



# 1 YEAR DESIGNATION

2012-2013  
Annual Report



# ONE YEAR, ONE DESIGNATION

On May 16, 2012, the *Chartered Professional Accountants Act* came into force, creating the third largest professional order in Quebec. During its first year of operation, the Order consolidated the accounting profession in Quebec and positioned it better than ever before to meet the needs of business and the community.

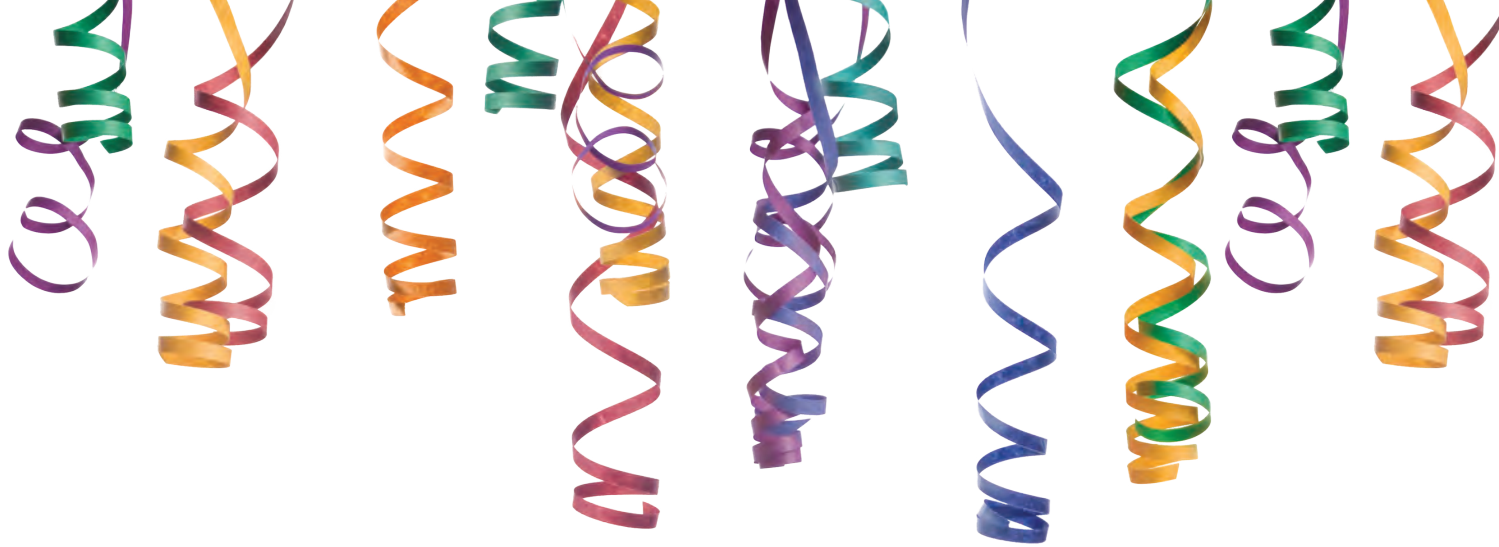
Already a synonym of prestige after just one year, the only professional accounting designation in Quebec benefited from a vigorous advertising campaign. Now united under a single banner and driven by the same passion, 35,600 Quebec CPAs are decidedly focused on the future.

Thank you to the visionaries who made a single accounting designation possible in Quebec, thereby paving the way for the rest of Canada. The Order celebrated the first anniversary of this historic turning point for the Quebec accounting profession in May 2013.

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## Note to readers

Please note that since the Order was created on May 16, 2012, the fiscal period covered by this report extends from May 16, 2012 to March 31, 2013.



## 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.

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Québec, septembre 2013

**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 2013.

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

Le ministre responsable de  
l'application des lois professionnelles,  
**Bertrand St-Arnaud**

Montréal, septembre 2013

**Monsieur Bertrand St-Arnaud**  
**Ministre responsable de l'application**  
**des lois professionnelles**  
**Gouvernement du Québec**

Monsieur le 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 2013.

Veuillez agréer, Monsieur le 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, septembre 2013

**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 2013.

Veuillez 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

# TABLE OF CONTENTS

Mission   Vision   Values	1
Cover letters	2
A Word from the Chair of the Order and the President and Chief Executive Officer	4
Executive Committee and Board of Directors	14
Roll of the Order	17
Audit	21
Financial Statements	22
Arbitration of Accounts	47
Professional Liability Insurance	48
Office of the Syndic	51
Discipline	53
Illegal Practice and Unauthorized Use of the Designation	55
Indemnity Fund	56
Training	57
Compulsory Continuing Education	58
Professional Inspection	59
Memorandum of Understanding with the Canadian Public Accountability Board	65
Equivalence Recognition	67
Review	69
Staff of the Order	70
To find out more	75

# MESSAGE FROM THE CHAIR OF THE ORDER AND FROM THE PRESIDENT AND CHIEF EXECUTIVE OFFICER

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



“IN 2012-2013 HISTORY WAS MADE WITH THE CREATION OF THE CPA PROFESSION.”

The adoption of the *Chartered Professional Accountants Act* in May 2012 cemented the unification of the three orders (CA, CGA and CMA) that previously governed the accounting profession, and moved Quebec to the forefront of the unification process in Canada. It would be an understatement to say that this massive undertaking was fraught with communications, organizational and change management challenges.

The following report on the inaugural year of the CPA Order takes stock of the energy and commitment elected officials, volunteers and staff brought to the table, in addition to highlighting the most significant achievements resulting from the exceptional efforts of the Order's team to enhance the visibility of the accounting profession in Quebec.

## Governance and management

The day after the CPA Order was created, the Board pressed forward adopting no fewer than 56 resolutions. The decision-making bodies also maintained a steady pace throughout the year, a clear indication of the extraordinary volume of work. In total, the Board of Directors and Executive Committee held 18 meetings and adopted 503 resolutions.

Following discussions with stakeholders, the Order has already established key strategic directions for the next two years, in addition to defining primary indicators for measuring progress towards its objectives.

**CPA** ORDRE DES COMPTABLES PROFESSIONNELS AGRÉÉS DU QUÉBEC

**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** CPAs exercise their judgment and carry out their professional activities with honesty, loyalty and independence of mind in keeping with the Act and ethical principles.
- **Commitment** CPAs are fully engaged in their activities. They are involved in their community and are entirely dedicated to the causes they believe in.
- **Excellence** CPAs continuously develop their skills and know-how and meet the highest quality standards in their professional activities, making them recognized experts in their field.
- **Open-mindedness** CPAs value talent and diversity. They are receptive to new ideas and approach situations without bias to develop innovative solutions. They adapt to many different situations.
- **Rigour** CPAs strive to be fair, conscientious and methodical in all of their professional activities.

Protection of the public    Qualification    Member relations    Promotion of the CPA brand    Order governance and management

## THE ORDER REPRESENTED IN NATIONAL ORGANIZATIONS

### CPA Canada

Jacques Côté, FCPA, FCMA

Stephan Robitaille, FCPA, FCGA

Michel Thérault, FCPA, FCA

### CMA Canada

Jacques Côté, FCPA, FCMA

Claude Paul-Hus, FCPA, FCMA

### CICA

Alain Côté, FCPA, FCA

Michel Thérault, FCPA, FCA

From the outset, organizational matters emerged as the priority for the year. In less than three months, staff from the three unified orders were integrated, and work teams were formed and deployed to the three places of business to ensure that a CPA culture was embraced by all staff as soon as possible. A year later, after much effort and goodwill on everyone's part, we can be proud of how far we have come and assured that a very promising future lies ahead.

On the management front, major projects were completed this past year to consolidate our financial, material and information resources. Streamlining existing equipment, installing a new accounting system, developing an annual declaration mandatory for all members are just some of the accomplishments that provide a solid foundation for the Order, which has also liaised with a risk management team to optimize its operations.

Lastly, the Order was successful in its dispute with CGA-Canada. Relations with this organization have improved since it returned to the negotiating table to discuss joining CPA Canada.

### A brand on display

As work progressed on the unification of the profession in Canadian provinces, the creation of CPA Canada on January 1, 2013, marked a major milestone in the profession's development at the national level. As a unification pioneer, the Order naturally shared its experience with its partners in other provinces and contributed significantly to the launch of the new national entity.

The Order's influence was particularly apparent in the promotion of the CPA brand. The new national logo is consistent with the logo the Order adopted to promote the image of a modern, dynamic, forward-looking profession. And the national campaign planned for the fall is similar in tone and approach to our first advertising blitz, which targeted business people and the next generation and was launched in September 2012 to coincide with the start of the new school year.

This will optimize our impact on the general public, thereby helping us be more efficient in building awareness of the CPA brand, changing the public's perception of the accounting profession and ensuring that it stands out among the other professions.



## ON DISPLAY

THE CPA PROFESSION ON DISPLAY IN THE METRO AND ON THE STREETS OF MONTREAL, ALONG MONTREAL AND QUEBEC CITY HIGHWAYS, AND NEAR UNIVERSITY CAMPUSES.



The Order has also established a social media presence. We have launched two contests on Facebook, and developed a following of a few thousand fans on our *Devenir CPA* page, our official Facebook page and on LinkedIn.

## THE ORDER'S VISIBILITY DURING THE ANNUAL CONFERENCE OF THE REGROUPEMENT DES JEUNES CHAMBRES DE COMMERCE DU QUÉBEC.



The Order has partnered with other organizations and institutions in over 60 events to promote CPAs and build awareness of the designation among a highly diversified clientele. The Order's numerous partnerships with Laval University, the Association des femmes en finance du Québec, the Office des personnes handicapées and the Fédération des jeunes chambres de commerce, to name just a few, have provided great leverage for enhancing the profession's visibility.

## The Order maintains close ties with members

The **CPA Web site** launched by the Order provides an excellent showcase for the profession and a place where members and the Order can interact. Not long after the site was launched it was expanded to include the "**Job Centre**", a dynamic, user-friendly platform that members and employers quickly adopted. In a mere eight months, the Job Centre for instance posted 635 job offers, forwarded 5,328 applications from 2,355 members and sent 50,255 job alerts, making it the 'go to' place for recruiting professional accountants.

We are delighted to see that CPA expertise is sought after and recognized, with demand in the marketplace remaining steady.



What's more, members proudly display their membership in the profession, including an impressive number of members in private practice who requested authorization to use the CPA logo in their promotional material. In addition, once the national logo was adopted, members were clearly pleased to receive their permit and pin sporting the CPA colours.

## THE ORDER FIGURES PROMINENTLY IN PRINT MEDIA, THE RESULT OF 19 MEDIA RELEASES AND 33 INTERVIEWS WITH ITS SPOKESPEOPLE.



The awards and distinctions presented by the Order are a source of pride to the recipients whose accomplishments reflect on the entire profession. This year, the title of Fellow was bestowed upon 17 exceptional members, who join the ranks of an elite group that now includes 633 people. Their commitment and achievements bring honour to the chartered professional accountant designation. These men and women embody excellence, one of our profession's core values, and play a very important role in building the accounting profession's credibility, recognition and prestige.

**THE MEMORABLE *SOIRÉE DES FELLOWS* PAID TRIBUTE TO THE RECIPIENT OF THE *OUTSTANDING ACHIEVEMENT AWARD*, MONIQUE F. LEROUX, FCPA, FCA (CENTER), AND NINE NEW FELLOWS.**



**From left to right:** Stephan Robitaille, FCPA, FCGA, Chair of the Order | Hélène Racine, FCPA, CA | Paulette Legault, FCPA, CGA | Gary Wechsler, FCPA, CA | Alain Dugal, FCPA, CA | André Dugal, FCPA, CA | Paul Dénommée, FCPA, CA | Maxwell Brotman, FCPA, CA | Umberto Delucilla, FCPA, CA | Richard Morrisseau, FCPA, CMA | Daniel McMahon, FCPA, FCA, President and Chief Executive Officer of the Order

Monique F. Leroux, FCPA, FCA, President and CEO of Desjardins Group, received the *Outstanding Achievement Award* in recognition of her exceptional contribution to the accounting profession throughout her career. The first woman to head up a financial institution in Canada, this prominent figure from the Quebec and Canadian financial elite is without doubt a shining example for all CPAs.

**EIGHT NEW FELLOWS  
HONoured AT PRESTIGIOUS  
AMBASSADORS GALA  
LAST FALL.**



Normand Angell, FCPA, FCGA  
| Sylvie Béchard, FCPA, FCMA  
Gilles Bédard, FCPA, FCMA  
| Annette Dupré, FCPA, FCMA  
Patricia Gauthier, FCPA, FCGA  
| Elaine Godbout, FCPA, FCMA  
Guylaine Marcil, FCPA, FCGA  
| Philémon Rakoto, FCPA, FCGA



## CONGRATULATIONS TO THE RECIPIENTS OF AWARDS PRESENTED BY THE REGIONAL GROUPS!

### EASTERN TOWNSHIPS

#### **Prix Isabelle-Boisvenu (Emergence award)**

**Annemarie Letarte**, CPA auditor, CA

Raymond Chabot Grant Thornton

### QUEBEC CITY

#### **CPA Emerite award**

**René Bégin**, CPA, CA

Lemieux Nolet

**Diane Fugère**, CPA, CA

Fugère Conseil inc.

**Manon Roy**, CPA auditor, CA, CA-IFA

Accuracy Canada inc.

