CHARTERED PROFESSIONAL ACCOUNTANTS CANADA

ANNUAL **REPORT**

2023-2024

24-3652

ABOUT CPA CANADA

Chartered Professional Accountants of Canada (CPA Canada) is one of the most influential accounting organizations in the world. Working with the provincial, territorial and Bermudian regulatory bodies, CPA Canada supports the profession and represents Canadian CPAs at the national and international levels.

Domestically, CPA Canada acts in the public interest to promote transparency in financial markets, prepare members for a rapidly evolving business environment through extensive guidance and programming, and contributes to standard setting and policy making.

Globally, CPA Canada works together with international bodies to build a stronger accounting profession worldwide.

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PAMELA STEER
FCPA, FCA, CFA
PRESIDENT AND CEO

MESSAGE FROM THE PRESIDENT AND CEO

The Canadian accounting profession is undergoing a major transformation as we collectively face new challenges and opportunities, both from within and outside the profession. CPA Canada is embracing these changes to evolve toward a business model that best supports the needs of members, partners and the public interest – now and in the future. The challenges we face and the opportunities they present are not provincial or national, they are global.

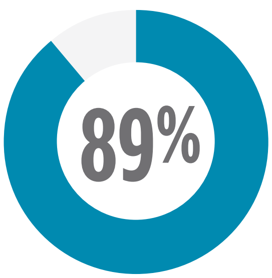
CPA Canada is committed to continuously improving the ways the organization works with our counterparts across the profession. In the near term, we are immediately focused on ensuring that CPAs from Ontario and Quebec can remain a part of our national organization after the regulators in those provinces formally withdraw in December 2024 from the Collaboration Accord – the founding agreement that outlines how the provincial, territorial and Bermudian bodies work with each other and CPA Canada.

Navigating periods of transition is never easy, and we are seeing momentum for change build as our organization works diligently to redefine strategies and renew our sense of purpose toward empowering our members, partners and profession to thrive in a dynamic global environment. I have no doubt that by working collaboratively with our CPA partners, the Canadian accounting profession will be positioned to prosper, serve the public interest and attract new members. This conviction has guided, and will continue to guide, ongoing discussions with our CPA counterparts across the country as we collectively seek to make bold changes to ensure the pre-eminence of the Canadian CPA designation.

YOUR VOICE, YOUR PROFESSION

At CPA Canada, it is our steadfast belief that each of you should have a voice in shaping the evolution of your national accounting body. That is why we have made it a priority to consult with Canadian CPAs to incorporate your feedback into our future planning.

CPA Canada commissioned an independent poll in January 2024 to validate members' strong affiliation with CPA Canada. We heard loud and clear that 89 per cent of CPA respondents across the country believe in a strong national professional body and 91 per cent want to be consulted on the path forward.



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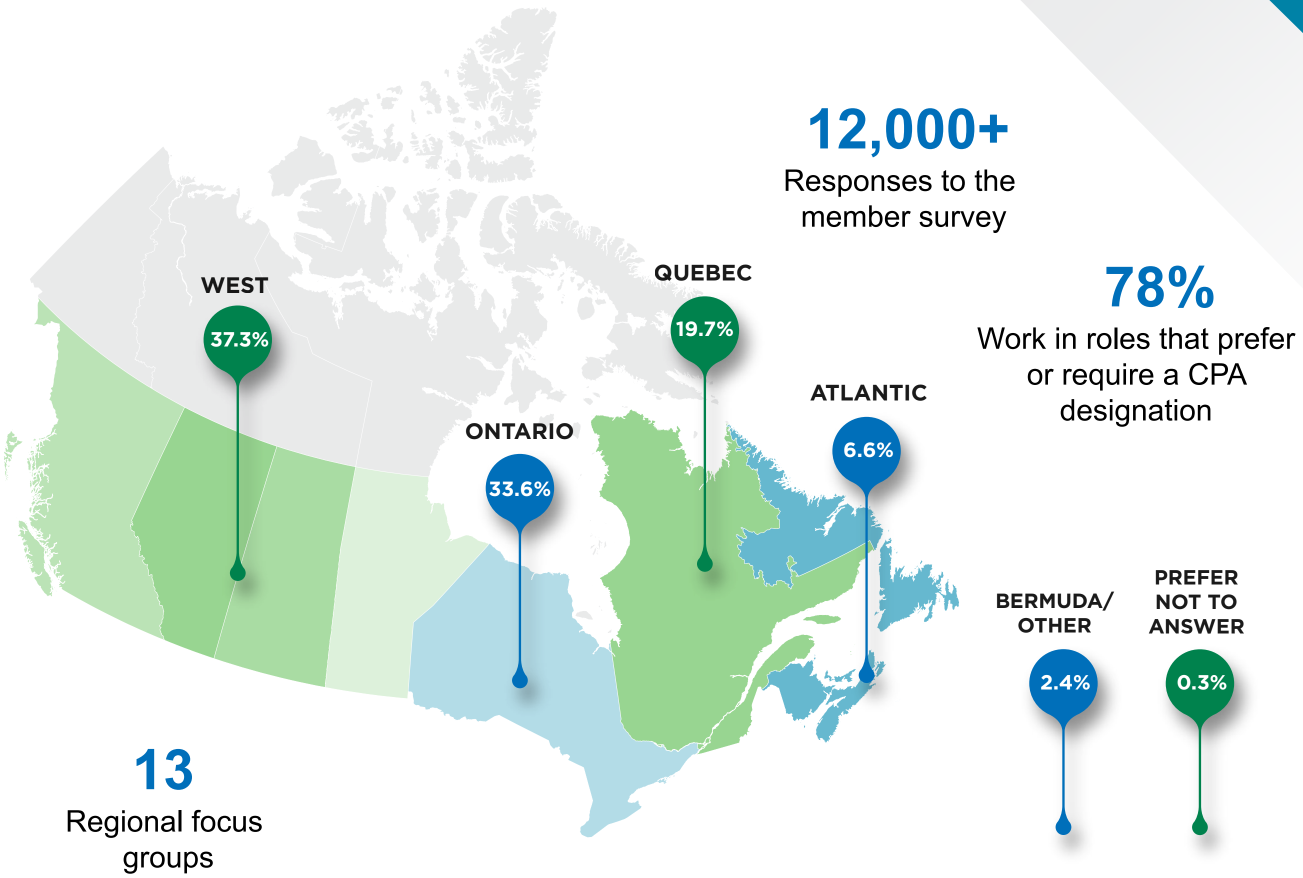
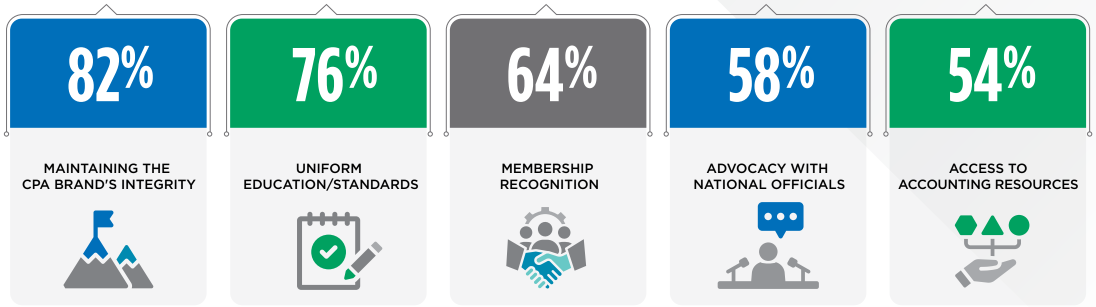
We presented the results of that poll to our Board of Directors as a compelling mandate to further engage members for feedback on priorities and expectations.

The response was truly inspiring and forms the foundation of how we will move forward as an organization.



We thank the more than 12,000 CPAs who took time from their busy schedules to respond to the survey conducted by Leger, an independent market research vendor. More than half of respondents expressed interest in participating in a series of cross-country, regional focus groups, which helped us gather in-depth perspectives from a diverse cross-section of members.

Our research underscored that members want CPA Canada to lead, communicate and engage them on the future of the profession.



We were heartened to see that the activities respondents told us they consider most essential for a national accounting body are also those we proudly provide for members, including:

- maintaining the integrity of the CPA brand
- uniform education and standards
- recognition as a CPA Canada member
- advocacy with national officials
- access to accounting resources

Finally, we launched a series of ongoing consultations and member engagement sessions to communicate what we heard, to respond to questions and to further inform how CPA Canada can evolve to meet the needs and wants of CPAs.

Through our outreach, we've confirmed the value members place on the work CPA Canada does every day – from thought leadership and standards support to ensuring a rigorous national education system and driving advocacy at the federal and international levels.

STRATEGIC POSITIONING FOR THE FUTURE

As CPA Canada works to strengthen its focus on supporting the work that you as members have told us you prioritize most, we recognize that transformation does not come without its challenges.

We made some difficult decisions to align our workforce with the anticipated future requirements of the profession and ensure the organization's enduring success. It became clear that restructuring, including a staff reduction of approximately 20 per cent, was necessary to streamline organizational priorities and refocus CPA Canada's activities on those that maximize value and impact for our members. This past year has tested our tenacity and agility. Yet, our staff have demonstrated remarkable understanding and strength, showing up for the profession and for each other. We have the deepest appreciation for the hard work and contributions of all our colleagues and remain fully committed to providing support for our valued team members throughout this transition.

> Members are at the heart of all our strategic endeavours. We work for you. We advocate on behalf of you. We are accountable to you.

Members are at the heart of all our strategic endeavours. We work for you. We advocate on behalf of you. We are accountable to you. Our efforts this past fiscal year included an upgrade of our technology to improve the online member experience and a refreshed CPACanada.ca with a more intuitive interface. Going forward, we will continuously assess the products and services we deliver to ensure these resources are effectively meeting the profession's needs.

Delivering quality service and upholding the highest standards of excellence for our members and our provincial, territorial and Bermudian CPA counterparts is a high priority for CPA Canada, so we not only keep pace with industry best practices, but also remain a trusted and indispensable partner.

SAFEGUARDING MEMBER INTERESTS AND SHAPING PUBLIC POLICY

Canadian CPAs are moving beyond traditional spheres and showing leadership in some of the most important changes impacting society and the business community. Every CPA, regardless of home province, participates as part of the Canadian accounting profession in a borderless financial ecosystem.

