

Annual Report

Association of Chartered Professional Accountants of
Newfoundland and Labrador

Fiscal 2015 – 2016



Vision

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

Mission

CPA Newfoundland and Labrador enhances the influence, relevance and value of the Canadian CPA profession by protecting the public and supporting its members and students.

Values

The profession is built on a number of key pillars, including integrity, excellence, trust & respect, accountability and professionalism. As an organization we also strive to maintain these core values in our day to day operations.

Annual Report | 2015-2016

Message from the Chair2

Message from the CEO3

Members of the Board - 2015/164

CPA Newfoundland and Labrador Committees5

Representatives on National Boards/Committees6

Representatives on Regional Boards/Committees6

Welcome to New Members7

CPA Membership Demographics.....8

Statement of Management Responsibility10

Management Discussion and Analysis11

Auditor’s Report22

Financial Statements.....23

Message from the Chair

I am very pleased to have had the opportunity to serve as the first chair of CPA Newfoundland and Labrador.

Unification of the profession in Newfoundland and Labrador created an opportunity for the new Association to draw on best practices from the legacy designations and create a stronger association for our members. Your first CPA Newfoundland and Labrador Board were comprised of member representation from each of the legacy bodies as well as public representation appointed by government. Providing strategic direction to the Association's Management, the Board focused its attention on ensuring that all policies and procedures were established for the newly merged body, protection of the public was upheld, and member integration and engagement were priority initiatives. The Board provided stewardship and governance to the management and staff of CPA Newfoundland and Labrador as they undertook and delivered upon the many initiatives outlined in the unification plan.

Drawing from the best practices of the legacy bodies, the Board implemented the Association's By-laws and Rules of Professional Conduct, a governance model, and a number of policies and procedures providing the foundation for the Association's success. We continued to deliver our mandate of ensuring the protection of the public with new and innovative offerings in professional development to our members and a nationally consistent practice inspection program. Utilizing online learning we increased the variety and availability of relevant topics for our members at competitive rates. Public practice members continued to receive valuable feedback from our practice inspection program. Going forward, the membership will benefit from the solid foundation of policies and procedures established by the inaugural Board.

Drawing from the best practices of the legacy bodies, the Board implemented the Association's By-laws and Rules of Professional Conduct, a governance model, and a number of policies and procedures providing the foundation for the Association's success.

As member engagement was a priority, we also brought the membership together to celebrate success. In October 2015 we held a celebration of over 100 Fellows

of the profession, giving them a chance to be recognized for all they have given to the profession and distributing their FCPA pins and certificates. In addition, February 2016 marked the first unified convocation, with over 400 people in attendance to celebrate the success of the 95 graduates. These graduates represented a blending of the candidates' successful completion of the three legacy designation programs as well as our first graduates of the new CPA program.

The work of the Board and the Association's management is not complete. The year ahead will be focused on streamlining processes, maintaining our current operations and service levels to members while continuing to enhance our efficiency and effectiveness in protecting the public and providing value to our members. While the merger is complete, the integration of the membership as one body continues to be a priority for the Board. The year ahead will see continued efforts on this front.

I encourage all members to become active in the Association and participate in the many events and activities that will be offered in the coming year. We have a talented pool of over 1,800 members who have much to offer to their profession and to their community.

Dorothy Keating, FCPA, FCA
Chair



Message from the CEO

It has been a pleasure to be in a position to see first-hand how far the profession has come through unification.

On January 9th, 2015 the Government of Newfoundland and Labrador proclaimed legislation to unify the profession. Ever since that date, we have been on a journey to deliver on the opportunities identified in support of unification.

The 2015 – 2016 fiscal year is the first full year of operations for CPA Newfoundland and Labrador and there has been no shortage of activity. Following proclamation, the Board of CPA Newfoundland and Labrador implemented a single set of by-laws to govern the newly unified profession and a set of Rules of Professional Conduct consistent with the rest of Canada to which all CPAs must adhere. The Board implemented a set of policies to guide the Association's governance processes, executive limitations, and objectives.

Our legislative mandate revolves around the protection of the public, as such, priority was given to implementation efforts in areas that would yield the greatest opportunity to improve public protection. Unification alone helped protect the public by enabling all professional accountants to be governed consistently in the province. The first priorities for the Board and staff of the Association included the implementation of consistent policies and procedures in the areas of

licensure, discipline, practice inspection and continuing professional development.

Our legislative mandate revolves around the protection of the public, as such, priority was given to implementation efforts in areas that would yield the greatest opportunity to improve public protection.

One of the Association's first initiatives was the review and implementation of the overall public accounting licencing and registration process, ensuring all members who are providing services to the public are properly registered and if necessary licenced with the Association and adhering to the standards set.

The practice inspection program was unified with the adoption of national harmonized standards. An information session was made available for those members in public practice to provide an overview of the practice inspection program and practice inspections commenced in the fall of 2015.

This year also marked the first unified reporting period for continuing professional development (CPD). We used a number of communication vehicles to ensure the membership was aware of the reporting requirements and minimum standards for continuing professional development. In the upcoming months we will conduct our first CPD audit under the unified rules to ensure members have adhered to the national and provincial standards and will communicate overall findings as an education vehicle for our membership.

