

THE P
IS FOR
PROFESSIONAL.

2013-2014 Annual Report

THE P IS FOR PROFESSIONAL.

In its second year of existence, the Order mobilized its resources to build awareness of the CPA designation and the corresponding new brand, change the public's perception of the accounting profession and make it stand out among the other professions, especially as a career choice.

Note to readers

Please note that since the Order was created on May 16, 2012, the 2012-2013 fiscal period refers to the 10-and-a-half-month period extending from May 16, 2012 to March 31, 2013.

Both at the national and Quebec level, the integrated communications campaign focused on a single letter—the letter “P”, which is at the heart of the CPA designation and acts as the unifying element between the three legacy professions.



PURPOSE

In accordance with Quebec's *Professional Code*, the purpose of the Ordre des CPA du Québec is to ensure the protection of the public with regards to the practice of the CPA profession, as set out in the *Chartered Professional Accountants Act*.

MISSION

The Ordre des CPA du Québec helps its members excel with a view to optimizing the performance, profit and growth of the patrimony of a person, business or organization, promoting sound governance and accountability, and increasing information reliability. It also strives to enhance the visibility of the profession in order to contribute to Quebec's economic and social development.

VISION

CPAs are recognized for their integrity, skills and leadership. They excel in organizations and are seen as the reference when it comes to optimizing the performance, profit and growth of the patrimony of a person, business or organization, as well as in matters of sound governance and accountability. They are recognized as key players in Quebec's economic and social development.

VALUES

The CPA profession inspires confidence and demonstrates leadership by embodying the following values: integrity, excellence, rigour, commitment and open-mindedness.

Québec, juin 2014

Monsieur Jacques Chagnon
Président
Assemblée nationale

Monsieur le Président,

J'ai l'honneur de vous présenter le rapport annuel de l'Ordre des comptables professionnels agréés du Québec pour l'exercice clos le 31 mars 2014.

Veillez agréer, Monsieur le Président, l'expression de mes sentiments distingués.

La ministre de la Justice,
Stéphanie Vallée

Montréal, juin 2014

Madame Stéphanie Vallée
Ministre de la Justice
Gouvernement du Québec

Madame la Ministre,

Nous avons l'honneur de vous transmettre deux exemplaires du rapport annuel de l'Ordre des comptables professionnels agréés du Québec pour l'exercice clos le 31 mars 2014.

Veillez agréer, Madame la Ministre, l'expression de nos sentiments distingués.

Le président du Conseil,
Stephan Robitaille, FCPA, FCGA

Le président et chef de la direction,
Daniel McMahon, FCPA, FCA

Montréal, juin 2014

Monsieur Jean Paul Dutrisac
Président
Office des professions du Québec

Monsieur le Président,

Nous avons l'honneur de vous transmettre 50 exemplaires du rapport annuel de l'Ordre des comptables professionnels agréés du Québec pour l'exercice clos le 31 mars 2014.

Veillez agréer, Monsieur le Président, l'expression de nos sentiments distingués.

Le président du Conseil,
Stephan Robitaille, FCPA, FCGA

Le président et chef de la direction,
Daniel McMahon, FCPA, FCA

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A message from the Chair of the Order and the President and Chief Executive Officer

Daniel McMahon, FCPA, FCA
Stephan Robitaille, FCPA, FCGA



“ Although the Order is already two years old, we still face as many great and exciting challenges as we did on day one.”

Rising to the occasion, we capitalized on what we achieved in the first year to strengthen our foundation and continue the swift development of our structures and systems to make the Order a model of excellence. Again this year, the commitment and vitality of the Order's decision-making bodies and its entire staff were key factors behind the success of numerous initiatives and innovations aimed at positioning the profession in the ranks of the pros.

Transparent management

Early in the fiscal year, the Order set the tone by announcing that all of its departments would be working under one roof. This complex operation was one of the priorities we had set, convinced that this was imperative to achieve optimal cohesion and allow the Order's staff to work in perfect synergy.

Thanks to exceptional coordination that minimized the impact on the Order's clientele, moving to new offices had a catalytic and morale-boosting effect that was reflected in the performance of all Order resources. There is no doubt that the "CPA culture" found fertile ground in these modern offices, in keeping with the profession's image of vitality, openness and leadership.



On the management front, the optimization of financial, material and information resources continued at a steady pace. In addition to implementing a budget preparation and tracking software, the team focused on improving controls and business processes to increase the efficiency of the Order's management.

The Order's intense level of activity was also evident in the fact that the Board of directors and the Executive committee adopted no fewer than 572 resolutions during 22 meetings. In anticipation of the first elections to the board, the Order adopted, among other things, the regulation respecting elections and the organization of the Order. This was followed by the implementation of a democratic and transparent election process beyond reproach which largely uses the Web to elect four new members to the board.



An order in tune with its members

Promoting excellence and showcasing member expertise through various means are not only at the heart of the profession's visibility but also the protection of the public. It is therefore in this spirit that the Order expanded its recognition program by creating the CPA Awards of Excellence, the first recipients of which will be honoured at the next CPA Ambassadors Gala.

In the last year, the Order has already welcomed 19 members into the exclusive club of Fellows and presented the Outstanding Achievement Award to Rémi Marcoux, a distinguished Fellow of the Order who redefined Quebec's print and media industry and whose influence is still felt today.

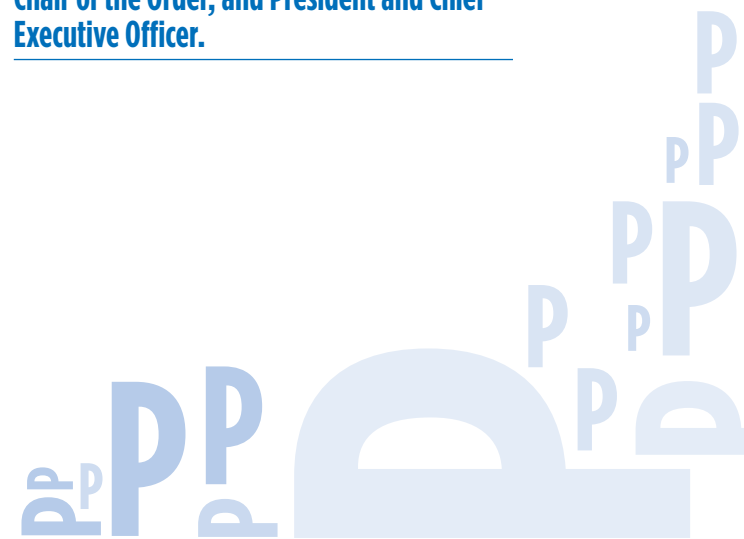
The dazzling CPA Crystal Ball paid tribute to 19 new Fellows and the recipient of the Outstanding Achievement Award with 235 family members and friends in attendance.



From left to right • **1st row:** Anne-Marie Éthier | Francine Gélinas | Maarika Paul | Luc Blanchard | Michel Vézina • **2nd row:** Carolle Brabant | Michel Chénier | Nathalie Marcoux, daughter of Rémi Marcoux (Outstanding Achievement recipient) | Marie-Claude Boisvert | Stephan Robitaille, Chair of the Order | Dominique Collin | Emmanuel Dubourg | Michael Frankel | Robert Fetherstonhaugh • **3rd row:** Daniel McMahon, President and Chief Executive Officer of the Order | Alain Trudeau | Nicolas Marcoux | André Miville | René Bégin | François Laurin | Marc Fortin | Yves Frenette



The recipient of the Quebec Interprofessional Council's 2013 Award of Merit, Alain Côté, FCPA, FCA, honoured for his significant contribution to the profession and the development of the Order, with Lucie Forget, member of the Quebec Interprofessional Council's Executive committee, and Stephan Robitaille and Daniel McMahon, respectively Chair of the Order, and President and Chief Executive Officer.



HATS OFF to all the regional group award recipients!

CPA Recruit of the Year

Estrie

Roxanne Fréchette, CPA, CGA

Saguenay–Lac-Saint-Jean

Chloé Harvey, CPA auditor, CA

CPA Émergence

Montérégie

Mylène Goyette, CPA, CGA

Quebec City

Adam Perreault, CPA auditor,
CA

Saguenay–Lac-Saint-Jean

Annpier Simard, CPA, CA

CPA Émérite

Chaudière-Appalaches

Alain Fortier, CPA, CA

Estrie

Frédéric Proteau, CPA, CA

Montérégie

Patrick Chaperon, CPA, CA

Maurice Marette, CPA auditor,
CA

Martial Vincent, CPA, CA

Outaouais

Christian Diotte, CPA, CMA

Quebec City

François Gagnon, CPA, CA

Claude Lantier, CPA, CA

Michel Samson, CPA auditor,
CA

Saguenay–Lac-Saint-Jean

Marc Fortin, FCPA, CA



A burst of joy at the end of one of the eight Permit Presentation ceremonies held throughout the year in Montreal and six Quebec regions to salute the entry of an impressive cohort of 1,400 new CPAs into the profession.

Besides the numerous major events celebrating our members, from the Permit Presentation ceremonies to the *Soirée des Fellows*, and some 165 activities organized by the 12 regional groups, alone or in partnership, and supported by the Order, again this year we made the *CPA-Parlementaires* conference the place to be for CPAs who work in government. Over 200 of them gathered in Quebec City to attend this event, which is well on its way to becoming a veritable discussion forum for our members who, while spread across a multitude of departments and government organizations, still share the same concerns.

The Order also launched its Prestige Conference series, giving high-level personalities a unique showcase for addressing various topics covering today's key issues and an opportunity to reflect on national and international activities that have a direct impact on the accounting profession.

Under the theme of 21st Century Green Capitalism, the Order's first guest speaker for this new series, Adam Koniuszewski, CPA, CA, chief operating officer of Green Cross International, explained how the environmental and economic revolution offers a tremendous opportunity for the accounting profession to position itself strategically. This supports our resolve to encourage CPAs to carry out their role to the fullest in developing and implementing energy efficient strategies and practices that help companies improve their environmental and economic performance and become more competitive.

The Order prides itself on combining the visibility of its members with the fulfillment of their obligations. With this in mind, we developed a leaflet to inform new CPAs about the obligations and privileges associated with the CPA designation and the status of professional. Furthermore, the professional development team devoted considerable effort to offer CPAs an extensive professional development program. The program includes more than 600 activities and over 1,200 webinar or classroom training sessions across Quebec, all in collaboration with over 160 instructors and 120 authors. More than 20% of members chose the new passport format, launched in September 2013 with the first-ever unified professional development program. Record participation is expected in the various activities with registrations topping the 45,000 mark. We can only be pleased with this level of enthusiasm, a sure sign of the professionalism of CPAs.



The Job Centre in 2013-2014

Some numbers that make it THE leader in the recruitment of CPAs and candidates for the profession:

1,325 job postings

280,000 job alerts sent

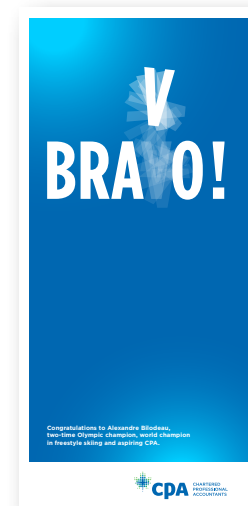
350,000 visitors to the portal

The Job Centre also posted 297 positions for free for many organizations and institutions looking for CPAs to serve on their board of directors.

The brand of pros

With the significant progress being made across the country to unify the profession, the CPA brand expanded its reach, gradually becoming top-of-mind in the business community and with the next generation.

The Order and its partners in the rest of Canada pulled out all the stops to ensure that the ad campaign centered around the word *professional* was highly visible and got off to a bold start, with ads on television, in airports, on public transit, on the Internet, on billboards and in magazines.





In short, we were wowed by pros, such as Nicolas Blais, Nathalie Labelle, Martin Deschênes and Caroline Mailloux, four multi-faceted, inspiring CPAs with hidden talents, who dispel the stereotypes about the accounting profession. The highly unique format and tone of the interviews with Pénélope McQuade were truly off the beaten paths, ensuring us a strong presence on social media.

As a partner in over 60 events specifically targeting the business community, the Order is increasing its media clout by promoting the profession on a wide variety of forums and securing a spot on the juries of numerous awards and competitions. Not to be outdone, the regional groups also contributed to our dynamic visibility strategy by entering into partnership agreements with many chambers of commerce across Quebec. Our concerted effort is paying off, enabling the Order to extend its sphere of influence.

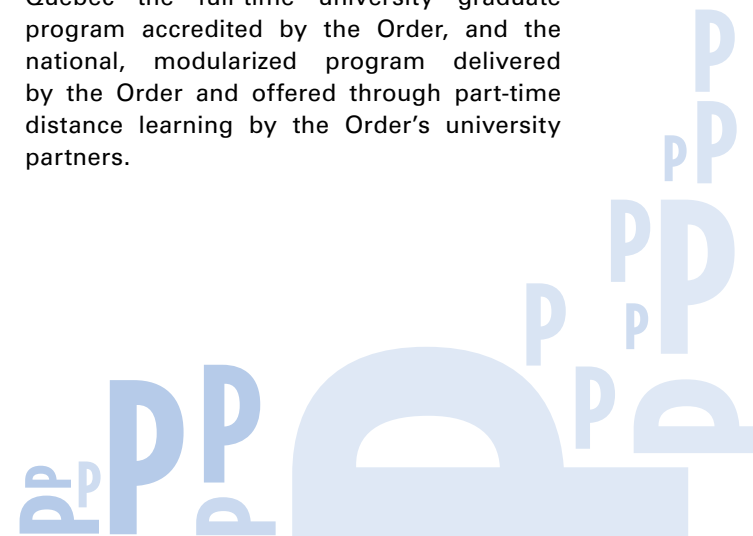
One of the many examples of the great visibility enjoyed by the Order through 17 press releases and 30 media interviews.



Mission accomplished on the training of future pros

Without a doubt, the training of future CPAs is the most important challenge we face today. In the last two years, not only have we continued to support the 6,200 candidates registered in the three legacy training paths, but we simultaneously put everything in place to launch the new CPA Professional Education Program (PEP). This was a massive undertaking to say the least, and its successful completion was due in large part to the Order working closely with regulatory bodies to update the legal framework for qualification.

To achieve this goal, we were actively involved in the Canada-wide project to develop modules for the new national education program, while ensuring that the program's directions take into account Quebec's specific requirements and the profession's unique relationship with universities. Thus, two pathways give access to the PEP leading to the CPA designation in Quebec—the full-time university graduate program accredited by the Order, and the national, modularized program delivered by the Order and offered through part-time distance learning by the Order's university partners.



This spring the École des sciences de la gestion de l'UQAM (ESG UQAM), HEC Montréal and McGill University already welcomed their first cohort of students in the university graduate program, and eight other Quebec universities will follow suit in September. In addition, the first module of the national program delivered by the Order will be offered this fall in partnership with the ESG UQAM Centre de perfectionnement (in French and English), the Faculty of Business Administration at Université Laval and HEC Montréal.

Many students accelerated their university path to register in the last cohorts of the legacy programs, a clear sign of the transition. A record number of registrations in the CMA Strategic Leadership Program and a sharp increase in the CPA, CGA path exams were recorded. No doubt, the accounting profession rates high with students and its popularity definitely has something to do with the myriad of promotional and outreach activities facilitated by the Order and the student committees.

The CPA Student Committee of Concordia University's John-Molson School of Business named Student Committee of the year during the Student Congress held in March 2014.



Ordered to protect

As the Quebec Interprofessional Council ad campaign so aptly reminds us, the purpose of professional orders is to protect the public. The CPA Order makes every effort to be a model in this regard, and the activity reports on professional practice can attest to how seriously we take our primary mission.

As part of our ongoing commitment to improve understanding of public protection mechanisms, we specifically streamlined our monitoring and communication tools this year to increase awareness among members of their compulsory continuing education, liability insurance and professional practice obligations. In the same vein, we organized information sessions on professional inspection and compulsory continuing education.

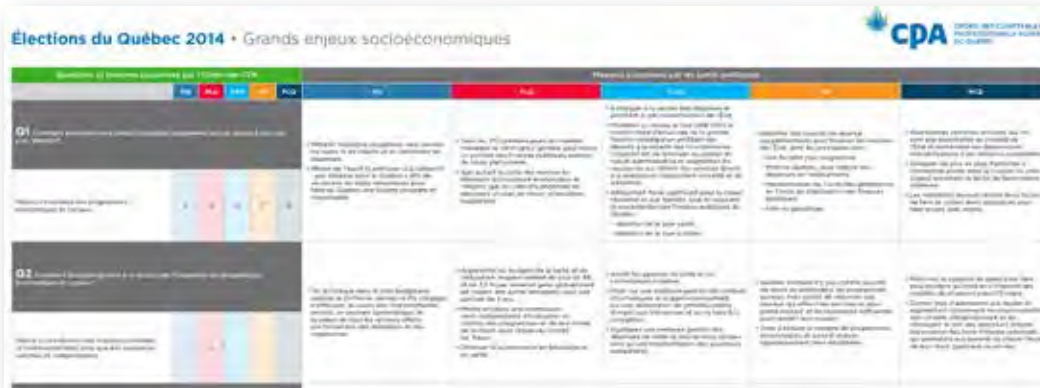
Besides the 800 practice units inspected, which is an impressive number, the Disciplinary council was kept extremely busy due to a sharp increase in the number of complaints received and processed.