**Éric Thibault**, CPA auditor, CA

Société immobilière du Québec

#### **CPA Emergence award**

**Myriam Lévesque**, CPA auditor, CA

Deloitte

### MONTREAL

#### **CPA Recruit of the Year award**

**Samia Jolin-Dahel**, CPA, CA

Deloitte

#### **CPA Emergence - Community category**

**Alexandre Santarelli**, CPA, CMA

American Iron & Metal

#### **CPA Emergence - Profession category**

**Frédéric Racine**, CPA, CA

OHL - CHUM Collectif

In our first year of operation, the Order also created 12 regional groups, led by 190 volunteers who ensure the visibility of the profession and contribute to strengthening a sense of belonging. These very active regional extensions of the Order organized either alone or in partnership close 100 activities, some honouring distinguished CPAs. Their numerous initiatives are supported by regional newsletters and dynamic Web pages.

### CPA-Parlementaires

Ever attentive to member needs, the Order took various steps to contribute to the advancement and recognition of CPAs. One such initiative was staging the first edition of the *CPA-Parlementaires* conference attended by over 175 participants last winter. This not-to-be-missed event for CPAs in Quebec's public service sector provided an opportunity to exchange ideas with MNAs, and especially a chance to encourage government decision-makers to recognize the professional status of CPAs who work in the public service.

### First CPA training activities catalogue

In the same spirit, the professional development team worked all out this year to maintain the three existing programs offered by the unified orders, while simultaneously developing the first unified professional development program.

The successful completion of this enormous task means that CPAs will all have access this fall to a very extensive catalogue of activities. Thanks to the new highly efficient passport format, members in every region and every area of expertise can take full advantage of the Order's training activities, and thus meet their continuing education obligations.

The year 2012-2013 delivered extremely positive professional development results with over 40,000 registrations for training activities. In addition, many members made use of free services offered by the Order, including the information on best practices and new standards, the technical reference service on personal income taxes, and the expert advice service.

To conclude this section on the Order's relations with members, we would like to take this opportunity to mention the considerable work done to review and integrate insurance plans offered to members, as well as efforts to renegotiate partnership agreements in effect with various suppliers at the time of unification for the benefit of all Order members.





In addition to the various transitional mechanisms for students, universities and the Order, an agreement in principle was reached with the Office des professions on the diplomas that will be recognized and the modes of delivery for the new program.

This major, multi-faceted undertaking will certainly continue to monopolize our resources next year.

### Protecting the public, our core mission

Protecting the public is central to the mission of a professional order, and the CPA Order attaches great importance to this role as evidenced by the activity reports issued by the syndic and the Professional Inspection Committee.

In addition to inspecting over 800 practice units this past year, the Order held workshops and seminars to help members and the public gain a better understanding of mechanisms in place to protect the public, including the syndic, the *Code of Ethics* and professional inspection.

Applying the compulsory continuing education regulations took up a major part of our agenda given that we needed to transition to the new regulations governing all CPAs and launch a new cycle. Communications played a key role

in raising awareness of the new requirements and providing members with the information they needed to comply with the regulations.

Communications were also instrumental to implementing the mandatory liability insurance regulations, which represented a new obligation for half of the Order's members. We used every means possible to explain the importance and constructs of the plan. The highlight of this strategy was a webinar viewed live or recorded by over 1,300 members. The launch of the plan was in the end a resounding success.

**THE FOUNDING MEMBERS OF CPAs  
WITHOUT BORDERS AT THE  
ORGANIZATION'S OFFICIAL LAUNCH,  
WITH THE MNA FOR VIAU AT THE TIME,  
EMMANUEL DUBOURG, CPA, CA, IN ATTENDANCE.**



From left to right: Denis Majeau, CPA, CA | Mario Roy, CPA, CA | Rosalba Monti, CPA, CGA, Chair | Stéphan Morin, CPA, CA, President, CPAs Without Borders | Hugues Lacroix, CPA, CA | Khadija Chaya, CPA, CMA | Emmanuel Dubourg, CPA, CA | Nicolas Blais, CPA, CA | Nicolas Jean, CPA, CMA.  
Missing from photo: Evelyne Blain, CPA, CMA | Isabelle Pigeon, CPA, CMA | Alain Tremblay, CPA auditor, CA, CA-IT

Finally, protecting the public requires ongoing vigilance by the Order to identify illegal practice and unauthorized use of the designation, behaviours that undermine the quality of service the public has a right to expect. Committing the required resources to identifying and sanctioning such behaviours through the courts is therefore an ongoing concern.

### The Order's community involvement

This recap of the year would not be complete without recognizing the Order's contribution to social development. The various forms of the Order's community involvement are an extension of its core mission, and its willingness to actively participate in discussions about key social issues and community building.

**cpasansfrontières**  
comptables professionnels agréés 

It seemed natural as a result for the Order to support the creation of *CPAs Without Borders* (*cpasansfrontieres.ca*), which has already completed its first exploratory mission in Haiti. The administrative and accounting support provided by cooperating CPAs as part of humanitarian missions aimed at achieving sustainable development in the field complements local resources that are the focus of the assistance. This warmly received initiative is a clear indication of the determination among CPAs and the Order to assert their role in society.

### Briefs well received

Less publicized, but no less significant, was the Order's successful collaboration with government and regulatory authorities to ensure the protection of the public and update the supervision of professional orders and the practice of the professions. This collaboration culminated in the Order submitting a brief on Bill 17 relating to disciplinary justice as well as on Bill 18, which primarily addresses the *Taxation Act* and chips away at the important principle of tax confidentiality. These two issues of public interest hold special significance in the context of the Charbonneau Commission hearings.

Just as transparency and accessibility prompted the government to propose measures to optimize mechanisms in place or develop new ones to ensure the public and professionals are better served and obtain justice within a reasonable timeframe

in matters of discipline, so did the pursuit of these same principles lead the Order to enter into a historic agreement with the Société québécoise d'information juridique (SOQUIJ). Under this agreement, disciplinary decisions rendered by the CA, CGA and CMA disciplinary councils, as well as those rendered by the Disciplinary Council of the CPA Order since May 16, 2012, are available free of charge on SOQUIJ's Web site.

“THE ORDER THUS  
BECAME THE FIRST  
PROFESSIONAL ORDER  
TO ENTER INTO SUCH  
AN AGREEMENT WITH  
THE SOQUIJ, AND SINCE  
LAST FALL A FEW OTHER  
PROFESSIONAL ORDERS  
HAVE FOLLOWED SUIT.”

### Promising results


The CPA Order emerged from a pragmatic and unique vision of the future. Those two characteristics best describe the CPA profession, and we have every intention of fully embracing them in future.

From Day 1, we committed to making the Order a vector of influence and a point of pride, not only for members and candidates, but for the entire province. Admittedly, this is a long-term task. But as this recap shows, we are on the right path thanks to the exceptional commitment of all our stakeholders and our remarkable permanent staff that have demonstrated unfailing willingness to build a brand new order and overcome the daily challenges involved in implementing a new organizational culture.

We extend our thanks to these invaluable collaborators who helped us sustain our determination and enthusiasm so that we can confidently embrace a new year that promises to be equally challenging.



Stephan Robitaille, FCPA, FCGA  
Chair of the Order



Daniel McMahon, FCPA, FCA  
President and Chief Executive Officer



## EXECUTIVE COMMITTEE

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From left to right:

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



## 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**, CPA, CA (2012-05-16)

**Hélène Racine**, FCPA auditor, CA (2012-05-16)

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

**Alain Tremblay**, CPA auditeur, CA, CA-TI (2012-05-16)

**Germain Trottier**, Ph. D., t. s. (2012-05-16)  
Director appointed by the Office des professions

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

**Rénald Vigneault**, FCPA, FCGA (2012-05-16)

### From May 16, 2012 to March 31, 2013

During this period, the members of the Executive Committee attended ten statutory meetings. The members of the Board of Directors attended seven statutory meetings and one extraordinary meeting.

The Annual General Meeting of the members of the Ordre des comptables professionnels agréés du Québec was held on September 28, 2012.

## RESOLUTIONS

### The main resolutions adopted by the Board of Directors concerned the following:

- > election of the Chair of the Order and the two Vice-Chairs;
- > appointment of the President and Chief Executive Officer;
- > appointment of the syndic of the Order and of the assistant syndics;
- > appointment of the Secretary of the Order and the Secretary of the Disciplinary Council;
- > approval of the formal procedures pursuant to section 62.2 of the *Professional Code* respecting professional liability claims;
- > appointment of Order representatives to the Quebec Interprofessional Council;
- > approval of various fees imposed on members in accordance with the *Professional Code* and Order regulations;
- > approval of the terms and conditions for signing assurance reports;

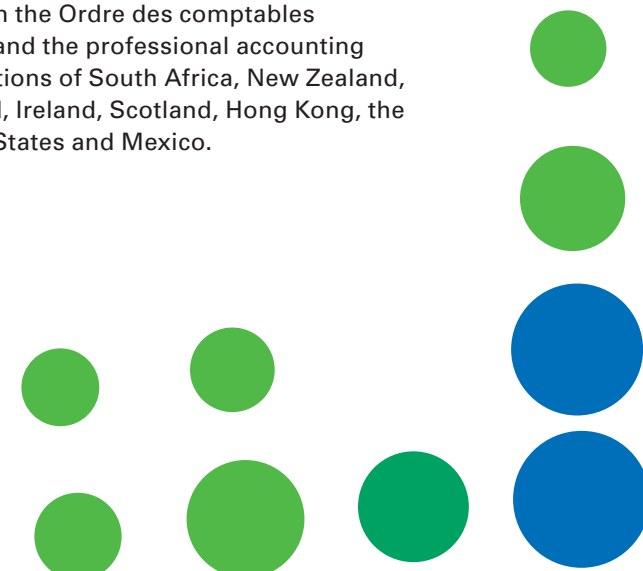


## TABLE OF CONTENTS

- > approval of the continuing education activities program and of the application terms and conditions of the *Regulation respecting compulsory continuing education* and the *Regulation respecting compulsory continuing education for Quebec chartered professional accountants who hold a public accountancy permit*;
- > approval of the CPA Competency Map, the CPA Framework for Accreditation of Post-Secondary Programs Offering Components of the CPA Professional Education Program and the CPA Assessment Framework;
- > approval of the Order's 2013-2015 strategic directions;
- > appointment of members and of a number of chairs of Order statutory committees;
- > appointment of inspectors/investigators;
- > delegation of certain powers to the Executive Committee;
- > approval of the Order's professional examinations and results;
- > recommendation, subject to member approval at the Annual General Meeting on September 28, 2012, to define member categories for purposes of the annual dues and set the related fees;
- > determination of the professional liability insurance premiums for the year 2013-2014 and the related member categories;
- > renewal of the agreement between the Order and the Canadian Public Accountability Board (CPAB).

### 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, and to seek injunctions;
- > 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 or other measures on the recommendation of the Professional Inspection Committee;
- > approval of training offices and training environments;
- > appointment of CA•IFAs and CA•ITs;
- > approval of conditions and measures in respect of members who fail to comply with the *Regulation respecting compulsory continuing education* and the *Regulation respecting compulsory continuing education for Quebec chartered professional accountants who hold a public accountancy permit*;
- > approval of the results obtained on the Order's examinations following requests for reviews;
- > equivalence recognition in accordance with the regulations respecting the standards for diploma and training equivalence for the issue of a permit of the Ordre des CPA du Québec;
- > appointment of ad hoc syndics;
- > appointment of investigators following an application filed with the Order's Indemnity Fund;
- > issuance of CPA permits, temporary permits, public accountancy permits and limited public accountancy permits, reinstatements on the Roll of the Order and release from monitoring programs;
- > approval of training offices and training periods relating to the issuance of a CPA permit and public accountancy permit;
- > termination of the mutual recognition agreement with the ACCA;
- > renewal of mutual recognition agreements between the Ordre des comptables agréés and the professional accounting associations of South Africa, New Zealand, England, Ireland, Scotland, Hong Kong, the United States and Mexico.



## ROLL OF THE ORDER

During the period, 1,120 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, 2013, totals 35,557, 1,214 of whom are registered as retired members for purposes of the annual dues.

In addition, the Order issued 9,746 public accountancy permits, including four under subparagraph 3, section 60 of the *Chartered Professional Accountants Act* and 426 under section 65.

Under sections 54 and 56 of the CPA Act, the amount of the annual assessment is deemed to be the same as the amount of the assessment due for the year during which the Act came into force, and any person entered on the Roll of one of the three accounting orders is automatically entered on the Roll of the Ordre des comptables professionnels agréés du Québec.