As a national body, we are uniquely positioned to lead with impact and influence at the national and international tables, actively demonstrating to interested parties across the country and around the globe that the CPA designation is so much bigger than any one of us.

I am extremely proud of the impact CPA Canada has had this fiscal year through engaging with policymakers and government bodies to influence federal legislation and administrative processes. Our committees gather feedback and voice CPAs' concerns on important issues such as the underused housing tax, bare trust reporting and the increase to the capital gains inclusion rate.

Recently, CPA Canada pushed for changes to the federal government's new bare trust reporting requirements. We flagged member concerns that a wide array of Canadians stood to be inadvertently impacted by broad-based reporting rules. CPA Canada was encouraged by the government's ultimate decision to waive the bare trust filing requirement for 2023 to further clarify its guidance before implementation.

CPA Canada is well positioned to continue advocating for issues that are important to the profession including our repeated calls for a comprehensive review of the Canadian tax system.

Tax is just one of our active files at the federal level. Representation by CPA Canada is routinely sought out on areas including anti-money laundering policy and financial and sustainability reporting. Our work also includes appearing before commissions, House of Commons committees and the Supreme Court of Canada regarding matters of relevance to the profession.

PRESERVING A SUSTAINABLE ENVIRONMENT AND RESILIENT BUSINESS COMMUNITY

Through our impactful advocacy and influential partnerships on both the national and international stages, CPA Canada ensures Canadian CPAs receive the recognition and prominence they deserve as knowledgeable contributors to global exchanges on finance, sustainability and healthy capital markets.

I was honoured to represent Canadian CPAs at events such as the UN Conference on Climate Change (COP28) in Dubai and the GLOBE Forum in Vancouver, and to confer with international business leaders on the value of sustainable finance for driving meaningful climate action.

As momentum continues to build toward a global sustainability reporting system, CPA Canada is working to ensure our members understand their new reporting obligations and are prepared to identify risks and opportunities that exist for their organizations and clients.

CPA Canada is proud to be a designated capacity-building partner with the International Sustainability Standards Board (ISSB) under the International Financial Reporting Standards (IFRS) Foundation. As such, we encourage the widespread use and adoption of the ISSB's global baseline of reporting requirements.

At the national level, CPA Canada's support extends to the Canadian Sustainability Standards Board (CSSB) as it works to tailor the ISSB's standards for the Canadian marketplace. Our organization is committed to doing its part to ensure that standard setting in Canada remains fit for purpose. This is demonstrated through our provision of funding to cover the initial operating costs of the CSSB, as well as through the provision of shared services, staff and funding to support the work of all of Canada's independent standard-setting boards and councils.

CREATING A BRIGHT FUTURE FOR THE PROFESSION

It is important to remember that as CPAs, we must adopt a holistic approach to sustainability to safeguard not only the resilience of our planet, but also the enduring strength of our profession.

That is why CPA Canada is embracing the opportunity for change.

Armed with a clear mandate from you, the members, and feedback on what's important, CPA Canada is helping to trailblaze an exciting, diverse, future-proofed path forward for the next generation of accountants.

The withdrawal of two of 13 provincial regulators has presented challenges, however it has also created a valuable opportunity to consult with members and our CPA counterparts about how we can best adapt to the profession's ever-evolving needs.

Our work over the past year has been extraordinary and I am proud of our collective resilience. I am continually impressed and inspired by the hard work, flexibility and teamwork displayed by our dedicated staff. Thank you for your contributions and expertise.

I am also grateful to my CPA colleagues and partners across the accounting ecosystem for your ongoing engagement throughout this transformative journey. I have every confidence that the future is bright for CPA Canada and for our esteemed profession.

BETH WILSON
FCPA, FCA
CHAIR OF THE BOARD

MESSAGE FROM THE CHAIR OF THE BOARD

As a proud CPA, I do not take lightly the responsibility that comes with stepping into the role of board chair during a vital time for the Canadian accounting profession.

This period of significant change has given us the opportunity to consult, evaluate and pivot.

Over the course of this past year, CPA Canada has connected with members, partners and other interested parties on a regular basis, seeking input to inform the organization's strategic decisions and actions.

That work is core to our belief that Canadian CPAs must see themselves – their work, needs and perspectives – reflected in the efforts of their national body.

I am heartened by the commitment CPA Canada's board of directors and leadership team have shown to transparency, accountability and inclusivity in the face of profound changes. Thank you to my hard-working and diligent board colleagues who engaged enthusiastically this year in robust debate and dialogue, risk assessment and oversight of the transformation work undertaken by our talented leadership team.

By fostering open dialogue and collaboration, CPA Canada is laying a solid foundation for a future operating model that is responsive, adaptive and forward-thinking.

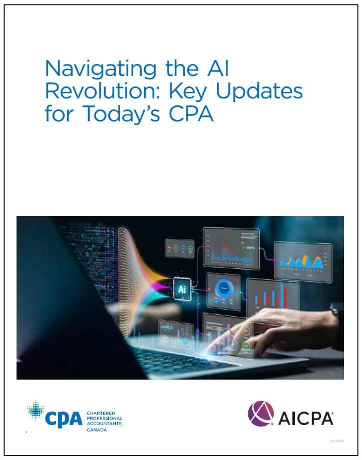
In addition to our intensive work, the team at CPA Canada continued to deliver value in several areas including thought leadership and global impact.

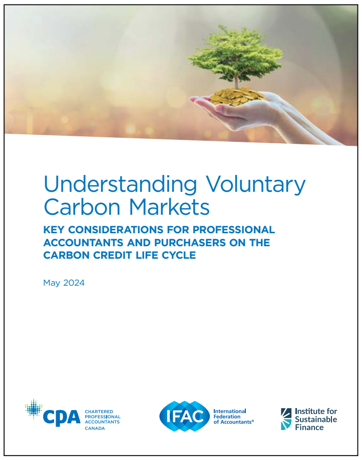
ADAPTING TO THE ACCELERATING PACE OF CHANGE

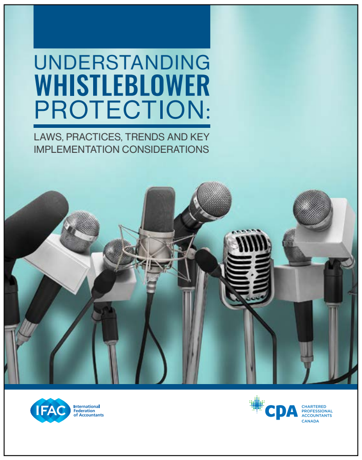
In today's dynamic marketplace, change is not just inevitable – it is constant. From rapid technological advancements to shifting stakeholder expectations, the world of business and finance is evolving, and it is imperative that we, as CPAs, adapt alongside it.

We have heard from members across the country as well as from peer organizations around the world that key areas of focus include sustainability, artificial intelligence (AI), anti-money laundering and taxation matters. We continue to incorporate this feedback into our guidance and programming to provide members with critical resources.

Our award-winning thought leadership, research, and guidance benefits from our national and international perspective and partnerships, ensuring you have the information and resources you need to thrive.







The national standards guidance we provide to members is the exclusive work of a national body. Through our close work with national and international standard-setting boards, we develop and deliver a full range of practical tools and resources.

This past fiscal year, CPA Canada contributed to the IFRS Sustainability Knowledge Hub, an online information source to guide and inform preparers about global sustainability disclosure developments.

With contributions from more than 120 organizations worldwide, CPA Canada's resources are among the top five most accessed through the platform. This speaks volumes about the value of and confidence in our thought leadership, and we remain committed to providing CPAs, governments, businesses and investors with the information they need for navigating the new realities of sustainability reporting.

CPA Canada ensures that its resources and publications are both cutting-edge and readily available in both English and French. This includes all accounting, disclosure and assurance guidance vital to our members' work.

MAKING A MARK ON THE GLOBAL STAGE

Enhancing the recognition and influence of the CPA designation in international circles underscores the importance of a national body. I am impressed by the work CPA Canada has led in collaboration with its global peers over the past year to advance the accounting profession worldwide.

Despite Canada representing only two per cent of the global economy, CPA Canada stands out as one of the most influential accounting bodies in the world with representation at some of the ecosystem's most prominent bodies, such as the Global Accounting Alliance, the International Federation of Accountants (IFAC) and the Federation Internationales des Experts-Comptables et Commissaires aux Comptes Francophones.

Over the past year, CPA Canada continued to foster strategic partnerships with academic institutions and fellow accounting organizations and participated in international organizations including the Financial Action Task Force.

Given that the financial ecosystem transcends provincial and even national borders, knowledge exchange is critical for aligning efforts and for ensuring that CPA Canada's research, publications and courses are developed alongside its global peer networks, keeping pace with professional accountants' shifting priorities and practice needs.

A PATH FORWARD FOR THE PROFESSION

The need for adaptation extends to addressing longstanding challenges in how we work together across the profession. Multilateral communication and collaboration with CPA Canada's provincial, territorial and Bermudian partners are vital to achieving our shared goal of positioning the CPA profession for long-term success and relevance.

With this in mind, the board continues to work through the withdrawal process for two of 13 provincial regulators and has been focused on reviewing the profession's existing operating and governance structures to find new and effective paths forward. Our goal is for all CPA body partners to continue to work together, albeit through new arrangements, for the benefit of the profession and members.

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In our roles as leaders of our respective bodies and representatives of our membership, we have a responsibility to act in the public interest. In this case, we strongly believe this requires us to do everything in our power to find mutually beneficial resolutions that address the concerns of all parties involved to ensure the CPA profession in Canada remains united in purpose and is future focused.

BUILDING OUR NEW VISION, TOGETHER

The dedication and expertise of members, volunteers and staff are the bedrock of our organization.

Through exceptional circumstances, the team at CPA Canada has demonstrated a commitment to ensuring members are at the heart of all we do, as well as to living the organization's values: acting with integrity and accountability, fostering excellence, and working respectfully and collaboratively. On behalf of the CPA Canada board of directors, thank you for your efforts and the value you deliver to members.

We are grateful for the willingness of members to engage in dialogue and encourage everyone to continue providing their feedback. As CPA Canada continues to work through the impacts and implications of the withdrawals of two provincial regulators, one theme is abundantly clear: there is an overwhelming need for a national body that empowers members to flourish.