Lastly, our responsibility to protect the public necessitates ongoing vigilance in matters of illegal practice and unauthorized use of the designation—conduct that is likely to cause serious harm to the public, which has a right to expect quality services offered by real professionals governed by strict standards of competency and integrity.

Social responsibility

The public can also rightfully expect professionals to put their expertise to work for the common good and the development of communities, which is precisely one of our objectives.

The Order's contribution to important social debates led to the submission of briefs on two issues where Quebec is at a crossroads. On the future of the retirement income protection system and the D'Amours Report findings, we underscored the importance of getting back to the very essence of our retirement system whose aim is to provide sufficient income to sustain an adequate standard of living in retirement, in keeping with our collective ability to pay.



As for our recommendations on Quebec’s budget priorities, they reflect the strong conviction that drives us, which is that Quebec can and must do better in terms of socio-economic development and that, as a result, it must act on numerous fronts to stave off the threat of stagnant development brought on by the state of its public finances.

The election campaign provided us with an opportunity to invite key political parties to weigh in on the major challenges we believe Quebec is facing and our recommended solutions. The comparative summary table published during the election campaign allowed our members and the general public to gain better insight into each party’s economic policy positions.

In conjunction with all these initiatives, a task force on the disclosure of organizational social responsibility performance was created. We want to assert our leadership in terms of controls and voluntary and mandatory disclosures by raising awareness of these emerging issues and playing an influential role in this area.

Lastly, we took the initial steps in our commitment to financial literacy by promoting CPA Canada’s Community Connect program. Honoured with a prestigious award presented by the US Institute for Financial Literacy, this extensive volunteer program gives CPAs an opportunity to share their knowledge and provide the general public with financial planning and management tools. Considering the extent of the needs in this area, it can humbly be said that this involvement will be greatly appreciated.

Recap of a productive year

This modest recap provides a measure of how far we have come in the last year, the Order’s second year of existence. We take comfort in knowing that we are on the right path—a path that we carved out for ourselves.

We did so through unfailing determination to overcome insurmountable odds and enter uncharted territory, supported by an internal team that proved to be solid, motivated and committed again this year, and whose expertise and conduct bring honour to the profession. Supported as well by decision-making bodies, collaborators and members who do not shy away from giving their opinion because they know that we are receptive, but who are also quick to congratulate and encourage us.

Thanks to all for being our inspiration and for being the impetus behind the Order.

Stephan Robitaille, FCPA, FCGA
Chair of the Order

Daniel McMahon, FCPA, FCA
President and Chief Executive Officer





Thank you!

The Order would like to pay tribute to the many members who volunteer their time and who put their expertise to the service of the profession.

Whether by participating in the work of statutory committees, the activities of which are summarized in this report, by joining the Order's staff on non-statutory committees or by serving on a national body, we sincerely thank them for their invaluable contribution to the advancement of the profession.

CPA volunteer members of the Order's non-statutory committees

John W. Babiak, FCPA, FCMA
Luc Baribeau, CPA, CGA
Lisa Baillargeon, CPA, CMA
Patrick Beaudoin, CPA, CA
Karène Beaulieu, CPA auditor, CA
Paul Beauvais, CPA auditor, CA
Galal Behna, CPA auditor, CA
Nancy Béland, CPA, CA
Linda Belleau, CPA, CMA
Francis Belzile, CPA, CA
Johanne Bertrand, CPA, CA
Diane Bigras, FCPA, FCGA
Danièle Blanchette, CPA auditor, CA
Hugues Boisvert, FCPA, FCMA
Simon-Luc Boudreau, CPA, CGA
Alexandre Bouffard, CPA, CGA
Martine Bouillé, CPA, CA
Emilio Boulianne, FCPA, FCGA
Annie Brisson, CPA auditor, CA
Christine Brosseau, CPA auditor, CA
Eric Campbell, CPA, CMA
Danièle Cantin, CPA, CMA
Benoit Caron, CPA auditor, CA
Jonathan Caron, CPA, CGA
Maurice Chiasson, CPA auditor, CA
Suzanne Chiricota, FCPA, FCGA
Martine Clément, CPA auditor, CA

Martin Cloutier, CPA auditor, CA
Lynda Coache, FCPA auditor, FCA
Alain Côté, FCPA auditor, FCA
Jacques Côté, FCPA, FCMA
Rodrigue Côté, CPA auditor, CGA
Daniel Denault, FCPA auditor, CA
Bernard Deschamps, CPA, CMA
Yves Albert Desjardins, FCPA, FCA
Pierrette Doré, FCPA auditor, FCA
Robert Drolet, CPA, CA
Raymond Drouin, FCPA auditor, FCA
François Dufault, CPA, CA
Robert Dupuis, CPA, CMA
Guylaine Duval, CPA auditor, CA
Jacques Filion, CPA auditor, CA
Sylvain Fontenelle, CPA, CGA
Hélène Forest, CPA auditor, CA
Alain Fortier, CPA auditor, CA
Pascale Fournier, CPA, CA
Isabelle Gagnon, CPA, CMA
Richard Gagnon, FCPA auditor, FCA
Claude Gauvin, FCPA auditor, FCA
Patrick Gélinas, CPA, CA
Renaud Gilbert, CPA, CA
Lorraine Godin, CPA, CA
Daniel Gosselin, FCPA, FCA
Maurice Gosselin, FCPA auditor, CA

Caroline Goulian, CPA auditor, CA
Patrick Grenier, CPA, CA
Trevor Hagyard, CPA auditor, CA
Manon Hall, CPA auditor, CA
Claude Hamel, CPA auditor, CGA
Pierre Héту, CPA, CGA
Anne-Marie Hubert, FCPA, FCA
Hélène Huot, CPA auditor, CA
Pierre Jean, CPA, CA
Sylvie Juneau, CPA, CA
Harnam Kakkar, FCPA auditor, FCMA
Marlène Labelle, CPA auditor, CA
Hubert Laberge, CPA auditor, CA
Yves Labranche, CPA auditor, CA
Sandra Lacroix, CPA, CGA
Mario Lafond, FCPA auditor, FCGA
Guy Lafrenière, CPA, CMA
Evangéline Lagou, CPA, CMA
Michel P. Laliberté, FCPA auditor, FCGA
Robert Landry, CPA, CMA
Claude Lantier, CPA, CA
Maurice Laplante, CPA auditor, CA
Jean L. Laporte, CPA, CGA
Dany Larivière, CPA auditor, CGA

CPA volunteer members of national bodies

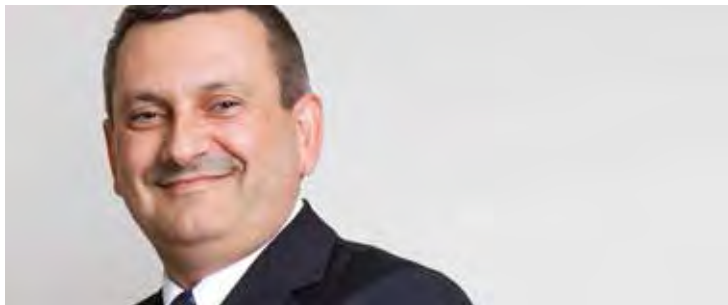
France Alain, CPA auditor, CA
John W. Babiak, FCPA, FCMA
Katerine Beauséjour, CPA auditor, CA
Jean Bédard, FCPA, FCA
Paule Bouchard, FCPA auditor, FCA
Martin Boucher, CPA auditor, CA
André Boulais, CPA auditor, CGA
Antonello Callimaci, CPA auditor, CA
Guy Carbonneau, CPA, CA
Alain Côté, FCPA auditor, FCA
Jacques Côté, FCPA, FCMA

Robert Larose, CPA auditor, CA
Michel Larouche, CPA auditor, CA
Jean-Paul Lauly, CPA auditor, CA
Audrey Laurin, CPA, CA
Guy Lavallée, CPA, CA
André Leblanc, CPA auditor, CA
Mélanie Leduc, CPA auditor, CA
Claudine Legault, CPA, CGA
Luc Léger, FCPA auditor, FCGA
France Lemieux, CPA auditor, CA
André Lepage, FCPA, FCA, CA•IFA
Vicky Lizotte, CPA auditor, CA
Sylvain Loisel, CPA auditor, CA
Yves Lorange, CPA, CGA
Suzanne Major, CPA auditor, CA
Gilles Malette, CPA auditor, CA
Aziz Jonathan Mercho, CPA, CA
Audrey Mercier, CPA auditor, CA
François Méthot, CPA, CA
Iqbal Mian, CPA, CGA
André Mignault, CPA auditor, CA
Pier-Olivier Migneault, CPA auditor, CA
Joël Minville, CPA auditor, CA
Caroline Nadeau, CPA auditor, CA

Jean-Pierre Nadeau, CPA, CA
Josée Néron, CPA, CMA
Robert Papineau, CPA auditor, CA
Rachel Papirakis, CPA auditor, CA
Marie-Claude Paquet, CPA, CA
Alain Paquin, FCPA auditor, FCA
Pierre-André Paré, FCPA, FCA
Jocelyn Patenaude, CPA auditor, CA
Diane Paul, CPA auditor, CA
Claude Paul-Hus, FCPA, FCMA
Danièle Pérusse, FCPA, FCGA
Jacques Plante, CPA, CA
Lyne Rioux, CPA auditor, CA
Julia Scott, CPA, CA
Johannie Sylvain, CPA, CGA
Marie-Claude Tardif, CPA auditor, CA
Michel Théroux, FCPA, FCA
Martin Tremblay, CPA, CGA
Nicholas Tremblay, CPA, CGA
Jean-François Trépanier, CPA auditor, CA
Steve Turner, CPA, CMA
Benoit Vallée, CPA, CGA
Jonathan Vandal, CPA, CA
Paul-André Veilleux, CPA, CMA

Mélanie Leduc, CPA auditor, CA
Jo-Ann Lempert, CPA auditor, CA
Claudia Leonardi, CPA auditor, CA
Sonia Loubier, CPA auditor, CA
Michel Magnan, FCPA auditor, FCA
Sylvie Meloche, CPA, CA
Jocelyn Patenaude, CPA auditor, CA
Danièle Pérusse, FCPA, FCGA
Michel Théroux, FCPA, FCA
Jean-François Trépanier, CPA auditor, CA

EXECUTIVE COMMITTEE



From left to right:

Stephan Robitaille, FCPA, FCGA, Chair of the Order | **Daniel McMahon, FCPA, FCA, President and Chief Executive Officer** |
Manon Durivage, FCPA auditor, FCA, First Vice-Chair | **Nathalie Houle, FCPA, FCMA, Second Vice-Chair** |
Alain Dugal, FCPA auditor, CA, elected director | **Nelly Rodrigue, director appointed by the Office des professions**

BOARD OF DIRECTORS

Stephan Robitaille, FCPA, FCGA (2012-05-16)
Chair of the Order elected by the members
of the Board of directors

Manon Durivage, FCPA auditor, FCA
(2012-05-16)
First Vice-Chair

Nathalie Houle, FCPA, FCMA (2012-05-16)
Second Vice-Chair

Alain Dugal, FCPA auditor, CA (2012-05-16)

Jacques Lefebvre, ASC (2012-05-16)
Director appointed by the Office
des professions

Marc Bélanger, FCPA, FCMA (2012-05-16)

André Dugal, FCPA auditor, CA (2012-05-16)

Ginette Fortin, FCPA, FCGA (2012-05-16)

Suzanne Maisonneuve-Benoit (2012-05-16)
Director appointed by the Office
des professions

André Miville, FCPA auditor, CA (2012-05-16)

Benoit Lavigne, CPA auditor, CA (2013-05-09)

Nelly Rodrigue, lawyer (2012-05-16)
Director appointed by the Office
des professions

Alain Tremblay, CPA auditor, CA, CA•IT
(2012-05-16)

Germain Trottier, Ph. D., S. W. (2012-05-16)
Director appointed by the Office
des professions

Sylvie Valois, CPA, CMA (2012-05-16)

Rénauld Vigneault, FCPA, FCGA (2012-05-16)

RESOLUTIONS

The main resolutions adopted by the Board of directors concerned the following:

- > appointment by co-optation of a new board member to fill a vacant elected director position;
- > adoption of codes of ethics for members of statutory committees, non-statutory committees and staff of the Order;
- > adoption of the policy on psychological harassment;
- > adoption of the policy on governance;
- > adoption of the procedure for electing members to the Executive committee;
- > adoption of the Code of conduct respecting elections to the Board of directors;
- > adoption of the Description of expectations for members of the Board of directors and of the Executive committee;
- > adoption of the policy directions of the CPA National Recognition and Accreditation Standards developed by a CPA Canada working group;

Meetings

During the period of April 1, 2013 to March 31, 2014, the members of the Executive committee attended 10 statutory meetings and one extraordinary meeting. The members of the Board of directors attended six statutory meetings and five extraordinary meetings.


The Annual General Meeting of the members of the Ordre des comptables professionnels agréés du Québec was held on September 6, 2013.

- > adoption of the policy directions of the practical experience requirements for the CPA Professional Education Program outlined in the CPA Canada report, except those relating to the term of practical experience and the recognition of 12 months of prior experience;
- > adoption of the assessment approach for the CPA Professional Education Program;
- > adoption of the French or French and English versions, if applicable, of the following regulations for publication in the *Gazette officielle du Québec*:
 - *Regulation respecting other terms and conditions for the issue of permits of the Ordre des comptables professionnels agréés du Québec*;
 - *Règlement sur les normes d'équivalence de diplôme et de la formation aux fins de la délivrance d'un permis de l'Ordre des comptables professionnels agréés du Québec*;
 - *Règlement sur le permis de comptabilité publique de l'Ordre des comptables professionnels agréés du Québec*;
 - *Regulation respecting legal authorizations to practise outside Québec that give access to the permit issued by the Ordre des comptables professionnels agréés du Québec*;
 - *Règlement sur les élections et l'organisation de l'Ordre des comptables professionnels agréés du Québec*;

- > adoption of the *Regulation to amend the Regulation respecting the diplomas issued by designated educational institutions which give access to permits or specialist's certificates of professional orders* (chartered professional accountants) and a notice supporting the proposed amendments to section 184 of the *Professional Code* following an Office des professions consultation;
- > approval of the Order's financial statements for the period ended March 31, 2013;
- > appointment of an independent auditor for 2013-2014;
- > appointment of members to the Disciplinary council, the Review committee and the Council for the arbitration of accounts;
- > appointment of members and of a number of chairs to non-statutory committees of the Order;
- > appointment of the chair and of the members of the Professional inspection committee and inspectors/investigators or experts to assist the committee;
- > election of a board member to the position of elected director and appointment of one of the Office-appointed members to the Executive committee;
- > recommendation, subject to member approval at the Annual General Meeting held on September 6, 2013, to increase the dues of regular members and professors or lecturers.

The main resolutions adopted by the Executive committee concerned the following:

- > authorization to lodge complaints for the illegal practice of public accountancy and unauthorized use of the chartered professional accountant designation;
- > approval of various costs in accordance with section 86.0.1 (8) of the *Professional Code*;
- > imposition of measures in accordance with sections 45 and 55.1 of the *Professional Code*;
- > imposition of measures or conditions on certain members prior to reinstatement on the roll of the Order;
- > imposition of refresher training periods, suspension of the public accountancy permit and imposition of other measures on the recommendation of the Professional inspection committee;
- > accreditation of training employers and training environments and assessment of practical experience periods;
- > appointment of CA•IFAs;
- > approval of the results obtained on the Order's examinations following requests for reviews;
- > recognition of equivalence in accordance with the regulations respecting the standards for equivalence of diplomas and training for the issue of a permit of the Order;

- 
- A photograph of a person's hand in a dark blue suit sleeve, holding a large, 3D, grey letter 'P'. The hand is open and palm-up, with the letter 'P' resting on it. The background is plain white.
- > requests for inquiries forwarded to the syndic in accordance with section 128 of the *Professional Code*;
 - > appointment of ad hoc syndics;
 - > issue of CPA permits, temporary permits, public accountancy permits, permits issued under a monitoring program and public accountancy permits pursuant to section 65, reinstatements on the roll of the Order and release from monitoring programs;
 - > suspension and revocation of public accountancy permits for failure to meet the requirements of the imposed monitoring program;
 - > approval of training employers and practical experience periods relating to the issue of a CPA permit and public accountancy permit;
 - > striking off from the roll of members who failed to pay the annual dues on April 1, 2013 or to take out professional liability insurance;
 - > approval of the 2014 UFE Candidates' Competency Map;
 - > approval of a partial indemnity to a claimant following a claim submitted under the *Regulation respecting trust accounting by chartered professional accountants and the indemnity fund of the Ordre des comptables professionnels agréés du Québec*;
 - > adoption of late fees and of the Order's annual roll registration process in accordance with section 86.0.1 (8) of the *Professional Code*;
 - > adoption of the refund policy and professional liability insurance premium adjustments;
 - > adoption of an agreement with the Autorité des marchés financiers relating to the supervision of financial planners.