It gives me great pleasure to see how far we have come this past year and I look forward to the year ahead.

Jason Hillyard, CPA, CGA
Chief Executive Officer



Members of the Board - 2015/16

CHAIR



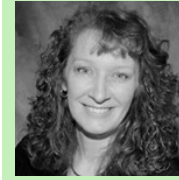
Dorothy Keating
FCPA, FCA

VICE CHAIR



Arnold Adey
FCPA, FCMA

SECRETARY/TREASURER



Debra Feltham
FCPA, FCGA

DIRECTORS



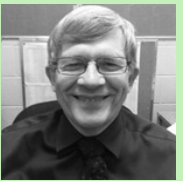
Pauline Downer
FCPA, FCA



David Frew*



Rob Hull
CPA, CA



Terry Hutchings
FCPA, FCGA



Michael Kennedy
CPA, CGA



Kealey Martin**
CPA, CMA



Heather Moores
FCPA, FCMA



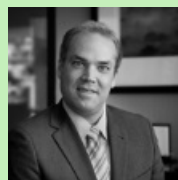
Sheilagh M. Murphy
Q.C.*



John O'Brien
FCPA, FCA



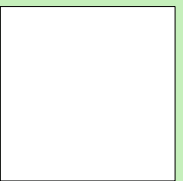
Beth Porter
CPA, CA



Troy Stanley**
CPA, CA



Derek Sullivan*



Vacancy*

*Public Representative

**Board Vacancy filled during the year

CPA Newfoundland and Labrador Committees

COMMITTEES OF THE BOARD

COMPLAINTS AUTHORIZATION

Rob Hull, Chair
Arnold Adey
Pauline Downer
David Frew
Michael Kennedy
Sheilagh Murphy
Beth Porter
Troy Stanley

HUMAN RESOURCES

Dorothy Keating, Chair
Arnold Adey
Debra Feltham
David Frew

MEMBERSHIP & LICENSING

Heather Moores, Chair
Terry Hutchings
John O'Brien
Derek Sullivan

BOARD ADVISORY COMMITTEES

REGULATORY ADVISORY

Beth Porter, Chair
Lana Littlejohn
Trevor McCormick
Keith Minaker

AUDIT & INVESTMENT

Debra Feltham, Chair
Pauline Downer
Terry Hutchings
Kealey Martin

STRATEGIC PLANNING

Tom Cooper, Chair
Debra Feltham
Ken Kelly
Kealey Martin

GOVERNANCE

John O'Brien, Chair
Arnold Adey
Jason Silver

Fellowship (FCPA)

Jesse DeVilla
David Hood
David Pine
Trevor McCormick
Ron Walsh
Peter Winters

MANAGEMENT COMMITTEES

PROFESSIONAL DEVELOPMENT

Richard Bartlett
Deborah Collis
Donna Marie Humphries
Tom Lawrence
Mark Penney
Kerri Riddle
Erin Sullivan
Jonathan Walsh

OFFICE PRACTICE INSPECTION

Fred Earle, Chair
Jesse DeVilla
Debra Feltham
Morris Pinsent
Bonnie Scott
Byron Smith
Lesley White

GOVERNMENT RELATIONS

Peter Collens
Karen Gosse
Bradley Hollett
Chris Humby
Roy Naugler

OTHER

DISCIPLINARY PANEL

Scott Belbin
Susan Cohlmeier
Peter Collens
Eric Coombs
Roger Coombs
Todd Doman
Frank Dormody

Wilson Hoffe
Mark Hynes
Thomas Kendall
Glenn Mifflin
Todd Organ
Donald Powell
Philip Quinlan

Wilbur Rice
Greg Roberts
Brenda Rose
Ian Stuart Patey
Steven Walters
Brian Whiteway
Cheryl Whitten

