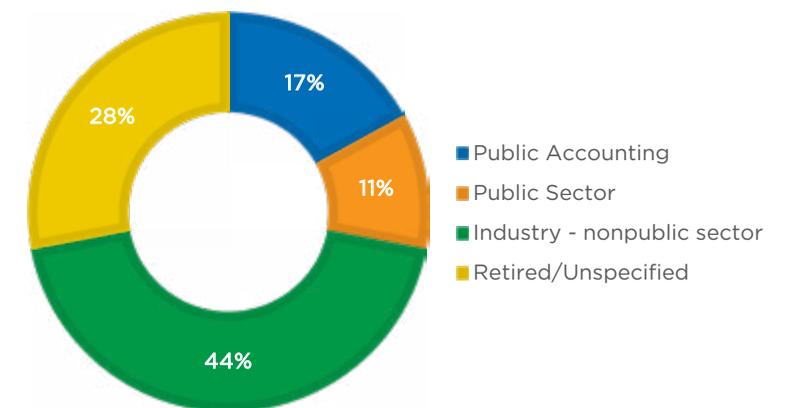


## Candidate/Student Statistics at March 31

	2018	2017
Preparatory course students*	655	742
Professional Education Program (PEP) candidates	825	662
<b>Total</b>	<b>1,480</b>	<b>1,404</b>

\*includes ACAF students

### Employment Sector



# 2017-2018 CPA Manitoba Committees

## **Audit Committee**

Deborah Grenier, FCPA, FCA - Chair  
Dion Bird, CPA, CA  
Douglas Einarson, FCPA, FCA  
Jack Fleming - Public Representative

## **Governance & Nominating Committee**

Tim Silversides, FCPA, FCGA - Chair  
Bryan Byhre, CPA, CMA  
Mark Jones, FCPA, FCGA  
Cindee Laverge, FCPA, FCGA  
Kevin Regan, FCPA, FCA  
Mary Brabston, PhD, CPA (Hon.), CMA (Hon.) - Public Representative

## **Ownership Linkage Committee**

Heather Reichert, FCPA, FCA - Chair  
Kevin Antonyshyn, CPA, CGA  
Gordon Dowhan, CPA, CA  
Terri-lyn Scott, CPA, CA  
Howard Wirch, FCPA, FCGA  
Pat Gifford - Public Representative

## **Appeals Committee**

James Kraemer, FCPA, FCA - Chair  
Michelle Smith, FCPA, FCGA - Vice Chair  
Beverly Davies, FCPA, FCA  
Jo Johnson, CPA, CGA  
Richard Olfert, FCPA, FCA  
Paul Stewart, FCPA, FCMA  
Richard Groen - Public Representative  
Frank Lavitt, CPA (Hon.), CGA (Hon.) - Public Representative  
Tom Vowell - Public Representative

# 2017-2018 CPA Manitoba Committees

## Complaints Investigation Committee

Blair Riordan, CPA, CA, CMA - Chair  
Patricia Cherney, FCPA, FCGA - Vice Chair  
Sandra Cohen, CPA, CA  
Douglas Collins, FCPA, FCGA  
James Court, FCPA, FCMA  
Christopher Kauenhofen, CPA, CA  
Carleen MacKay, FCPA, FCMA  
Richard Pope, FCPA, FCA  
Alex Bainov - Public Representative  
Garth Manness - Public Representative  
Ryan Morphy - Public Representative  
Jeff Norton, CPA (Hon.), CGA (Hon.) - Public Representative

## Conference Committee

Tammy Oze, CPA, CMA - Chair  
Tara Holowka, CPA, CGA  
Aaron Janzen, CPA  
Oiza Momoh, CPA, CA  
Pierre Normandeau, CPA, CGA  
Rhonda von Dohren, CPA, CMA

## Discipline Committee

Peter Dueck, FCPA, FCA - Chair  
Dale Gislason, FCPA, FCGA - Vice Chair  
Edward Cotton, CPA, CMA (Ted)  
Michael Graham, CPA, CA  
Greg Kuzminski, FCPA, FCGA  
Judith Mathieson, FCPA, FCMA  
Audra Nychuk, CPA, CA  
Diana Waterman, CPA, CA  
Jerry Gray, CPA (Hon.), CA (Hon.), CPA (Hon.), CGA (Hon.), CPA (Hon.), CMA (Hon.) - Public Representative  
Terri Fiset - Public Representative  
Rick Frost - Public Representative

# 2017-2018 CPA Manitoba Committees

## Member Recognition Committee

Paul Kochan, FCPA, FCA - Chair  
Lynn Bailey, FCPA, FCGA  
Frederick Horbaty, CPA, CA  
John Peterson, FCPA, FCMA  
Manfred Schulz, FCPA, FCMA  
Brenda Van Raes, CPA, CGA

## Practice Inspection Committee

Dean Austin, CPA, CA - Chair  
Michael Delaurier, CPA, CA  
Pamela Dupuis, CPA, CA  
Robert Friesen, FCPA, FCGA  
Tanis Olafson, FCPA, FCGA  
Marion Pernarowski, CPA, CA  
Tyson Shtykalo, CPA, CA  
Scott Sissons, CPA, CA  
Alexander Yaworski, CPA, CMA

## Registration Committee

Marinus Van Osch, CPA, CGA - Chair  
Terence Baxter, FCPA, FCMA  
Peter Debenham, CPA, CA  
John Jabs, CPA, CA  
Brigitte Lazarko, CPA, CA  
Joseph Sarraino, CPA, CGA

## Tax Committee

Jeremy Bomhof, CPA, CA - Chair  
David Elrick, CPA, CA  
Mark Jones, FCPA, FCGA  
Yves Lagasse, CPA, CA  
Erin Moder, CPA, CA  
Ryan Palmer, CPA, CA  
Ryan Rawluk, CPA, CGA  
Jacqueline Verrier, CPA, CA



# 2018 Member Recognition Program Recipients



## Lifetime Achievement Award Recipient



Gary Hannaford, FCPA, FCA

“It’s quite flattering, very humbling and an honour to receive the Lifetime Achievement Award. I’m appreciative that someone even thought of nominating me, let alone being chosen to receive this recognition.

I don’t think I could ever thank everyone enough. From the people I worked with to those I met serving on boards and committees in Manitoba, regionally, nationally and internationally, I am filled with gratitude.”

## Elected to Fellowship



Kirsten Albo, FCPA, FCA



Jo-Anne Findlay, FCPA, FCA



Robert Friesen, FCPA, FCGA



Deborah Grenier, FCPA, FCA



Cindee Laverge, FCPA, FCGA



Joel Lazer, FCPA, FCA



Peter Miller, FCPA, FCA

## Early Achievement Award Recipients



Kenton Doerksen, CPA, CGA



Brigitte Lazarko, CPA, CA



Kyle McMurtry, CPA, CA



Pamela Miller, CPA, CGA



Ryan Rawluk, CPA, CGA



Sara Stasiuk, CPA, CMA

## Meritorious Service Award Recipient



Kenneth (Dean) Austin, CPA, CA



Richard Pope, FCPA, FCA



Scott Slissons, CPA, CA



Lorraine Taraska, FCPA, FCA

## Community Service Award Recipients



**CPA**

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PROFESSIONAL  
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MANITOBA



**CPA Manitoba**

1675 - One Lombard Place  
Winnipeg, MB R3B 0X3

T. 204 943.1538 F. 204 943.7119 TF. 800 841.7148

[CPAmb.ca](http://CPAmb.ca)