ROLL OF THE ORDER

During the period, 1,400 candidates for the practice of the profession were admitted as members of the Order after meeting all the conditions giving access to the CPA permit. The number of members entered on the roll of the Order as at March 31, 2014 totals 36,038, 2,453 of whom are registered as retired members for purposes of the annual dues.

In addition, the Order issued 813 public accountancy permits, including two under subparagraph 3, section 60 of the *Chartered Professional Accountants Act* and 175 under section 65.

APPLICATIONS FOR A CPA PERMIT

	Received	Accepted	Denied	No decision as at year-end
Based on a diploma requirement determined pursuant to paragraph 1 of section 184 of the <i>Professional Code</i>	1,075	1,075	0	0
Based on the recognition of training equivalence	155	155	0	0
Based on a legal authorization to practice the profession	31	29	2	0



APPLICATIONS FOR TEMPORARY, RESTRICTIVE, TEMPORARY RESTRICTIVE AND SPECIAL PERMITS

	Received	Accepted	Denied	No decision as at year-end
Temporary permits – section 37 of the <i>Charter of the French Language</i>	59	57	2	0
Temporary permits – section 41 of the <i>Professional Code</i>	0	0	0	0
Temporary restrictive permits – section 42.1(1) of the <i>Professional Code</i>	0	0	0	0
Temporary restrictive permits – section 42.1(2) of the <i>Professional Code</i>	0	0	0	0
Special permits – section 42.2 of the <i>Professional Code</i>	0	0	0	0
Restrictive permits – section 40 of the <i>Charter of the French Language</i>	1	1	0	0

CPA PERMITS ISSUED	2013-2014	2012-2013
	1,429	1,142
Regular permits	1,371	1,099
Temporary permits	39	35
Temporary permits by affiliation	18	8
Restrictive permits	1	0
Special authorizations granted	0	0
Special authorizations extended	0	0

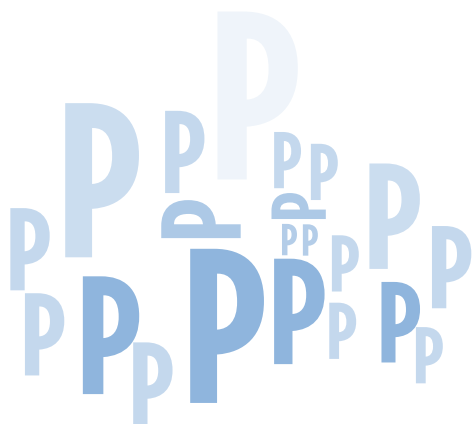
PERMITS SUSPENDED OR REVOKED	Suspended	Revoked
Regular permits	0	2
Regular permits by reciprocity	0	0
Regular permits by affiliation	0	0
Temporary permits	0	0
Temporary permits by affiliation	0	0
Restrictive permits	0	0
Public accountancy permits	23	0



ADDITIONS TO THE ROLL OF THE ORDER	2013-2014	2012-2013
	1,499	1,195
Under section 1 of the regulations respecting the terms and conditions for the issue of a permit by the Ordre des comptables agréés du Québec, the Ordre des comptables généraux accrédités du Québec and the Ordre des comptables en management accrédités du Québec	1,400	1,116
By reinstatement	65	51
By affiliation under section 39 of the <i>Chartered Professional Accountants Act</i>	28	22
By reciprocity with another country under section 57 of the <i>Chartered Professional Accountants Act</i>	1	4
With limitation of the right to engage in professional activities	0	0
With suspension of the right to engage in professional activities	0	0
By renewal of a temporary permit	3	2
Adjustment after cross-referencing the databases of the three legacy orders	2	0

REMOVAL FROM THE ROLL OF THE ORDER	2013-2014	2012-2013
	1,018	549
Deceased	92	83
Resigned	605	446
Struck off for non-payment of annual dues	108	2
Struck off for non-compliance with the <i>Règlement sur la formation continue obligatoire des comptables professionnels agréés du Québec</i>	66	0
Struck off for non-compliance with the <i>Règlement sur l'assurance de la responsabilité professionnelle des membres de l'Ordre des comptables professionnels agréés du Québec</i>	23	3
Struck off pursuant to a decision of the Disciplinary council	18	13
Removed pursuant to a decision of the Executive committee	98	0
Expiry of temporary permit	6	2
Expiry of restrictive permit	1	0
Adjustment after cross-referencing the databases of the three legacy orders	1	0
Number of members at year-end	36,038	35,557

MEMBERSHIP DISTRIBUTION ACCORDING TO GENDER	2013-2014	2012-2013
Women	15,922	15,445
Men	20,116	20,112



BREAKDOWN OF MEMBERS BY ADMINISTRATIVE REGION	
Abitibi-Témiscamingue	393
Bas-Saint-Laurent	433
Central Quebec	707
Chaudière-Appalaches	1,245
Côte-Nord	129
Estrie	887
Gaspésie-Îles-de-la-Madeleine	94
Lanaudière	810
Laurentians	1,195
Laval	1,682
Mauricie	690
Montréal	15,196
Nord-du-Québec	27
Outaouais	886
Outside Canada	911
Outside Quebec, in Canada	1,935
Quebec City	3,658
Saguenay-Lac-Saint-Jean	716

ANNUAL DUES	\$
Members residing in Quebec	840
Members residing outside Quebec	650
Professors and lecturers	420
Affiliate members residing in Quebec	380
Affiliate members residing outside Quebec	190
Retired members	125
Members on permanent or temporary disability leave	125
Doctoral members	0



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ADDITIONS TO THE CANDIDATE ROLL	2013-2014	2012-2013
	2,591	1,840
University path — Recognized undergraduate diploma	817	1,417
Diploma/training equivalence — Quebec	50	181
Diploma/training equivalence — Outside Quebec	58	43
Diploma/training equivalence — Outside Canada	86	151
Reciprocity agreement	7	9
Mutual recognition agreement — France	0	1
Reinstatement	97	24
Transfer from another province	17	0
Change of status from student to candidate	1,397	-
Other	62	14

REMOVAL FROM THE CANDIDATE ROLL	2013-2014	2012-2013
	2,383	1,480
Expiry of deadline to complete the CPA career path (examinations, practical experience) or incomplete file	289	50
Transfer to another province	32	27
Resigned, deceased, non-payment of annual dues or decision of the Executive committee	560	283
Other	102	-
Obtained CPA designation	1,400	1,120
> Recognized undergraduate diploma	1,076	834
> Diploma/training equivalence — Quebec	155	130
> Diploma/training equivalence — Outside Quebec	25	31
> Diploma/training equivalence — Outside Canada	134	109
> Reciprocity agreement (CARE examination)	2	4
> Mutual recognition agreement — France	4	0
> Other	4	12
Candidates registered at year-end	6,233	6,025

AUDIT

Committee members

Alain Tremblay, CPA auditor, CA, CA•IT, chair

Sandra Santos, CPA auditor, CGA

Martine Bouillé, CPA, CA

François Colette, CPA, CMA

Alain Dugal, FCPA auditor, CA, non-voting member, Executive committee representative

Secretary

Marie-France Langlois, CPA, CA

Guests

Mélanie Charbonneau, CPA auditor, CA

Sonya Guilbault, CPA auditor, CA

The Audit committee is composed of members of the Board of directors and members designated by the board, who are independent of management and of the Executive committee.

The committee assists the board in fulfilling its oversight responsibilities in respect of financial reporting, risk management and control, external audit and procedures applied by the Order to ensure compliance with applicable laws and regulations.

During the year, the committee met five times. The committee members also held in-camera sessions with the independent auditor without management being present.

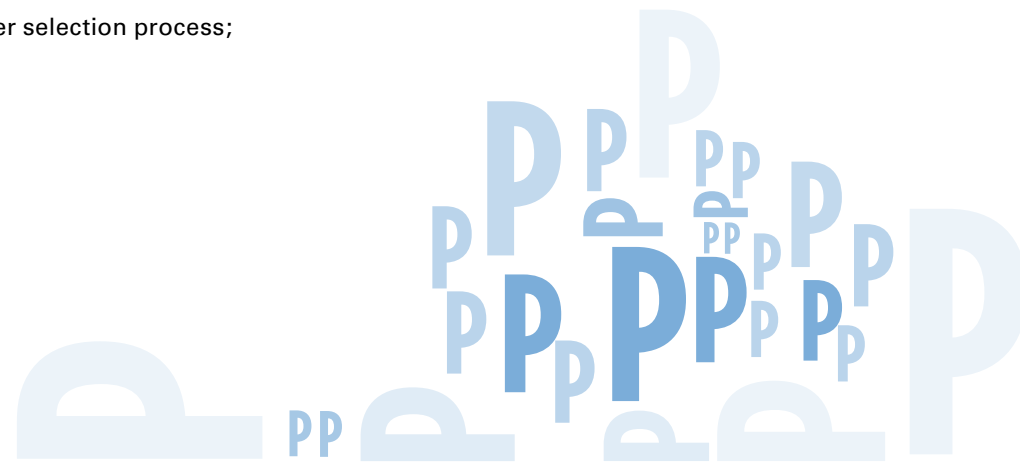
During these meetings, the committee:

- > approved the 2014–2015 budget directions, recommended a \$20 dues increase, analyzed the 2014-2015 detailed budget and recommended its approval by the board;
- > ensured that the independent auditor was independent and objective, including by preapproving the audit mandates and fees;
- > analyzed the supplier selection process;

- > approved the risk management department's internal audit charter;
- > monitored the Order's risks, in particular those related to the unification of the profession, and the gradual implementation of an appropriate control environment;
- > oversaw the application of the process put in place to ensure compliance with laws and regulations.

The Audit committee reviewed the CPA Order's financial statements as at March 31, 2014, and proposed their approval by the Board of directors.

Alain Tremblay, CPA auditor, CA, CA•IT
Chair



FINANCIAL STATEMENTS

For the year ended March 31, 2014

RICHTER

Independent Auditor's Report

To the members of the
Ordre des comptables professionnels agréés du Québec

We have audited the accompanying financial statements of the Ordre des comptables professionnels agréés du Québec which comprise the statement of financial position as at March 31, 2014, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

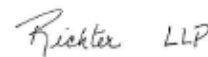
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ordre des comptables professionnels agréés du Québec as at March 31, 2014, 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.



Montréal, Québec
May 29, 2014

T. 514.934.3400

Richter S.E.N.C.R.L./LLP
1981 McGill College
Mtl (Qc) H3A 0G6
www.richter.ca

Montréal, Toronto



¹CPA auditor, CGA, public accountancy permit No. A132839

MANAGEMENT'S RESPONSIBILITY WITH REGARD TO THE FINANCIAL REPORT

The financial statements and other information contained in this annual report are the responsibility of the management of the Order. The financial statements have been prepared in accordance with accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook*. Where necessary, management has made judgments and estimates regarding the consequences of certain events and transactions. The financial and statistical information contained in the remainder of the annual report is consistent with the information included in the financial statements.

As part of its responsibilities, the management of the Order maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements.

The Board of directors of the Order carries out its responsibilities with regard to the financial statements mainly through its Audit committee. This committee reviews the annual financial statements and other information contained in the annual report and recommends them to the board for approval. The Audit committee meets periodically with the management of the Order and the independent auditor, and reports to the Board of directors thereon.

The financial statements have been audited by the Order's auditors, who were engaged by the Board of directors upon recommendation of the Audit committee and whose appointment was ratified by the General Meeting.



Stephan Robitaille, FCPA, FCGA
Chair of the Order




Daniel McMahon, FCPA, FCA
President and Chief Executive Officer

STATEMENT OF FINANCIAL POSITION > AS AT MARCH 31, 2014

	2014			2013 (Restated, note 18)
	General Fund	Indemnity Fund	Insurance Fund	Total
	\$	\$	\$	\$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (note 5)	20,400,877	2,370	296,746	20,699,993
Investments (note 6)	808,150	13,260	-	821,410
Accounts receivable (note 7)	1,750,588	1,733	733	1,753,054
Prepaid expenses	4,559,467	-	-	4,559,467
	27,519,082	17,363	297,479	27,833,924
INVESTMENTS (note 6)	15,079,801	2,445,639	1,545,569	19,071,009
CAPITAL ASSETS (note 8)	4,174,772	-	-	4,174,772
INTANGIBLE ASSETS (note 8)	1,263,808	-	-	1,263,808
	48,037,463	2,463,002	1,843,048	52,343,513
LIABILITIES				
CURRENT LIABILITIES				
Debts (note 9)	8,539,193	-	299,813	8,839,006
Unearned revenue (note 10)	25,995,255	-	-	25,995,255
Current portion of liability for the remaining lease rentals (note 11)	1,241,934	-	-	1,241,934
	35,776,382	-	299,813	36,076,195
DEFERRED LEASE INDUCEMENT LIABILITY FOR THE REMAINING LEASE RENTALS (note 11)	169,820	-	-	169,820
ACCRUED BENEFIT LIABILITY (note 12)	2,131,940	-	-	2,131,940
INSURANCE FUND RESERVES (note 13)	2,799,000	-	-	2,799,000
DEFERRED REVENUE (note 14)	-	-	548,468	548,468
	-	-	1,072,411	1,072,411
	40,877,142	-	1,920,692	42,797,834
FUND BALANCES				
Internally restricted for:				
Capital assets	5,438,580	-	-	5,438,580
Regional groups	539,569	-	-	539,569
Professional education program orientation	380,298	-	-	380,298
Professional development	928,940	-	-	928,940
Professional liability insurance	674,644	-	-	674,644
Unrestricted	(801,710)	-	-	(801,710)
Indemnity fund	-	2,463,002	-	2,463,002
Insurance fund	-	-	(77,644)	(77,644)
	7,160,321	2,463,002	(77,644)	9,545,679
	48,037,463	2,463,002	1,843,048	52,343,513
COMMITMENTS (note 15)				
SUBSEQUENT EVENTS (note 16)				

On behalf of the Board of directors of the
ORDRE DES COMPTABLES PROFESSIONNELS AGRÉÉS DU QUÉBEC


Stephan Robitaille, FCPA, FCGA
Chair of the Order


Alain Tremblay, CPA auditor, CA, CA•IT
Chair of the Audit committee

STATEMENT OF OPERATIONS > FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 (12 months)					March 31, 2013 (10.5 months) (Restated, note 18)
	Budget (note 2) (Unaudited)	General Fund*	Indemnity Fund	Insurance Fund	Total	Total
	\$	\$	\$	\$	\$	\$
REVENUES						
Dues and registration fees	30,220,600	29,808,446	-	-	29,808,446	28,402,177
Professional development	8,814,100	9,213,828	-	-	9,213,828	7,568,652
Qualification	8,478,700	9,257,517	-	-	9,257,517	7,353,481
Supervision of the profession	2,745,800	3,081,320	-	-	3,081,320	2,151,938
Public affairs, communications and events	1,907,000	1,729,963	-	-	1,729,963	1,458,848
Investment income (note 17)	808,800	648,790	73,970	-	722,760	798,573
Other	40,000	210,811	-	71,635	282,446	155,388
	53,015,000	53,950,675	73,970	71,635	54,096,280	47,889,057
EXPENSES						
Management and human resources	2,346,400	2,555,244	-	-	2,555,244	2,435,361
Professional development	8,442,400	8,228,988	-	-	8,228,988	6,223,192
Qualification	7,293,300	6,908,816	-	-	6,908,816	6,427,927
Supervision of the profession	6,900,100	7,345,385	3,548	-	7,348,933	6,380,637
Public affairs, communications and events	8,028,100	7,098,112	-	-	7,098,112	6,100,409
Administration and information technology	7,510,300	8,585,644	78,218	113,799	8,777,661	7,865,532
National service charges	12,941,200	12,453,456	-	-	12,453,456	8,940,372
Increase in Insurance Fund reserves	-	-	-	3,627	3,627	4,697
Expenses related to previous leases (note 11)	-	3,527,033	-	-	3,527,033	-
	53,461,800	56,702,678	81,766	117,426	56,901,870	44,378,127
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUES)	(446,800)	(2,752,003)	(7,796)	(45,791)	(2,805,590)	3,510,930

* Revenues and expenses of the General Fund are detailed in Appendices A and B.

STATEMENT OF CHANGES IN FUND BALANCES > FOR THE YEAR ENDED MARCH 31, 2014

March 31, 2014 (12 months)									
	General Fund						Indemnity Fund	Insurance Fund	Total
	Invested in capital assets	Restricted for regional groups*	Restricted for PEP orientation**	Restricted for PD***	Restricted for professional liability insurance****	Unrestricted			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	1,882,548	538,203	398,294	1,000,000	661,293	6,404,676	1,870,798	(31,853)	12,723,959
Restatement of prior periods (note 18)	-	-	-	-	-	(372,690)	-	-	(372,690)
RESTATED BALANCE	1,882,548	538,203	398,294	1,000,000	661,293	6,031,986	1,870,798	(31,853)	12,351,269
Excess of revenues over expenses (expenses over revenues)	(894,838)	(470,826)	(17,996)	-	13,351	(1,381,694)	(7,796)	(45,791)	(2,805,590)
Purchase of capital assets	4,596,870	-	-	-	-	(4,596,870)	-	-	-
Disposal of capital assets	(146,000)	-	-	-	-	146,000	-	-	-
Internally restricted funds	-	472,192	-	(71,060)	-	(1,001,132)	600,000	-	-
BALANCE, END OF YEAR	5,438,580	539,569	380,298	928,940	674,644	(801,710)	2,463,002	(77,644)	9,545,679

* The amount restricted for regional groups is used for regional group activities.