Representatives on National Boards/Committees

CONTINUING PROFESSIONAL DEVELOPMENT STANDING COMMITTEE

Kim Mayo

COUNCIL OF CHAIRS

Arnold Adey

Dorothy Keating

COUNCIL OF CHIEF EXECUTIVES

Jason Hillyard

DISCIPLINE RESOURCE GROUP COMMITTEE

Kathryn Mercer-Oliver

MEMBER ENGAGEMENT COMMITTEE

Jason Hillyard, Chair

PUBLIC PRACTICE ADVISORY SERVICES SUB-COMMITTEE

Kim Mayo

PRACTICE INSPECTION PROGRAM STANDING COMMITTEE

Kim Mayo

PROFESSIONAL LEARNING AND DEVELOPMENT PROGRAMS COMMITTEE

Nancy Ollerhead

Representatives on Regional Boards/Committees

ATLANTIC REGIONAL FORUM

Arnold Adey

Dorothy Keating

Jason Hillyard

ATLANTIC SCHOOL OF BUSINESS

Pauline Downer

Beth Porter

Terry Hutchings

Welcome to New Members

BY EXAMINATION

Bonnie Allen	Matthew Dawson	Daniel Kenny	Dion Rowsell
Amanda Applin Kelly	Kyle Downer	Matthew King	Laura Rowsell
Richard Babstock	Ashley Dunphy	Amanda Langdon	Andrew S. Walsh
Dongxue (Snow) Bai	Melissa Dwyer	Amanda Legge	Rebecca Saunders
Matthew Bailote	Andrew E. Walsh	Ruochen Li	Sherry Sceviour
Nakita Baines	Jessica Eisenhauer	Jennifer Lilly	Megan Shaw
Leanne Baird	Thomas Evans	Terri Lynn Fahey	Ian Sinclair
Stephen Barker	Michael Fancy	Romel Maligaya	Jeffrey Slaney
Jennifer Bedford	Colin Fardy	Randy Malone	Shelley St. Croix
Marc Blake	Sara Flynn	Clara Manning	Matthew Strong
Nicole Boland	Matthew Frampton	Danielle Martin	Wanda Strowbridge
Janine Bradbury	Ian Galloway	Matthew Martin	Joanne Symonds
Krista Bragg-Gorman	Aaron George	Jonathan Moore	Lindsay Tobin
Candace Branton	Robert George	Stephen Moore	Anita Walsh
Theresa Broaders	Calvin Green	Jennifer Morse	Diane Walsh
Krystal Brockerville	Mark Greening	Lisa MULLOWNEY	Henry Ward
Michelle Burt	Selina Hammond	Aaron Natsheh	Jodie Wells
Colin Butler	Rosemary Handrigan	Lesley Neville-White	Colin Wilkie
Greg Butler	Jennifer Hawco	Tonya Nolan	EunJae Williams
Nicole Butler	Terrance Hiscock	Jessica Norman	Peter Winsor
Emily Byrne	Tina Hiscock	Matthew Norman	Matthew Woodford
Danielle Collins	Rebecca Hobbs	Robert Paddon	Neilson Woodman
Julie Collins	Daniel Hoyles	Donna Peet	Wei (Shirley) Xu
Allison Corcoran	Ayla Joy	Kelly Perry	Xixuan Zhang
Terri Courtenay	Dianna Kane	Stephanie Puddicome	Shengrong Zhao
Michael Crozier	Rhonda Kelly	Megan Rorke	