I am excited to build a reimagined CPA Canada with you all and a prosperous and sustainable future for the profession.

2023-2024 HIGHLIGHTS

ADVOCACY

Advise federal decision makers on improvements to tax policy and administration

CPA Canada engages in tax advocacy with government bodies, parliamentarians and other key policymakers in the interest of a tax framework that embodies simplicity, fairness, efficiency and competitiveness. Over the past fiscal year, the advocacy work of CPA Canada and its committees has led to significant and meaningful improvements to Canada's tax regime. We continue to call for a comprehensive review of Canada's tax system to ensure a principled approach to tax policy and administration that is driven by purpose and vision, as opposed to politics and expediency.

- A new Joint Committee on Tax Administration has been established, bringing together the Canada Revenue Agency, the Canadian Bar Association, the Canadian Tax Foundation and CPA Canada, all key players in Canada's tax system. The purpose of the committee is to enhance communication and information sharing between these organizations, and to better address tax administrative issues and challenges on a timely basis.
- CPA Canada has, independently and in conjunction with the Joint Committee, raised concerns and made recommendations to the Department of Finance about changes to the capital gains inclusion rate announced in the 2024 federal budget.
- CPA Canada successfully championed changes to the Underused Housing Tax introduced in the 2021 federal budget to mitigate the unintended impacts of the tax on Canadian property owners. CPA Canada's outreach to the CRA and Finance Canada resulted in the provision of clarity around the definition of an "excluded owner" as well as published guidance from the CRA on how the proposed amendments apply.
- CPA Canada voiced members' concerns regarding the sweeping implications of bare trust reporting requirements to the CRA and Minister of National Revenue and was instrumental in the decision to provide penalty relief and eventually exempt bare trust reporting for 2023.

Sharing expertise to strengthen Canada's Anti-Money Laundering and Anti-Terrorist Financing Regime (AML/ATF)

CPA Canada continues to be an influential and impactful partner in the national anti-money laundering conversation, providing expert input and recommendations to support the federal government in strengthening Canada's AML policies, practices and regulations.

- **CPA Canada, in consultation with the profession's Public Trust Committee and provincial, territorial and Bermudian CPA bodies, provided recommendations for enhancing the operating effectiveness of Canada's AML regime, in response to the Department of Finance Canada's consultation paper and call for feedback.**
- **CPA Canada actively participates on Finance Canada's public-private sector Advisory Committee on Money Laundering and Terrorist Financing (ACMLTF) and on three of its public-private working groups (Legislation & Regulation; Guidance, Policy & Interpretation; and National Risk Assessment).**

Enhancing the impact and influence of Canadian CPAs globally

CPA Canada is the representative for Canadian CPAs in negotiations with international bodies on reciprocity agreements that afford members greater credential recognition and mobility globally. These agreements are also designed to allow qualified international accountants to enter the talent pipeline with ease. In fiscal year 2023-2024, the Chartered Institute of Management Accountants (CIMA) and CPA Canada signed a Memorandum of Understanding to allow members of each professional body to concurrently become members of the other body. These agreements afford members access to global career opportunities, while addressing economic and market needs of domestic and international organizations.

Establishing strong relationships with global partners facilitates the exchange of knowledge and alignment with international standards and practices to keep Canadian CPAs both influential and well-informed in the global marketplace.

- CPA Canada hosted a Capacity Building Roundtable at COP28 in Dubai, in partnership with the Institute of Chartered Accountants in England and Wales (ICAEW), Accounting for Sustainability (A4S) and Capitals Coalition.
- CPA Canada partnered with the ISSB to hold a national event for investors and accountants from across Canada at the TMX Market Centre in Toronto to discuss the importance of high-quality sustainability data and gain a greater understanding of how sustainability information is used to inform investment decisions.
- Informed by outreach with members from across the country, CPA Canada weighed in on the ISSB's future workplan and the International Auditing and Assurance Standards Board's new sustainability assurance standard.
- Following the release of the CSSB's proposed Canadian Sustainability Disclosure Standards, CPA Canada partnered with the IFRS Foundation and ISSB to host a series of roundtable events for Coalition of Canadian Champions for Global Sustainability Standards (Coalition of Canadian Champions) members to discuss the way forward for the Canadian adoption of sustainability standards and define key implementation hurdles.

GUIDANCE

Supporting nature-related financial disclosures

Globally, we are seeing greater awareness of the risks associated with biodiversity loss and the implications for society and the economy. CPA Canada partnered with the Institute for Sustainable Finance (ISF) as Canadian co-convenors of the Task Force on Nature Related Financial Disclosures (TNFD), charged with coordinating a nationwide consultation group for fostering transparency around nature-related risks and opportunities. Notable resources produced over the last fiscal year include a joint webinar series on the development of TNFD recommendations for preparing business and accounting leaders to account for natural capital.

Producing award-winning thought leadership

As the national magazine for the Canadian accounting profession, *Pivot* delivers timely, high-quality content tailored to CPAs. *Pivot* magazine was the recipient of the 2023 global award (Gold) as part of the Trade, Association Business Publications International b2b journalism, editorial and design awards program. *Pivot* also received 13 nominations from the National Magazine Awards: B2B and was recognized with two gold and two silver awards.

Preparing members for a rapidly evolving business environment

CPA Canada continues to deliver cutting-edge education, research and resources for members and other finance professionals.

- In partnership with the American Institute of Certified Public Accountants (AICPA), CPA Canada developed a series of publications to explore critical updates for CPAs on the evolution of AI and its impact on the CPA profession. These papers are intended to empower CPAs, regardless of background or specialization, to effectively navigate the AI landscape.
- CPA Canada and IFAC partnered with the ISF to initiate a research project to better understand the carbon credit markets and determine best practices for encouraging investment in credible greenhouse gas emissions reduction initiatives.
- CPA Canada hosted five cornerstone events, bringing together members of the profession and other industry experts for networking, knowledge exchange and insights into the latest trends and technologies. Our flagship event, The ONE National Conference, was hosted in partnership with CPA bodies in Bermuda, Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador, and attracted more than 1,500 CPAs both in person and online.
- In December 2023, CPA Canada and IFAC published a joint report and hosted a webinar championing the important role whistleblowers play in combatting economic crimes and corruption. This report provides professional accountancy organizations, professional accountants, relevant authorities and policymakers globally with insights on current issues in adopting and implementing whistleblower protection legislation. CPA Canada has long been at the forefront of efforts to advance a comprehensive whistleblower protection framework across the country.

EDUCATION

Developing future leaders

CPA Canada plays a pivotal role in fostering the development of the next generation of accounting and business leaders. During fiscal 2024, more than 25,000 candidates were enrolled in the CPA Professional Education Program, while more than 11,000 individuals pursued CPA Preparatory courses. Congratulations to the 5,749 candidates who demonstrated their proficiency by successfully completing the rigorous three-day Common Final Examination.

Navigating career opportunities in sustainability reporting

CPA Canada launched a new environmental, social and governance (ESG) certificate program called, "A New Frontier: Sustainability and ESG for CPAs and business professionals" to help prepare members and other interested parties to meet growing demands and obligations to consider sustainability alongside their bottom lines. Unique in the breadth and depth of content covered, more than 400 participants have already taken part in this practical, case study-based learning opportunity.

"This course truly encourages participants to think deeply about the implications of sustainability and ESG in the business world. It's not just about memorizing information but understanding how these principles can be applied and integrated into the real-life decision-making process. This critical thinking aspect is something I believe sets your course apart from others."

– Natalie Vans, CPA, participant, ESG certificate program

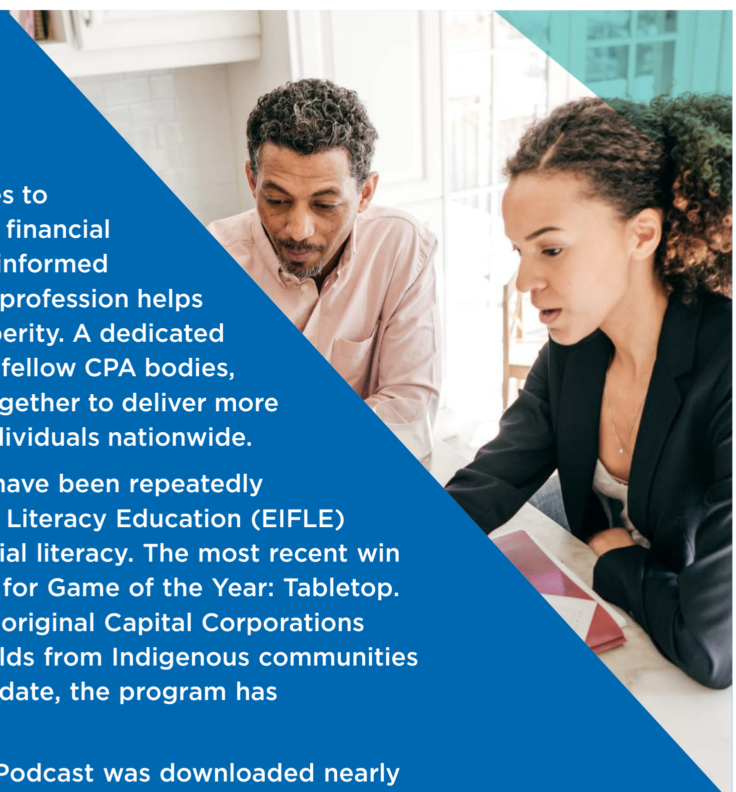
Designing new courses tailored to Indigenous needs

CPA Canada played a supporting role in the Indigenous Learners in Accounting program, an initiative co-led by the Aboriginal Finance Officers Association of Alberta and the CPA Western School of Business. Working with First Nations, Métis and Inuit subject matter experts, six courses have been developed, tailoring the CPA certification program to address challenges and barriers unique to Indigenous learners. Investing in education and career development programs for Indigenous students not only enriches the profession's talent pool but also empowers Indigenous communities with the skills and opportunities necessary for economic self-determination.

CHARTERED PROFESSIONAL ACCOUNTANTS OF CANADA
Indigenous Mentorship Program

Forging stronger ties with Indigenous communities

The re-launched CPA Canada Mentorship Program for Indigenous Students pairs local volunteer CPA mentors with Indigenous students to support their education. The program onboarded nine schools in the winter term and will fully launch in September 2024. CPA Canada recognizes that it can play a pivotal role in contributing to Indigenous reconciliation efforts, including addressing historical injustices and fostering equitable opportunities for Indigenous communities.