### 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>	995	995	0	0
Based on the recognition of the equivalence of diplomas issued by educational institutions outside Quebec	74	74	0	0
Based on the recognition of training equivalence	51	51	0	0
Based on a legal authorization to practice the profession	22	22	0	0

APPLICATIONS FOR TEMPORARY, RESTRICTIVE, TEMPORARY RESTRICTIVE OR SPECIAL PERMITS				
	Received	Accepted	Denied	No decision as at year-end
Temporary permits -- section 37 of the <i>Charter of the French Language</i>	46	45	1	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>	0	0	0	0

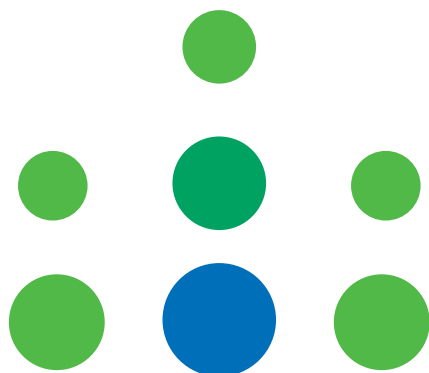
CPA PERMITS ISSUED (BY CATEGORY)	1,142
Regular permits	1,099
Temporary permits	35
Temporary permits by affiliation	8
Restrictive permits	0
Special authorizations granted	0
Special authorizations extended	0

PERMITS SUSPENDED OR REVOKED (BY CATEGORY)		
	Suspended	Revoked
Regular permits	0	4
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

ADDITIONS TO THE ROLL (BY CATEGORY)	1,195
By examination, under section 1 of the <i>Regulation respecting the terms and conditions for the issue of a permit by the Ordre des comptables agréés du Québec, the Ordre professionnel des comptables généraux accrédités du Québec</i> and the <i>Ordre professionnel des comptables en management accrédités du Québec</i>	1,116
By reinstatement	51
By affiliation from another province under section 39 of the <i>Chartered Professional Accountants Act</i>	22
By reciprocity with another country under section 57 of the <i>Chartered Professional Accountants Act</i>	4
With limitation of the right to engage in professional activities	0
With suspension of the right to engage in professional activities	0
By renewal of a temporary permit	2

REMOVAL FROM THE ROLL	549
Deceased	83
Resigned	446
Struck off for non-payment of annual dues	2
Struck off for non-compliance with the <i>Regulation respecting compulsory continuing education for Quebec chartered professional accountants</i>	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>	3
Struck off pursuant to a decision of the Disciplinary Council	13
Removed pursuant to a decision of the Executive Committee	0
Expiry of temporary permit	2
Expiry of restrictive permit	0

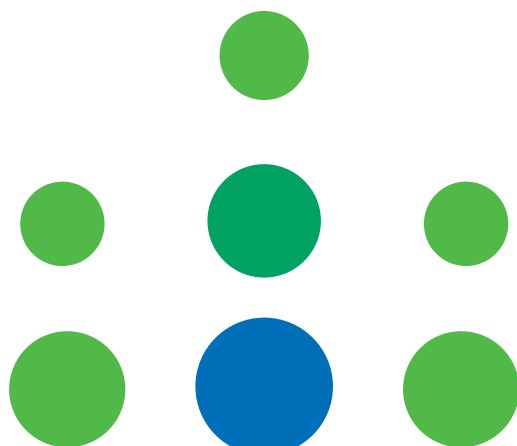
MEMBERSHIP DISTRIBUTION ACCORDING TO GENDER	
Women	15,445
Men	20,112



## TABLE OF CONTENTS

ROLL OF CANDIDATES	
<b>Candidates registered as at May 16, 2012</b>	<b>5,665</b>
<b>ADDITIONS TO THE CANDIDATE ROLL</b>	<b>1,840</b>
University path — Recognized undergraduate diploma	1,417
Diploma/training equivalence — Quebec	181
Diploma/training equivalence — Outside Quebec	43
Diploma/training equivalence — Outside Canada	151
Reciprocity agreement	9
Mutual recognition agreement — France	1
Reinstatement	24
Other	14

REMOVAL FROM THE CANDIDATE ROLL		1,480
Expiry of deadline to complete the CPA career path (examinations, training period) or incomplete file		50
Transfer to another province		27
Resigned, deceased, non-payment of annual dues or decision of the Executive Committee		283
Obtained CPA designation		1,120
> Recognized undergraduate diploma		834
> Diploma/training equivalence — Quebec		130
> Diploma/training equivalence — Outside Quebec		31
> Diploma/training equivalence — Outside Canada		109
> Reciprocity agreement (CARE examination)		4
> Mutual recognition agreement — France		0
> Other		12
<b>CANDIDATES REGISTERED AS AT MARCH 31, 2013</b>		<b>6,025</b>



# AUDIT

## Committee members

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

**Sandra Santos**, CPA auditor, CGA

**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 activities and procedures applied by the Order to ensure compliance with applicable laws and regulations.

Since the Order was created on May 16, 2012, the Audit Committee has met nine times. The Committee members have also held in camera sessions with the independent auditor without management being present.

During these meetings, the Committee:

- > approved the 2013–2014 budget directions, recommended harmonizing the annual dues, analyzed the 2013-2014 detailed budget and recommended its approval by the Board of Directors;
- > ensured that the independent auditor was independent and objective, including by pre-approving the audit mandates and fees;

- > reviewed a number of the Order's activities, in particular risk management and control for the Finance and Information Systems departments, as well as the process for ensuring the integrity of the Roll of the Order;

- > oversaw the application of the process put in place to ensure compliance with laws and regulations;

- > met with the investment managers and recommended a capital requirements analysis to the Order's staff;

- > reviewed the regional groups' audit procedures.

The Audit Committee reviewed the CPA Order's financial statements as at March 31, 2013 and proposed their approval by the Board of Directors.

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

# FINANCIAL STATEMENTS

For the  
period ended  
March 31, 2013



## 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, 2013, and the statements of operations, changes in fund balances and cash flows for the initial 10.5 month period 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.

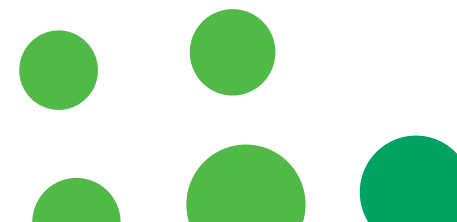
#### Opinion

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, 2013, and the results of its operations and its cash flows for the initial 10.5 month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Montreal, Quebec  
June 20, 2013

Richter LLP<sup>1</sup> (signed)

<sup>1</sup> CPA 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 CICA 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 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 at 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, 2013

	General Fund	Indemnity Fund	Insurance Fund	Total
	\$	\$	\$	\$
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	23,017,948	-	3,600	23,021,548
Investments (Note 7)	936,251	17,555	-	953,806
Accounts receivable (Note 8)	1,710,888	1,432	-	1,712,320
Prepaid expenses	211,657	-	7,685	219,342
	25,876,744	18,987	11,285	25,907,016
<b>INVESTMENTS</b> (Note 7)	15,810,394	1,852,657	1,592,502	19,255,553
<b>TANGIBLE CAPITAL ASSETS</b> (Note 9)	802,866	-	-	802,866
<b>INTANGIBLE ASSETS</b> (Note 9)	1,079,682	-	-	1,079,682
	43,569,686	1,871,644	1,603,787	47,045,117
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Debts (Note 10)	6,882,491	846	8,063	6,891,400
Unearned revenue (Note 11)	21,992,028	-	-	21,992,028
	28,874,519	846	8,063	28,883,428
<b>DEFERRED LEASE INDUCEMENT</b>	678,753	-	-	678,753
<b>ACCRUED BENEFIT LIABILITY</b> (Note 12)	3,131,400	-	-	3,131,400
<b>INSURANCE FUND RESERVES</b> (Note 13)	-	-	544,841	544,841
<b>DEFERRED REVENUE</b> (Note 14)	-	-	1,082,736	1,082,736
	32,684,672	846	1,635,640	34,321,158
<b>FUND BALANCES</b>				
Internally restricted for:				
Capital assets	1,882,548	-	-	1,882,548
Regional groups	538,203	-	-	538,203
Professional education program orientation	398,294	-	-	398,294
Professional development	1,000,000	-	-	1,000,000
Professional liability insurance	661,293	-	-	661,293
Unrestricted	6,404,676	-	-	6,404,676
Indemnity Fund	-	1,870,798	-	1,870,798
Insurance Fund	-	-	(31,853)	(31,853)
	10,885,014	1,870,798	(31,853)	12,723,959
	43,569,686	1,871,644	1,603,787	47,045,117
<b>COMMITMENTS</b> (Note 15)				
<b>CONTINGENCIES</b> (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

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

## STATEMENT OF OPERATIONS > FOR THE PERIOD ENDED MARCH 31, 2013

	MARCH 31, 2013 (10.5 months)			
	General Fund*	Indemnity Fund	Insurance Fund	Total
	\$	\$	\$	\$
<b>REVENUES</b>				
Dues and registrations	28,402,177	-	-	28,402,177
Professional development	7,568,652	-	-	7,568,652
Qualification	7,389,918	-	-	7,389,918
Supervision of the profession	2,151,938	-	-	2,151,938
Public affairs, communications and events	1,458,848	-	-	1,458,848
Investment income (Note 17)	712,981	82,961	2,631	798,573
Other	75,493	-	79,895	155,388
	47,760,007	82,961	82,526	47,925,494
<b>EXPENSES</b>				
Management and human resources	2,594,273	-	-	2,594,273
Professional development	6,223,192	-	-	6,223,192
Qualification	6,427,927	-	-	6,427,927
Supervision of the profession	6,377,671	2,966	-	6,380,637
Public affairs, communications and events	6,100,409	-	-	6,100,409
Administration and information technology	7,621,533	9,889	75,198	7,706,620
National service charges	8,940,372	-	-	8,940,372
Increase in Insurance Fund reserves	-	-	4,697	4,697
	44,285,377	12,855	79,895	44,378,127
<b>EXCESS OF REVENUES OVER EXPENSES</b>	3,474,630	70,106	2,631	3,547,367

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

## STATEMENT OF CHANGES IN FUND BALANCES > FOR THE PERIOD ENDED MARCH 31, 2013

							MARCH 31, 2013 (10.5 months)		
	General Fund						Indemnity Fund	Insurance Fund	Total
	Invested in capital assets	Restricted for regional groups*	Restricted for Professional Education Program orientation **	Restricted for Professional Development ***	Restricted for professional liability insurance ****	Unrestricted			
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>BALANCE, BEGINNING OF PERIOD</b>	2,502,127	406,941	412,408	1,000,000	642,312	2,446,596	1,800,692	(34,484)	<b>9,176,592</b>
Excess of revenues over expenses									
(of expenses over revenues)	(1,205,448)	(389,038)	(14,114)	-	18,981	5,064,249	70,106	2,631	<b>3,547,367</b>
Purchase of capital assets	588,473	-	-	-	-	(588,473)	-	-	-
Disposal of capital assets	(2,604)	-	-	-	-	2,604	-	-	-
Internally restricted funds	-	520,300	-	-	-	(520,300)	-	-	-
<b>BALANCE, END OF PERIOD</b>	<b>1,882,548</b>	<b>538,203</b>	<b>398,294</b>	<b>1,000,000</b>	<b>661,293</b>	<b>6,404,676</b>	<b>1,870,798</b>	<b>(31,853)</b>	<b>12,723,959</b>

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

\*\* The Professional Education Program is intended for students registered in a graduate diploma program.

\*\*\* The amount restricted for Professional Development 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 PERIOD ENDED MARCH 31, 2013

	MARCH 31, 2013 (10.5 MONTHS)
	\$
<b>OPERATING ACTIVITIES</b>	
Excess of revenues over expenses	3,547,367
Non-cash items:	
Amortization of capital assets	1,185,652
Loss on disposal of capital assets	19,796
Reinvested investment income	(715,786)
Unrealized loss on investments	74,387
Increase in deferred lease inducement	69,147
Amortization of deferred lease inducement	(11,101)
Change in accrued benefit liability	(162,900)
Increase in Insurance Fund reserves	4,697
	4,011,259
Net change in non-cash working capital items	(723,054)
<b>INVESTING ACTIVITIES</b>	
Proceeds from disposal of investments	4,938,747
Purchase of investments	(3,576,213)
Purchase of tangible capital assets	(306,150)
Purchase of intangible assets	(282,323)
Proceeds from disposal of tangible capital assets	2,604
Net proceeds from Insurance Fund investments	34,306
	810,971
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,099,176
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	18,922,372
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	23,021,548

## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### 1. CONSTITUTION, 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*, 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 permits to practice 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 the Canadian Institute of Chartered Accountants (CICA) and of CMA Canada in the following areas affecting Canadian professional accountants (CAs, CMAs and CPAs) as a whole: public interest and integrity; effective leadership and strategic planning for the profession; education and qualification; standard setting; and communications.

The first fiscal period of the CPA Order covers 10 and a half months from May 16, 2012 to March 31, 2013.

### 2. UNIFICATION OF THE PROFESSION

On May 16, 2012, the CA Order, the CGA Order and the CMA Order were legally united to create the Ordre des comptables professionnels agréés du Québec.

The transaction was recognized using the carrying amounts presented in the financial statements of the unified entities. Accounting practices have been harmonized from the date of unification.

As a result of the unification, the financial statements of the new entity reflect the unified entities' operations, assets and liabilities for the period during which unification occurred. The new entity began its operations on May 16, 2012.

The following tables present the financial position of the entities at the closing date (assets, liabilities and fund balances), the effects of first-time adoption of the new *CICA Handbook – Accounting – Part III* standards, as well as the opening balances of the CPA Order at May 16, 2012.

Revenues and expenses of the three orders, covering the 13 and a half months ending May 15, 2012, are also presented for information purposes.