** The Professional Education Program (PEP) is for students registered in a graduate diploma program.

*** The amount restricted for Professional Development (PD) is used for the development of products and services intended for chartered professional accountants.

**** The amount restricted for professional liability insurance is used to offset increases in premiums of the group professional liability insurance plan.

STATEMENT OF CHANGES IN FUND BALANCES > FOR THE YEAR ENDED MARCH 31, 2014

March 31, 2013 (10.5 months)									
	General Fund						Indemnity Fund	Insurance Fund	Total
	Invested in capital assets	Restricted for regional groups *	Restricted for PEP orientation**	Restricted for PD***	Restricted for professional liability insurance****	Unrestricted			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF PERIOD	2,502,127	406,941	412,408	1,000,000	642,312	2,446,596	1,800,692	(34,484)	9,176,592
Restatement of prior periods (note 18)	-	-	-	-	-	(336,253)	-	-	(336,253)
RESTATED BALANCE	2,502,127	406,941	412,408	1,000,000	642,312	2,110,343	1,800,692	(34,484)	8,840,339
Excess of revenues over expenses									
(expenses over revenues)	(1,205,448)	(389,038)	(14,114)	-	18,981	5,027,812	70,106	2,631	3,510,930
Purchase of capital assets	588,473	-	-	-	-	(588,473)	-	-	-
Disposal of capital assets	(2,604)	-	-	-	-	2,604	-	-	-
Internally restricted funds	-	520,300	-	-	-	(520,300)	-	-	-
BALANCE, END OF PERIOD	1,882,548	538,203	398,294	1,000,000	661,293	6,031,986	1,870,798	(31,853)	12,351,269

* The amount restricted for regional groups is used for regional group activities.

** The Professional Education Program (PEP) is for students registered in a graduate diploma program.

*** The amount restricted for Professional Development (PD) is used for the development of products and services intended for chartered professional accountants.

**** The amount restricted for professional liability insurance is used to offset increases in premiums of the group professional liability insurance plan.

STATEMENT OF CASH FLOWS > FOR THE YEAR ENDED MARCH 31, 2014

	March 31, 2014 (12 months)	March 31, 2013 (10.5 months) (Restated, note 18)
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenses	(2,805,590)	3,510,930
Non-cash items:		
Amortization and impairment of capital assets	923,549	1,185,652
(Gain) loss on disposal of capital assets	(28,711)	19,796
Reinvested investment income	(599,029)	(715,786)
Unrealized loss on investments	436,653	74,387
Change in deferred lease inducement	(481,972)	69,147
Amortization of deferred lease inducement	(26,961)	(11,101)
Increase in liability for the remaining lease rentals	3,373,874	-
Change in accrued benefit liability	(332,400)	(162,900)
Increase in Insurance Fund reserves	3,627	4,697
	463,040	3,974,822
Net change in non-cash working capital items (note 19)	1,197,284	(686,617)
	1,660,324	3,288,205
INVESTING ACTIVITIES		
Proceeds from disposal of investments	2,779,558	4,938,747
Purchase of investments	(2,300,242)	(3,576,213)
Purchase of capital assets	(3,931,008)	(306,150)
Purchase of intangible assets	(665,862)	(282,323)
Proceeds from disposal of capital assets	146,000	2,604
Net proceeds from Insurance Fund investments	(10,325)	34,306
	(3,981,879)	810,971
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,321,555)	4,099,176
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	23,021,548	18,922,372
CASH AND CASH EQUIVALENTS, END OF PERIOD	20,699,993	23,021,548

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

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

1. INCORPORATION, NATURE OF ACTIVITIES AND STRUCTURE OF THE ORDER

The Ordre des comptables professionnels agréés du Québec (CPA Order) is constituted under the *Chartered Professional Accountants Act of Quebec*, which was assented to by the Quebec National Assembly on May 16, 2012. Under this new legislation, the CPA Order succeeds to the rights and obligations of the Ordre des comptables agréés du Québec (CA Order), the Ordre des comptables généraux accrédités du Québec (CGA Order) and the Ordre des comptables en management accrédités du Québec (CMA Order). Since May 16, 2012, the net assets of the CA Order, the CGA Order and the CMA Order were combined to form a single order, the CPA Order. Its primary mission is to ensure the protection of the public. The CPA Order is governed by Quebec's *Professional Code* and is a not-for-profit organization within the meaning of the *Income Tax Act*. The CPA Order must, in particular, ensure the delivery of practice permits to candidates who have met the required conditions, maintain the roll of the Order and supervise the practice of the profession by its members. In addition, the Order uses the services of CPA Canada in the following areas affecting Canadian professional accountants as a whole: public interest and integrity; effective leadership and strategic planning for the profession; education and qualification; standard setting; and communications.

2. BUDGET

The figures presented in the financial statements and in Appendices A and B, under the Budget column, present the General Fund. They are presented for information purposes and are unaudited. This budget was approved by the board of directors on February 7, 2013.

3. SIGNIFICANT ACCOUNTING POLICIES

The CPA Order's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook - Accounting* and are presented in accordance with Sections 22 to 25 of the *Regulation respecting the annual reports of professional orders* (R.S.Q., c. C-26, s. 12, third para., subpara. 6(b) and s. 12.2).

A) FUND ACCOUNTING

The General Fund is used for all ordinary and regular operations of the CPA Order. Revenues and expenses related to services and administration are presented in the General Fund.

The Indemnity Fund is intended to reimburse to third parties sums of money or other securities used by a member for purposes other than those for which they were entrusted to him or her in the practice of the profession, in accordance with Section 89 of the *Professional Code*.

The Insurance Fund includes the amounts refunded by insurers for members who participate in the insurance plans offered by the CPA Order. Revenues and expenses related to the Insurance Fund are included in this Fund. The related investment income is recognized as deferred revenue in the statement of financial position.

B) REVENUE RECOGNITION

The CPA Order uses the deferral method to recognize contributions. Restricted contributions are recognized as revenue in the period to which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received (or receivable) if the amount to be received can be reasonably estimated and collection is reasonably assured.

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

Education activities revenue is recognized based on clients' use of the service, according to an average usage rate established each period.

Income from fines are recorded when amounts are due and collection is reasonably assured.

Membership dues, investment income other than from the Insurance Fund and all other revenues are recognized in the period to which they relate.

The Insurance Fund recognizes a revenue or expense in order to cover administrative expenses and changes in the reserves.

C) FINANCIAL INSTRUMENTS

Methods and assumptions

The CPA Order initially recognizes its financial assets and financial liabilities at fair value.

The Order subsequently measures all its financial assets and financial liabilities at amortized cost, except for bond investments and enhanced Canadian bond fund units, which were designated at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets and financial liabilities	Measurement
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Guaranteed investment certificates and term deposits	Amortized cost
Bonds	Fair value
Enhanced Canadian bond fund units	Fair value
Accounts payable and accrued liabilities	Amortized cost
Insurance Fund reserves	Amortized cost

The fair value of a financial instrument is the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair value of quoted investments is based on bid prices at the reporting date.

Insurance fund reserves are recorded at amortized cost. One reserve represents that part of the amounts refunded by the insurer which the CPA Order must retain to offset any future deficits in the life insurance plan. The other reserve represents claims incurred but not reported. Reserve amounts are established by the insurer. Fair value cannot be determined as the reserves are based on potential claims whose amounts and dates are unknown.

Impairment

Financial assets measured at amortized cost are tested for impairment if there are any indications they may be impaired. The CPA Order determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset. If this is the case, it reduces the carrying amount of the asset to the highest of either the present value of expected cash flows or the amount that could be realized by selling the asset at the reporting date. The amount of the reduction is recognized as an impairment loss in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

Transaction costs

Transaction costs are expensed in the period incurred. However, transaction costs associated with financial instruments subsequently measured at amortized cost are recognized in the statement of operations at the adjusted cost of the financial asset or financial liability over the life of the instrument using the straight-line method.

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

D) ALLOCATION OF EXPENSES

Expenses directly related to an activity are charged to that activity. Overhead is allocated to self-financing centres, such as professional inspection and education activities, according to use. The unallocated balance is shown separately in the additional information under "Office occupancy expenses." Overhead related to rent and taxes is allocated based on square footage used.

E) DEVELOPMENT COSTS

Development costs are capitalized when they meet certain identifiable criteria justifying their capitalization.

F) CONTRIBUTED SERVICES

The operation of the CPA Order depends in part on the voluntary services of many members. Due to the difficulty of establishing their value, contributed services are not recognized in the financial statements.

G) MANAGEMENT ESTIMATES

The preparation of financial statements, in conformity with Canadian accounting standards for not-for-profit organizations, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. The critical estimates relate to the recognition of intangible assets, unearned revenue from education activities, employee future benefits and estimated sublease revenues for premises which are no longer in use. Actual results could differ from these estimates.

H) CASH AND CASH EQUIVALENTS

The CPA Order's policy is to disclose cash, treasury bonds and investments with maturities of 90 days or less from the date of acquisition under cash and cash equivalents.

I) SHORT-TERM INVESTMENTS

Short-term investments consist of term deposits, guaranteed investment certificates and bonds, with maturities of 90 days or more but less than 12 months.

J) CAPITAL AND INTANGIBLE ASSETS

Capital assets are recorded at cost and amortized, once they are put in service, over their useful lives using the following methods and periods:

	Method	Period
Capital assets		
Furniture and equipment	Straight-line	10 years
Telephone system	Straight-line	5 years
Computer hardware	Straight-line	3 years
Leasehold improvements	Straight-line	Term of the lease
Intangible assets		
Computer software	Straight-line	5 years

When a capital asset has no long-term service potential, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. No write-down is reversed.

K) DEFERRED LEASE INDUCEMENT

The deferred lease inducement of the new lease is amortized on a straight-line basis over the term of the original lease and is applied against the rental expense.

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

L) EMPLOYEE BENEFIT PLANS

The CPA Order maintains the defined benefit plans for past services rendered before January 1, 2007. For services rendered since that date, the funded defined benefit plan continues as a defined contribution plan. Until May 31, 2013, the CPA Order was also offering a group registered retirement savings plan (RRSP) to certain employees. As of June 1, 2013, the employees who participated in the RRSP were enrolled in the defined contribution plan.

(i) Defined benefits for past services

The fair value of plan assets and the accrued benefit obligation are measured at December 31.

The CPA Order uses the deferral and amortization approach to account for the defined benefit pension plans.

The CPA Order has adopted the following policies to account for its obligations under defined benefit plans and the related costs, net of plan assets:

- > The cost of pension and other post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate assumptions in determining the expected return on plan assets, salary escalation, the retirement ages of employees and expected post-retirement benefit costs;
- > Plan assets are measured at fair value for the purpose of calculating the expected return;
- > Past service costs arising from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment;

- > The excess of the net actuarial gain (loss) over 10% of the accrued benefit obligation, or over 10% of the fair value of plan assets if higher, is amortized over the average remaining service period of active employees. The average remaining service periods of active employees covered by the funded pension plan and the unfunded pension plan are respectively 11 years and 7 years (11 years and 7 years as at December 31, 2012).

ii) Defined contribution plan

The cost of the plan is based on the amount of the CPA Order's annual contributions.

4. FINANCIAL INSTRUMENTS

RISK MANAGEMENT

The CPA Order manages its exposure to the risks associated with financial instruments that affect its operating and financial performance in order to reduce volatility in cash flow and earnings.

As concerns financial instruments, the CPA Order ensures an ongoing review to evaluate changes in the status of investments, in accordance with its investment policy.

The CPA Order is exposed to risks associated with its financial instruments as described below. The CPA Order's financial instruments and the nature of their associated risks are as follows:

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

	RISKS				
	MARKET RISKS				
	Credit	Liquidity	Currency	Interest rate	Other price risk
Measured at amortized cost					
Cash and cash equivalents				X	
Accounts receivable	X				
Term deposits and guaranteed investment certificates	X			X	X
Accounts payable and accrued liabilities		X			
Insurance Fund reserves		X			
Measured at fair value					
Bond investments and enhanced Canadian bond fund units	X			X	X

A) CREDIT RISK

Credit risk arises from the possibility of one of the parties defaulting on its financial obligations. Concentration of credit risk exists when a group of clients have similar economic characteristics such that their ability to meet their obligations could be affected similarly by changes in economic or other conditions. The CPA Order is not exposed to any concentration of credit risk since its receivables come from a large number of clients and consequently there is no significant risk with respect to a single client. The maximum credit risk to which the CPA Order is exposed is the carrying amount of cash and cash equivalents, accounts receivable and investments.

(i) Investments

Credit risk associated with term deposits and guaranteed investment certificates is minimized because the CPA Order does business with recognized financial institutions with a high credit rating.

The CPA Order is exposed to credit risk related to other investments arising from ownership of bonds and enhanced Canadian bond fund units.

(ii) Accounts receivable

The CPA Order must make estimates in respect of the allowance for doubtful accounts. The reasons for the account being past due and the line of business from which the receivable arose are considered in determining when past-due accounts should be provided for or whether to write-off amounts charged to the allowance account against the amounts receivable. The allowance for doubtful accounts is calculated on a specific-identification basis or on a non-specific basis, as appropriate. Amounts subsequently recovered from accounts previously written off are recognized in the period of recovery.

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

B) LIQUIDITY RISK

Liquidity risk is the risk of being unable to meet a demand for cash or fund obligations as they come due. The CPA Order takes account of the possible delay in realizing the fair value of investments.

The CPA Order manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Accounts payable and accrued liabilities are generally repaid within 30 days. With respect to the Insurance Fund reserves, there is no known maturity since the reserves cover claims incurred but not reported.

C) MARKET RISK

The CPA Order is exposed to market risks arising from fluctuations in the fair value of financial instruments due to changes in market prices. Market risks consist of currency risk, interest rate risk and other price risk.

(i) Currency risk

The Order does not enter into foreign currency transactions and does not use foreign exchange forward contracts.

(ii) Interest rate risk

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

The CPA Order is directly and indirectly exposed to interest rate risk with regard to its cash and cash equivalents, and investments. The CPA Order has no interest-bearing liabilities.

The CPA Order's cash and cash equivalents include deposits with financial institutions that earn interest at the market rate.

The CPA Order manages the interest rate risk exposure of its cash and cash equivalents by minimizing its capital investment risks while achieving a satisfactory return and maintaining the minimum liquidity necessary to conduct its day-to-day operations. Fluctuations in market rates of interest on cash do not have a significant impact on the CPA Order's results of operations.

Term deposits, guaranteed investment certificates and cash and cash equivalents are not exposed to significant interest rate risk given their short-term nature. Therefore, this risk does not have a significant impact.

(iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with these instruments will fluctuate due to changes in market prices other than those arising from currency risk or interest rate risk.

The CPA Order is also exposed to a price risk arising from ownership of bonds and enhanced Canadian bond fund units.

As for investments in bonds and enhanced Canadian bond fund units, sensitivity to interest rate fluctuations is reduced as a result of a significant weighting of short and medium-term securities. This weighting contributes to reducing the sensitivity of the portfolio to changes in interest rates and consequently to mitigating the risk.

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

5. CASH AND CASH EQUIVALENTS

The CPA Order manages its investment portfolio based on its cash requirements and with a view to safeguarding its capital while achieving a satisfactory return. The rate of return on cash and cash equivalents varies depending on market rates, and was 1% for the period (2013 – 1.08%).

6. INVESTMENTS

	March 31, 2014	March 31, 2013
	\$	\$
Measured at amortized cost		
Term deposits and guaranteed investment certificates	567,507	1,067,504
Measured at fair value		
Bonds	4,828,846	4,755,740
Enhanced Canadian bond fund units	14,496,066	14,386,115
	19,324,912	19,141,855
	19,892,419	20,209,359
Current		
Term deposits and guaranteed investment certificates	567,507	617,504
Bonds	253,903	336,302
	821,410	953,806
Long-term		
Guaranteed investment certificates	-	450,000
Bonds	4,574,943	4,419,438
Enhanced Canadian bond fund units	14,496,066	14,386,115
	19,071,009	19,255,553
	19,892,419	20,209,359

Term deposits and guaranteed investment certificates bear interest at effective interest rates ranging from 0.40% to 0.90% (2013 – 0.50% to 2.40%) and their maturity dates do not exceed one year. Bonds bear interest at effective interest rates ranging from 1% to 6.65% and their maturity dates range from March 2015 to April 2021 (2013 – 1.5% to 6.65% and November 2013 to December 2053). The yield of the enhanced Canadian bond fund units was 0.76% (2013 – 4.53%).