Empowering people across Canada with enhanced financial literacy

The CPA Financial Literacy program continues to produce practical and unbiased resources on financial literacy. By empowering individuals to make informed financial decisions, the Canadian accounting profession helps enhance overall economic stability and prosperity. A dedicated network of more than 7,000 CPA volunteers, fellow CPA bodies, community partners and sponsors worked together to deliver more than 3,900 sessions to more than 116,000 individuals nationwide.

- **The program's award-winning resources have been repeatedly recognized by the Excellence in Financial Literacy Education (EIFLE) Awards for providing excellence in financial literacy. The most recent win was Money Smarts: My Financial Journey for Game of the Year: Tabletop. This game, developed by the National Aboriginal Capital Corporations Association, aims to teach 12 to 17-year-olds from Indigenous communities the fundamentals of financial literacy. To date, the program has received a total of 19 awards.**
- **In its ninth season, the Mastering Money Podcast was downloaded nearly 200,000 times, charting in the top five in the Apple Podcast Education Category (How To section).**

STANDARDS

Advancing public interest through standard setting

CPA Canada is steadfast in its commitment to an independent standard-setting process, both nationally and internationally. This commitment reflects our dedication to excellence in financial, and now, sustainability disclosure reporting, and aligns with our strategic priority to serve the public interest through transparency and integrity.

In March 2023, the Independent Review Committee on Standard Setting in Canada (IRCSS) released its final report to identify future needs for standard setting in Canada. It highlights the need to ensure that the benefits of the existing framework between CPA Canada and standard setting are preserved, while also emphasizing the importance of independence.

Hundreds of CPAs and organizations participated in the process that led to the recommendations. While the IRCSS highlighted that the Canadian process operates well, the Committee emphasized the importance of striving for continuous improvements, as many other international standard setters have done.

The IRCSS suggested the creation of a separate legal entity with a new diversified funding model that includes CPA Canada and additional sources of funding. The report also confirmed that there have been no issues of independence noted in the current system and stressed the value of retaining staffing and technical knowledge within CPA Canada. Furthermore, it emphasized that CPA Canada continues to own and steward the intellectual property of the CPA Canada *Handbook*, which underpins reporting and assurance for the business, not-for-profit and public sectors in Canada.

CPA Canada is proud to support this important work as it will bring significant benefits to the governance and structure of standard setting, enhancing Canada's position as a leader in the international standard-setting arena.

This past year also saw CPA Canada continuing its support of the Canadian Sustainability Standards Board. The Board's efforts are expected to culminate in the issuance of Canada's inaugural sustainability disclosure standards in the fall of 2024, marking a significant advancement in aligning Canadian practices with global benchmarks.

Further demonstrating our commitment, CPA Canada's dedicated Language Services team continues to play a vital role by providing official French translations of domestic and international standards in accounting, auditing and assurance, and soon, sustainability.

OPERATING ENVIRONMENT

In the face of an evolving operating environment, CPA Canada is dedicated to delivering services that bring value to the Canadian CPA profession, including its members, the provincial, territorial and Bermudian CPA bodies and other interested parties.

Together, we represent highly qualified professionals who demonstrate an ongoing commitment to the highest standards of accounting, ethics and best business practices. We also use our collective expertise to advance public policy that benefits Canadians and contributes to Canada's economic and social development.

To optimize our organization's future effectiveness, CPA Canada's management and governance leaders are focused on strengthening our capabilities in critical areas. We are identifying, evaluating and carefully assessing evolving organizational risks, as well as prudently managing our resources and financially de-risking the organization. Our ability to respond swiftly and suitably to anticipated and unexpected events is essential to the success of our organization.

INVESTMENTS IN BUSINESS TRANSFORMATION

The accounting profession continuously modernizes and develops new forms of value. In response, CPA Canada invests in target business areas and strategic initiatives to lay the groundwork for the capabilities and resources critical to delivering value into the future.

In the current year, $3.5 million was spent on strategic initiatives to set up the Canadian Sustainability Standards Board and plan for anticipated business transformation and technology enhancements. As of year-end on March 31, 2024, the net assets internally restricted for strategic initiatives had a balance remaining of $8.8 million. The board of directors approved $6.0 million for future spending on specific initiatives, including further enhancements to CPA Canada's technology infrastructure to better meet the needs of members.

EVOLVING ENVIRONMENT

This year's withdrawal notifications from CPA Ontario and the Ordre des CPA du Québec will result in a substantial change in our future operational approach. Following careful strategic and financial analysis and in anticipation of these changes, CPA Canada reduced approximately 20 per cent of its workforce and realigned its operating structure to help ensure future organizational strength, while maintaining staff talent within the key foundational areas of standard setting and pre-certification education. This degree of change, while difficult, is a necessary step in securing CPA Canada's long-term success.

Despite the significant challenges we have faced as an organization, CPA Canada remains resilient and committed to its talent strategy and employee experience. This means ongoing prioritization of employee wellness, while upholding its core talent principles of trust, inclusion, flexibility and progression.

ENTERPRISE RISK MANAGEMENT

Managing CPA Canada's risks remains the collective effort of the board, management and staff at all levels of the organization. CPA Canada is maturing its enterprise risk management program with a structured framework and governance, as well as regular review and oversight by management and the board. This involves regular assessment of CPA Canada's operating environment and identifies key risks that could have an adverse impact on the organization's reputation, business performance and strategic objectives.

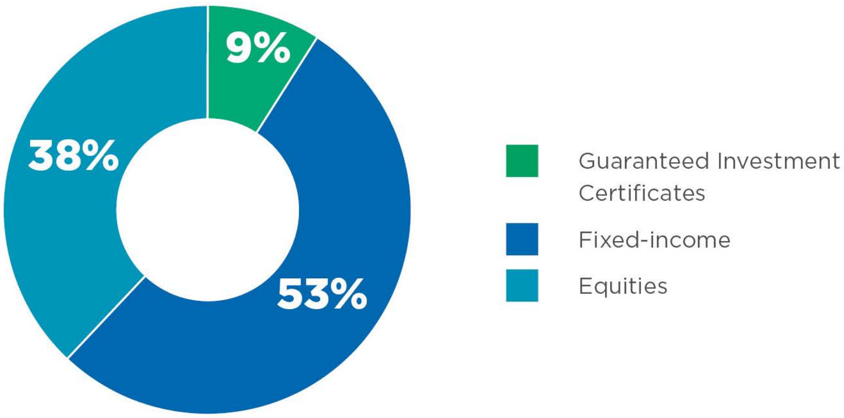
CAPABILITY TO DELIVER RESULTS

Capital resources and liquidity

CPA Canada's cash position of $42.9 million, combined with its prudent focus on capital preservation and liquidity within a mix of $71.8 million in investments, has placed the organization in a solid financial position.

CPA Canada's cash position was $42.9 million as of March 31, 2024, an increase of $22.7 million from the $20.2 million cash position at the previous year end, primarily due to the proceeds received from the sale and maturity of investments. Consequently, the organization's available investments decreased from $89.3 million a year earlier to $71.8 million.

INVESTMENTS BY ASSET CLASS



Net assets and restricted fund

Net assets as of March 31, 2024, amounting to $84.0 million, are comprised of $73.1 million in unrestricted net assets, $8.8 million approved by the board as internally restricted net assets for strategic initiatives, and $2.1 million invested in capital assets.

The unrestricted net assets of CPA Canada are required to provide sufficient financial capital to meet any unexpected material financial risks and to capitalize on significant new opportunities when presented.

On behalf of the board, the Finance, Audit and Risk Committee annually reviews the level of unrestricted net assets to assess its appropriateness. Based on CPA Canada's net asset policy, the organization retains a minimum of unrestricted net assets in the range of five to nine months of annual operating expenditures ($53 – $88 million). As of March 31, 2024, unrestricted net assets of $73.1 million were within the required range.

FINANCIAL PERFORMANCE

In fiscal 2023-24, CPA Canada continued to present a service-driven view by aligning the financial reporting for the organization with its five core priorities.

1. Support an independent, efficient and effective **standard-setting** system and enhance Canada's position as a global leader.
2. Develop and deliver learner-centric **pre-certification education** to cultivate competent CPAs ready to meet the needs of the future.
3. Enhance our global network to elevate the Canadian CPA profession's leadership in **national and international matters**.
4. Empower people across Canada to build their **financial literacy** and transform their financial well-being.
5. Deliver **thought leadership and professional development** to support the future of the profession in building capacity and member support in core and emerging areas.

This approach prioritizes the delivery of services to interested parties and enhances the transparency and effectiveness of financial reporting. As such, we have designated the Council of Chief Executives as its own category to properly recognize its importance within the governance of the profession. Organizational enablement expenses are broken out in financial reports to align with our public-facing programs, allocated based on salaries, to provide greater insight into our expenses.

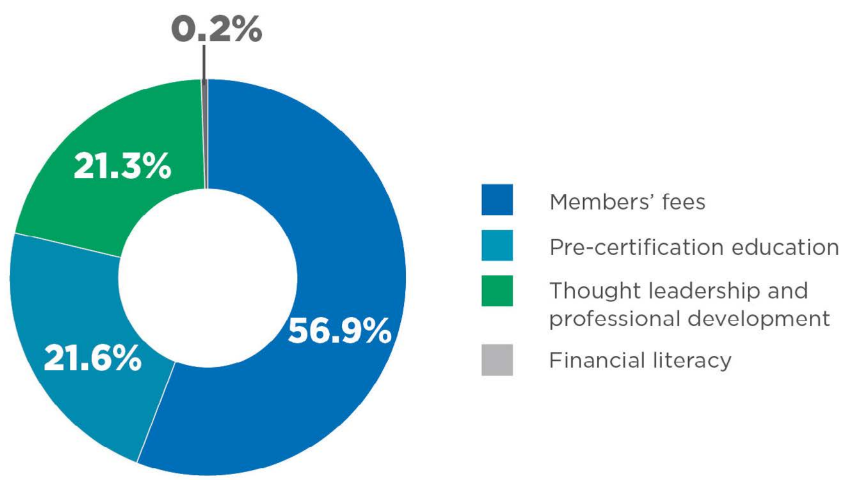
In fiscal 2023-24, CPA Canada reported $0.2 million excess of expenses over revenue. This was comprised of a $6.5 million surplus from operations offset by total restructuring and governance response costs of ($10.6 million), $7.4 million in investment income, and an additional ($3.5 million) spend in strategic initiatives.