	MAY 15, 2012		
	CA Order	CGA Order	CMA Order
	\$	\$	\$
<b>CLOSING BALANCE OF UNIFIED ENTITIES AT MAY 15, 2012</b>			
Current assets	8,924,352	7,025,174	7,869,458
Long-term assets	17,111,216	4,744,721	1,263,866
Current liabilities	14,775,140	8,701,699	7,399,899
Long-term liabilities	2,674,594	57,799	262,988
Fund balances	8,585,834	3,010,397	1,470,437
Revenues –13.5 month period ending May 15, 2012	34,894,723	11,788,162	12,932,152
Expenses –13.5 month period ending May 15, 2012	33,460,250	11,660,873	13,241,420

	MAY 16, 2012			
	CA Order	CGA Order	CMA Order	CPA Order
	\$	\$	\$	\$
<b>CURRENT ASSETS</b>				
<b>Opening balance at May 16, 2012</b>	8,924,352	7,025,174	7,869,458	23,818,984
<b>LONG-TERM ASSETS</b>				
<b>Opening balance at May 16, 2012, before adjustments</b>	17,111,216	4,744,721	1,263,866	
Adjustments due to first-time adoption of Part III				
Recognition of pension plan deficit (Note 3)	(1,925,500)			
Other adjustments	48,594			
<b>Opening balance at May 16, 2012, adjusted</b>	15,234,310	4,744,721	1,263,866	21,242,897
<b>CURRENT LIABILITIES</b>				
<b>Opening balance at May 16, 2012, before adjustments</b>	14,775,140	8,701,699	7,399,899	
Opening balance adjustment*	(495,030)			
<b>Opening balance at May 16, 2012, adjusted</b>	14,280,110	8,701,699	7,399,899	30,381,708
<b>LONG-TERM LIABILITIES</b>				
<b>Opening balance at May 16, 2012, before adjustments</b>	2,674,594	57,799	262,988	
Adjustments due to first-time adoption of Part III				
Recognition of pension plan deficit (Note 3)	2,508,200			
<b>Opening balance at May 16, 2012, adjusted</b>	5,182,794	57,799	262,988	5,503,581
<b>FUND BALANCES</b>				
<b>Opening balance at May 16, 2012, before adjustments</b>	8,585,834	3,010,397	1,470,437	
Adjustments due to first-time adoption of Part III				
Recognition of pension plan deficit (Note 3)	(4,433,700)			
Opening balance adjustment*	495,030			
Other adjustments	48,594			
<b>Opening balance at May 16, 2012, adjusted</b>	4,695,758	3,010,397	1,470,437	9,176,592

\* This amount corresponds to a liability included in unearned revenue in the opening balance for which the CPA Order determined it had no obligation. As a result, the amount was reversed in the opening balances at May 16, 2012.



## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### 3. FIRST-TIME ADOPTION OF NOT-FOR-PROFIT STANDARDS

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook – Accounting*.

Carrying amounts of the entities prior to unification have been adjusted in accordance with FIRST-TIME ADOPTION BY NOT-FOR-PROFIT ORGANIZATIONS, Section 1501

#### Employee benefits

- a) The CPA Order elected to recognize all of the pension plan's unamortized actuarial losses in the statement of changes in fund balances at the date of initial application of Part III. This change has had an impact on the financial position and changes in fund balances at the date of initial application.
- b) The CPA Order amortized the transitional asset (obligation) at the date of initial application of Part III accounting standards for not-for-profit organizations.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The CPA Order's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and 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 the insurers for participants in insurance plans offered to members of 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 in 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.

Continuing education revenue is recognized based on clients' use of the service, according to an average usage rate established each year.

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.

A revenue or expense amount is recognized in the Insurance Fund to cover administrative expenses and the change in reserves.

## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### 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
Treasury bonds	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.

### 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.

## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### E) DEVELOPMENT COSTS

Development costs are capitalized when they meet certain identifiable criteria justifying their recognition as assets.

### F) CONTRIBUTED SERVICES

The operation of the CPA Order depends in part on the voluntary services of many members. Since these services are not normally purchased by the CPA Order and their fair value is difficult to estimate, contributed services are not reflected in these financial statements.

### G) MANAGEMENT ESTIMATES

The preparation of financial statements, in conformity with Part III 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 continuing education activities and employee future benefits. Actual results could differ from these estimates.

### H) CASH AND CASH EQUIVALENTS

The CPA Order's policy is to disclose cash, treasury bonds, money market mutual fund units and investments 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 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
<b>Tangible capital assets</b>		
Furniture and equipment	Straight-line	10 years
Telephone system	Straight-line	5 years
Computer hardware	Straight-line	3 years
Leasehold improvements	Straight-line	3 years
<b>Intangible assets</b>		
Computer software	Straight-line	5 years

When a tangible capital asset no longer has any 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 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 PERIOD ENDED MARCH 31, 2013

### L) EMPLOYEE BENEFIT PLANS

The CPA Order maintains the unified entities' pension plans, one of which was a contributory defined benefit pension plan up until December 31, 2006. As of January 1, 2007, the defined benefit plans are maintained for past services rendered before this date. The CPA Order offers its employees defined contribution plans, as well as a group registered retirement savings plan (RRSP).

#### (i) Defined benefit plan 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 pension plan.

The CPA Order has adopted the following policies to account for its obligations under employee 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 as at December 31, 2012.

#### (ii) Defined contribution plans and group RRSP

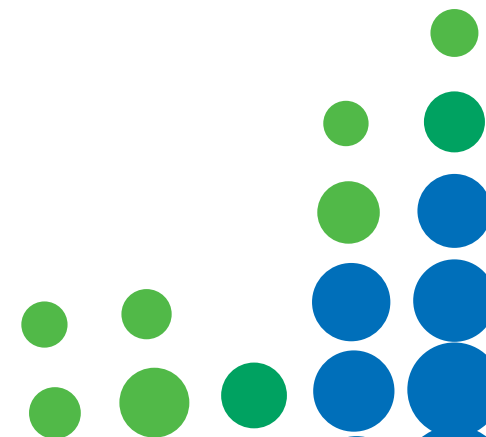
The cost of the plans is based on the amount of the CPA Order's contributions.

## 5. 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.



## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

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:

	RISKS				
	MARKET RISKS				Other price risk
	Credit	Liquidity	Currency	Interest rate	
<b>Measured at amortized cost</b>					
Cash and cash equivalents	X			X	
Accounts receivable	X				
Treasury bonds, term deposits and guaranteed investment certificates	X			X	X
Accounts payable and accrued liabilities		X			
Insurance fund reserves		X			
<b>Measured at fair value</b>					
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) Cash and cash equivalents and investments

Credit risk associated with cash and cash equivalents, treasury bonds, 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 indirectly exposed to credit risk related to other investments arising from ownership of bonds and enhanced Canadian bond fund units.

## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### (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.

### 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 into account 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 potential claims.

### 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

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

The functional currency of the CPA Order is the Canadian dollar. The Order does not enter into foreign currency transactions and does not use foreign exchange forward contracts. At March 31, 2013, the CPA Order had no financial instruments that would have exposed it to currency risk.

### (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 material impact on the CPA Order's results of operations.

## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

Treasury bonds, 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 material 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.

## 6. CASH AND CASH EQUIVALENTS

	MARCH 31, 2013
	\$
Cash and cash equivalents	23,021,548

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 1.08% for the period.

## 7. INVESTMENTS

	MARCH 31, 2013
	\$
Measured at amortized cost	
Term deposits and guaranteed investment certificates	1,067,504
Measured at fair value	
Bonds	4,755,740
Enhanced Canadian bond fund units	14,386,115
	19,141,855
	20,209,359
Short-term	
Term deposits and guaranteed investment certificates	617,504
Bonds	336,302
	953,806
Long-term	
Guaranteed investment certificates (Note 15)	450,000
Bonds	4,419,438
Enhanced Canadian bond fund units	14,386,115
	19,255,553
	20,209,359

Term deposits and guaranteed investment certificates bear interest at effective interest rates ranging from 0.50% to 2.40% and their maturity dates do not exceed one year. Bonds bear interest at effective interest rates ranging from 1.5% to 6.65% and their maturity dates range from November 2013 to December 2053.

## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### 8. ACCOUNTS RECEIVABLE

	MARCH 31, 2013
	\$
Trade accounts receivable	1,594,301
Accrued interest receivable	40,871
Amounts receivable from commercial products and services and other	77,148
	<u>1,712,320</u>

An allowance of \$55,810 was set up to cover the accounts receivable balance, calculated on a gross amount of \$85,498, which represents balances of over 90 days from the invoice date.

### 9. CAPITAL ASSETS

	MARCH 31, 2013		
	Cost	Accumulated amortization	Net carrying amount
	\$	\$	\$
<b>Tangible capital assets</b>			
Furniture and equipment	1,190,149	764,217	425,932
Telephone system	88,501	4,794	83,707
Computer hardware	1,367,200	1,195,071	172,129
Leasehold improvements	318,347	197,249	121,098
	<u>2,964,197</u>	<u>2,161,331</u>	<u>802,866</u>
<b>Intangible assets</b>			
Computer software	4,604,309	3,524,627	1,079,682
	<u>7,568,506</u>	<u>5,685,958</u>	<u>1,882,548</u>

Following the unification, the CPA Order proceeded to harmonize the accounting policies for capital assets.

During the period, the entire telephone system was replaced. The write-off of the system resulted in a decrease of \$210,869 in cost and a decrease of \$188,469 in accumulated amortization.

During the period, the unamortized balance of leasehold improvements was remeasured prospectively over three years ending March 31, 2015, rather than over the lease terms ending respectively in 2020 and 2023. This change was prompted by the unification and reflects the Order's willingness to consolidate its workforce in the medium term.

The amortization expense charged to administrative expenses was \$420,649 for tangible capital assets and \$765,003 for intangible assets.

Capitalized in-house development costs of \$188,088 are included in the acquisition of intangible assets for the period.

During the period, the CPA Order disposed of a certain amount of computer hardware, which was fully amortized. The write off resulted in a decrease in cost and accumulated amortization of \$44,387.



## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### 10. DEBTS

	MARCH 31, 2013
	\$
<b>Accounts payable and accrued liabilities</b>	
Accounts payable	2,396,375
Salaries and payroll deductions	2,363,293
Other	120,697
	4,880,365
<b>Government remittances</b>	1,448,438
<b>Office des professions du Québec levy</b>	562,597
	<b>6,891,400</b>

### 11. UNEARNED REVENUE

	MARCH 31, 2013
	\$
Dues and registrations	18,771,446
Education activities	2,494,194
Education programs and exam fees	540,227
Commercial products	178,331
Other	7,830
	<b>21,992,028</b>

### 12. EMPLOYEE BENEFIT PLANS

#### A) DEFINED BENEFIT PLANS

The actuarial valuation for funding purposes was performed as at December 31, 2012. The next actuarial valuation is scheduled for December 31, 2013.

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

	MARCH 31, 2013 (10.5 MONTHS)	
	Funded pension plan	Unfunded pension plan
	\$	\$
Pension expense for the period	66,000	96,400

The reconciliation of the funded status of the pension plan and the accrued benefit liability is as follows:

	MARCH 31, 2013	
	Funded pension plan	Unfunded pension plan
	\$	\$
Fair value of plan assets	7,480,600	-
Accrued benefit obligations	9,853,700	1,959,500
Funded status (deficit)	(2,373,100)	(1,959,500)
Unrecognized items	847,700	353,500
Accrued benefit liability	(1,525,400)	(1,606,000)

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

## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### A) DEFINED BENEFIT PLANS (CONTINUED)

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

	Funded pension plan	Unfunded pension plan
	2013	2013
<b>Accrued benefit obligations at December 31:</b>		
Discount rate	4,0%	3,75%
Rate of compensation increase	3,5%	3,5%
<b>Costs recognized for the fiscal periods ended on December 31</b>		
Discount rate	4,5%	4,0%
Expected long-term rate of return on plan assets	4,5%	-
Rate of compensation increase	3,5%	3,5%

The assets of the funded plan consist of the following:

FUNDED PENSION PLAN	
	2013
Asset classification	
Canadian equities	13%
Foreign equities	14%
Bonds	71%
Money market securities	2%
	<b>100%</b>

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

	MARCH 31, 2013 (10.5 MONTHS)	
	Funded pension plan	Unfunded pension plan
	\$	\$
Employer contributions	291,307	40,410
Benefits paid	54,700	40,410

### B) DEFINED CONTRIBUTION PLANS

The total expense recognized for the CPA Order's defined contribution plans is \$488,499 for the period.

### C) GROUP RRSP

The total expense recognized for the CPA Order's group registered retirement savings plan (RRSP) is \$56,947 for the period.



## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### 13. INSURANCE FUND RESERVES

	MARCH 31, 2013
	\$
Balance, beginning of period (May 16, 2012)	540,144
Change in required reserves	4,697
Balance, end of period	<b>544,841</b>

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, 2013, the claims fluctuation reserve has a zero balance while the incurred but not reported claims reserve is \$544,841.

### 14. DEFERRED REVENUE (INSURANCE FUND)

	MARCH 31, 2013
	\$
Balance, beginning of period (May 16, 2012)	1,048,430
Amounts recognized as revenue for the period	(79,895)
Investment income	114,201
Balance, end of period	<b>1,082,736</b>

Investment income consists of interest income of \$77,024 and an investment gain of \$37,177. Unrealized gains on investments of \$2,631 are recorded in revenue for the period.

### 15. COMMITMENTS

The CPA Order has agreed to lease three office spaces for periods ending respectively in August 2020, April 2023 and June 2023. The total amount to be paid from now until the end of the lease terms, including a provision for taxes and operating costs, is \$18,734,104.

The CPA Order guaranteed the payment of a contractual lease obligation by way of a \$450,000 letter of credit in favour of the lessor, secured by a guaranteed investment certificate of \$450,000. The balance of the letter of credit will be reduced each year as follows:

	\$
2016	360,000
2017	270,000
2018	180,000
2019	90,000

In addition, the CPA Order entered into six lease agreements for office equipment ending respectively in May 2013, March 2014, September 2014, July 2016, March 2018 and June 2019, which involve commitments of \$254,044.

The CPA Order is committed to reimburse the accumulated solvency deficiency of the defined benefit pension plan. This deficit totals \$3,391,500 as determined by an actuarial valuation as at December 31, 2012.

## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### 15. COMMITMENTS (CONTINUED)

The CPA Order, in collaboration with Concordia University, has committed to create a research centre located at Concordia called the John Molson School of Business CPA Research Centre. The Centre's goal is to become the reference point in Quebec and in 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, 2013, the balance of this commitment is \$150,000. 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, 2013, the balance of this commitment is \$60,000.

The CPA Order has committed to contribute \$55,000 to CPAs Without Borders.

Required payments for the next periods are as follows:

	Premises	Office equipment	Pension plan	University partnerships	CPAs Without Borders	Total commitments
	\$	\$	\$	\$	\$	\$
March 31, 2014	1,848,518	81,089	420,444	70,000	55,000	2,475,051
March 31, 2015	1,861,592	60,228	420,444	70,000	-	2,412,264
March 31, 2016	1,885,050	43,973	420,444	70,000	-	2,419,467
March 31, 2017	1,910,880	32,964	420,444	-	-	2,364,288
March 31, 2018	1,910,880	32,964	420,444	-	-	2,364,288
Subsequent periods	9,317,184	2,826	1,289,280	-	-	10,609,290
	18,734,104	254,044	3,391,500	210,000	55,000	22,644,648

## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### 16. CONTINGENCIES

The CPA Order, the CICA, whose rights and obligations were transferred to CPA Canada, and some of the provincial institutes of chartered accountants are the subject of legal proceedings to expunge their official marks or trademarks. The matter is in the preliminary stages of litigation and the outcome cannot yet be determined. No monetary damages are being sought against the Order in any aspect of the proceedings. Given the nature of the proceedings, the CPA Order has no reason to expect that a decision or the ultimate disposition of this matter will have a material adverse impact on its financial position, results of operations or its ability to carry on its business activities.

In the ordinary course of business, the CPA Order is involved in a dispute with the Association of Certified General Accountants of Canada, which is claiming amounts owing for the year commencing on July 1, 2012. Given that the affiliation agreement with this Association ended on August 2, 2012, the CPA Order believes that it only owes amounts that were payable between July 1, 2012 and August 2, 2012, which were paid during the period. The dispute was submitted to arbitration and a decision was issued in favour of the CPA Order. The Association of Certified General Accountants of Canada filed a motion to annul this decision. An amount of \$1,503,196, for the period between August 1, 2012 and March 31, 2013, is recognized as revenue; however, no corresponding expense is recognized in the statement of operations. The CPA Order does not expect the outcome of this matter to have a material adverse impact on its financial position.

### 17. INVESTMENT INCOME

MARCH 31, 2013 (10.5 MONTHS)	
	\$
Interest	655,238
Gain on sale of investments	140,704
Increase in fair value of investments	2,631
	<u>798,573</u>
Decrease in fair value of investments	(77,018)
	<u>721,555</u>

### 18. 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), and is the result of the merger of the Foundation of Quebec CAs and the CMA Foundation. 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.

### 19. ALLOCATION OF EXPENSES

Overhead is allocated as follows:

MARCH 31, 2013 (10.5 MONTHS)	
	\$
Professional inspection	109,159
Education activities	147,499
Office occupancy expenses	1,747,178
	<u>2,003,836</u>

# NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

## APPENDIX A

	31 MARS 2013
	Fonds d'administration générale (10,5 mois)
	\$
<b>REVENUES</b>	
<b>DUES AND REGISTRATIONS</b>	
Member dues	26,367,885
Candidate dues	1,299,887
Member registrations	391,725
Candidate registrations	342 680
	28,402,177
<b>PROFESSIONAL DEVELOPMENT</b>	
Education activities	7,188,314
Tools and resources	380,338
	7,568,652
<b>QUALIFICATION</b>	
Admission and training period	69,320
Professional education program	5,195,251
Examination fees	2,101,313
Recruitment of new members	24,034
	7,389,918
<b>SUPERVISION OF THE PROFESSION</b>	
Professional inspection	1 696,578
Registration of partnerships and joint-stock companies	19,936
Administrative fees – mandatory continuing education	67,575
Public accountancy permits	95,659
Professional liability insurance	134,472
Fines	137,718
	2,151,938
<b>PUBLIC AFFAIRS, COMMUNICATIONS AND EVENTS</b>	
Events	263,744
Regional activities	484,676
Commercial products	434,069
Promotion	2,150
Employment development	274,209
	1,458,848
<b>INVESTMENT INCOME</b>	712,981
<b>OTHER</b>	
Administrative expenses – dues	15,124
Other	60,369
	75,493
<b>TOTAL REVENUES – GENERAL FUND</b>	<b>47,760,007</b>

# NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

## APPENDIX B

	MARCH 31, 2013
	General Fund (10.5 months)
	\$
<b>EXPENSES</b>	
<b>MANAGEMENT AND HUMAN RESOURCES</b>	
General management	1,647,463
Human resources	718,834
Risk management	227,976
	2,594,273
<b>PROFESSIONAL DEVELOPMENT</b>	
<b>Education activities:</b>	
Direct costs	5,560,069
Share of office occupancy expenses	147,499
Tools and resources	161,687
<b>Member services</b>	353,937
	6,223,192
<b>QUALIFICATION</b>	
Qualification	1,343,222
Professional education committee	20,682
Admission and training period	12,314
Professional education program	3,192,769
Examinations	1,415,114
Recruitment of new members	443,826
	6,427,927
<b>SUPERVISION OF THE PROFESSION</b>	
Legal affairs	1,650,754
Syndic	1,592,745
Professional inspection:	
Direct costs	1,996,675
Share of office occupancy expenses	109,159
Issuance of permits	38,562
Mandatory continuing education	207,850
Conciliation and arbitration of accounts	26,711
Review Committee	4,025
Disciplinary Council	16,653
Illegal practice of the profession	41,644
Professional liability insurance	4,442
Laws and regulations	216,981
Professional practice	471,470
	6,377,671

## NOTES TO FINANCIAL STATEMENTS > FOR THE PERIOD ENDED MARCH 31, 2013

### APPENDIX B (CONTINUED)

	MARCH 31, 2013
	General Fund (10.5 months)
	\$
<b>EXPENSES (continued)</b>	
<b>PUBLIC AFFAIRS, COMMUNICATIONS AND EVENTS</b>	
Public affairs and communications	1,913,966
Events	949,133
Regional activities	969,741
Commercial products	143,041
Promotion	1,761,242
Employment development	363,286
	6,100,409
<b>ADMINISTRATION AND INFORMATION TECHNOLOGY</b>	
Administration	1,007,187
Finance	1,590,474
Information technology	1,469,143
Office occupancy expenses	1,747,178
General expenses	1,720,626
Unrealized loss on investments	67,129
Loss on disposal of capital assets	19,796
	7,621,533
<b>NATIONAL SERVICE CHARGES</b>	8,940,372
<b>TOTAL EXPENSES – GENERAL FUND</b>	<b>44,285,377</b>



## 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 Labbé**, FCPA, FCGA

**Michel P. Laliberté**, FCPA auditor, FCGA

**Michael Newton**, CPA, CA

**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.

From May 16, 2012 to March 31, 2013, the Council received seven new applications.

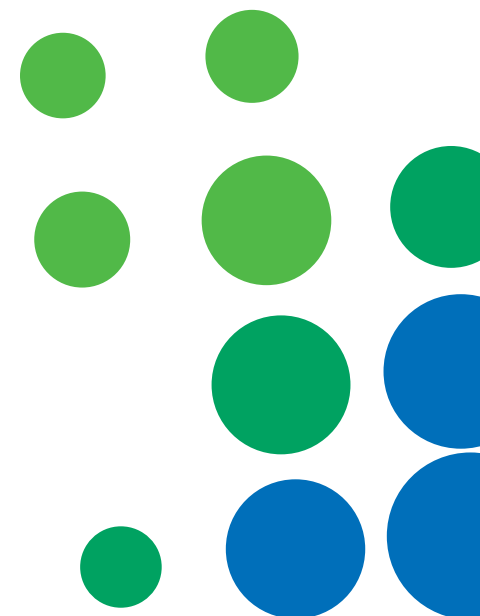
The Council held seven hearings on seven cases.

In two cases from this period, a settlement was reached between the parties. The Council rendered six decisions. Two of these decisions resulted in a reduction in the fees submitted for arbitration, one decision maintained the fees, one decision regarding two accounts resulted in a reduction of the first account and maintenance of the second, another decision regarding two accounts resulted in the cancellation of part of the first account and a reduction of the second, and a last decision ratified an agreement between the parties.

Two decisions are pending and two applications remain to be processed.

Lastly, the Council held a plenary session for training on the Council's role and processes.

**Hélène Huot**, CPA auditor, CA  
Chair



## PROFESSIONAL LIABILITY INSURANCE

Under the *Chartered Professional Accountants Act*, the *Regulation respecting professional liability insurance for members of the Ordre des comptables agréés du Québec*, the *Regulation respecting professional liability insurance for certified general accountants* and the *Regulation respecting the professional liability insurance of certified management accountants of Québec* remained in effect until March 31, 2013.

### Professional liability insurance for CPA, CAs

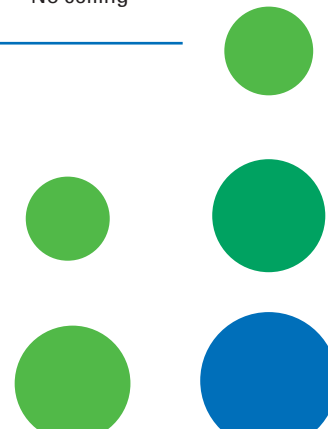
The *Regulation respecting professional liability insurance for members of the Ordre des comptables agréés du Québec* led to the creation of a compulsory professional liability group insurance plan for all Order members.

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

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

#### DISTRIBUTION OF CPA, CA MEMBERS REGISTERED AT THE END OF THE PERIOD 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)	2,050	\$1,000,000	No ceiling
Professional liability group insurance plan	16,657	\$1,000,000	No ceiling



### Professional liability insurance for CPA, CGAs

Under the *Regulation respecting professional liability insurance for certified general accountants*, the Order must ensure that a member in private practice, practicing alone or for the account of another member, a partnership of members or a separate organization, enroll in the group professional liability insurance contract subscribed by the Order. Members who are not in private practice are not subject to this regulatory requirement.

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

- i) at least \$1,000,000 per claim against a certified general accountant; and
- ii) \$3,000,000 for the aggregate of claims for the period covered.

#### CPA, CGA MEMBERS IN PRIVATE PRACTICE REGISTERED AT THE END OF THE PERIOD AND AMOUNT OF COVERAGE

Coverage method	Number of members	Amount of coverage	
		Per claim	For all claims
Group professional liability insurance contract	2,439	\$1,000,000	\$3,000,000

### Professional liability insurance for CPA, CMAs

Under the *Regulation respecting professional liability insurance for certified management accountants of Québec*, the Order must ensure that a member who practices in a private practice, alone or for another member, a partnership of members or a separate organization, take out professional liability insurance. Members can choose their insurer provided the coverage offered complies with the Order's regulation. Members who are not in private practice are not subject to this regulatory requirement.

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

- i) at least \$250,000 per claim against a certified management accountant; and
- ii) \$500,000 for all claims against a certified management accountant for the period covered.

#### CPA, CMA MEMBERS IN PRIVATE PRACTICE REGISTERED AT THE END OF THE PERIOD AND AMOUNT OF COVERAGE

Coverage method	Number of members	Amount of coverage	
		Per claim	For all claims
Professional liability insurance	593	\$250,000	\$500,000

## TABLE OF CONTENTS

**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 accountancy profession within a partnership or a joint-stock company*.

For a chartered professional accountant who is a 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 REGISTERED AT THE END OF THE PERIOD**

Category	Amount of coverage	Number of partnerships/companies		Number of members	
		JSC	LLP	JSC	LLP
Sole shareholder with no CPA employees	\$500,000	736	N/A	736	N/A
Other partnerships or companies	\$1,000,000	343	137	1,330	4,268
Total		1,079	137	2,066	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 May 16, 2012 to March 31, 2013, the Office of the syndic received 502 requests for an inquiry. Of this number, more than 300 cases were forwarded to the syndic by or on the recommendation of the Professional Inspection Committee. These cases deal 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 a member, or violations of the *Chartered Professional Accountants Act* concerning the use of the CPA and CPA auditor designations with the CA, CGA or CMA designations.

The 29 complaints lodged before the Disciplinary Council between May 16, 2012 and March 31, 2013 concern members in public practice, one retired member and six former members. The complaints involved 254 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*.

Note that syndics are often confronted with various preliminary claims or exceptions invoked by the professional or the professional's lawyer, which slows down the inquiry or the hearing before the Disciplinary Council.

Applications for conciliation processed during the period pertained to clients not receiving estimates of expected fees or clients not being informed of an increase in fees during the mandate. The amounts ranged from \$125 to \$40,800.

In 2012-2013, the Office of the syndic received four requests under the *Act respecting access to documents held by public bodies and the protection of personal information*, two of which were appealed to the Commission d'accès à l'information.

In addition to dealing with the cases listed in the table on the next page, by March 31, 2013, the Office of the syndic had received over 1,650 ethics-related telephone calls, nearly 60% of which were from the public.

The syndic also gave three presentations to university students on the professional system and discipline.