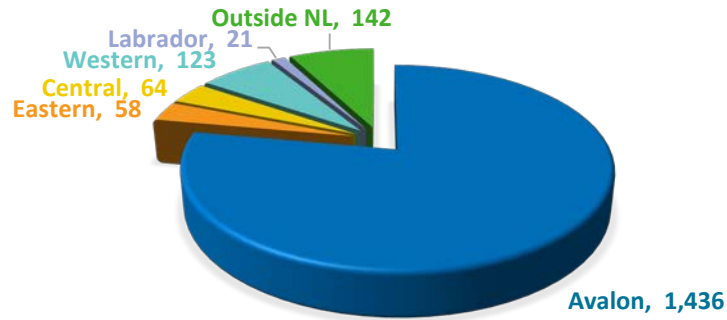
BY AFFILIATION

Peter Fifield	Laura Holden	Emily MacRae	Paolo Mascarin
Jessica Foley			

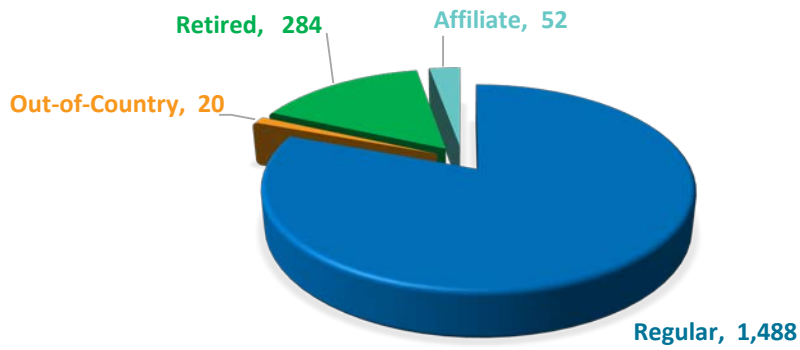
CPA Membership Demographics

Total membership – 1,844

MEMBERS BY REGION



MEMBERS BY STATUS

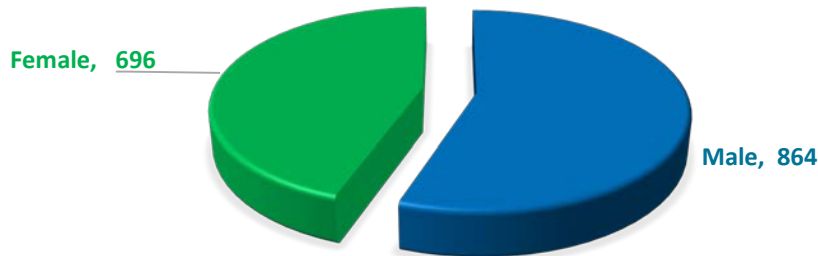


MEMBERS BY GENDER

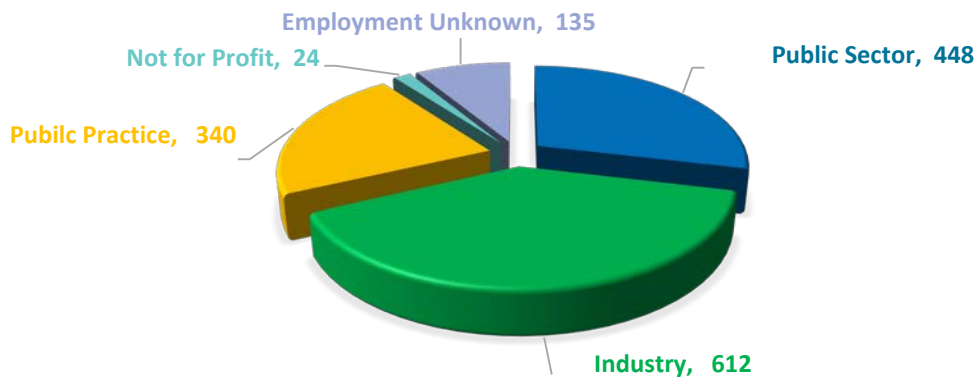


Non-Retired members – 1,560

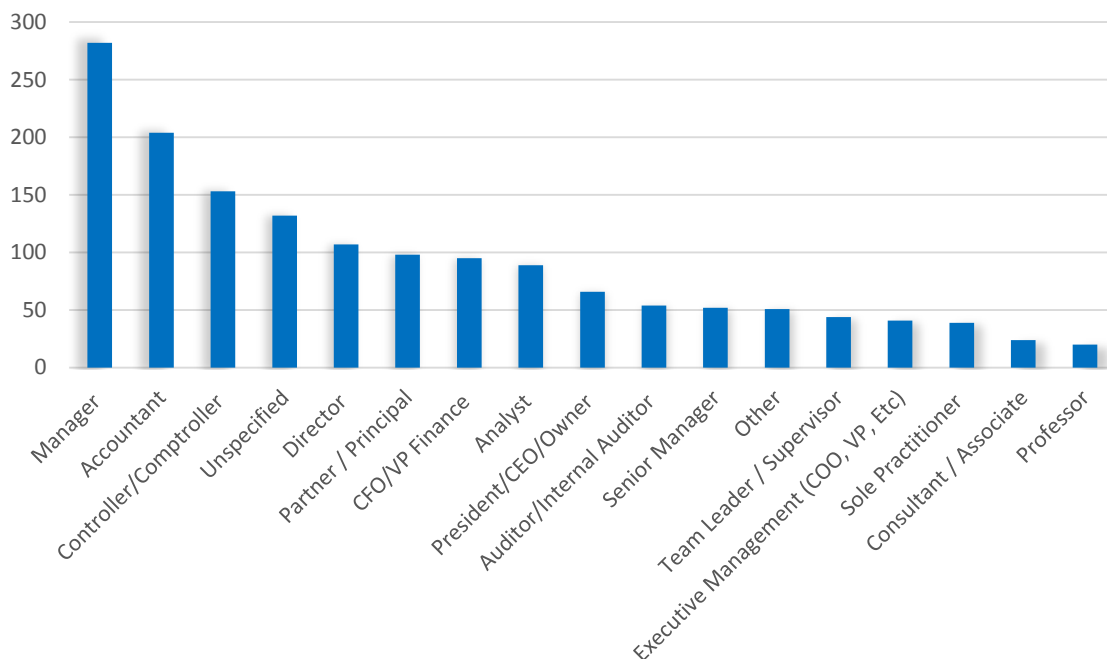
NON-RETIRED MEMBERS BY GENDER



NON-RETIRED MEMBERS BY INDUSTRY



NON-RETIRED MEMBERS BY POSITION TYPE



Statement of Management Responsibility

The annual financial statements and all financial and other information contained in this Annual Report are the responsibility of the Association's management. Management has prepared the financial statements in accordance with Canadian accounting standards for not for profit organizations, choosing those which it considers most appropriate to the Association's circumstances, and applying best estimates and judgments based on currently available information. The significant accounting policies are described in note 1 to the financial statements.

The Management Discussion and Analysis (MD&A) has been prepared in a manner consistent with the spirit and broad framework articulated by the CPA Canada's Canadian Performance Reporting Initiative Board in its document Management's Discussion and Analysis: Guidance on Preparation and Disclosure. The MD&A includes forward-looking information. Actual results in the future may differ materially from this information; however, because future events and circumstances are not always within management's control, they may not occur as expected. Management is responsible for the integrity and reliability of financial information, and has established systems of internal procedural and accounting controls designed to achieve this. These systems also reasonably ensure that assets are safeguarded from loss or unauthorized use.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through the Audit and Investment Committee. The Audit and Investment Committee of the Board meets with the auditors, both with and without management present, to review the activities of each, as well as to review the financial statements and to report to the Board thereon.

Coombs and Associates, Chartered Professional Accountants have been appointed as the Association's auditors to express their opinion on the fair presentation of the financial statements. They have full and unrestricted access to the Audit and Investment Committee and management to discuss matters pertaining to their audit. The Audit and Investment Committee annually undertakes a formal review of the auditor's performance and makes recommendations to the Board with respect to reappointment for the coming year.



Jason Hillyard, CPA, CGA
Chief Executive Officer

Management Discussion & Analysis

MISSION

The mission of the Association of Chartered Professional Accountants of Newfoundland and Labrador is to enhance the influence, relevance and value of the Canadian CPA profession by protecting the public and supporting its members and students.