Revenues

Total revenues of $129.3 million from all sources decreased by $0.9 million, or 0.7 per cent, from the prior year's total revenues of $130.2 million. This was primarily due to lower revenues from education programs driven by a decrease in the number of candidates, offset by increases in member fee revenue attributable to overall membership growth.

Investment income of $7.4 million increased by $6.6 million compared to the prior year, driven by favourable market conditions.

SOURCES OF REVENUE



Expenses

Total expenses – excluding strategic initiatives, restructuring and governance response – of $122.8 million, decreased by $5.9 million, or 4.6 per cent, compared to the previous year. This reduction was primarily driven by cost management measures including lower staffing costs, and reduced spending in education programs driven by lower candidate volumes.

Incremental costs related to restructuring and governance response costs totalled $10.6 million, an increase of $5.8 million or 122.3 per cent, compared to the previous year.

Expenses incurred for strategic initiatives of $3.5 million decreased by $5.3 million compared to the prior year, primarily due to the completion of CPA Canada's cybersecurity initiative, and a one-time contribution to the Coalition of Canadian Champions to establish the ISSB in Canada in the prior year.

Overall total expenses were $136.9 million in the year.

Financial Statements

March 31, 2024

Management Responsibility for Financial Reporting

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

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

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

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

Pamela Steer, FCPA, FCA, CFA
President and Chief Executive Officer

To the Members of Chartered Professional Accountants of Canada:

Opinion

We have audited the financial statements of Chartered Professional Accountants of Canada (the "CPA Canada"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CPA Canada as at March 31, 2024, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the CPA Canada in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises of the information, other than the financial statements and our auditor's report thereon, in the annual report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

The annual report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the CPA Canada's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the CPA Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the CPA Canada to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MNP LLP

Mississauga, Ontario

Chartered Professional Accountants

June 25, 2024

Licensed Public Accountants

50 Burnhamthorpe Road West, Suite 900, Mississauga, Ontario, L5B 3C2
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Statement of Financial Position

as at March 31

	2024 ($000's)	2023 ($000's)
ASSETS		
Current Assets		
Cash and cash equivalents [Note 4]	**$ 42,885**	$ 20,150
Accounts receivable [Note 5]	**7,099**	12,760
Investments [Note 6]	**4,701**	7,165
Inventories [Note 7]	**75**	106
Prepaid expenses	**2,414**	2,295
	57,174	42,476
***Investments* [Note 6]**	**67,094**	82,118
***Capital Assets* [Note 8]**	**2,942**	4,098
	70,036	86,216
	$ 127,210	$ 128,692
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities [Notes 9 & 14]	**$ 17,265**	$ 18,828
Deferred revenue	**13,651**	12,030
	30,916	30,858
***Employee Future Benefits* [Note 10]**	**11,328**	12,409
***Deferred Lease Incentives* [Note 11]**	**967**	1,392
	12,295	13,801
	43,211	44,659
NET ASSETS		
Invested in capital assets	**2,043**	2,784
Internally restricted for strategic initiatives [Note 12]	**8,809**	12,325
Unrestricted	**73,147**	68,924
	83,999	84,033
	$ 127,210	$ 128,692

The accompanying notes are an integral part of these financial statements.

On behalf of the Board,

Beth Wilson, FCPA, FCA
Director

Karen Gosse, CPA, CA
Director

Statement of Operations

for the year ended March 31

	2024 ($000's)	2023 ($000's)
REVENUES		
Members' fees [Note 17]	**$ 73,609**	$ 72,834
Pre-certification education [Note 14]	**27,981**	29,729
Thought leadership & professional development	**27,554**	27,233
Financial literacy	**203**	437
	129,347	130,233
EXPENSES [Note 15]		
Thought leadership & professional development	**42,011**	46,081
Pre-certification education [Note 14]	**37,285**	39,106
Standard setting	**26,485**	23,959
National and international matters	**7,118**	7,523
Executive leadership and governance	**3,875**	4,451
Financial literacy	**3,583**	3,258
Members' fees (credit card fees)	**1,453**	1,498
Council of Chief Executives	**996**	2,846
	122,806	128,722
Excess of revenues over expenses before other items	**6,541**	1,511
Other items		
Restructuring	**(8,580)**	(4,764)
Governance response costs [Note 17]	**(2,010)**	—
Investment Income [Note 13]	**7,376**	770
Excess of revenues over expenses / (expenses over revenues) before strategic initiatives	**3,327**	(2,483)
Strategic Initiatives [Note 12]	**(3,516)**	(8,768)
EXCESS OF EXPENSES OVER REVENUES	**$ (189)**	$ (11,251)

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Assets

for the year ended March 31

	Invested in Capital Assets	**Internally Restricted for Strategic Initiatives [Note 12]**	**Unrestricted**	**2024 ($000's)**	Invested in Capital Assets	Internally Restricted for Strategic Initiatives [Note 12]	Unrestricted	2023 ($000's)
Balance, beginning of year	**$ 2,784**	**$ 12,325**	**$ 68,924**	**$ 84,033**	$ 3,442	$ 21,093	$ 68,572	$ 93,107
Excess of (expenses over revenues) / revenues over expenses	**—**	**(3,516)**	**3,327**	**(189)**	—	(8,768)	(2,483)	(11,251)
Amortization of capital assets	**(1,699)**	**—**	**1,699**	**—**	(1,435)	—	1,435	—
Amortization of deferred tenant inducements	**415**	**—**	**(415)**	**—**	277	—	(277)	—
Purchase of capital assets	**548**	**—**	**(548)**	**—**	502	—	(502)	—
Disposal of capital assets	**(5)**	**—**	**5**	**—**	(2)	—	2	—
Defined benefit credit – remeasurements and other items	**—**	**—**	**155**	**155**	—	—	2,177	2,177
Balance, end of year	**$ 2,043**	**$ 8,809**	**$ 73,147**	**$ 83,999**	$ 2,784	$ 12,325	$ 68,924	$ 84,033

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

for the year ended March 31

	2024 ($000's)	2023 ($000's)
OPERATING ACTIVITIES		
Excess of expenses over revenues	**$ (189)**	$ (11,251)
Adjustments to determine net cash provided by (used in) operating activities:		
Amortization of capital assets	**1,699**	1,435
Loss on disposal of capital assets	**5**	2
Interest capitalized on investments	**(279)**	(511)
Interest received on investments capitalized in prior years	**505**	282
Reinvested distributions from index pooled funds	**(2,520)**	(4,208)
Realized gain on sale of investments	**419**	160
Unrealized depreciation in fair value of index pooled funds	**(2,420)**	5,025
Required employee future benefits funding	**(1,625)**	(1,585)
Employee future benefits expense	**699**	725
Amortization of deferred lease incentives	**(425)**	(289)
	(4,131)	(10,215)
Change in non-cash working capital items		
Accounts receivable	**5,661**	(5,984)
Inventories	**31**	158
Prepaid expenses	**(119)**	(822)
Accounts payable and accrued liabilities	**(1,563)**	(597)
Deferred revenue	**1,621**	(229)
	1,500	(17,689)
INVESTING ACTIVITIES		
Purchase of short-term investments	**—**	(5,293)
Purchase of investments	**(2,572)**	(3,844)
Proceeds on sale of short-term investments	**5,293**	—
Proceeds on sale of investments	**19,062**	9,881
Purchase of capital assets	**(548)**	(502)
	21,235	242
Net change in cash and cash equivalents	**22,735**	(17,447)
Cash and cash equivalents, beginning of year	**20,150**	37,597
Cash and cash equivalents, end of year	**$ 42,885**	$ 20,150

The accompanying notes are an integral part of these financial statements.

Notes to the Financial Statements

for the year ended March 31, 2024 *(all amounts in $ thousands)*

1. Nature and description of the organization

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

CPA Canada assists Chartered Professional Accountant (CPA) provincial, territorial and Bermudian (PTBs) regulatory bodies in promoting and developing appropriate and uniform standards of qualification for admission of Chartered Professional Accountants and maintaining appropriate standards of professional conduct for all Chartered Professional Accountants. The relationships between CPA Canada and the PTBs are primarily established through various agreements comprised of the Collaboration Accord, the Education Agreement and a number of Memoranda of Understanding with the PTBs (MOUs). The Collaboration Accord documents the understandings among the parties on managing core elements of the profession that are common to all Accord Parties in a uniform, consistent and coordinated manner across Canada and Bermuda to ensure strength and success of the CPA profession. Both the Collaboration Accord and the MOUs include provisions pertaining to the collection of Members' fees by the PTBs and remittance of those fees to CPA Canada. The Education Agreement includes provisions relating to the funding from the PTBs of the Pre-certification education program across Canada (e.g., education, and qualification).

In June 2023, the nature of the relationship between CPA Canada, Chartered Professional Accountants of Ontario (CPA Ontario) and Ordre des comptables professionnels agréés du Québec (CPA Québec) changed when CPA Canada received notice from CPA Ontario and CPA Québec of their intent to withdraw as Organization Members of CPA Canada and parties to the Collaboration Accord, effective December 20, 2024. All parties will continue to pursue ways to work together in service to the CPA profession. In this regard, CPA Canada, CPA Ontario, and CPA Québec also executed a term sheet for an Education Licensing Agreement in November 2023 (as withdrawal from the Collaboration Accord also results in withdrawal from the Education Agreement).

CPA Canada conducts research into current business issues, issues guidance, publishes professional literature, develops certification education and professional learning programs, represents the CPA profession nationally and internationally, and supports financial literacy.

CPA Canada provides funding, staff, and other resources to support an independent standard-setting process. The Accounting Standards Oversight Council (AcSOC), the Auditing and Assurance Standards Oversight Council (AASOC), and the Implementation Committee for the Canadian Sustainability Standards Board (CSSB) are independent, volunteer bodies that have been established to serve the public interest by overseeing standard setting activities in Canada.

AcSOC oversees the activities of Canada's independent bodies, being the Accounting Standards Board (AcSB) and the Public Sector Accounting Board (PSAB), which establish accounting standards for use by Canadian entities.