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

**Ginette Lussier-Price**, FCPA auditor, FCA  
Syndic

## TABLE OF CONTENTS

**ETHICS-RELATED COMPLAINTS AGAINST MEMBERS LODGED WITH THE OFFICE OF THE SYNDIC**

Brought forward from the previous period	177
New complaints	502

679

Cases processed during the period	423
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Cases carried over to the next period	256
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**CASES PROCESSED DURING THE PERIOD**

Complaints lodged before the Disciplinary Council	29
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Conciliation procedures	3
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Matters requiring the intervention of the syndic	4
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Warnings	240
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Decisions not to lodge a complaint	113
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Complaints withdrawn by plaintiffs or deemed inadmissible by a syndic	34
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Cases forwarded to the Professional Inspection Committee	0
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423

**Decisions submitted by plaintiffs to the Review Committee**

17

**CONCILIATION OF FEE ACCOUNTS**

Brought forward from the previous period	9
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New complaints	48
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57

Cases processed	43
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Cases carried over to the next period	14
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**OUTCOME OF CASES PROCESSED DURING THE PERIOD**

Cases settled during conciliation	21
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Cases withdrawn or deemed inadmissible	7
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Cases for which a report was issued	15
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Cases submitted to the Council for the Arbitration of Accounts following the issuance of a report	7
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# DISCIPLINE

## Council members

**Pierre Linteau**, lawyer, chair  
**John W. Babiak**, FCPA, FCMA  
**Maryse Beaudin**, FCPA, FCMA  
**Jean-Marie Bérubé**, FCPA, FCMA  
**Benoît Boivin**, FCPA, FCA  
**Alain Breault**, CPA, CGA  
**Stephen Coplan**, CPA auditor, CA  
**Dominique Derome**, FCPA, FCMA  
**Robert Desforges**, CPA auditor, 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  
**Louise Harvey**, CPA auditor, CGA  
**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, CA  
**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  
**Danik Salvail**, CPA, CGA  
**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 May 16, 2012 to March 31, 2013, the Disciplinary Council received 28 disciplinary complaints from the syndic and assistant syndics. During this period, the Council held 48 hearings to process 40 complaints. Of these cases, the Council heard 28 on the complaint, five on penalties and four on preliminary motions. Three complaints will continue to be processed.

## TABLE OF CONTENTS

NUMBER OF COMPLAINTS FOR WHICH HEARINGS WERE COMPLETED BY THE COUNCIL			33
NATURE OF THE COMPLAINTS	LODGED BY THE SYNDIC OR AN ASSISTANT SYNDIC	LODGED BY ANOTHER PERSON	
Failure to take out liability insurance	1	0	
Being found guilty of an offence against a tax act	2	0	
Assignment of assets	2	0	
Derogatory acts, breaches of behaviour or integrity and loyalty	25	0	
Failure to cooperate with an inquiry of the syndic or to respond to the syndic	3	0	

NUMBER OF COUNCIL DECISIONS		42
Authorizing the withdrawal of the complaint		1
Rejecting the complaint		0
Acquitting the respondent		2
Finding the respondent guilty		5
Finding the respondent guilty and imposing penalties		22
Imposing penalties		10
On motions		2

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

NUMBER AND NATURE OF THE PENALTIES IMPOSED BY THE COUNCIL <sup>1</sup>	
Reprimand	107
Revocation of permit	4
Temporary striking off the Roll	134
Permanent striking off the Roll	0
Fine	23
Publication of notice	19
Costs	32

APPEALS TO THE PROFESSIONS TRIBUNAL	
Decisions appealed to the Professions Tribunal	2
Appeals heard by the Professions Tribunal	0
Decisions rendered by the Professions Tribunal	4

The Council also held a plenary meeting to discuss various issues respecting the disciplinary process.

**Pierre Linteau**, Lawyer  
Chair

<sup>1</sup> The information represents the penalty imposed by the Disciplinary Council on each of the counts for which a respondent has been found guilty.



## ILLEGAL PRACTICE AND UNAUTHORIZED USE OF THE DESIGNATION

The Order conducts investigations into illegal practice and unauthorized use of the designation and takes appropriate measures to put a stop to these situations.

During 2012-2013, 135 files relating to illegal practice of the profession or unauthorized use of the designation were opened. Among these files, 44 resulted in complaints, of which 11 led to convictions and 4 were withdrawn, 48 led to summonses and were settled to the satisfaction of the Order, 23 were closed due to insufficient evidence or lack of recourse, and 20 files are under investigation.

Of the 34 files brought forward from last year, 25 complaints were lodged leading to 17 convictions, 5 complaints were withdrawn and 3 are awaiting hearings. The Order closed 8 files due to insufficient evidence and sent a summons in one case that was settled to its satisfaction.

### INVESTIGATIONS

	Illegal practice	Unauthorized use of the designation	Illegal practice and unauthorized use of the designation
Investigations completed	36	64	15

### PENAL PROCEEDINGS

	Illegal practice	Unauthorized use of the designation	Illegal practice and unauthorized use of the designation
Penal proceedings instituted	19*	15*	10*

### 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	16	14	2	\$48,900
Unauthorized use of the designation	7	6	1	\$11,300
Illegal practice and unauthorized use of the designation	5	5	0	\$39,000

\* 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

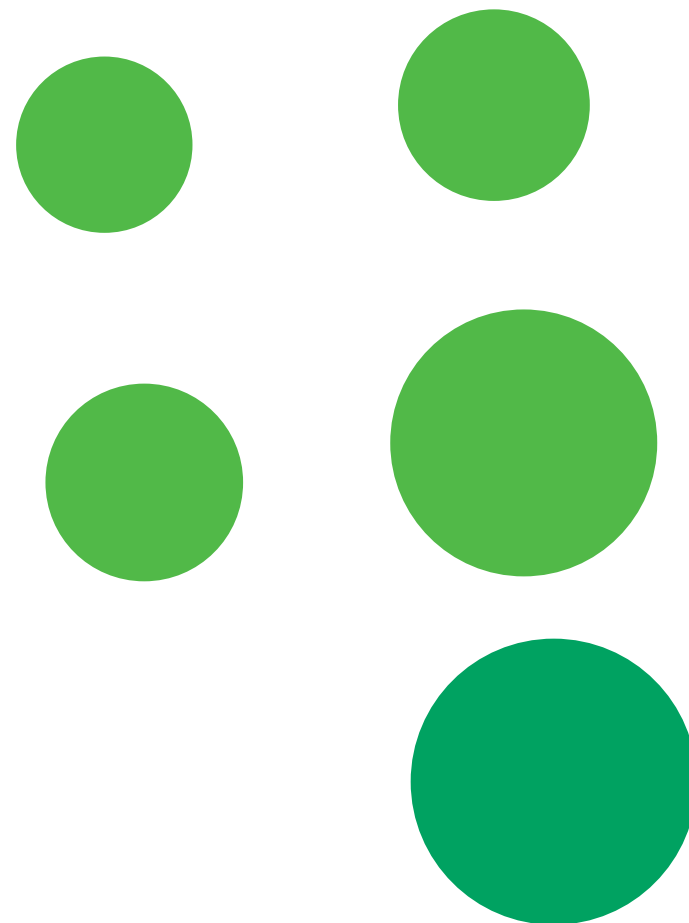
The purpose of the Indemnity Fund is to reimburse the sums or property used by a member for purposes other than those for which they were entrusted to him in the practice of his profession.

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

During the period of May 16, 2012 to March 13, 2013, the Indemnity Fund Committee received only one claim in the amount of \$50,000.

This claim will be analyzed by the Committee and a recommendation to the Executive Committee on whether or not an indemnity will be paid will be made in the next fiscal period.

**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 was created in May 2012 with the unification of the CA, CGA and CMA accounting bodies; it replaces the education committees that existed until that time. This advisory committee met five times to deal mainly with the components of the new CPA certification program that will be implemented gradually in 2014 and 2015.

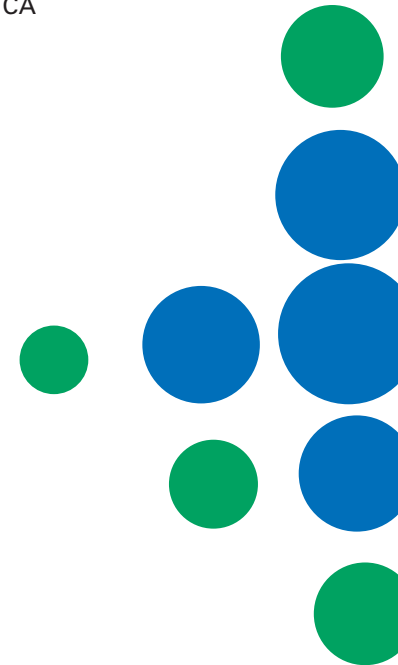
The members of the Committee issued a favorable opinion to the Order's Board of Directors on the CPA Competency Map, which is the map for the CPA profession. It profiles the competencies required of CPAs at the end of their training, specifying the different proficiency levels in the areas of expertise of the profession. This seminal document therefore serves as a basis for the various components of the CPA certification program, which consists of an undergraduate degree, the CPA Professional Education Program, a common, national final evaluation and practical work experience. This is an indispensable tool for universities developing CPA education programs.

As the Canada-wide work evolved on each of the above-mentioned components, members reviewed the progress reports that were produced and provided their observations to the Board of Directors. Their comments were then forwarded to CPA Canada in order to adjust or even redirect the work in progress.

Committee members will be asked to provide their opinion with regard to the final decisions to be made for the entire process leading to the CPA professional designation.

During the period, university representatives who sat on the education committees of the three unified orders were asked to join the Committee to ensure that academics were adequately represented and that their expertise be brought to bear during the transition from the old programs to the new CPA program. Discussions were very productive and information was quickly disseminated to students currently on the path to the CPA designation. Committee members appreciated this exemplary collaboration and would like to thank the university partners.

**Mélanie Leduc**, CPA auditor, CA  
Chair



## 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 formal 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 reference period ended on August 31, 2012. Of the 32,703 active members subject to the Regulation, 9,341 are also subject to the Public Accountancy Regulation.

In 2012-2013, no member was sanctioned by the Order's Executive Committee for failing to accumulate the compulsory continuing education hours prescribed by one or the other regulation.

Continuing education activities consisted in:

FORMAL CONTINUING EDUCATION ACTIVITIES	NUMBER OF MEMBERS	NUMBER OF HOURS
Courses offered or organized by the Order, by other orders or similar organizations, by educational or specialized institutions that have access to appropriate professional, technical and educational resources	30,589	479,598
Formal courses or continuing education activities offered in the workplace	21,551	316,956
Formal training sessions	856	11,557
Symposiums, seminars or conferences with a prevalence of technical or educational content	25,548	199,315
Discussion groups or technical committees	3,073	37,395
E-learning activities	27,007	153,925
Authorship of published articles or other publications related to the practice of the profession of chartered professional accountant	444	13,797
Studies or research projects	338	7,950
<b>Subtotal – Formal activities</b>		<b>1,220,493</b>
Self-study activities		386,464
<b>Total</b>		<b>1,606,957</b>

## PROFESSIONAL INSPECTION

### Committee members

**Alain Trudeau**, CPA 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

**Guylaine Laporte**, CPA auditor, CGA

**Josée Leclerc**, CPA auditor, CA

**Louise Papin**, CPA auditor, CA

**Yvan St-Onge**, CPA auditor, CGA

**Martin Taillon**, CPA, CMA

### Secretary

**Martine Picard**, FCPA auditor, FCA

During the period, the inspection of 833 units required approximately 1,062 inspector/days. Following up on practicing units that failed to meet the standards required approximately 44 inspector/days.

The 14 Committee members spent more than 43 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 Eastern Townships 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

**Nicole Bélanger**, CPA auditor, CGA

**Gisèle Bellerose**, CPA auditor, CGA

**Guy Bérard**, CPA, CMA

**Philippe Bérubé**, CPA auditor, CA

**Jean-Étienne Blais**, CPA auditor, CA

**Jean Boudreau**, CPA auditor, CA

**André Coutu**, CPA auditor, CA

**Pierre Désilets**, CPA auditor, CA

**Danielle Faubert**, CPA auditor, CGA

**Sylvie Fortin**, CPA auditor, CA

**François Gauthier**, CPA auditor, CGA

**Anne Larouche**, CPA auditor, CGA

**Angélique Malo**, CPA auditor, CA

**Sylvain Moisan**, CPA auditor, CA

**Pierre O. Oligny**, FCPA auditor, FCA

**Monique Papineau**, CPA auditor, CA

**Nadine Pelletier**, CPA auditor, CMA

**Sylvain Petitclerc**, CPA auditor, CGA

**Sylvie Plante**, CPA auditor, CA

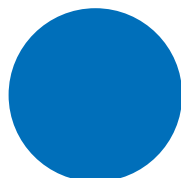
**Jacques Rioux**, CPA auditor, CMA

**Louise Trépanier**, CPA auditor, CA

### Refusal to submit to a period of refresher training with mandatory supervision

In one case, the Committee recommended that the Executive Committee forward a member's file to the syndic. This member engaged in derogatory conduct by failing to submit to a period of refresher training with mandatory supervision.