The unification of the accounting profession in Newfoundland and Labrador was completed in 2015. The Association of Chartered Professional Accountants of Newfoundland and Labrador is an incorporated self-regulatory professional body. CPA Newfoundland and Labrador has approximately 1,850 members and 150 students.

GOVERNANCE

Under *The Chartered Professional Accountants and Public Accountants Act, 2014*, the first Board of CPA Newfoundland and Labrador is governed by 16 individuals, including six members of the legacy CA Board, three members of the legacy CMA Board, three members of the legacy CGA Board and four public representatives appointed by the Minister of Service Newfoundland and Labrador. To assist with governance, there are three Committees of the Board— Human Resources, Complaints Authorization, and membership & Licensing. In addition to Committees of the Board, there are four Board Advisory Committee's – Audit & Investment, Governance and Nominating, Strategic Planning, and Regulatory Advisory. Other special or advisory committees may be established from time to time.

The Board has implemented a Policy Governance model in governing the affairs of CPA Newfoundland and Labrador. The Board has approved Ends, Executive Limitations, Governance Process and Board-CEO Linkage policies. These policies will be reviewed and updated annually by the Board.

As well as managing the unique issues affecting CPAs in Newfoundland and Labrador, the Association works in partnership with the other provincial bodies of Chartered Professional Accountants and the Chartered Professional Accountants of Canada (CPA Canada) to develop national policies for critical profession-wide functions such as public trust; strategic planning for the profession; education and qualification; standard setting; member engagement; and communications.

FINANCIAL PERFORMANCE

An annual budget, which includes capital requirements, is prepared by management and reviewed by the Board. The Association's annual budget is prepared on a break-even basis. The Board assesses the merits of the planned strategic initiatives with the budgeted cost, before setting membership fees at a level that facilitates a break-even budget position. For 2015-16 the Board identified costs that were considered one-time costs related to unification and decided not to increase member fees to cover these one-time costs but rather provided special approval for a deficit budget for 2015-16 to be covered by surplus fund balance.

The Association's performance relative to its budget is monitored on an ongoing basis by the Board. Decisions by management to make expenditures which are unplanned or at levels which materially depart from the budget must be approved by the Board. When variances from budget exist, the Board assesses the variances and takes actions as it deems appropriate in the circumstances.

ACCOUNTING DISCLOSURES

The Association follows Canadian accounting standards for not for profit organizations (NFPOs).

FINANCIAL POSITION AND LIQUIDITY

At March 31, 2016, CPA Newfoundland and Labrador’s net assets were \$1,189,543. This complies with the Board’s Executive Limitation which requires that net assets not fall below the total annual membership fees for the year.

For the period ended March 31st, 2016, the Association generated cash from operating activities of \$156,298 and utilized \$558,832 in investing activities and \$48,441 in financing activities. Management believes that cash, cash equivalents and investments, as well as anticipated cash flow from operations, are sufficient to meet its working capital and capital expenditure requirements.

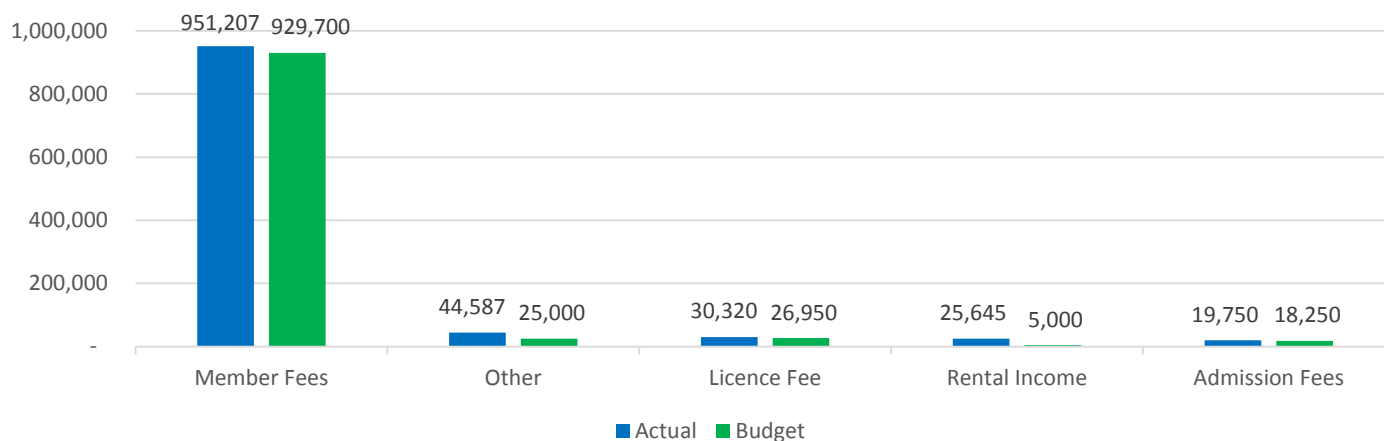
The Association has established a low risk investment policy and has secured investments which meet the policy requirements to hold cash in excess of short term needs.