7. ACCOUNTS RECEIVABLE

	March 31, 2014	March 31, 2013
	\$	\$
Members	1,654,026	1,594,301
Accrued interest receivable	21,313	40,871
Amounts receivable from commercial products and services and other	77,715	77,148
	1,753,054	1,712,320

An allowance of \$50,001 (2013 – \$55,810) was set up to cover the accounts receivable balance, calculated on a gross amount of \$170,266 (2013 – \$85,498).

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

8. CAPITAL AND INTANGIBLE ASSETS

			March 31, 2014	March 31, 2013
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Tangible capital assets				
Furniture and equipment	1,684,919	706,900	978,019	425,932
Telephone system	93,501	22,577	70,924	83,707
Computer hardware	1,391,213	1,186,912	204,301	172,129
Leasehold improvements	2,936,824	15,296	2,921,528	121,098
	6,106,457	1,931,685	4,174,772	802,866
Intangible assets				
Software	5,180,187	3,916,379	1,263,808	1,079,682
	11,286,644	5,848,064	5,438,580	1,882,548

During the year, the CPA Order assembled all of its employees in one building. This relocation resulted in the addition of leasehold improvements of \$2,936,824 which are being amortized over the 16 year term of the lease.

The CPA Order wrote off leasehold improvements for offices that were no longer being used. An amortization charge of \$52,239 as well as a write-off of \$68,859 were recognized in the year. The write-off resulted in a reduction of cost and accumulated amortization of \$318,347.

In addition, the Order wrote off an amount of \$96,474 related to furniture and equipment which was no longer used, thereby reducing the net book value to \$Nil.

The amortization charge of capital assets and the write-off of property and equipment are as follows:

	March 31, 2014 (12 months)	March 31, 2013 (10.5 months)
	\$	\$
Amortization of property and equipment	276,480	420,649
Amortization of intangible assets	481,736	765,003
Total included in general expenses	758,216	1,185,652
Impairment of property and equipment related to the relocation	165,333	-

Capitalized in-house development costs of \$375,363 (2013 – \$188,088) are included in the acquisition of intangible assets for the year.

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

9. DEBTS

	March 31, 2014	March 31, 2013
	\$	\$
Accounts payable and accrued liabilities		
Suppliers	3,839,044	2,396,375
Salaries and payroll deductions	2,488,989	2,363,293
Rebates to insured members	299,813	-
Foundation of Quebec CPAs	141,408	120,697
	6,769,254	4,880,365
Government remittances	1,412,809	1,448,438
Office des professions du Québec levy	656,943	562,597
	8,839,006	6,891,400

10. UNEARNED REVENUE

	March 31, 2014	31 mars 2013 (Restated, note 18)
	\$	\$
Dues and registration fees	19,786,545	18,771,446
Education activities	4,159,290	2,494,194
Professional education program and exams	1,832,032	912,917
Commercial products	205,988	178,331
Others	11,400	7,830
	25,995,255	22,364,718

11. LIABILITY FOR THE REMAINING LEASE RENTALS

Due to the relocation of all CPA Order's employees in one building, a new lease which will be effective until March 31, 2030 was signed in August 2013.

A lease relating to one of the three previous office spaces was terminated resulting in a penalty of \$818,250 which was paid during the year.

Due to the relocation which occurred during the year, two office spaces with leases still in effect are no longer used at year-end. A liability for the remaining lease rentals, initially measured at its fair value, has been recognized since the CPA Order does not receive any economic benefits related to the leases. The CPA Order intends to exercise the lease termination clauses exercisable on July 31, 2016 and May 1, 2017, respectively.

The liability for the remaining lease rentals is composed of the present value of the lease payments payable until termination (including penalties), less any estimated sublease revenue. The CPA Order estimate takes into consideration the current market conditions for this type of rental location as well as the possibility of subleasing.

	Rentals payable	Estimated sublease revenue	March 31, 2014
	\$	\$	\$
2015	1,303,034	(61,100)	1,241,934
2016	1,324,907	(565,550)	759,357
2017	1,240,049	(518,687)	721,362
2018	886,710	(41,656)	845,054
Total rentals payable under the leases	4,754,700	(1,186,993)	3,567,707
Amount representing a 3% discount			(193,833)
Liability for the remaining lease rentals			3,373,874
Current portion of liability for the remaining lease rentals			(1,241,934)
			2,131,940

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

The expense related to the previous leases are composed of the penalty paid during the year and the leases payable, less the reversal of deferred leasehold improvements of previous leases.

The liability for the remaining lease rentals presents a liquidity risk managed by constantly monitoring forecasted and actual cash flows and financial liabilities, and by holding assets which can be readily converted into cash.

	March 31, 2014
	\$
Penalty paid during the year	818,250
Leases payable	3,373,874
Reversal of deferred lease inducements no longer in use	(665,091)
<u>Expense related to previous leases</u>	<u>3,527,033</u>

12. EMPLOYEE BENEFIT PLANS

A) DEFINED BENEFIT PLANS

The actuarial valuation for funding purposes was performed as at December 31, 2013. The next actuarial valuation is scheduled for December 31, 2014.

Information about the defined benefit plans, in aggregate, is as follows:

	March 31, 2014 (12 months)		March 31, 2013 (10.5 months)	
	Funded pension plan	Unfunded pension plan	Funded pension plan	Unfunded pension plan
	\$	\$	\$	\$
Pension expense for the period	48,000	153,900	66,000	96,400

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

A) DEFINED BENEFIT PLANS (CONTINUED)

The reconciliation of the funded status of the pension plans and the accrued benefit liabilities is as follows:

	March 31, 2014		March 31, 2013	
	Funded pension plan	Unfunded pension plan	Funded pension plan	Unfunded pension plan
	\$	\$	\$	\$
Fair value of plan assets	7,967,500	-	7,480,600	-
Accrued benefit obligations	9,465,700	2,024,000	9,853,700	1,959,500
Deficit	(1,498,200)	(2,024,000)	(2,373,100)	(1,959,500)
Unrecognized items	399,400	323,800	847,700	353,500
Accrued benefit liability	(1,098,800)	(1,700,200)	(1,525,400)	(1,606,000)

The unrecognized items are the portion of past actuarial gains and losses that does not require immediate recognition.

The significant actuarial assumptions adopted are as follows (weighted-average assumptions as at December 31):

	Funded pension plan		Unfunded pension plan	
	2014	2014	2013	2013
Accrued benefit obligations at December 31:				
Discount rate	4.75%	4.75%	4.0%	3.75%
Rate of compensation increase	3.5%	3.5%	3.5%	3.5%
Costs recognized for the year ended December 31:				
Discount rate	4.0%	3.75%	4.5%	4.0%
Expected long-term rate of return on plan assets	4.5%	-	4.5%	-
Rate of compensation increase	3.5%	3.5%	3.5%	3.5%

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

The assets of the funded plan consist of the following:

	Funded pension plan	
	2014	2013
Asset classification		
Canadian equities	13%	13%
Foreign equities	15%	14%
Bonds	72%	71%
Money market securities	-	2%
	100%	100%

Other information about the defined benefit plans of the CPA Order is as follows:

	March 31, 2014 (12 months)		March 31, 2013 (10.5 months)	
	Funded pension plan	Unfunded pension plan	Funded pension plan	Unfunded pension plan
	\$	\$	\$	\$
Employer contributions	447,451	59,800	291,307	40,410
Benefits paid	111,400	59,800	54,700	40,410

B) DEFINED CONTRIBUTION PLAN

In the year, the total cost recognized for the CPA Order's defined contribution plan is \$664,398 (2013 – \$488,499).

C) GROUP RRSP

In the year, the total cost recognized for the CPA Order's group registered retirement savings plan (RRSP) is \$22,241 (2013 – \$56,947).

13. INSURANCE FUND RESERVES

	March 31, 2014	March 31, 2013
	\$	\$
Balance, beginning of period	544,841	540,144
Change in required reserves	3,627	4,697
Balance, end of period	548,468	544,841

The Insurance Fund reserves consist of the claims fluctuation reserve and the incurred but not reported claims reserve. The claims fluctuation reserve represents part of the amounts refunded by the insurer which the CPA Order must retain to absorb any future deficits in the life insurance plan. The amount of the reserve originates from previous surpluses from the life insurance plan and its limit is determined by the insurer, based on annual premiums collected. The amount of any future deficits that the CPA Order may be required to offset annually is limited to the balance of the reserve at the beginning of the period in which the deficit occurs. At March 31, 2014, the claims fluctuation reserve has a zero balance while the incurred but not reported claims reserve is \$548,468 (2013 – \$544,841).

14. DEFERRED REVENUE (INSURANCE FUND)

	March 31, 2014	March 31, 2013
	\$	\$
Balance, beginning of period	1,082,736	1,048,430
Amounts recognized as revenue for the period	(71,635)	(79,895)
Investment income	61,310	114,201
Balance, end of period	1,072,411	1,082,736

Investment income consists of interest income of \$61,310 (2013 – \$77,024) and an investment gain of \$Nil (2013 – \$37,177). Unrealized losses on investments of \$45,791 (2013 – unrealized gains of \$2,631) are recorded in revenue in the year.

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

15. COMMITMENTS

The CPA Order has agreed as of August 28, 2013 to lease office spaces for a period of 16 years. The occupancy began in March 2014 but the rents are not payable prior to April 1, 2015. The total amount payable under the terms of the lease, including a provision for taxes and operating costs, is \$32,736,705. The deferred lease inducement relating to the new lease amounts to \$169,820 as at March 31, 2014.

Required payments for the next years do not include the commitments relating to previous leases presented in Note 11.

In addition, the CPA Order entered into three lease agreements for office equipment terminating in July 2016, and March and June 2018 respectively, which involve commitments of \$175,857 in aggregate.

The CPA Order is committed to reimburse the accumulated solvency deficiency of the defined benefit pension plan over a period of 10 years. This deficit totals \$1,761,800 as determined by an actuarial valuation as at December 31, 2013.

The CPA Order, in collaboration with Concordia University, has committed to create the CPA Research Centre at the John Molson School of Business. The Centre's goal is to become the reference point in Quebec and Canada for promoting research in public accounting.

The CPA Order has agreed to contribute \$250,000, payable in annual installments of \$50,000 over five years. At March 31, 2014, the balance of this commitment is \$100,000. The agreement contains a termination clause effective after the third installment.

The CPA Order, in collaboration with the Corporation de l'École des Hautes Études Commerciales de Montréal, has agreed to a partnership with respect to a CPA International Chair for the Study of Business Processes. The Chair's mission is to link three major areas of interest, i.e. assessing business practices through comparative analysis, innovating organizational performance analysis and transferring knowledge through university and continuing education. The CPA Order has agreed to contribute \$100,000, payable in annual installments of \$20,000 over five years. At March 31, 2014, the balance of this commitment is \$40,000.

Required payments for the next years are as follows:

	Offices	Office equipment	Pension plan	University partnerships	Total commitments
	\$	\$	\$	\$	\$
March 31, 2015	-	63,130	211,200	70,000	344,330
March 31, 2016	2,077,883	43,973	211,200	70,000	2,403,056
March 31, 2017	2,077,883	32,964	211,200	-	2,322,047
March 31, 2018	2,077,883	32,964	211,200	-	2,322,047
March 31, 2019	2,077,883	2,826	211,200	-	2,291,909
Thereafter	24,425,173	-	705,800	-	25,130,973
	32,736,705	175,857	1,761,800	140,000	34,814,362

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

16. SUBSEQUENT EVENTS

In April 2014, the CPA Order authorized the payment of an insurance rebate of \$184,784 from the medical and dental insurance surplus. In addition, two rebates totalling \$115,029 were paid from the long-term disability insurance surplus. As at March 31, 2014, these amounts are recognized in Debts on the Statement of financial position.

In May 2014, the Order obtained a \$3,000,000 unsecured demand line of credit bearing interest at the bank's prime rate.

17. INVESTMENT INCOME

	March 31, 2014 (12 months)	March 31, 2013 (10.5 months)
	\$	\$
Interest	777,981	655,238
(Loss) gain on sale of investments	(55,221)	140,704
Increase in fair value of investments	-	2,631
	722,760	798,573
Decrease in fair value of investments	(436,653)	(77,018)
	286,107	721,555

18. RESTATEMENT OF PRIOR PERIODS

During the year, the CPA Order recognized an amount of \$426,550 of unearned revenues from the Strategic leadership program which forms part of the Professional education program. Previously, these revenues were recognized at the time of enrollment as opposed to when the services were provided.

A retroactive adjustment has been applied and the 2013 amounts have been restated. The restatement resulted in a decrease in the unrestricted General Fund balance as of May 16, 2012 of \$336,253, an increase in unearned revenues of \$372,690 and a decrease in Professional education program revenues of \$36,437 for the year ended March 31, 2013.

As of April 1, 2013, the unrestricted General Fund balance has been reduced by an amount of \$372,690.

19. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	March 31, 2014 (12 months)	March 31, 2013 (10.5 months) (Restated, note 18)
	\$	\$
Accounts receivable	(40,734)	5,992
Prepaid expenses	(4,340,125)	717,864
Debts	1,947,606	(1,234,304)
Unearned revenue	3,630,537	(176,169)
	1,197,284	(686,617)

NOTES TO FINANCIAL STATEMENTS > FOR THE YEAR ENDED MARCH 31, 2014

20. TRANSACTIONS WITH THE FOUNDATION OF QUEBEC CPAS

The Foundation of Quebec chartered professional accountants (Foundation of Quebec CPAs) was incorporated under Part III of the *Companies Act* (Quebec). Its mission is to encourage the pursuit of education, to promote excellence in the various fields of expertise of CPAs as well as in other areas, by offering scholarships or grants to students of all academic levels and to professors. The CPA Order offers free administrative support and office space to the Foundation of Quebec CPAs. Direct expenses totalling \$156,322 as of March 31, 2014 (2013 – \$68,550) have been recognized by the CPA Order for the Foundation of Quebec CPAs.

21. ALLOCATION OF EXPENSES

Overhead is allocated as follows:

	March 31, 2014 (12 months)	March 31, 2013 (10.5 months)
	\$	\$
Professional inspection	131,715	109,159
Education activities	237,421	147,499
Office occupancy expenses	1,366,941	1,747,178
	1,736,077	2,003,836

22. COMPARATIVE FIGURES

An amount relating to the pension expense, recognized in General management, has been reclassified to Administration in the Statement of operations for the period ended in 2013, to reflect the presentation applied to the 2014 year-end.

ADDITIONAL INFORMATION > FOR THE YEAR ENDED MARCH 31, 2014

APPENDIX A

	March 31, 2014 (12 months)		March 31, 2013 (10.5 months) (Restated, note 18)
	Budget (note 2) (unaudited)	General Fund	General Fund
	\$	\$	\$
REVENUES			
DUES AND REGISTRATIONS			
Member dues	28,054,900	27,674,765	26,367,885
Candidate dues	1,065,700	1,240,075	1,299,887
Member registrations	725,000	504,590	391,725
Candidate registrations	375,000	389,016	342,680
	30,220,600	29,808,446	28,402,177
PROFESSIONAL DEVELOPMENT			
Education activities	8,419,100	8,770,890	7,188,314
Tools and resources	395,000	442,938	380,338
	8,814,100	9,213,828	7,568,652
QUALIFICATION			
Admission and training period	80,600	12,541	69,320
Professional education program	5,757,600	6,096,368	5,158,814
Examination fees	2,591,000	3,094,797	2,101,313
Recruitment of new members	49,500	53,811	24,034
	8,478,700	9,257,517	7,353,481
SUPERVISION OF THE PROFESSION			
Professional inspection	2,326,000	2,495,187	1,696,578
Registration of partnerships and joint-stock companies	24,000	34,710	19,936
Administrative fees – mandatory continuing education	140,800	145,585	67,575
Public accountancy permits	25,000	52,500	95,659
Professional liability insurance	130,000	193,505	134,472
Fines	100,000	159,833	137,718
	2,745,800	3,081,320	2,151,938
PUBLIC AFFAIRS, COMMUNICATIONS AND EVENTS			
Events	436,000	360,120	263,744
Regional activities	696,000	477,115	484,676
Commercial products	500,000	506,581	434,069
Promotion	-	-	2,150
Employment development	275,000	386,147	274,209
	1,907,000	1,729,963	1,458,848
INVESTMENT INCOME	808,800	648,790	712,981
OTHER			
Administrative expenses – dues	40,000	23,000	15,124
Gain on disposal of capital assets	-	28,711	-
Other	-	159,100	60,369
	40,000	210,811	75,493
TOTAL REVENUES – GENERAL FUND	53,015,000	53,950,675	47,723,570