MAIN ACTIVITIES OF THE COMMITTEE DURING THE PERIOD	
Practicing units inspected during the period	833
Pending, beginning of period	6
	839
Pending, end of period	226
Practicing units for which an inspection report was submitted to the Professional Inspection Committee	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	3
Practicing units ordered to serve a refresher training period, without limitation or suspension of the right to engage in professional activities	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	38
Practicing units ordered to serve a refresher training period, with limitation of the right to engage in professional activities	0
Number of members ordered to complete a refresher course, without limitation or suspension of the right to engage in professional activities	3
Number of members ordered to serve a refresher training period, without limitation or suspension of the right to engage in professional activities	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	40
Number of members ordered to serve a refresher training period, with limitation of the right to engage in professional activities	0
Number of members inspected	2,327
Number of meetings of the Professional Inspection Committee	6
Number of inspections dealing with competence	0



### Summary of files forwarded to the syndic

The 445 departures included in the 314 files forwarded to the syndic by the Committee during the period, 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.	182
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.	38
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.	38
Breach of section 48 respecting professional secrecy.	25
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.	17
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.	10
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	9
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.	7
Breach of section 34 prohibiting a member from signing, preparing, producing or associating his name with any letter, report, statement, representation or financial statement which he knows, or should know, is false or misleading.	6
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>Canadian Institute of Chartered Accountants Handbook</i> and with current scientific knowledge (section 19).	6
Breach of section 34.6.12(a) (CPA, CMA) requiring a member who performs an assurance engagement to obtain management's approval when preparing journal entries.	4



**DEPARTURES FROM THE CODE OF ETHICS OF CHARTERED PROFESSIONAL ACCOUNTANTS**

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.	3
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.	2
Breach of section 27 (CPA, CMA) 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.	2
Breach of section 4.02.07 (CPA, CGA) 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.	1
Breach of section 1 requiring a member to take reasonable measures to ensure that each person involved with him in the practice of his profession and any partnership or company within which he practices his profession comply with the <i>Chartered Accountants Act</i> , the <i>Professional Code</i> and the regulations thereunder.	1
Breach of section 74 requiring a practitioner to keep a complete copy of all advertising material in its original form for a period of 36 months following its last issue or publication.	1

**DEPARTURES FROM THE CHARTERED ACCOUNTANTS ACT**

Breach of section 24, which specifies that no person may practice public accountancy unless he is a chartered accountant.	1
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**DEPARTURES FROM THE PROFESSIONAL CODE**

Breach of section 187.10.1 requiring a chartered accountant, a certified general accountant or a certified management accountant who practices public accountancy to use the auditor designation.	8
Breach of section 114 prohibiting a member from hindering the inspector in the performance of his duties, misleading him or refusing to furnish information.	1

**DEPARTURES FROM THE CHARTERED PROFESSIONAL ACCOUNTANTS ACT**

Breach of section 13, which specifies that no one may use the "CA", "CGA", "CMA" or "public accountant" title.	49
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.	28
Breach of section 4, which provides details about the practice of the profession of chartered professional accountant.	4
Breach of section 5, which provides details about the practice of public accountancy.	2

### General professional inspection supervision program for the practice of the profession

With the unification of the accounting profession in Quebec and in accordance with the *Chartered Professional Accountants Act*, the *Regulation respecting the professional inspection committee of the Ordre des comptables agréés du Québec* was adopted and applied to professional inspections conducted during the period. The *General professional inspection supervision program for the practice of the profession of chartered professional accountant* was adopted by the Board of Directors of the Order on May 17, 2012. For members admitted under the CPA, CGA and CMA paths, changes resulting from the methodology retained affect the identification and classification of deficiencies, the overall evaluation of their impact and the selection of the actions required to support firms. The Professional Inspection Committee performs an overall evaluation based on the frequency and severity of deficiencies identified in each professional inspection report. Inspection reports are sent to firms before the Committee carries out the evaluation, thereby allowing members to submit their comments and action plan. Firms inspected during 2012–2013 were issued a new professional inspection report.

All the inspectors and members who joined the Professional Inspection Committee following unification were given courses on the evaluation process. The inspectors were trained on the use of the various tools, including the professional inspection software. In addition, a document was drafted to explain to members admitted under the CGA and CMA paths the main differences between the CPA professional inspection process and the process that was in effect before unification.

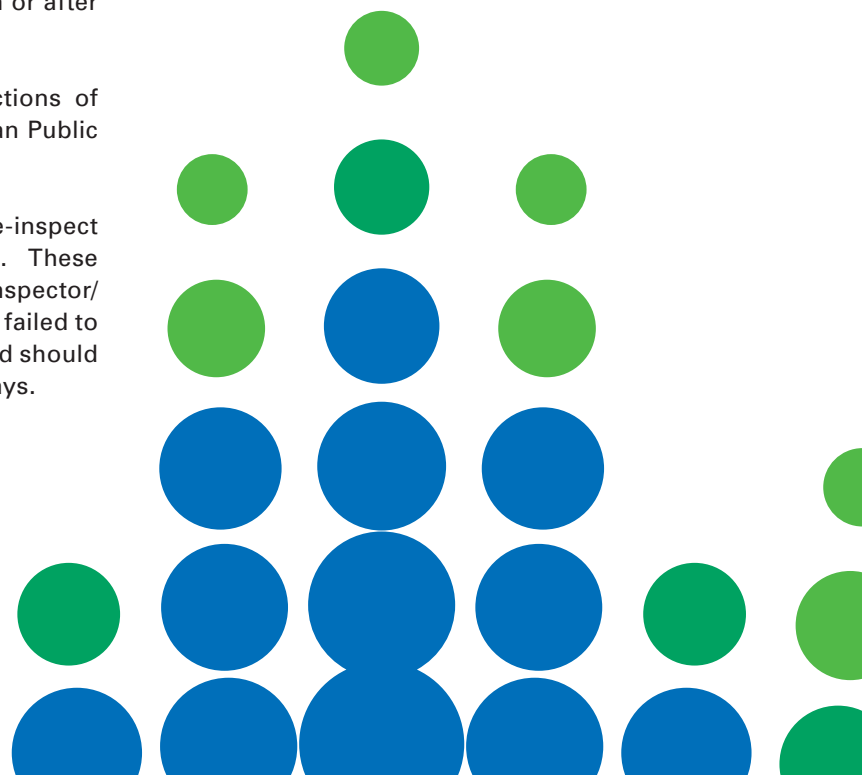
In collaboration with the other provinces, the professional inspection questionnaires have been updated to integrate the Accounting standards for not-for-profit organizations effective for fiscal years beginning on or after January 1, 2012.

During the 2012-2013 period, inspections of firms in cooperation with the Canadian Public Accountability Board continued.

The Committee plans to inspect and re-inspect 975 practicing units in 2013–2014. These inspections should require 1,298 inspector/days. Monitoring practicing units that failed to meet the standards is also planned and should require approximately 46 inspector/days.

The Committee intends to focus on inspecting members practicing public accountancy and providing other assurance services and engagements within the meaning of the *CICA Handbook*, as well as tax, financial planning, forensic accounting, business valuations and management services, and on monitoring compliance with regulations as they relate to the protection of the public.

In order to continuously improve, the Committee will measure the satisfaction rating of firms inspected using an evaluation questionnaire that will be implemented in 2013-2014.



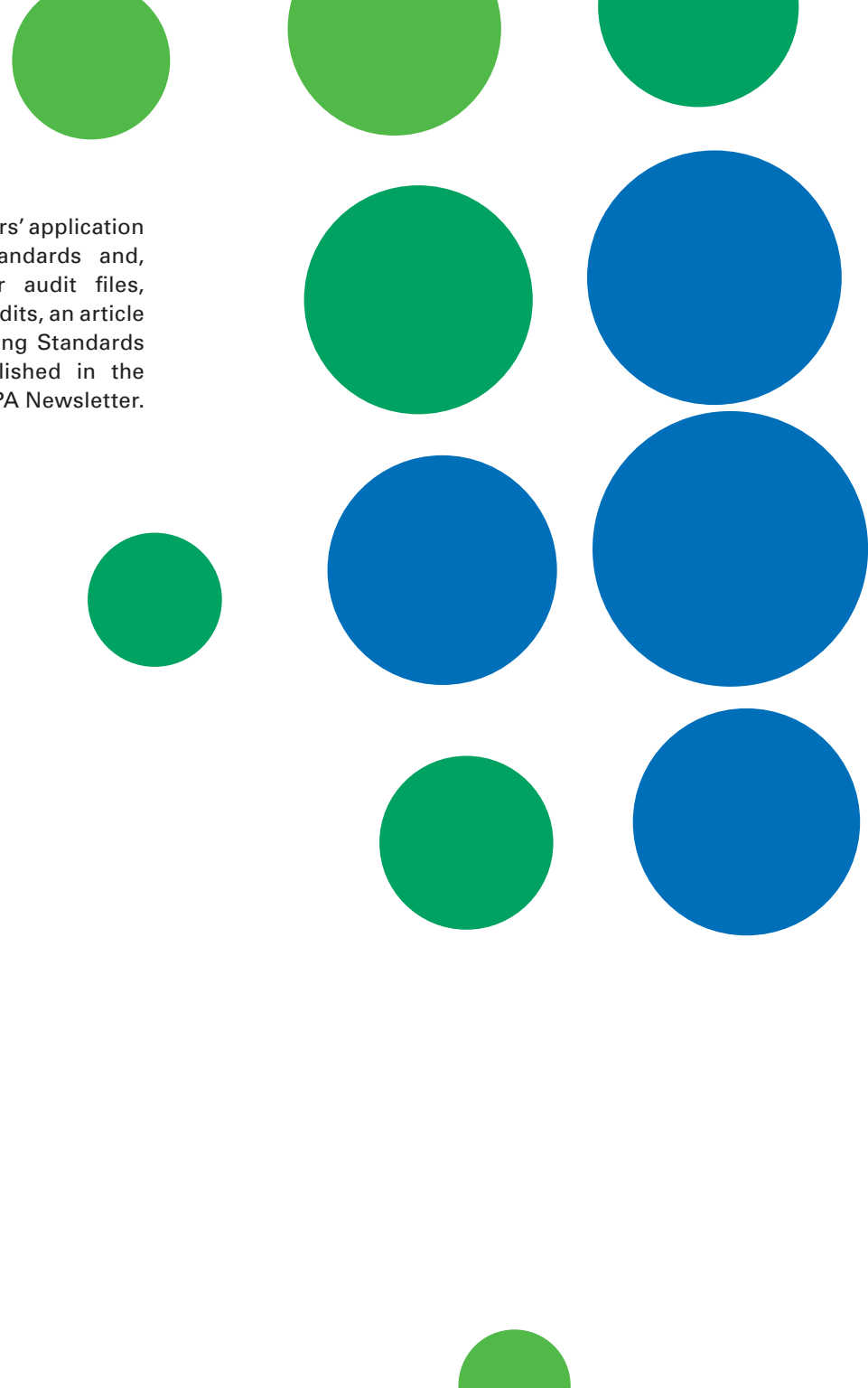
**Other activities and achievements**

During the annual interprovincial meeting of the heads of professional inspection from each province, the participants were informed about the work of the Practice Inspection Program Working Group on the professional inspection program and new features of the CPA Canada Web site. CPA Canada representatives were on hand to discuss standards under development. Other discussions were held on weaknesses identified and the evaluation methodology. Representatives of the Canadian Public Accountability Board took the opportunity to present the most frequently identified deficiencies and their work methodology.

The nationwide compilation of weaknesses identified during inspections continued, and we submitted the findings to those in charge of training programs and technical support for members in each province. Members were given courses to inform them about weaknesses noted in applying the standards, as well as on changes made to the general professional inspection supervision program. In addition, an article entitled "Inspection results: A year of transition" was published in the June 12, 2013 issue of the CPA Newsletter.

With a view to optimizing members' application and understanding of the standards and, by extension, improving their audit files, especially for smaller low-risk audits, an article entitled "Using Canadian Auditing Standards to Your Advantage" was published in the February 20, 2013 issue of the CPA Newsletter.

**Alain Trudeau**, CPA auditor, CA  
Chair



# MEMORANDUM OF UNDERSTANDING WITH THE CANADIAN PUBLIC ACCOUNTABILITY BOARD

## Legal background

Up until the coming into force of the *Chartered Professional Accountants Act* (2012, chapter 11) on May 16, 2012, the three accounting orders had the option of entering into a memorandum of understanding (MOU) with the Autorité des marchés financiers (AMF) and the Canadian Public Accountability Board (CPAB) with respect to the inspection of members with reporting issuer clients. At the date of the merger, only the CA Order had in fact entered into such an MOU with CPAB.

The MOU between the CA Order and CPAB came into effect on June 21, 2008. This MOU is deemed to have been entered into pursuant to section 51 of the *CPA Act*. Against this backdrop, the CPA Order has prepared its first report on the application of the MOU.

## Practical context

In practice, the understanding between the Ordre des CA du Québec and CPAB began well before the MOU of 2008. Between 2002 and 2008, the two bodies had taken various steps in their relationship:

### 2003-2004

The Order collaborated with CPAB representatives to organize an information session for auditors of reporting issuers. In addition, activities to develop inspection rules and their application also took place. Lastly, the Order met with CPAB representatives on a number of occasions to plan the harmonization of the inspection processes.

### 2004-2008

A tentative MOU between the Order and CPAB was signed so that both bodies could fulfill their mission in close cooperation while retaining their respective jurisdictional competence. This tentative MOU was renewed until June 21, 2008. The Order also reviewed and commented on various other documents relating to CPAB's operations. Even back then, the Order was conducting firm inspections in cooperation with CPAB.

### 2008-2012

In 2008-2009, firm inspections in cooperation with CPAB continued in accordance with the MOU entered into in June 2008, which was actually the formal codification of the process that had already been well established for five years.

Over the years, the Order and CPAB have shared agenda items, inspection methodologies, risk models and various work tools. Administrative rules for implementing the MOU have also been established to allow for greater synergy. Lastly, discussions were 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.