RESULTS OF OPERATIONS

Revenue from membership fees for the year ended March 31, 2016 was \$951,207, an increase of \$21,507 over budget due to the admission of a significant number of new members through successful completion of the legacy programs and an increase in the number of members practicing public accounting. The Association also generated revenue of \$30,320 from the issuance of public accountant licenses which was slightly over budget due to the addition of a number of new licensees during the year.

Other revenues totaled approximately \$90,000 and included admission and administration fees, training centre rentals and interest as well as \$20,000 from CPA Canada as assistance for staff involvement with National committees and initiatives.

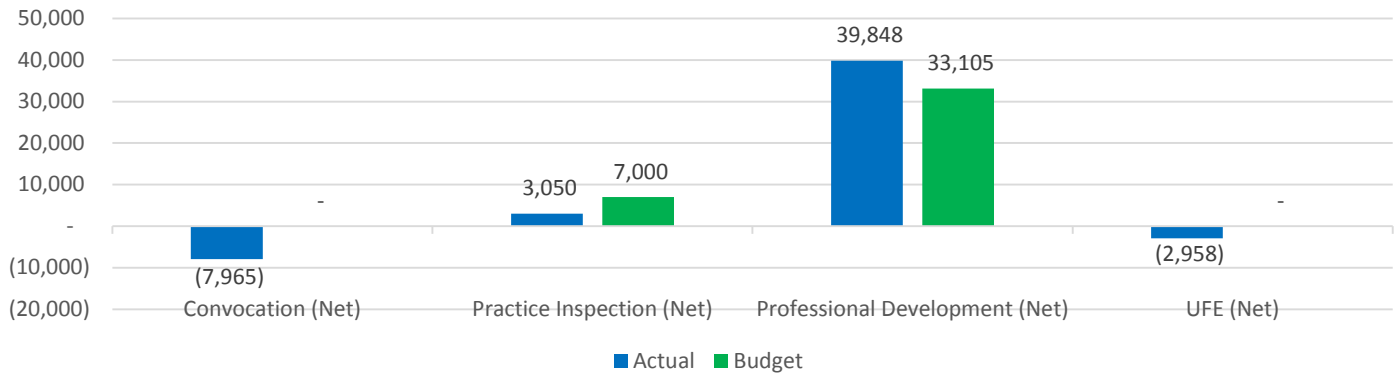
Revenue Overview - Actual vs Budget



The 2015-16 continuing professional development program contributed \$39,848 to operations, an increase of approximately \$4,500 over the 2014-15 combined program and approximately \$6,800 over budget. This contribution is used to support the non-allocated (indirect) costs of providing professional development to the membership.

The convocation is our premier annual student and member event and a strategic decision was made following the annual budget to enhance the event this year with additional lighting, curtains and presentation equipment. It was felt that given unification, the volume of graduates and the significant milestone it represents for the profession, the timing was appropriate to enhance the ceremony.

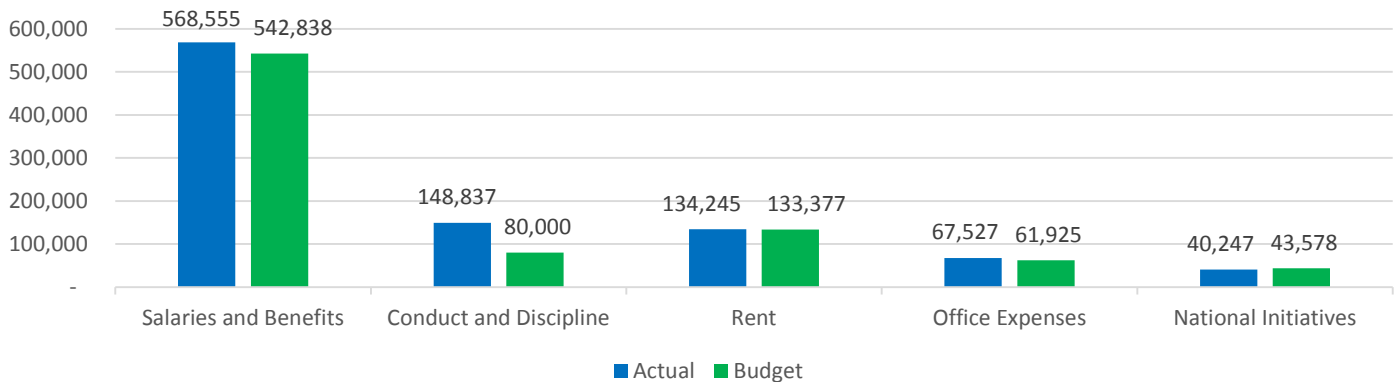
Self-Funding Activities Overview - Actual vs Budget



Despite the increases in revenue for the year, the Association is reporting an operating income of \$22,109, compared to budgeted income of \$36,848. This is largely attributable to significant conduct and discipline costs which were \$68,837 over budget as well as higher revenue than anticipated. These costs are directly related to the number and complexity of cases being brought forward. The Association currently has internally restricted funds that can be used in the future to cover such costs should current operations not be able to sustain them. For the period ended March 31, 2016 the Board has agreed that these costs be funded by current operations. While salaries and benefits charged to operations are over budget, total salaries for the year are consistent with budget. A portion of the Director of Professional Services and Operations salary is allocated to practice inspection based on actual hours spent on practice inspection during the year. The practice inspection program was launched later in the year than anticipated resulting in fewer allocated hours.