ADDITIONAL INFORMATION > FOR THE YEAR ENDED MARCH 31, 2014

APPENDIX B

	March 31, 2014 (12 months)		March 31, 2013 (10.5 months)
	Budget (note 2) (unaudited)	General Fund	General Fund
	\$	\$	\$
EXPENSES			
MANAGEMENT AND HUMAN RESOURCES			
General management	1,329,700	1,451,908	1,488,551
Human resources	685,200	765,587	718,834
Risk management	331,500	337,749	227,976
	2,346,400	2,555,244	2,435,361
PROFESSIONAL DEVELOPMENT			
Education activities:			
Direct costs	7,559,900	7,309,529	5,560,069
Share of office occupancy expenses	253,800	237,421	147,499
Tools and resources	189,400	196,030	161,687
Member services	439,300	486,008	353,937
	8,442,400	8,228,988	6,223,192
QUALIFICATION			
Qualification	1,568,300	1,558,222	1,343,222
Professional education committee	18,200	19,896	20,682
Admission and training period	11,000	12,195	12,314
Professional education program	3,991,700	3,539,459	3,192,769
Examination	1,300,000	1,338,783	1,415,114
Recruitment of new members	404,100	440,261	443,826
	7,293,300	6,908,816	6,427,927
SUPERVISION OF THE PROFESSION			
Legal affairs	1,242,100	1,454,253	1,650,754
Syndic	1,687,000	1,911,261	1,592,745
Professional inspection:			
Direct costs	2,354,200	2,095,091	1,996,675
Share of office occupancy expenses	135,700	131,715	109,159
Issuance of permits	34,500	244,190	38,562
Mandatory continuing education	272,000	243,684	207,850
Conciliation and arbitration of accounts	23,800	22,132	26,711
Review committee	5,700	4,923	4,025
Disciplinary council	33,000	26,368	16,653
Illegal practice of the profession	64,500	56,199	41,644
Professional liability insurance	12,000	21,090	4,442
Laws and regulations	349,200	376,041	216,981
Professional practice	686,400	758,438	471,470
	6,900,100	7,345,385	6,377,671

ADDITIONAL INFORMATION > FOR THE YEAR ENDED MARCH 31, 2014

APPENDIX B (CONTINUED)

	March 31, 2014 (12 months)	March 31, 2013 (10.5 months)	
	Budget (note 2) (unaudited)	General Fund	General Fund
	\$	\$	\$
EXPENSES (continued)			
PUBLIC AFFAIRS, COMMUNICATIONS AND EVENTS			
Public affairs and communications	2,105,200	1,999,139	1,913,966
Events	1,068,000	948,233	949,133
Regional activities	1,289,500	1,042,052	969,741
Commercial products	115,400	187,673	143,041
Promotion	2,930,900	2,496,394	1,761,242
Employment development	519,100	424,621	363,286
	8,028,100	7,098,112	6,100,409
ADMINISTRATION AND INFORMATION TECHNOLOGY			
Administration	959,900	1,051,029	1,166,099
Finance	1,642,500	2,158,146	1,590,474
Information technology	1,579,700	1,845,389	1,469,143
Office occupancy expenses	1,997,100	1,735,122	1,747,178
General expenses	1,331,100	1,137,631	1,720,626
Amortization of moving expenses	-	165,333	-
Other moving-related expenses	-	180,350	-
Unrealized loss on investments	-	312,644	67,129
Loss on disposal of capital assets	-	-	19,796
	7,510,300	8,585,644	7,780,445
NATIONAL SERVICE CHARGES	12,941,200	12,453,456	8,940,372
EXPENSES RELATED TO PREVIOUS LEASES	-	3,527,033	-
TOTAL EXPENSES – GENERAL FUND	53,461,800	56,702,678	44,285,377

ARBITRATION OF ACCOUNTS

Council members

Hélène Huot, CPA auditor, CA, chair

Jean Bélanger, CPA, CA, CA•IFA

Richard Chevalier, CPA, CA

Renaud Gilbert, CPA, CA

Gilles Gingras, CPA auditor, CA

Michel P. Laliberté, FCPA auditor, FCGA

Michael Newton, CPA, CA

Luc Riccio, CPA auditor, CGA

Yasmin Rivera, FCPA, FCMA

Antonio Vescio, CPA auditor, CA

Secretary

Véronique Smith

The mandate of the Council for the arbitration of accounts is to settle disputes respecting the accounts of members of the Ordre des comptables professionnels agréés du Québec that were unresolved by the syndic or assistant syndic through conciliation. The council receives applications, hears the arguments of the various parties and renders a decision. It may decide to maintain or reduce the disputed amount and determine the amount of the refund or payment to which a party may be entitled.

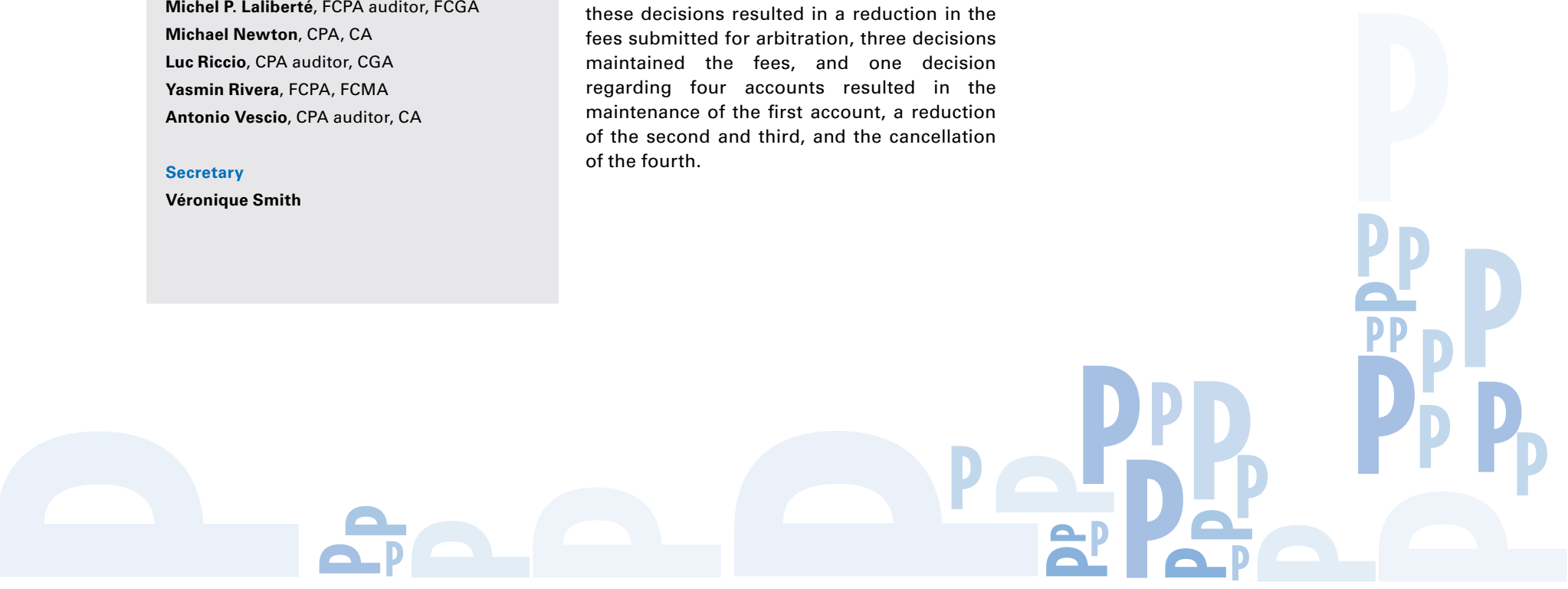
From April 1, 2013 to March 31, 2014, the council received seven new applications and held six hearings on six cases.

The council rendered eight decisions. Four of these decisions resulted in a reduction in the fees submitted for arbitration, three decisions maintained the fees, and one decision regarding four accounts resulted in the maintenance of the first account, a reduction of the second and third, and the cancellation of the fourth.

Three applications will be processed at a later date.

Lastly, the council held a plenary training session on the principles of arbitration.

Hélène Huot, CPA auditor, CA
Chair



PROFESSIONAL LIABILITY INSURANCE

Professional liability insurance for chartered professional accountants

The *Regulation respecting professional liability insurance for members of the Ordre des comptables professionnels agréés du Québec* led to the creation of a compulsory professional liability group insurance plan for all Order members on April 1, 2013.

Under the Regulation, the amount of coverage for a 12-month period is:

- i) at least \$1,000,000 per claim against a chartered professional accountant; and
- ii) \$2,000,000 per claim when a chartered professional accountant employs at least one other chartered professional accountant or when two or more chartered professional accountants practice within the same partnership or company and the claim is made against more than one chartered professional accountant.

DISTRIBUTION OF MEMBERS AND AMOUNT OF INSURANCE COVERAGE

Coverage method	Number of members	Amount of coverage	
		Per claim	For all claims
Single coverage (members exempted under section 3 of the Regulation)	2,761	\$1,000,000	No ceiling
Professional liability group insurance plan	32,695	\$1,000,000	No ceiling



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Professional liability insurance on behalf of a partnership or company

Members who carry out their professional activities within a limited liability partnership (LLP) or a joint-stock company (JSC) must also maintain professional liability coverage on behalf of such partnership or company in accordance with the *Regulation respecting the practice of the chartered professional accountancy profession within a partnership or a joint-stock company*.

For a chartered professional accountant who is the sole practitioner and sole shareholder of a joint-stock company in which no other CPA member is an employee, coverage of at least \$500,000 per claim and for the aggregate of claims made against the company in a 12 month period of coverage is required. Moreover, coverage of at least \$1,000,000 per claim and for the aggregate of claims made against the partnership or company in a 12-month period of coverage is required for all other partnerships or companies.

DISTRIBUTION, LEGAL FORM AND COMPOSITION OF PARTNERSHIPS AND COMPANIES

Category	Amount of coverage	Number of partnerships/companies				Number of members			
		JSC		LLP		JSC		LLP	
		2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013	2013-2014	2012-2013
Sole shareholder with no CPA employees	\$500,000	723	736	N/A	N/A	723	736	N/A	N/A
Other partnerships or companies	\$1,000,000	390	343	149	137	1,537	1,330	4,450	4,268
Total		1,113	1,079	149	137	2,260	2,066	4,450	4,268



OFFICE OF THE SYNDIC

Syndic

Ginette Lussier-Price, FCPA auditor, FCA

Assistant syndics

Pierre Carrier, FCPA, FCMA

Sylvie Dagenais, CPA, CGA

André Drainville, CPA, CGA

Gérald Gratton, CPA, CGA

André Loubier, CPA, CA

Claude Maurer, CPA, CA

François Ménard, FCPA auditor, FCMA

Sylvain Ménard, CPA auditor, CMA

During the period of April 1, 2013 to March 31, 2014, the Office of the syndic received 940 requests for an inquiry, compared to 502 for the 10.5-month period ended March 31, 2013, representing an annualized increase of 64%.

Of the 940 cases processed by the Office of the syndic, 643 were forwarded by the Professional inspection committee. These cases dealt mainly with violations of the provisions of the *Code of ethics of chartered professional accountants*, more specifically the independence rule and the rule respecting the full personal civil liability assumed by members, or violations of the provisions of the *Chartered Professional Accountants Act* concerning the use of the CPA designation and the title of CPA auditor with the CA, CGA or CMA designations. In addition, 40 cases were opened following information brought to the attention of the Office of the syndic, while 230 requests were submitted by the public and CPA members and 27 by various departments of the Order.

The 51 complaints lodged before the Disciplinary council during this period concerned members in public practice, one retired member and three former members. These complaints involved 217 charges, including:

- > breach of independence and conflicts of interest;
- > association with misleading statements, signatures of convenience or fraud;
- > lack of integrity and objectivity;
- > non-compliance with standards;
- > breach of the obligation to ensure that partners comply with the Code;
- > obstruction of the syndic's work.

Note that syndics are often confronted with various preliminary claims or exceptions invoked by professionals or the professionals' lawyer, which delays inquiries or hearings before the Disciplinary council.

Applications for conciliation processed this year pertained to clients not receiving estimates of expected fees or not being informed of an increase in fees during the mandate. The amounts ranged from \$135 to \$120,000.

In 2013-2014, the Office of the syndic received one request under the *Act respecting Access to documents held by public bodies and the Protection of personal information*. At the start of the year, three cases under appeal were awaiting a hearing. In one case, the appeal is still pending, in the second case the syndic's decision was upheld by the Commission, and in the third case the appeal was withdrawn by the applicant.

In addition to dealing with the cases listed in the table on the next page, the Office of the syndic had received close to 1,800 ethics-related telephone calls as at March 31, 2014, 55% of which were from the public.

The syndic also gave three presentations to university students on the professional system and discipline, and held a webinar on the independence rule.

The assistant syndics worked with the syndic of the Order on all disciplinary cases and applications for conciliation of fees.

Ginette Lussier-Price, FCPA auditor, FCA
Syndic



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ETHICS-RELATED COMPLAINTS AGAINST MEMBERS LODGED WITH THE OFFICE OF THE SYNDIC	2013-2014	2012-2013
Brought forward from last year	256	177
New complaints	940	502
	1,196	679
Cases processed during the year	793	423
Cases carried over to next year	403	256
CASES PROCESSED DURING THE YEAR	2013-2014	2012-2013
Complaints lodged before the Disciplinary council	51	29
Conciliations – Ethics	1	3
Matters requiring the intervention of the syndic	3	4
Warnings	568	240
Decision not to lodge a complaint	143	113
Complaints withdrawn by plaintiffs, closed due to a lack of cooperation from the plaintiff or deemed inadmissible by a syndic	19	34
Cases forwarded to the Professional inspection committee	0	0
Other	8	0
	793	423

DECISIONS SUBMITTED BY PLAINTIFFS TO THE REVIEW COMMITTEE	2013-2014	2012-2013
	21	18
Decisions upheld	14	13
Subsequent inquiry suggested	1	4
Appointment of an ad hoc syndic suggested	2	1
Ongoing cases	8	4
CONCILIATION OF FEE ACCOUNTS	2013-2014	2012-2013
Brought forward from last year	14	9
New complaints	49	48
	63	57
Cases processed	46	43
Cases carried over to next year	17	14
RESULT OF CASES PROCESSED DURING THE YEAR	2013-2014	2012-2013
Cases settled during conciliation	23	21
Cases withdrawn or deemed inadmissible	2	7
Cases for which a report was issued	21	15
Cases submitted to the Council for the arbitration of accounts following the issue of a report	7	7

DISCIPLINE

Council members

Pierre Linteau, lawyer, chair

Serge Vermette, lawyer, substitute chair

Irving Gaul, lawyer, substitute chair

John W. Babiak, FCPA, FCMA

Maryse Beaudin, FCPA, FCMA

Jean-Marie Bérubé, FCPA, FCMA

Michel Bienvenu, CPA, CA

Benoît Boivin, FCPA, FCA

Éric Bonenfant, FCPA, FCMA

Alain Breault, CPA, CGA

Louise Briand, CPA auditor, CA

Stephen Coplan, CPA auditor, CA

Dominique Derome, FCPA, FCMA

Robert Desforges, CPA, CA

Alain Deslauriers, CPA auditor, CA

Sylvie Deslauriers, FCPA auditor, FCA

Jean-Pierre Dubeau, FCPA, FCA

Paul Dumas, CPA auditor, CA

Francine Fontaine, FCPA, FCMA

Yvon Fortin, FCPA, FCA

Marcel Godbout-Lavoie, FCPA, FCGA

Marielle Hébert, FCPA, FCMA

Gérald Houle, FCPA, FCMA

Richard Jacques, FCPA, FCA

Pierre Jolicœur, CPA auditor, CA

Bertrand Lachance, CPA auditor, CA

Michel Ladouceur, CPA auditor, CGA

André Lafond, CPA auditor, CA

Pierre Lapointe, FCPA auditor, FCA

W. Robert Laurier, FCPA auditor, FCA

Louis LeBrun, FCPA, FCGA

Gaétan Marceau, CPA auditor, CA

Ginette Nantel, CPA auditor, CA

Michel Roberge, CPA auditor, CA

Daniel Rocheleau, CPA, CA

Brahm Shiller, CPA auditor, CA

Réal Sureau, FCPA, FCA

Cristiane Tinmouth, CPA, CA

François Touchette, CPA auditor, CA

Secretary

Véronique Smith

The Disciplinary council is established under section 116 of the *Professional Code*. It is seized of all disciplinary complaints lodged against chartered professional accountants or persons who were members of the Order at the time the acts were committed for violating the *Chartered Professional Accountants Act*, the *Professional Code* and the regulations thereunder.

During the period of April 1, 2013 to March 31, 2014, the Disciplinary council received 51 disciplinary complaints from the Office of the syndic and one from an ad hoc syndic, and held 62 hearings to process 57 complaints. Of these cases, the council heard 31 on the complaint and penalty, 23 on the complaint, 5 on the penalty and 3 on preliminary motions. Seventeen cases will continue to be processed.