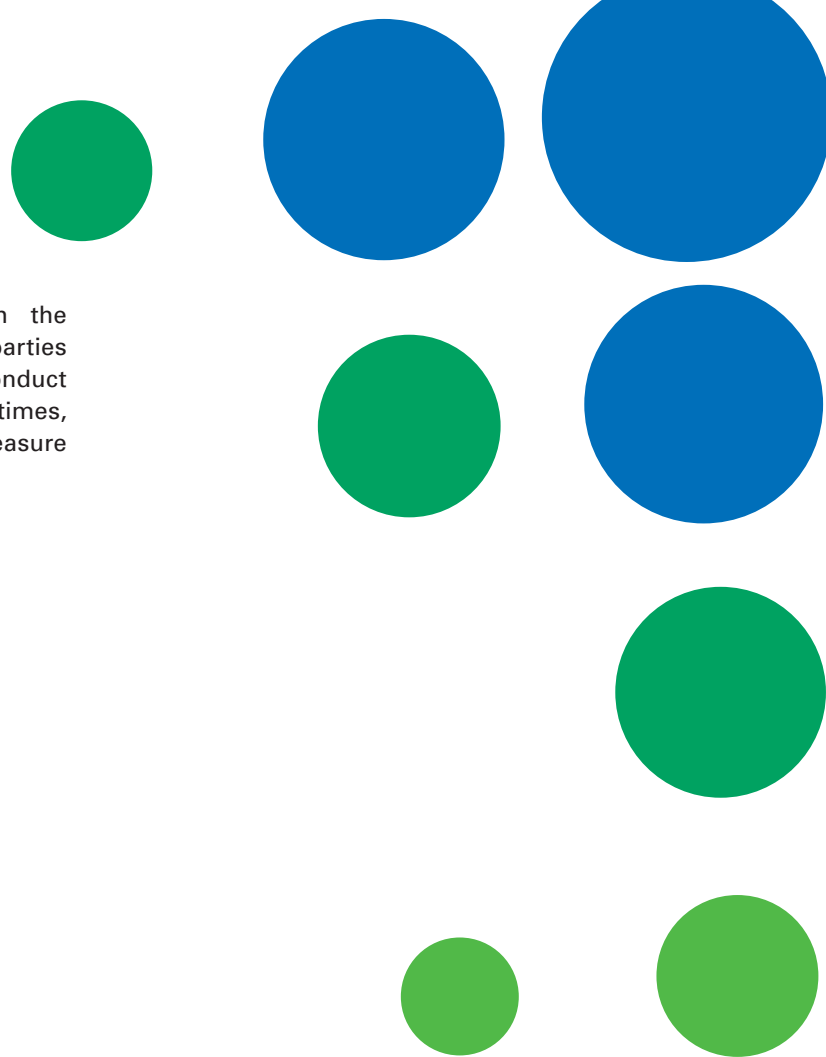
For the most part, follow-ups between the Order and CPAB are made by telephone or email. Informal meetings, the frequency of which varies considerably, have been held on occasion. Lastly, "national" meetings between provincial accounting orders and the CPAB enabled authorities in this highly specialized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

## Conclusions

The usefulness and effectiveness of the collaboration between the Order and CPAB continues to be evident. The process put in place over the years has achieved the objectives set out in the MOU, more specifically:

- > to avoid duplications in the inspection of participating firms in Quebec;
- > to harmonize the processes;
- > to discuss, on a timely basis, inspection programs for activities performed by participating firms in Quebec;
- > to maintain the highest standards of confidentiality applicable in Quebec, as regards the rules governing both access and professional secrecy;
- > for the Order to promptly receive any information that could reveal breaches of the rules of professional conduct;
- > for CPAB to receive any information that is relevant to its activities in any final inspection or investigative report on the competence of a member.

These discussions have served both the protection of the public and the two parties to the MOU, which have continued to conduct their activities independently at all times, while retaining discretion to take any measure deemed useful.



## EQUIVALENCE RECOGNITION

Under the regulations respecting the standards for diploma and training equivalence,<sup>1</sup> 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 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 as having been granted partial equivalence.

### APPLICATIONS – EQUIVALENCE OF DIPLOMAS <sup>2</sup>

	Diplomas issued in Canada	Diplomas issued outside Canada
	May 16, 2012 to March 31, 2013	May 16, 2012 to March 31, 2013
Received	10	259
Full equivalence granted	5	17
Rejected	5	242

### APPLICATIONS – TRAINING EQUIVALENCE <sup>2</sup>

	Diplomas issued in Canada	Diplomas issued outside Canada
	May 16, 2012 to March 31, 2013	May 16, 2012 to March 31, 2013
Received	3	242
Full equivalence granted	1	2
Partial equivalence granted	2	240
Rejected	0	0

<sup>1</sup> 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. Règlement sur les normes d'équivalence de diplôme and 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.

<sup>2</sup> Data was aggregated for the six above-mentioned regulations.

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

Under the *Règlement sur la délivrance d'un permis de l'Ordre des comptables agréés du Québec pour donner effet à l'arrangement conclu par l'Ordre en vertu de l'entente entre le Québec et la France en matière de reconnaissance mutuelle des qualifications professionnelles* (CA Path), and the *Règlement sur la délivrance d'un permis de l'Ordre des comptables généraux accrédités du Québec pour donner effet à l'arrangement conclu par l'Ordre en vertu de l'entente entre le Québec et la France en matière de reconnaissance mutuelle des qualifications professionnelles* (CGA path), the Order issued a CPA permit (CGA path) to a public accountant from France who had met all the conditions set out in the above-mentioned regulation. Of the four applications received during the period, three candidates are pursuing the path leading to the CPA designation (CGA path).

Following the unification of the accounting orders, these regulations must be reviewed for May 2014. The Order would like the next agreement to include the Compagnie nationale des commissaires aux comptes (CNCC).

**Mutual recognition agreements**

During 2012-2013, the Order renewed mutual recognition agreements with eight foreign accounting bodies. All members in good standing of these organizations may take advantage of Quebec's route to the CPA designation, which takes their professional qualifications into account. The renewed agreements include new conditions that will require regulatory amendments in Quebec before they can take effect. Until that time, the Order is applying the terms and conditions set out in the *CPA Act*.

Moreover, the Order has informed CPA Australia LTD that it does not intend to renew the mutual recognition agreement signed by the Ordre des comptables généraux accrédités du Québec. The agreement ended on March 31, 2013. In addition, the Order exercised its right to terminate the mutual recognition agreement between CGA Canada and its affiliates and the Association of Chartered Certified Accountants (ACCA). This agreement ends on October 31, 2013.



# REVIEW

## Committee members

**Pierre Monty**, CPA auditor, CGA, chair

**Isabelle Archambault**, CPA, CGA

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**Louise Champoux-Paillé**,  
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**Alain Chassé**, CPA auditor, CA

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**Josée De La Durantaye**, FCPA, FCMA

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**Yves Montpetit**, CPA auditor, CA

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**Gilles Nolet**, CPA, CGA

**Claude Paul-Hus**, FCPA, FCMA

**Hugues T. Poulin**,  
representative of the public

**Gary Wechsler**, FCPA, FCA

## Secretary

**Véronique Smith**

The Review Committee is established under section 123.3 of the *Professional Code* to provide individuals who have requested 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, 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 May 16, 2012 to March 31, 2013, the Committee received 19 requests for an opinion, all of which but one were submitted within the period prescribed by the *Professional Code*.

The Committee met 18 times to process 18 applications, five of which were brought forward from the previous period. In one case, the complainant withdrew the application before the scheduled meeting. Four other applications submitted in this period will be processed at a later date.

In 13 of the 18 opinions rendered, the Committee concluded that there was no cause to lodge a complaint before the Disciplinary Council. In four cases, it asked the syndic or ad hoc syndic to complete the inquiry and render a new decision as to whether or not to lodge a complaint. In another case, 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 a decision is made to hold one, will decide whether or not to lodge a complaint.

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

**Pierre Monty**, CPA auditor, CGA  
Chair





## MANAGEMENT COMMITTEE

From left to right:

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

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## TABLE OF CONTENTS

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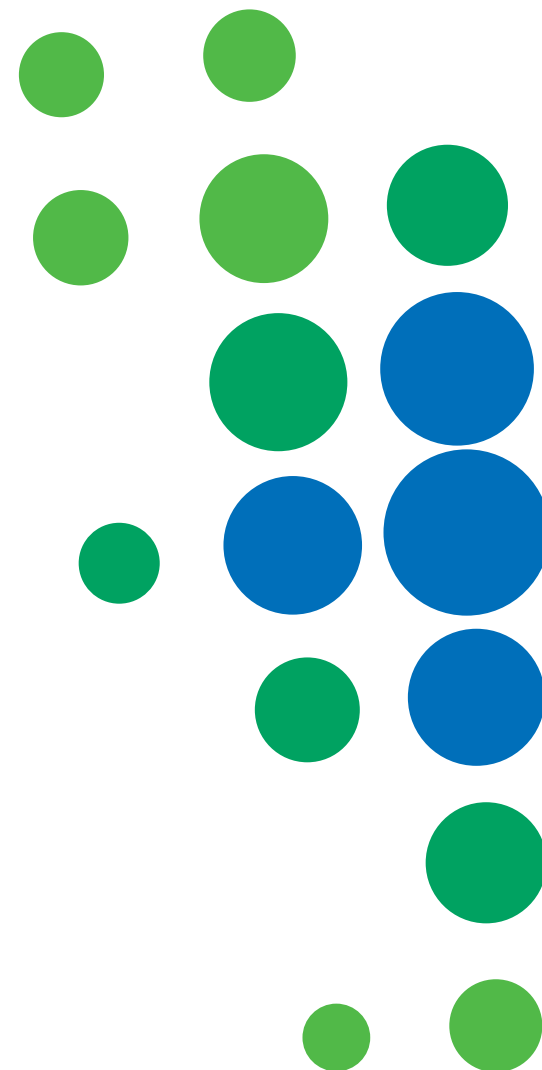
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Marc-André Saint-Laurent

**Events Planner**

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## TO FIND OUT MORE...

An electronic version of this annual report, as well as the non-statutory committee and regional group reports, can be found on the Order's Web site – [cpa-quebec.com](http://cpa-quebec.com).

### Non-statutory Committee Reports\*

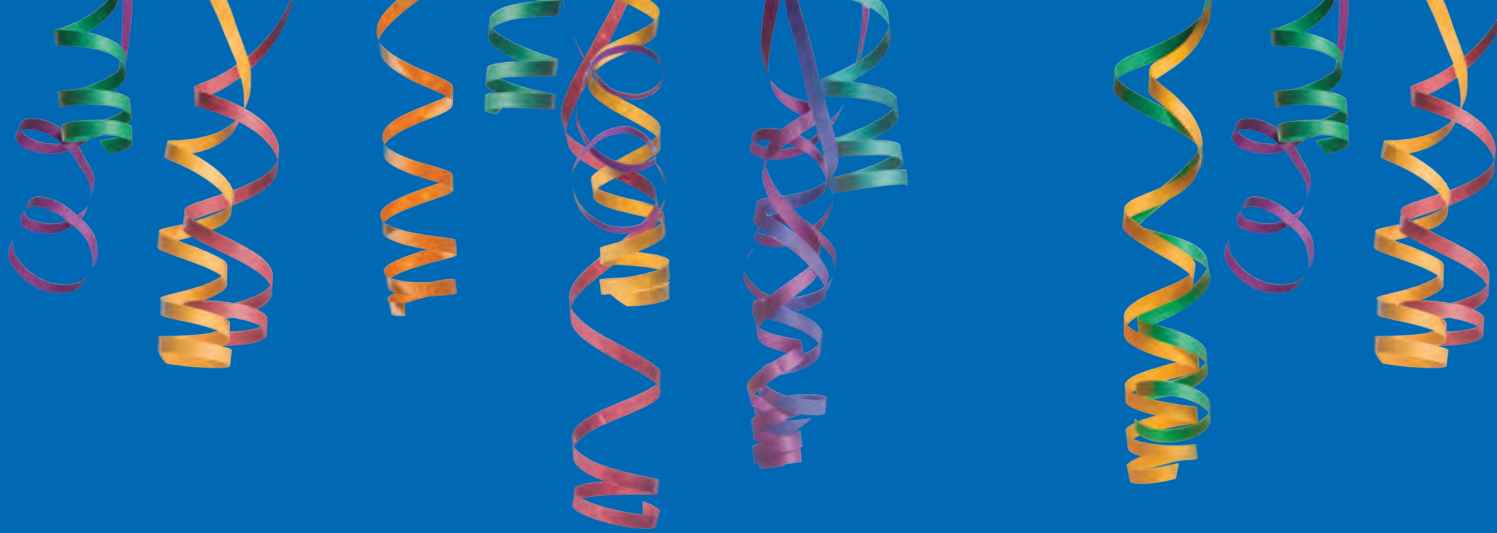
- > Insurance
- > Professional Development
- > CGA Examinations
- > Governance
- > Members in the Public Sector
- > Members in Public Practice
- > Members in Business
- > Strategic Directions
- > Regulations
- > Regional Groups
- > Human Resources
- > Assurance, Financial Accounting and Taxation Monitoring
- > Management and Management Accounting Monitoring

### Regional Group Reports\*

- > Abitibi-Témiscamingue
- > Chaudière-Appalaches
- > Eastern Quebec
- > Estrie
- > Lanaudière
- > Laval – Laurentians
- > Mauricie – Central Quebec
- > Montérégie
- > Montreal
- > Outaouais
- > Quebec City
- > Saguenay-Lac-Saint-Jean

\* Please note that the above reports are only available in French.





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