Included in expenses is \$40,247 related to national initiatives and represent costs associated with CPA Newfoundland and Labrador's participation in national committees and initiatives, including branding and promotion of the profession. Ongoing programs involve activities in public trust, member engagement, professional development and branding.

Top 5 Expenses Overview - Actual vs Budget



The Association also incurred certain costs during the 2015-16 year that were directly related to the unification of the accounting profession. These costs are considered to be one-time charges and have been presented separately on the statement of operations. The total loss for the year after one-time charges was \$70,512.

In 2015-16 CPA Newfoundland and Labrador operated with a complement of 8 staff, with contractors providing additional support for professional development, practice inspection and professional conduct investigations. The Association benefits greatly from the support of many CPAs and public representatives who generously volunteer their time and expertise to the profession.

RISKS AND RISK MANAGEMENT

ECONOMIC ENVIRONMENT

The economic environment in the province of Newfoundland and Labrador slowed in 2015-16. While there appears to have been more members in transition this year, the number unemployed remains consistent with the prior year supporting the conclusion that demand for accounting professionals in the province remains steady. We had a significant increase in the number of new members entering the Association's membership in 2015-16 and we feel the steady demand for accountants in the province should result in stable revenue streams from member fees, licensing fees and professional development.

RISK IN RESPECT OF FINANCIAL INSTRUMENTS

The Association's financial instruments are comprised of cash and cash equivalents, investments, accounts receivable, and accounts payable. The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates fair value due to their liquidity and short-term maturities.

The Association is exposed to the following risks in respect of certain financial instruments held:

- Credit risk arises from the potential that a counter party will fail to perform its obligations. It is management's opinion that the Association is not exposed to significant credit risk as its accounts receivable arise mainly from transactions with parties such as members and firms.
- Currency risk is the risk to the Association's revenues and expenses that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the Association is not exposed to any currency risk as it has no material transactions in foreign currencies.
- The Association's investments in cash equivalents and fixed income investments are subject to market risks as the value of these investments will change with market fluctuations. Based on the nature of the Association's investments, it is management's opinion that the Association is not exposed to significant fair value market risk.

OPERATIONAL RISK

The Association operates with limited designated staff and relies largely on its volunteers to achieve the strategic priorities of the Board. This represents a risk that the Association may not be able to achieve all objectives should positions become vacant. To mitigate this risk the Board ensures that it has a broad base of volunteers and contract employees as well as an active and engaged Board who are capable of managing the organization should such a need arise.

As a self-regulatory body the Association recognizes the need to ensure it can continue to provide the self-regulatory activities such as on-going discipline activities. Such activities do not come without a substantial cost representing an operational risk for the organization. By maintaining net assets in excess of annual membership fees and working with support and combined resources of the other provinces and the national body, the Board is taking conscious efforts to mitigate this risk.

PROGRESS ON PRIORITIES

UNIFICATION OF THE ACCOUNTING PROFESSION

The accounting profession in Canada is now unified under the CPA banner. All provinces now use the CPA designation and either have the necessary legislation or are operating through alternative legislation as they work to finalize the CPA legislation.

CPA Newfoundland and Labrador continues to work collaboratively across provincial borders with its provincial counterparts, regional schools and the support of the national body to deliver on its mandate to ensure its membership has the resources required to meet the changing needs of the public and ensure the public remains protected.

CPA Canada supports the work of the provinces and provides unique offerings to the membership. The unified accounting profession represents over 200,000 CPAs in Canada and abroad and is now the fifth largest accounting organization in the world. With this significant membership size, CPA Canada has a significant role to play in influencing accounting and taxation standards on both the national and international stage.

ACCOUNTING EDUCATION IN THE UNIFIED PROFESSION

Throughout the unification process the education program was, and continues to be a top priority. The education services group at CPA Canada has developed a new CPA Professional Education Program (CPA PEP) that delivered its first Canadian CPAs in the fall of 2015 through a pilot and will graduate a full Atlantic contingent in the fall of 2016. The fall of 2015 marked the end of the three legacy programs resulting in 95 new professional accountant graduates in Newfoundland and Labrador.

In addition to the CPA PEP, a set of CPA Prerequisite Education courses (CPA PREP) has been developed to allow non-accounting degree holders, or those individuals who do not have all the necessary prerequisites for entry into the CPA PEP an opportunity to complete requisites. These same courses can be used to fill in necessary foundational elements for those students interested in completing the Advanced Certificate in Accounting and Finance (ACAF).

The ACAF certificate level program has been designed with the college diploma holder or mature student in mind. It was developed to provide the job-ready skills that employers across the country value within the accounting and finance functions of their business and provide students with the skills necessary to enhance career prospects.