NUMBER OF COMPLAINTS FOR WHICH HEARINGS WERE COMPLETED BY THE COUNCIL			50
NATURE OF THE COMPLAINTS	LODGED BY THE SYNDIC	LODGED BY ANOTHER PERSON	
Obstruction of the syndic's inquiry/failure to respond to the syndic	10	0	
Act derogatory to the discipline, honour and dignity of the profession	8	0	
False or misleading documents and statements	13	0	
Lack of independence/conflict of interest	10	0	
Failure to discharge obligations with diligence and due care	13	0	
Failure to hand over documents to a client	2	0	
Failure to display reasonable availability and diligence	1	0	
Failure to ensure that a partner complied with the <i>Code of ethics</i>	6	0	
Omissions or acts contrary to current professional standards or scientific knowledge	1	0	
Misappropriation of funds	2	0	
Found guilty by a court	1	0	
Fraud and misappropriation of funds	1	0	
Assignment of property	2	0	
Failure to carry out professional obligations with integrity	4	0	

NUMBER OF COUNCIL DECISIONS		44
Authorizing the withdrawal of the complaint		1
Rejecting the complaint		0
Acquitting the respondent		0
Finding the respondent guilty		5
Finding the respondent guilty and imposing penalties		34
Finding the respondent guilty, imposing penalties and dealing with a motion		1
Imposing penalties		2
On motions		1

NUMBER AND NATURE OF PENALTIES IMPOSED BY THE COUNCIL ¹	
Reprimand	5
Revocation of permit	21
Temporary striking off the roll	85
Permanent striking off the roll	0
Temporary limitation of the right to practice	1
Permanent limitation of the right to practice	1
Fine	22
Publication of notice	23
Costs	35

¹The information represents the penalty imposed by the Disciplinary council on each of the counts for which a respondent has been found guilty.

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APPEALS TO THE PROFESSIONS TRIBUNAL

Decisions appealed to the Professions Tribunal	5
Appeals heard by the Professions Tribunal	0
Decisions rendered by the Professions Tribunal	3

The decisions were rendered by the Disciplinary council within 90 days of being taken under advisement, with the exception of six decisions.

The council also held a plenary training session on the role of members in the event of a guilty plea.

Pierre Linteau, lawyer
Chair



ILLEGAL PRACTICE AND UNAUTHORIZED USE OF THE DESIGNATION

The Order conducts investigations into cases of illegal practice and unauthorized use of the designation that are brought to its attention, and takes appropriate measures to put a stop to these situations.

During 2013-2014, 157 files relating to the illegal practice of the profession or unauthorized use of the designation were opened. Among these files, 43 resulted in penal complaints, of which 9 led to convictions and 4 were withdrawn, 49 led to summonses and were settled to the satisfaction of the Order, 44 were closed due to insufficient evidence or lack of recourse, and 21 files are under investigation.

Of the 54 files brought forward⁽¹⁾ from last year, 38 penal complaints were lodged, 9 files were closed due to insufficient evidence and 7 led to summonses and were settled to the satisfaction of the Order. Among the 38 penal complaints lodged, 21 resulted in convictions, 8 were withdrawn, 1 is pending a decision and 8 are awaiting trial.

INVESTIGATIONS

	Illegal practice	Unauthorized use of the designation	Illegal practice and unauthorized use of the designation
Investigations completed	99	66	25

PENAL PROCEEDINGS

	Illegal practice	Unauthorized use of the designation	Illegal practice and unauthorized use of the designation
Penal proceedings instituted	33 ⁽²⁾	9 ⁽²⁾	6 ⁽²⁾

DECISIONS RENDERED

	Decisions rendered	Decisions in which the defendant was found guilty	Decisions in which the defendant was found not guilty	Total amount of fines imposed
Illegal practice	19	18	1	\$43,500
Unauthorized use of the designation	6	6		\$15,000
Illegal practice and unauthorized use of the designation	5	4	1	\$7,500
Total	30	28	2	\$66,000

⁽¹⁾ Files under investigation, awaiting trial or pending a decision at the end of the period.

⁽²⁾ With more than one charge laid.

INDEMNITY FUND

Committee members

Daniel Williams, CPA, CA, chair

Micheline Hébert, CPA auditor, CGA

Marlyne Laflamme, CPA, CMA

Daniel McMahon, FCPA, FCA

Secretary

Geneviève Ouimet, lawyer

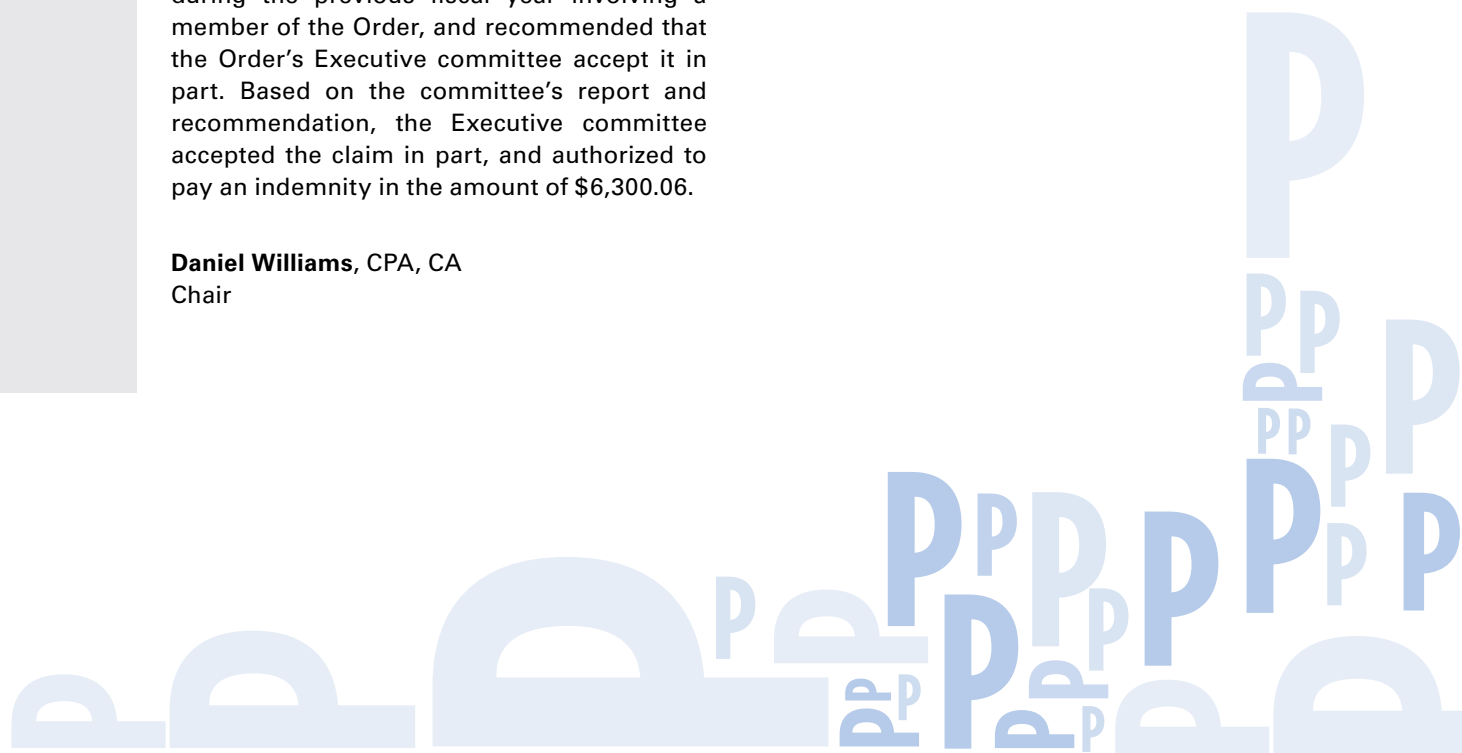
The purpose of the Indemnity Fund is to reimburse funds or property used by a member for purposes other than those for which they were entrusted to him in the practice of his profession.

In accordance with the regulation, the maximum indemnity payable by the Indemnity Fund per claim in respect of a member is set at \$80,000 for individual claimants and \$300,000 for all claimants.

During the period of April 1, 2013 to March 31, 2014, no claims were filed with the Indemnity Fund committee.

During the same period, the Indemnity Fund committee analyzed a claim it had received during the previous fiscal year involving a member of the Order, and recommended that the Order's Executive committee accept it in part. Based on the committee's report and recommendation, the Executive committee accepted the claim in part, and authorized to pay an indemnity in the amount of \$6,300.06.

Daniel Williams, CPA, CA
Chair



TRAINING

Committee members

Mélanie Leduc, CPA auditor, CA, chair

Émilio Boulianne, FCPA, FCGA

Louise Côté, CPA, CA

Maurice Gosselin, FCPA auditor, CA

Jesus Jimenez-Orte, member appointed by the Minister of Education

Secretary

Diane Messier, FCPA auditor, FCA

The Committee on training of chartered professional accountants met eight times to continue its review of each component of the CPA path. The committee also reviewed the Order's draft regulations on the implementation of the CPA permit requirements. The committee issued nine opinions to the Order's Board of directors, often accompanied by detailed reports to support the position to be communicated to the Office des professions du Québec.

The following are the issues on which the committee submitted one or more opinions to the Board of directors:

- > Recognized diplomas giving access to the CPA profession, within the meaning of section 184 of the *Professional Code*
 - > Regulation respecting the terms and conditions for the issue of a permit of the CPA Order
 - > Regulation respecting the standards for equivalence of diplomas for the issue of a permit by the CPA Order
- Note that the committee consulted many times with the Order's Professional education programs committee to obtain input on its positions and validate the feasibility of the proposed directions.
- Therefore, this was a very busy year for the committee as it made every effort to ensure that the CPA model can be implemented in the spring of 2014. Once again this year, the committee appreciated the exemplary collaboration of the Order's university partners who work efficiently on the front lines to make this new program a success.
- Mélanie Leduc**, CPA auditor, CA
Chair
- > CPA Practical Experience Framework, which outlines the terms and conditions of practical experience periods and their supervision
 - > CPA Assessment Framework, which sets the assessment standards for the Professional Education Program and Uniform Final Examination
 - > University program recognition and accreditation standards, which provide guidance to provincial bodies that want to accredit academic institutions offering the Professional Education Program
 - > Start of the accreditation process for university graduate programs equivalent to the CPA Professional Education Program. During 2013-2014, three Quebec universities were accredited, namely McGill, ESG UQAM and HEC Montréal. The other eight Quebec universities should receive their accreditation in May 2014.



COMPULSORY CONTINUING EDUCATION

Under the *Regulation respecting compulsory continuing education for Quebec chartered professional accountants* (the Regulation), all active members are required to devote at least 120 hours per three-year reference period to continuing education activities, with a minimum of 25 hours per year, of which no more than 15 hours per year may be spent on self-study activities such as reading. Continuing education activities must relate to the chartered professional accountant's professional activities.

Moreover, members who hold a public accountancy permit are also subject to the *Regulation respecting compulsory continuing education for Quebec chartered professional accountants who hold a public accountancy permit* (Public Accountancy Regulation). These members are required to devote at least 60 hours per three-year reference period to structured continuing education activities in specific areas, with a minimum of 15 hours per reference year. The 60 hours must cover audit and review engagements and other activities related to public accountancy. These requirements are part of the general requirements set out in the Regulation.

The first three-year reference period extends from September 1, 2012 to August 31, 2015.

The first reference year ended on August 31, 2013. Of the 33,143 active members subject to the Regulation, 9,664 are also subject to the Public Accountancy Regulation.

In 2013-2014, 66 members were ordered stricken off the roll by the Order's Executive committee for failing to accumulate the compulsory continuing education hours prescribed by the Regulation. Six of these 66 members also had their public accountancy permit suspended for failing to accumulate the compulsory continuing education hours prescribed by the Public Accountancy Regulation. Their sanction will remain in effect until the Order obtains proof that they have met the regulatory requirements.

In addition, 11 members who hold a public accountancy permit had their permit suspended by the Executive committee for failing to accumulate the compulsory continuing education hours prescribed by the Public Accountancy Regulation. The suspension of the public accountancy permit will remain in effect until the Order obtains proof that they have met the requirements of the Public Accountancy Regulation.

Continuing education activities consisted in:

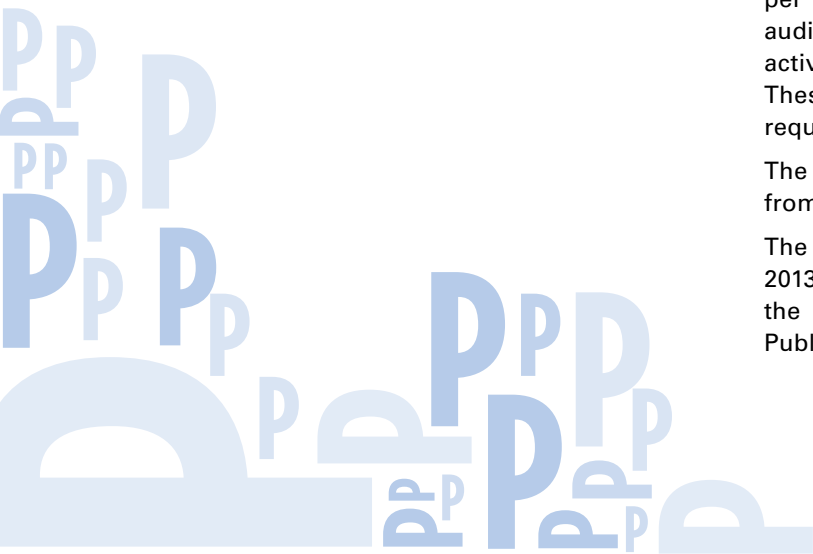


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STRUCTURED CONTINUING EDUCATION ACTIVITIES	MEMBERS (TOTAL)	HOURS (TOTAL)	MEMBERS ALSO SUBJECT TO THE PUBLIC ACCOUNTANCY REGULATION	HOURS IN AREAS RELATED TO PUBLIC ACCOUNTANCY
Courses offered or organized by the Order	17,192	421,782	5,881	94,817
Courses offered or organized by other orders or similar organizations	4,268	69,763	1,436	6,955
Courses offered or organized by educational or specialized institutions that have access to appropriate professional, technical and educational resources	6,139	222,687	1,809	36,181
Formal courses or continuing education activities offered in the workplace	16,555	425,114	5,699	127,562
Discussion groups or technical committees	5,294	80,216	1,655	17,260
Symposiums, seminars or conferences with a prevalence of technical or educational content	11,177	159,713	2,624	13,021
E-learning activities	6,074	53,144	2,161	10,185
Authorship of published articles or other publications related to the practice of the CPA profession and studies or research projects	727	44,139	209	13,352
Subtotal – Structured activities		1,476,558		319,333
Self-study activities		357,577		
Total		1,834,135		319,333



PROFESSIONAL INSPECTION

Committee members

Alain Trudeau, FCPA auditor, CA, chair

Alain Borduas, CPA auditor, CGA

Richard Boucher, CPA auditor, CA

Christine Brosseau, CPA auditor, CA

Réjean Champagne, CPA auditor, CMA

Sylvie Choronzey, CPA auditor, CGA

Chantal Couture, CPA auditor, CA

Nathalie Labelle, CPA auditor, CA

Hubert Laberge, CPA auditor, CA

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Josée Leclerc, CPA auditor, CA

Louise Papin, CPA auditor, CA

Marc-Stéphane Pennee, CPA auditor, CA

Yvan St-Onge, CPA auditor, CGA

Secretary

Martine Picard, FCPA auditor, FCA

This year, the inspection of 828 units required approximately 1,109 inspector-days. Following up on practicing units that failed to meet the standards required approximately 128 inspector-days.

The 14 committee members spent more than 40 person-days carrying out their duties, not counting the time needed to review the files and prepare meetings. This year, the committee was made up of members from the Montreal, Quebec City, Central Quebec, Lanaudière, Laurentians, Montérégie and Estrie regions.

To carry out its work, the committee was able to count on the Order's staff and on the following contractual inspectors and supervisors:

Stéphane Beaudoin, CPA auditor, CMA

David Bédard, CPA auditor, CA

Nicole Bélanger, CPA auditor, CGA

Guy Bérard, CPA auditor, CMA

Philippe Bérubé, CPA auditor, CA

Jean-Étienne Blais, CPA auditor, CA

André Coutu, CPA auditor, CA

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Danielle Faubert, CPA auditor, CGA

Sylvie Fortin, CPA auditor, CA

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Nadine Pelletier, CPA auditor, CMA

Sylvain Petittclerc, CPA auditor, CGA

Sylvie Plante, CPA auditor, CA

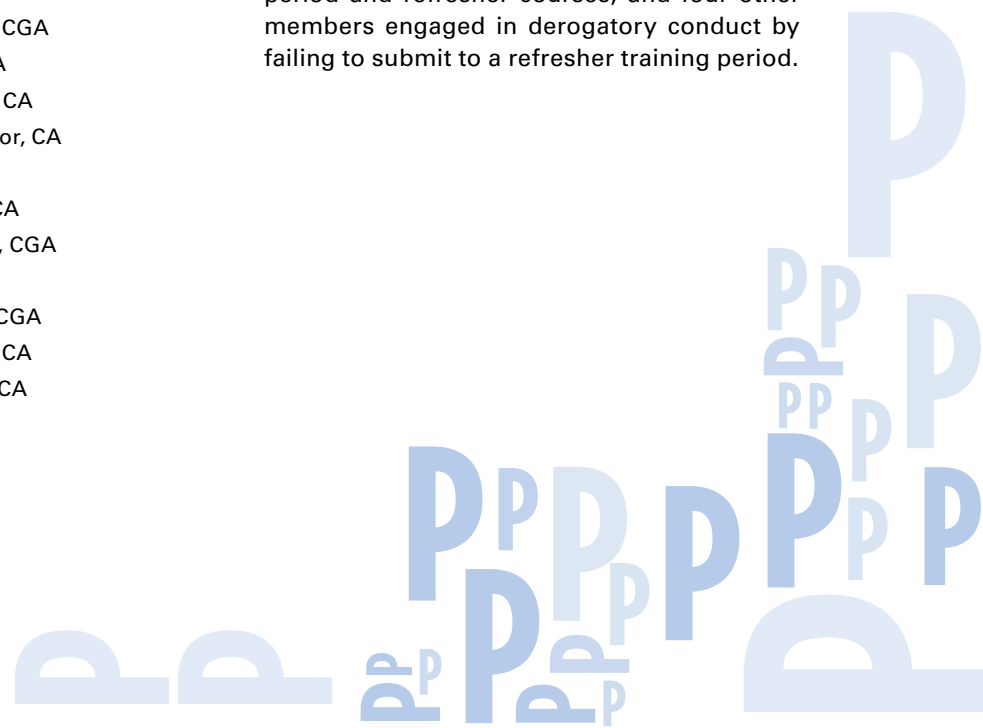
Marie-Claude Richard, CPA auditor, CA

Jacques Rioux, CPA auditor, CMA

Louise Trépanier, CPA auditor, CA

Refusal to submit to a refresher training period and refresher courses

The committee recommended that the Executive committee forward the file of seven members to the syndic. The first three members engaged in derogatory conduct by failing to submit to a refresher training period and refresher courses, and four other members engaged in derogatory conduct by failing to submit to a refresher training period.