AASOC oversees the activities of the Auditing and Assurance Standards Board (AASB), Canada's independent body, which establishes standards for assurance and related services in Canada.

Upon forming an operational Canadian Sustainability Standards Board (CSSB), the Implementation Committee for the CSSB will provide oversight on a transitional basis. The CSSB will provide input into global baseline sustainability disclosure standards developed by the International Sustainability Standards Board (ISSB).

Notes to the Financial Statements *(continued)*

for the year ended March 31, 2024 *(all amounts in $ thousands)*

2. Significant accounting policies

a) Basis of accounting

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

b) Management estimates

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

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

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

(i) Shared costs under the Education Agreement

Under the Education Agreement, Shared costs are based on a select portion of Information technology and security, Rent and operating, Amortization and Insurance costs, allocated proportionately to Pre-certification education based on salaries.

(ii) Translation services

Language services reflect the full costs of our linguistic services, that are partially charged using an estimated fee to internal and external customers as Translation services based on direct usage.

(iii) Organizational enablement and administrative expenses

Organizational enablement and administrative expenses reflect all support costs, excluding Shared costs under the Education Agreement and Translation service charges. Organizational enablement and administration expenses are allocated proportionally based on salaries to functional areas.

c) Revenue recognition

(i) Members' fees

Members' fees are recognized as revenue in the fiscal year to which they relate. Members' fees received in advance of the fiscal year to which they relate are recorded as deferred revenue.

(ii) Pre-certification education

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

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

2. Significant accounting policies *(continued)*

c) Revenue recognition *(continued)*

(iii) Thought Leadership & Professional Development

Thought leadership includes publications that support standard setting, research, implementation, and interpretation, and thought leadership research regarding the future of the profession. Professional development includes courses, conferences, publications, webinars, Pivot magazine, affinity programs and a help desk.

Revenue is recognized at the time of product shipment, when professional learning and development programs are presented, when the service is rendered, proportionately over the period of the subscription depending on the nature of the product or service, or when the specialty certification examinations are held. The amount received in advance of shipment, the program being presented, the service being rendered, the subscription period, or the examination being held is recorded as deferred revenue.

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

(iv) Financial literacy

Revenue is recognized at the time of product shipment, when professional learning and development programs are presented, or when the service is rendered. The amount received in advance of shipment, the program being presented, the service being rendered, is recorded as deferred revenue.

(v) Investment Income

Investment income comprises interest from cash and cash equivalents, short-term investments and investments, distributions from index pooled funds, realized gains and losses on the sale of investments, and the unrealized appreciation and depreciation in the fair value of index pooled funds. Revenue is recognized on an accrual basis. Interest earned from investments is recognized over the terms of the respective investments using the effective interest method.

d) Cash and cash equivalents

Cash and cash equivalents consist of cash and investments which are readily convertible into cash or have a maturity date of 90 days or less from date of acquisition and are not subject to significant risk of changes in value.

e) Accounts receivable

Accounts receivable are measured at amortized cost and are reported net of any allowance for doubtful accounts.

f) Short-term investments

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

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

2. Significant accounting policies *(continued)*

g) Investments

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

h) Donated services

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

i) Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition, and is assigned by using the weighted average cost formula.

j) Financial instruments

Measurement of financial assets and liabilities

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

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

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

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

Transaction costs associated with the acquisition and disposal of fixed income investments are capitalized and are included in the acquisition costs or reduce proceeds on disposal. Investment management fees associated with index pooled funds are expensed as incurred.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments in index pooled funds.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

2. Significant accounting policies *(continued)*

j) Financial instruments *(continued)*

Impairment

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

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

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

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

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

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

k) Capital assets

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

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

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

Capital assets, consisting of furniture and equipment, leasehold improvements and separately acquired computer application software, are measured at cost less accumulated amortization and accumulated impairment losses.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

2. Significant accounting policies *(continued)*

k) Capital assets *(continued)*

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

Furniture and equipment	3 to 10 years
Leasehold improvements	Remaining terms of the relevant leases
Computer application software	3 to 5 years

l) Employee future benefits

Defined benefit plans

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

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

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

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

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

(iv) Plan assets are measured at fair value.

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

(vi) The components of the total cost of a defined benefit plan for a year are comprised of:
- current service cost;
- finance cost; and
- remeasurements and other items.

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

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

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

2. Significant accounting policies *(continued)*

l) Employee future benefits *(continued)*

Remeasurements and other items are comprised of:

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

Actuarial gains and losses can arise in a given year from:

- the difference between the actual defined benefit obligations at the end of the year and the expected defined benefit obligations at the end of the year; and
- changes in actuarial assumptions.

Defined contribution plans

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

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

- current service cost;
- past service costs;
- interest cost on the estimated present value of any contributions required in future years related to employee services rendered during the current year or prior years; and
- a reduction for the interest income for the year on any unallocated plan surplus.

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

m) Deferred lease incentives

Lease incentives received include reduced rent benefits and tenant inducements received in cash used to purchase capital assets.

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

n) Net assets invested in capital assets

Net assets invested in capital assets comprise the net book value of capital assets less the unamortized balance of deferred tenant inducements used to purchase capital assets.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

3. Financial instrument risk management

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

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

	Risks				
			Market risk		
Financial instruments	Credit	Liquidity	Currency	Interest rate	Other price
Cash and cash equivalents	X			X	
Accounts receivable	X				
Short-term investments	X			X	
Investments – guaranteed investment certificates	X			X	
Investments – Canadian fixed income	X			X	
Investments – index pooled funds: Canadian fixed income	X			X	X
Investments – index pooled funds: Canadian and foreign equities			X		X
Accounts payable and accrued liabilities		X			

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

Changes in market interest rates will cause fluctuations in the fair value of investments. Our guaranteed investment certificates and fixed income investments, which are generally held to maturity have fixed interest rates. If CPA Canada experiences higher than anticipated liquidity needs, then we may need to liquidate investments prior to maturity. Absent monetization prior to maturity, the related future cash flows will not change due to changes in market interest rates.

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

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

Credit risk

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

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

3. Financial instrument risk management *(continued)*

Credit risk *(continued)*

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

	2024	2023
Cash and cash equivalents	**$ 42,885**	$ 20,150
Accounts receivable	**7,099**	12,760
Short-term investments	**—**	5,293
Investments – guaranteed investment certificates	**6,255**	7,203
Investments – Canadian fixed income	**5,245**	22,043
Investments – index pooled funds: fixed income	**33,180**	29,989
	$ 94,664	$ 97,438

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

Accounts receivable: Credit risk associated with accounts receivable is minimized by CPA Canada's customer base, which includes all business sectors in Canada and provincial and territorial CPA organizations. CPA Canada follows a program of credit evaluations of customers and limits the amount of credit extended when deemed necessary. At March 31, 2024, an allowance for doubtful accounts in the amount of $31 has been provided for (2023 – $29).

The concentration of credit risk with respect to accounts receivable is limited due to the strong credit quality of the parties that are extended credit. At March 31, 2024, accounts receivable from the two largest accounts comprised 51% of the total accounts receivable (2023 – 65%).

Concentrations of credit risk with respect to guaranteed investment certificates are mitigated by the credit quality of the major financial institutions issuing the investment. At March 31, 2024, the largest holding in guaranteed investment certificates with the same financial institution comprised 69% of total guaranteed investment certificate holdings (2023 – 76%).

Concentrations of credit risk with respect to Canadian fixed income investments are mitigated by ensuring that these assets are invested in financial obligations of governments, major financial institutions and other credit-worthy parties. At March 31, 2024, the largest holding in Canadian fixed income investments with the same entity comprised 61% of total Canadian fixed income investment holdings (2023 – 37%).

Liquidity risk

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

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

3. Financial instrument risk management *(continued)*
Liquidity risk *(continued)*
CPA Canada meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities, and holding assets that can be readily converted into cash. CPA Canada has available a short-term unsecured bank facility of up to $950, bearing interest at prime to meet temporary fluctuations in cash requirements. At March 31, 2023, and 2024, the bank facility had not been drawn upon.

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

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

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

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

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

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

CPA Canada invests a portion of its investment portfolio in an index pooled fund which invests in Canadian fixed income investments. CPA Canada mitigates its interest rate exposure by investing in an index pooled fund that is composed of investments with varying terms to maturity.

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

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

3. Financial instrument risk management *(continued)*

Other price risk *(continued)*

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

Changes in risk

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

4. Cash and cash equivalents

	2024	2023
Cash – non-interest bearing	$ 2,438	$ 1,468
Cash – 5.05% (2023 – 4.55%)	40,447	18,682
	$ 42,885	$ 20,150

5. Accounts receivable

	2024	2023
Accounts receivable	$ 7,130	$ 12,789
General provision	(31)	(29)
	$ 7,099	12,760

6. Investments

		2024	2023
MEASURED AT AMORTIZED COST			
Short-term investments		$ —	$ 5,293
Guaranteed investment certificates		6,255	7,203
Canadian fixed income		5,245	22,043
		11,500	34,539
MEASURED AT FAIR VALUE			
Index pooled funds	– Canadian fixed income	33,180	29,989
	– Canadian equities	12,098	10,978
	– Foreign equities	15,017	13,777
		60,295	54,744
		$ 71,795	$ 89,283

Notes to the Financial Statements *(continued)*

for the year ended March 31, 2024 *(all amounts in $ thousands)*

6. Investments *(continued)*

	2024	2023
CURRENT		
Short-term investments	$ —	$ 5,293
Guaranteed investment certificates	4,701	1,112
Canadian fixed income	—	760
	4,701	7,165
LONG-TERM		
Guaranteed investment certificates	1,554	6,091
Canadian fixed income	5,245	21,283
Index pooled funds	60,295	54,744
	67,094	82,118
	$ 71,795	$ 89,283

Short-term investments nil (2023 – effective interest rate of 5.00%).

The guaranteed investment certificates have effective interest rates ranging from 1.01% to 4.33% (2023 – 1.01% to 4.33%), with maturity dates ranging from July 2024 to June 2025 (2023 – March 2024 to June 2025).

The Canadian fixed income investments have effective interest rates ranging from 1.36% to 3.26% (2023 – 1.11% to 3.26%), with maturity dates ranging from May 2025 to March 2031 (2023 – March 2024 to March 2031).