MAIN ACTIVITIES OF THE COMMITTEE DURING THE PERIOD	2013-2014	2012-2013
Practicing units inspected during the period	828	833
Pending, beginning of period	226	6
	1,054	839
Pending, end of period	105	226
Practicing units for which an inspection report was submitted to the Professional inspection committee	949	613
Professional inspection committee recommendations ratified by the Board of directors		
Practicing units ordered to complete a refresher course, without limitation or suspension of the right to engage in professional activities	1	3
Practicing units ordered to serve a refresher training period, without limitation or suspension of the right to engage in professional activities	24	15
Practicing units ordered to serve a refresher training period and complete a refresher course, without limitation or suspension of the right to engage in professional activities	113	38
Practicing units ordered to serve a refresher training period, with limitation of the right to engage in professional activities	0	0
Number of members ordered to complete a refresher course, without limitation or suspension of the right to engage in professional activities	1	3
Number of members ordered to serve a refresher training period, without limitation or suspension of the right to engage in professional activities	27	15
Number of members ordered to serve a refresher training period and complete a refresher course, without limitation or suspension of the right to engage in professional activities	125	40
Number of members ordered to serve a refresher training period, with limitation of the right to engage in professional activities	0	0
Number of members inspected	2,800	2,327
Number of Professional inspection committee meetings	6	6
Number of inspections dealing with competence	0	0

Summary of files forwarded to the syndic

The 1,026 departures included in the 643 files forwarded to the syndic by the committee during the year, in accordance with the fifth paragraph of section 112 of the *Professional Code*, break down as follows:

DEPARTURES FROM THE CODE OF ETHICS OF CHARTERED PROFESSIONAL ACCOUNTANTS	
Breach of section 21 prohibiting a member who performs a contract, in whole or in part, in the practice of his profession from including in such contract any clause to the effect of directly or indirectly, fully or partially, excluding his personal civil liability.	187
Breach of section 204.8 requiring a member who practices public accountancy and provides a service other than an assurance engagement or a specified auditing procedures engagement to disclose any activity, interest or relationship which, in respect of the engagement, would be seen by a reasonable observer to impair the member's or firm's independence such that the professional judgment or objectivity of the member, firm or member of the firm would appear to be impaired.	82
Breach of section 204.4.23 requiring a member who performs or participates in an assurance engagement to obtain approval from the client's management when preparing journal entries.	67
Breach of section 204.2 requiring a member who performs or participates in an assurance engagement to identify threats to independence, evaluate the significance of those threats and, if the threats are other than clearly insignificant, identify and apply safeguards to reduce the threats to an acceptable level.	51
Breach of section 204.1 requiring a member who performs or participates in an assurance engagement to be and remain free of any influence, interest or relationship which would impair the professional judgment or objectivity of the member or the member's firm or which, in the view of a reasonable observer, would impair the professional judgment or objectivity of the member or the member's firm.	31
Breach of section 48 respecting professional secrecy.	16
Breach of section 63 requiring that before accepting an assurance or compilation engagement where he is replacing another accountant, a member shall first communicate with such accountant and enquire whether there are any circumstances he should take into account which might influence his decision to accept or refuse the engagement.	15
Failure to fulfill professional obligations and failure to perform a mandate in keeping with current professional accounting and assurance standards, with the other standards, rules, and guidance and guidelines set out in the <i>CPA Canada Handbook</i> and with current scientific knowledge (section 19).	15
Breach of section 3.04.01 (CPA, CGA) requiring a member who performs a contract in the practice of his profession to assume full personal civil liability arising therefrom. The member is prohibited from including in an engagement letter any clause to the effect of excluding this liability.	13
Breach of section 76 prohibiting a member from carrying on his profession within a partnership or company under a firm name or any other designation which is misleading.	13
Breach of section 34 prohibiting a member from signing, preparing, producing or associating himself with any letter, report, statement or financial statement which he knows, or should know, is false or misleading.	12

DEPARTURES FROM THE CODE OF ETHICS OF CHARTERED PROFESSIONAL ACCOUNTANTS

Breach of section 62 requiring that before opening any new establishment for the practice of the profession, a member shall notify the Order.	2
Breach of section 34.8 (CPA, CMA) requiring a member who performs an assurance engagement to identify threats to independence, evaluate the significance of those threats and, if the threats are other than clearly insignificant, identify and apply safeguards to reduce the threats to an acceptable level.	1
Breach of section 3.05.03 (CPA, CGA) requiring a member who performs or participates in an assurance engagement to safeguard at all times his professional independence and avoid any situation in which he would be in conflict of interest.	1
Breach of section 61 requiring a member to ensure that the information he provides to the Order is accurate.	1

DEPARTURES FROM THE PROFESSIONAL CODE

Breach of section 187.10.1 requiring a member who practices public accountancy to use the auditor designation.	1
Breach of section 58 prohibiting a member from designating himself as a specialist unless he holds a specialist's certificate.	1

DEPARTURES FROM THE CHARTERED PROFESSIONAL ACCOUNTANTS ACT

Breach of section 4, which provides details about the practice of the profession of chartered professional accountant.	215
Breach of section 7, which specifies that chartered professional accountants who hold a public accountancy permit and engage in the professional activity described in the third paragraph of section 4, except the performance of compilation engagements not intended exclusively for internal management purposes, must use the title "auditor." The title of auditor must be preceded by the title "chartered professional accountant" or the abbreviations or initials that refer to that title.	212
Breach of section 13, which specifies that no one may use the "CA," "CGA," "CMA" or "public accountant" title.	82
Breach of section 5, which provides details about the practice of public accountancy.	5
Breach of section 65 requiring a member whose legacy order is the CGA Order or the CMA Order to use the title "auditor" in accordance with section 7 or sections 62 and 63, as applicable, adding an explicit indication that the practice of public accountancy is limited to review engagements.	3



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General professional inspection supervision program for the practice of the profession

The 2013-2014 period was the second year of existence of the General professional inspection supervision program for the practice of the CPA profession, which was adopted by the Board of directors of the CPA Order on May 17, 2012, following the unification of the accounting profession in Quebec.

Courses on the evaluation process were given to all the inspectors and members who joined the Professional inspection committee during the year. The new inspectors were trained on the use of the various tools, including the professional inspection software. Permanent and contractual inspectors were also offered a training course, which included a presentation of practice tools by representatives from CPA Canada and the Order.

In collaboration with the other provinces, the professional inspection questionnaires were updated to reflect changes to the standards made by CPA Canada. The questionnaires were also restructured and streamlined to optimize their use by inspectors. Discussions were held on the evaluation process and deficiencies identified during the year.

During the 2013-2014 period, inspections of firms continued, in cooperation with the Canadian Public Accountability Board.

The committee plans to inspect and re-inspect 817 practicing units in 2014-2015. These inspections should require 1,081 inspector-days. Monitoring practicing units that failed to meet the standards is also planned and should require approximately 139 inspector-days.

Among other things, the committee intends to focus on inspecting members practicing public accountancy and providing other assurance services and engagements within the meaning of the CPA Canada Handbook, as well as tax, financial planning, forensic accounting, business valuations, management services and management accounting, and on monitoring compliance with regulations as they relate to the protection of the public. Lastly, a working group was created to review and redefine the scope of professional inspections for firms that perform financial management and consulting mandates.

In order to measure their level of satisfaction and continuously improve the inspection process, inspected firms are now invited to evaluate the professional inspection process.

Other activities and improvements

During the year, several conference calls were held with those responsible for inspection in each province to discuss weaknesses identified and the evaluation methodology. A project is also being developed to monitor changes in professional practice.

The nationwide compilation of weaknesses identified during inspections continued, and the findings were communicated to those in charge of training programs and technical support for members in each province. During the year, the committee worked closely with the other provinces to develop a computer module thus making it possible to automate the data compilation process. Members were given courses to inform them about weaknesses noted in applying the standards, and about the changes made to the general professional inspection supervision program. In addition, articles on the deficiencies identified during inspections were published in the June 2013 and January 2014 issues of the *CPA Newsletter*.

Lastly, a pilot project designed to identify the causes of the main weaknesses observed in firms was launched during the year. The information gathered will enable the Order to better guide its actions with members.

Alain Trudeau, FCPA auditor, CA
Chair

MEMORANDUM OF UNDERSTANDING WITH THE CANADIAN PUBLIC ACCOUNTABILITY BOARD

The memorandum of understanding (MOU) between the Ordre des comptables agréés du Québec and the Canadian Public Accountability Board (CPAB), which is deemed to have been entered into pursuant to section 51 of the *CPA Act*, ended on June 21, 2013. The Order entered into a new, similar MOU with CPAB which came into effect by order of the government in June 2013.

As in previous years, the Order and CPAB have shared agenda items, inspection methodologies, risk models and various work tools. Other discussions were also held on weaknesses noted in inspections conducted by each of the bodies, as well as on the main challenges related to the practice of auditing.

For the most part, follow-ups between the Order and CPAB are made by telephone or email. Informal meetings, the frequency of which varies considerably, have been held on occasion. Lastly, “national” meetings between provincial accounting orders and CPAB have enabled authorities in this highly specialized niche to discuss issues encountered and deal with them as they arise in a spirit of continuous improvement.



EQUIVALENCE RECOGNITION

Under the regulations respecting the standards for diploma and training equivalence,⁽¹⁾ persons wishing to obtain a permit may apply to the Order to have a diploma issued by an educational institution outside Quebec or training acquired outside Quebec recognized as equivalent.

The Order also recognizes partial diploma equivalence. Therefore, all applications to have the equivalence of diplomas recognized that are listed as “rejected” in the first table on the right are reflected in the data on training equivalence under the “partial equivalence granted” category.

APPLICATIONS – EQUIVALENCE OF DIPLOMAS ⁽²⁾

	Diplomas issued in Canada	Diplomas issued outside Canada
Received	24	119
Full equivalence granted	1	7
Rejected	15	55
Received with a decision pending at the end of the period	8	57

APPLICATIONS – TRAINING EQUIVALENCE ⁽²⁾

	Diplomas issued in Canada	Diplomas issued outside Canada
Received	23	119
Full equivalence granted	0	7
Partial equivalence granted	15	55
Rejected	0	0
Received with a decision pending at the end of the period	8	57

⁽¹⁾ The *Regulation respecting the standards for equivalence of diplomas* and the *Regulation respecting the standards for equivalence of training for the issue of a permit of the Ordre des comptables agréés du Québec*

The *Regulation respecting the standards for equivalence of diplomas* and the *Regulation respecting the standards for equivalence of training for the issue of a permit of the Ordre professionnel des comptables en management accrédités du Québec*

The *Regulation respecting the standards for equivalence of diplomas* and the *Règlement sur les normes d'équivalence de formation aux fins de la délivrance d'un permis de l'Ordre professionnel des comptables généraux accrédités du Québec*

⁽²⁾ Data was aggregated for the six above-mentioned regulations.

Agreement between France and Quebec on the mutual recognition of professional qualifications

Despite the unification of the accounting profession in Quebec, the agreements entered into before May 2012 remained in effect, such that public accountants from France were able to continue to apply for mutual recognition under one of the existing regulations. In accordance with Order-in-Council 149-2014 published in the *Gazette Officielle* on March 5, 2014, these regulations will remain in effect until May 16, 2016.

Mutual recognition agreements

During the year, the Order issued six CPA permits to foreign-trained accounting professionals under mutual recognition agreements, including two American CPAs and four Association of Chartered Certified Accountants (ACCA) applicants. The agreement with the ACCA ended on October 31, 2013.

After the unification of the accounting profession across Canada, the mutual recognition agreements will be reviewed and renegotiated for all chartered professional accountants of Canada.

APPLICATIONS FOR MUTUAL RECOGNITION UNDER THE AGREEMENT BETWEEN QUEBEC AND FRANCE ON THE MUTUAL RECOGNITION OF PROFESSIONAL QUALIFICATIONS

	<i>Règlement sur la délivrance d'un permis de l'Ordre des comptables agréés du Québec</i>	<i>Règlement sur la délivrance d'un permis de l'Ordre des comptables généraux accrédités du Québec</i>
New applications	2	4 ⁽¹⁾
CPA permits issued	0	4
Candidates	6	0

⁽¹⁾ Transfer of candidates who had initially submitted an application for recognition under the *Règlement sur la délivrance d'un permis de l'Ordre des comptables agréés du Québec*.



REVIEW

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Martin Langlois, CPA auditor, CA

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Jacques Carl Morin, representative of the public

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Hugues T. Poulin, representative of the public

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Danik Salvail, CPA, CGA

Gary Wechsler, FCPA, CA

Secretary

Véronique Smith

The Review committee is established under section 123.3 of the *Professional Code* to provide individuals who submitted a request to the committee or the syndic for an inquiry into the conduct of a member of the Ordre des comptables professionnels agréés du Québec or of a person who was a member of the Order at the time the acts were committed, with an opinion regarding the decision of the syndic not to lodge a complaint before the Disciplinary council. The committee consists of three persons, at least one of whom is a representative of the public appointed from a list provided by the Office des professions.

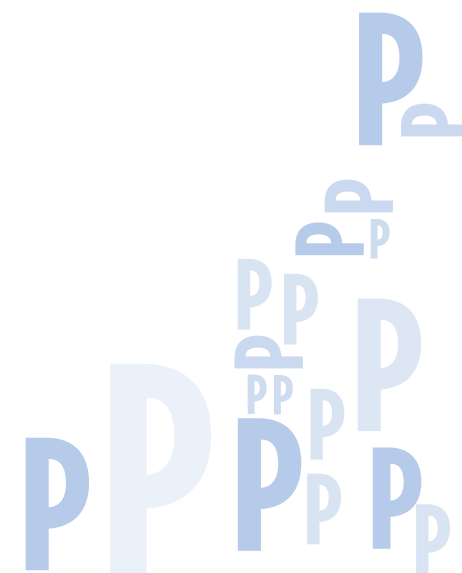
During the period from April 1, 2013 to March 31, 2014, the committee received 23 requests for an opinion, all of which but one were submitted within the period prescribed by the *Professional Code*. The committee dismissed one request for an opinion as it was not within its mandate.

The committee met 19 times to process 17 applications, four of which were brought forward from the previous period. Eight other applications submitted in the current period will be processed at a later date.

In 14 of the 17 opinions rendered during the period, the committee concluded that there was no cause to lodge a complaint before the Disciplinary council. In two cases, the committee decided that there was cause to lodge a complaint and suggested the appointment of an ad hoc syndic who, after an inquiry, if applicable, will decide whether or not to lodge a complaint. In another case, it asked the syndic to complete the inquiry and render a new decision as to whether or not to lodge a complaint. In one of its opinions, the committee also suggested that the Office of the syndic refer the matter to the Professional inspection committee.

Lastly, the Review committee held one plenary training session on its role within a professional order.

Pierre Monty, CPA auditor, CGA
Chair





MANAGEMENT COMMITTEE

From left to right:

Diane Messier, FCPA auditor, FCA | **André Richard** | **Christiane Brizard**, Lawyer | **Jean-François Lasnier**, FCPA, FCMA | **Daniel McMahon**, FCPA, FCA | **Marie-France Langlois**, CPA, CA | **Ginette Lussier-Price**, FCPA auditor, FCA | **Martine Picard**, FCPA auditor, FCA | **Lyne Lortie** | **Daniel Benard**, FCPA, FCA

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Johannes Cammaert, CPA auditor, CA

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Published by the Ordre des comptables professionnels agréés du Québec
5, Place Ville Marie, bureau 800
Montréal (Québec) H3B 2G2
www.cpaquebec.ca

Coordination and drafting: Ginette Bourbonnais
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An electronic version of this annual report, as well as the non-statutory committee reports*, can be found on the Order's website – www.cpaquebec.ca.

* Please note that these reports are only available in French.



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