The Canadian fixed income investments in the index pooled funds have effective interest rates ranging from 3.27% to 7.63% (2023 – 2.86% to 7.72%) and maturity dates ranging from April 2025 to November 2065 (2023 – June 2023 to November 2065).

7. Inventories

Inventories are comprised of books and publications available for sale. The amount of inventories recognized as an expense during the year was $199 (2023 – $212).

8. Capital assets

	Cost	Accumulated amortization	2024 Net book value	Cost	Accumulated amortization	2023 Net book value
Furniture and equipment	$ 10,893	$ 9,181	$ 1,712	$ 11,926	$ 9,933	$ 1,993
Leasehold improvements	8,144	6,914	1,230	8,125	6,020	2,105
Computer application software	3,226	3,226	—	3,226	3,226	—
	$ 22,263	$ 19,321	$ 2,942	$ 23,277	$ 19,179	$ 4,098

During the current year, capital assets with a net book value of $5 were disposed for no proceeds (cost $1,562 and accumulated amortization $1,557) (2023 – net book value of $2 (cost $891 and accumulated amortization $889) was disposed for no proceeds).

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

9. Accounts payable and accrued liabilities

	2024	2023
Trade payables and accrued liabilities	**$ 17,265**	$ 18,828
	$ 17,265	$ 18,828

Included in trade payables and accrued liabilities are government remittances payable of $295 (2023 – $17).

10. Employee future benefits

	2024	2023
Liability recognized in the statement of financial position:		
Pension plans (asset)	**$ (498)**	$ 906
Non-pension post-retirement benefits	**11,470**	11,109
Post-employment benefits	**356**	394
	$ 11,328	$ 12,409
Defined benefit cost recognized in the statement of operations:		
Pension plans	**$ 46**	$ 28
Non-pension post-retirement benefits	**567**	638
Post-employment benefits	**86**	59
	$ 699	$ 725
Defined benefit credit recognized in the statement of changes in net assets:		
Pension plans	**$ (857)**	$ 816
Non-pension post-retirement benefits	**826**	(2,863)
Post-employment benefits	**(124)**	(130)
	$ (155)	$ (2,177)
Total cash payments for pension and non-pension post-retirement benefits:		
Required minimum contributions to the funded pension plan under current pension regulations	**$ —**	$ 13
Benefit payments directly to beneficiaries for the unfunded supplementary pension plan	**593**	604
Contributions to fund current costs of the non-pension post-retirement benefits plan	**1,032**	968
	$ 1,625	$ 1,585

a) Pension plans

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

Effective July 1, 2010, the registered pension plan was amended to eliminate the non-contributory option for new plan members of the defined benefit component after that date. Effective May 1, 2012, the defined benefit component of the registered pension plan and the supplementary pension plan were closed to new members. Members of the defined benefit component of the registered pension plan continued to accrue services until October 31, 2013. On November 1, 2013, the registered pension plan opened its

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

10. Employee future benefits *(continued)*

a) Pension plans *(continued)*

defined contribution component to new members and existing defined benefit component members with less than 55 combined years of age plus service at November 1, 2013. Members with 55 or more combined years of age plus service were offered the option of staying in the defined benefit component of the registered pension plan until October 31, 2016, or transferring their participation to the defined contribution component of the registered pension plan effective November 1, 2013. All future service of plan members from November 1, 2013, onward is recognized in the defined contribution component of the registered pension plan with the exception of plan members who elected to accrue services in the defined benefit component of the registered pension plan until October 31, 2016, after which their future service is also recognized in the defined contribution component of the registered pension plan.

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

The most recent actuarial valuation of the pension plans for accounting purposes was made on March 31, 2024.

The most recent actuarial valuation of the pension plans for funding purposes was made effective December 31, 2021 and indicated required minimum funding contributions for going concern amortization is nil for fiscal 2022, 2023 and 2024. The next required actuarial valuation of the pension plans for funding purposes will be on December 31, 2024.

		2024			2023		
		Registered plan	**Supplementary plan**	**Total**	Registered plan	Supplementary plan	Total
(i)	Funded status of plans						
	Plan assets at fair value	**$ 17,394**	**$ —**	**$ 17,394**	$ 56,415	$ —	$ 56,415
	Defined benefit obligations	**(10,169)**	**(6,727)**	**(16,896)**	(50,448)	(6,873)	(57,321)
	Defined benefit surplus/(liability)	**$ 7,225**	**$ (6,727)**	**$ 498**	$ 5,967	$ (6,873)	$ (906)
(ii)	Plan assets at fair value						
	Balance, beginning of year	**$ 56,415**	**$ —**	**$ 56,415**	63,119	$ —	$ 63,119
	Actual return on plan assets	**5,139**	**—**	**5,139**	(3,052)	—	(3,052)
	Employer's contributions	**—**	**593**	**593**	13	604	617
	Employees' contributions	**—**	**—**	**—**	—	—	—
	Benefits paid	**(3,898)**	**(593)**	**(4,491)**	(3,665)	(604)	(4,269)
	Settlements paid	**(40,262)**	**—**	**(40,262)**	—	—	—
	Balance, end of year	**$ 17,394**	**$ —**	**$ 17,394**	$ 56,415	$ —	$ 56,415

Notes to the Financial Statements *(continued)*

for the year ended March 31, 2024 *(all amounts in $ thousands)*

10. Employee future benefits *(continued)*

a) Pension plans *(continued)*

	2024			2023		
	Registered plan	**Supplementary plan**	**Total**	Registered plan	Supplementary plan	Total
Plan assets consist of:						
Equity securities	**60.0%**	**—**	**60.0%**	60.0%	—	60.0%
Debt securities	**40.0%**	**—**	**40.0%**	40.0%	—	40.0%
	100.0%	**—**	**100.0%**	100.0%	—	100.0%
(iii) Defined benefit obligations						
Balance, beginning of year	**$ (50,448)**	**$ (6,873)**	**$ (57,321)**	$ (55,896)	$ (7,902)	$ (63,798)
Current service cost	**—**	**—**	**—**	—	—	—
Interest cost on defined benefit obligations	**(2,548)**	**(347)**	**(2,895)**	(2,375)	(336)	(2,711)
Employees' contributions	**—**	**—**	**—**	—	—	—
Benefits paid	**3,898**	**593**	**4,491**	3,665	604	4,269
Settlements paid	**40,262**	**—**	**40,262**	—	—	—
Actuarial (loss) gain	**(1,333)**	**(100)**	**(1,433)**	4,158	761	4,919
Balance, end of year	**$ (10,169)**	**$ (6,727)**	**$ (16,896)**	$ (50,448)	$ (6,873)	$ (57,321)
(iv) Components of defined benefit costs						
Current service cost	**$ —**	**$ —**	**$ —**	$ —	$ —	$ —
Finance cost	**(301)**	**347**	**46**	(308)	336	28
Defined benefit cost recognized in the statement of operations	**(301)**	**347**	**46**	(308)	336	28
Remeasurements and other items:						
• difference between the actual return on plan assets and the return calculated using the discount rate used in determining the defined benefit obligation at the beginning of the year	**(2,290)**	**—**	**(2,290)**	5,735	—	5,735
• actuarial loss (gain)	**1,333**	**100**	**1,433**	(4,158)	(761)	(4,919)
Defined benefit (credit) cost recognized in the statement of changes in net assets	**(957)**	**100**	**(857)**	1,577	(761)	816
Defined benefit (credit) cost	**$ (1,258)**	**$ 447**	**$ (811)**	$ 1,269	$ (425)	$ 844

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

10. Employee future benefits *(continued)*

a) Pension plans *(continued)*

(v) Actuarial assumptions

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

	2024		2023	
	Defined benefit obligations	**Defined benefit costs**	Defined benefit obligations	Defined benefit costs
Discount rate	**4.85%**	**5.05%**	5.05%	4.25%
Rate of compensation increase	**3.00%**	**3.00%**	3.00%	3.00%

(vi) Defined contribution component

CPA Canada matches employee contributions to the defined contribution component of the registered pension plan. The matching contribution is based on the member's earnings, level of contributions, age and years of service. The contributions made during fiscal 2024 were $3,181 (2023 – $3,018).

b) Non-pension post-retirement benefits

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

The most recent actuarial valuation of the non-pension post-retirement benefit plans for accounting purposes was made on March 31, 2024.

	2024	2023
(i) Funded status of plans		
Plan assets at fair value	**$ —**	$ —
Defined benefit obligations	**(11,470)**	(11,109)
Defined benefit liability	**$ (11,470)**	$ (11,109)
(ii) Plan assets at fair value		
Balance, beginning of year	**$ —**	$ —
Employer's contributions	**1,032**	968
Benefits paid	**(1,032)**	(968)
Balance, end of year	**$ —**	$ —
(iii) Defined benefit obligations		
Balance, beginning of year	**$ (11,109)**	$ (14,302)
Current service cost	**(6)**	(23)
Interest cost on defined benefit obligations	**(561)**	(615)
Benefits paid	**1,032**	968
Actuarial (loss) gain	**(826)**	2,863
Balance, end of year	**$ (11,470)**	$ (11,109)

Notes to the Financial Statements *(continued)*

for the year ended March 31, 2024 *(all amounts in $ thousands)*

10. Employee future benefits *(continued)*

b) Non-pension post-retirement benefits *(continued)*

		2024		2023
(iv) Components of defined benefit cost				
Current service cost	**$**	**6**	$	23
Finance cost		**561**		615
Defined benefit cost recognized in the statement of operations		**567**		638
Remeasurements and other items:				
• actuarial loss (gain)		**826**		(2,863)
Defined benefit (credit) recognized in the statement of changes in net assets		**826**		(2,863)
Defined benefit (credit)	**$**	**1,393**	$	(2,225)

(v) Actuarial assumptions

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

	2024		2023	
	Defined benefit obligations	**Defined benefit costs**	Defined benefit obligations	Defined benefit costs
Discount rate	**4.85%**	**5.05%**	5.05%	4.30%
Health care inflation – select	**4.89%**	**4.94%**	4.94%	5.11%
Health care inflation – ultimate	**4.00%**	**4.00%**	4.00%	4.00%
Year ultimate rate reached	**2040**	**2040**	2040	2040

c) Post-employment benefits

CPA Canada provides post-employment medical and dental benefits while an employee is disabled until the earlier of recovery, death or retirement at age 65. Benefits are provided through a group insurance contract and are paid through the payment of annual insurance premiums to an insurance provider.

The most recent actuarial valuation of the non-pension post-retirement benefit plans for accounting purposes was made on March 31, 2024.

		2024		2023
(i) Funded status of plans				
Plan assets at fair value	**$**	**—**	$	—
Defined benefit obligations		**(356)**		(394)
Defined benefit liability	**$**	**(356)**	$	(394)
(ii) Plan assets at fair value				
Balance, beginning of year	**$**	**—**	$	—
Employer's contributions		**—**		—
Benefits paid		**—**		—
Balance, end of year	**$**	**—**	$	—

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

10. Employee future benefits *(continued)*

c) Post-employment benefits *(continued)*

		2024		2023
(iii) Defined benefit obligations				
Balance, beginning of year	$	**(394)**	$	(465)
Current service cost		**(67)**		(41)
Interest cost on defined benefit obligations		**(19)**		(18)
Benefits paid		**—**		—
Actuarial gain		**124**		130
Balance, end of year	$	**(356)**	$	(394)
(iv) Components of defined benefit cost				
Current service cost	$	**67**	$	41
Finance cost		**19**		18
Defined benefit cost recognized in the statement of operations		**86**		59
Remeasurements and other items:				
• actuarial gain		**(124)**		(130)
Defined benefit credit recognized in the statement of changes in net assets		**(124)**		(130)
Defined benefit (credit)	$	**(38)**	$	(71)

(v) Actuarial assumptions

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

	2024		2023	
	Defined benefit obligations	**Defined benefit costs**	Defined benefit obligations	Defined benefit costs
Discount rate	**4.70%**	**4.85%**	4.85%	3.90%
Health care inflation – select	**5.60%**	**5.70%**	5.70%	5.80%
Health care inflation – ultimate	**4.00%**	**4.00%**	4.00%	4.00%
Year ultimate rate reached	**2040**	**2040**	2040	2040

d) Financial risks

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

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

10. Employee future benefits *(continued)*

d) Financial risks *(continued)*

		2024	2023
Funded plan:			
Plan assets at fair value		$ 17,394	$ 56,415
Defined benefit obligations		(10,169)	(50,448)
		7,225	5,967
Unfunded plans:			
Defined benefit obligations	– pension plan	(6,727)	(6,873)
	– non-pension post-retirement benefits	(11,470)	(11,109)
	– post-retirement benefits	(356)	(394)
		(18,553)	(18,376)
Employee future benefits liability recognized in the statement of financial position		$ (11,328)	$ (12,409)

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

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

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

e) Settlements paid for annuity buy-out

In December 2023, the registered pension plan entered into a “Purchase Contract” with Desjardins Financial Security Life Assurance Company (“DFS”) through a group annuity purchase to annuitize the pensioners and deferred members of the defined benefit pension plan. The annuity purchase is considered a buy-out annuity contract where the pension plan transfers the assets and related obligations to a regulated financial institution. The annuity buy-out was funded on December 12, 2023, and DFS has commenced paying pensioners from the annuity on April 1, 2024.

As of March 31, 2024, the annuity is reflected as a decrease in the plan assets and defined benefit obligation of the Registered plan at the settlement amount of $40,262. A formal contract of insurance will replace the purchase contract in the following fiscal year.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

11. Commitments

a) Premises leases

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

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

2025	$ 2,752
2026	2,179
2027	2,840
2028	2,837
2029	2,599
2030 and subsequent years	15,294
	$ 28,501

b) Deferred lease incentives

	2024			2023		
	Tenant inducements	**Reduced rent benefits**	**Total**	Tenant inducements	Reduced rent benefits	Total
Balance, beginning of year	**$ 1,314**	**$ 78**	**$ 1,392**	$ 1,591	$ 90	$ 1,681
Amortization	**(415)**	**(10)**	**(425)**	(277)	(12)	(289)
Balance, end of year	**$ 899**	**$ 68**	**$ 967**	$ 1,314	$ 78	$ 1,392

c) Contractual obligations

CPA Canada has a software license with D2L for a duration of 36 months from January 1, 2022, to December 31, 2024, at an estimated annual cost of $1,261.

12. Net assets internally restricted for strategic initiatives

CPA Canada has internally restricted net assets to provide funding to undertake several projects to support future strategic initiatives, including business transformation, technology enhancements or other profession-wide strategic projects.

In the prior year, the Board of Directors of CPA Canada authorized the internal restriction of net assets in the amount of $21,093 to meet the anticipated future strategic initiatives. In the current year, expenses of $3,516 were incurred. No additional internal restrictions of net assets have been approved by the Board of Directors in the current year. As of year-end, the net assets internally restricted for strategic initiatives have a balance of $8,809. As at March 31, 2024, the Board has approved $6,048 for the 2024-25 fiscal year on certain specific strategic initiatives.

The internal restriction is subject to the direction of the Board of Directors upon the recommendation of the President and CEO of CPA Canada.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

13. Investment income

	2024	2023
INVESTMENTS MEASURED AT AMORTIZED COST		
Interest from cash and cash equivalents	**$ 2,199**	$ 1,097
Interest from short-term investments	**206**	59
Interest from guaranteed investment certificates	**191**	204
Interest from fixed income investments	**259**	387
Realized loss on sale of investments	**(1,031)**	(54)
	1,824	1,693
INVESTMENTS MEASURED AT FAIR VALUE		
Distributions from index pooled funds	**2,520**	4,208
Unrealized depreciation in fair value of index pooled funds	**2,420**	(5,025)
Realized gain (loss) on sale of index pooled funds	**612**	(106)
	5,552	(923)
	$ 7,376	$ 770

14. Education agreement

During fiscal 2017, an agreement was reached between CPA Canada and each provincial and territorial CPA organization that provides for the annual true-up of the actual cost to CPA Canada of the continued development of the education and examination components of the CPA Certification Program and Preparatory Courses in comparison to the budgeted cost. Variances of actual to budgeted cost are primarily driven by estimates of student registrations compared to actual registrations. Any favourable variances from the budget will be refunded by CPA Canada to the provincial and territorial CPA organizations, whereas CPA Canada will be in receipt of any unfavourable variances from the provincial and territorial CPA organizations.

Pre-certification education expense is comprised of the specific amounts charged under the Education Agreement of $27,981 (2023 – $29,729), which includes Shared costs of $766 (2023 – $893) and Translation services costs of $639 (2023 – $743). Organizational enablement and administration expenses that are allocated but not charged under the Education Agreement are $9,304 (2023 – $9,377) [Note 15].

For the year ended March 31, 2024, CPA Canada realized a net unfavourable variance from budget of $4,406 (2023 – unfavourable $4,471) in connection with the continued development of the education and examination components of the CPA Certification Program, including the Preparatory and Professional Education and the Common Final Exam (CFE).

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

15. Allocation of organizational enablement and administrative expenses

Organizational enablement and administrative expenses reflect all support costs, excluding Shared costs under the Education Agreement and Translation service charges.

	2024	2023
Information technology and security	**$ 8,061**	$ 7,601
Communications	**6,545**	6,306
People and culture	**6,296**	6,628
Corporate planning, finance, and operations	**6,250**	6,504
Language services	**5,821**	7,173
Rent and operating costs	**3,317**	3,814
Software licensing	**3,177**	2,956
Web hosting	**2,167**	1,521
Amortization	**1,699**	1,435
Legal and privacy	**1,453**	1,443
Media and market research	**851**	808
Insurance	**399**	1,188
Audit services	**218**	274
	$ 46,254	$ 47,651
Shared costs under the Education Agreement	**(766)**	(893)
Translation services	**(4,088)**	(4,989)
Organizational Enablement and Administration Expenses	**$ 41,400**	$ 41,769

Organizational enablement and administration expenses are allocated proportionally based on salaries to the following functional areas noted below.

	2024	2023
Allocation of organizational enablement and administrative expenses to functional areas:		
Standard setting	**$ 13,579**	$ 12,151
Thought leadership & professional development	**13,171**	15,011
Pre-certification education [Note 14]	**9,304**	9,377
National and international matters	**2,248**	2,355
Financial literacy	**1,597**	1,377
Executive leadership and governance	**1,501**	1,498
Organizational Enablement and Administration Expenses	**$ 41,400**	$ 41,769

16. Contingencies

CPA Canada is subject to various litigation matters arising in the ordinary course of its business. These matters are at various stages and their outcomes and an estimate of loss, if any, are not determinable.

CPA Canada has no reason to believe that the disposition of any such current matter will have a material adverse impact on its financial position, results of operations or the ability to carry on any of its business activities. No provision for any loss has been recorded in these financial statements.

Notes to the Financial Statements *(continued)*
for the year ended March 31, 2024 *(all amounts in $ thousands)*

17. Governance response costs

The profession is organized nationally through the Collaboration Accord. On June 20, 2023, CPA Canada received notice from CPA Ontario and CPA Quebec of their intent to withdraw as Organization Members of CPA Canada and parties to the Collaboration Accord, effective December 20, 2024. During the year, CPA Canada received from CPA Ontario and Quebec collectively $45,028 (2023 – $44,700) of Members' Fees, approximately 61.2% (2023 – 61.3%) under the Collaboration Accord and MOU with the Ordre des CPA Québec.

CPA Canada incurred costs of $2,010 (2023 – $nil). These costs were essential for assessing and responding to the implications of the withdrawals. The expenses are reflective of professional fees and consulting services engaged to ensure a comprehensive evaluation and effective management of the transition process.

18. Comparative period presentation

The comparative period amounts presented on the Statement of Operations have been reclassified to conform to the current period presentation which reflects more of a service-driven view of the organization's activities.

19. Subsequent events

a) CPA Canada's current office lease obligation ends on June 30, 2025. On May 7, 2024, CPA Canada entered into a new lease agreement for office premises in Toronto, Ontario. The new lease includes gross and net rent-free periods bridging the two premises, with a lease commencement from November 1, 2025 to October 31, 2035. The new office lease will be reflected as rent, operating and property tax commitments from 2025 to 2035 of $21,283.

b) On April 17, 2024, CPA Canada entered into a revolving operating line of credit facility with a lender permitting CPA Canada to borrow up to $25,000.

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