FOCUS ON STRATEGIC PRIORITIES

While legislation was passed in the previous fiscal year, the unification of operations, processes and procedures remained a significant priority throughout 2015-16. In addition, the organization was also able to maintain its focus on the strategic priorities of the Association. With all significant processes having been executed for the first time in the unified profession in Fiscal 2015-2016, the year ahead will focus on identifying and implementing new and innovative ways to deliver increased value to the membership as we execute against the 2015-2018 Strategic priorities:

- Protect the public
- Be a leader in accounting and business education
- Expand and satisfy the demand for high quality business and accounting professionals
- Be the most valued and trusted resource relied on by members, students and key stakeholders
- Foster member pride and engagement
- Be recognized as a leading influential voice in Canada and the profession globally
- Foster organizational effectiveness

PROTECT THE PUBLIC

CPA Newfoundland and Labrador's mission and legislative environment centres around our commitment to protect the public. The proclamation of the Chartered Professional Accountants and Public Accountants Act and the implementation of the by-laws and unified Rules of Professional Conduct have established strong self-regulatory processes to achieve this. With all professional accountants in Newfoundland and Labrador now responsible to adhere to the same regulatory framework we are better able to ensure that the public is protected.

The Association is a self-regulatory body and is responsible to ensure its membership remains in compliance with the Act, Regulations, By-laws and the Rules of Professional Conduct. All of these components of the regulatory framework are

there to ensure that our members conduct themselves in a professional manner with the protection of the public of the utmost importance.

As a result of unification, CPAs in Newfoundland and Labrador are held to a single standard as it relates to continuing professional development, and for those in public practice there are consistent requirements for professional liability insurance, and public practice standards. This consistency ensures that those in the CPA profession remain current and maintain their professional edge while also ensuring the public are properly protected when they put their trust in a CPA.

In addition, those CPAs who provide accounting services to the public are responsible to register with CPA Newfoundland and Labrador. They must maintain an appropriate level of professional liability insurance and will be subject to our Practice Inspection program. The Practice Inspection program both monitors and educates public practitioners through the assessment of their working files against national standards.

Discipline

The discipline activities of the Association are carried out by the Registrar, the Complaints Authorization Committee (CAC) and the Disciplinary Panel. The Registrar is responsible for receiving all allegations made against a member or student of the Association. Also, the Registrar or the Board may, on its own motion, make an allegation when information regarding a member's conduct comes to the attention of the Association. Some allegations may be resolved by the Registrar if the circumstances are appropriate and both parties consent. If the allegation is not appropriate for resolution by the Registrar, the allegation must be referred to the CAC. The primary mandate of the CAC is to review all allegations which have been referred to it by the Registrar and determine whether there are reasonable grounds to believe the member has engaged in conduct deserving of sanction. If such a determination is made, the allegation constitutes a complaint and the CAC may instruct the Registrar to file the complaint against the member and refer it to the Disciplinary Panel. An Adjudication Tribunal is selected from the Disciplinary Panel to conduct a hearing and decide whether the member is guilty. If the member is found guilty, the Adjudication Tribunal is also responsible for determining the appropriate sanction.

During 2015-16, the Complaints Authorization Committee received 6 new allegations from the Registrar and continued 3 investigations from previous years. Of these 9 allegations, 3 resulted in no charges and the remaining 6 allegations involving 3 members continue to be investigated. In addition, 2 complaints from previous years currently sit with the Disciplinary Panel.

Practice Inspection

The 2015-16 practice inspection cycle for CPA Newfoundland and Labrador saw the adoption of a harmonized practice inspection program, both within the profession provincially as well as meeting the harmonized standard nationally. The Practice Inspection committee was formed in the summer of 2015 with members from all legacy bodies and, through this committee, the Association successfully contracted 4 part-time practice inspectors. Before commencement of practice inspections in the fall of 2015 the committee members and inspectors attended a training session on the harmonized practice inspection program. A training session entitled "What to Expect When you are Practice Inspected" was offered in class and through live webinar to educate practitioners on the practice inspection program and to assist them in preparing for a practice inspection.

Inspections commenced in the fall of 2015 with 32 practicing offices inspected to date and a further 39 scheduled for completion by the end of August. A total of 71 practicing offices will have been subject to practice inspection in the 2015-16 practice inspection cycle. In addition to meeting its primary goal of protecting the public, members in public practice also benefit from the program's educational thrust. In November 2015 a Focus on Findings communication was published highlighting the common findings from the previous year's inspections and providing relevant reference sources for practitioners.

To ensure consistent application of the harmonized program across Canada, a Practice Inspection Standing Committee, of which the Director, Professional Services and Operations is a part, meets on a regular basis to monitor practice inspection results.

BE A LEADER IN ACCOUNTING AND BUSINESS EDUCATION

The goal of being a leader in accounting and business education has many components within CPA Newfoundland and Labrador. These include our support of accounting at the post-secondary level in Newfoundland and Labrador; the delivery of the CPA programs through CPA Atlantic School of Business, and; the continuing professional development program that we deliver to our members.

Through the CPA Newfoundland and Labrador Education Foundation, the Association continued to work with the College of North Atlantic and Memorial University to provide scholarships for aspiring accountants. In addition, funding was provided to Memorial University to facilitate a competency-based accounting education at the undergraduate and graduate levels, focusing on the application of knowledge in the workplace, thus ensuring students from Newfoundland and Labrador are prepared for the education program that lies ahead.

The nationally developed CPA Education program is delivered in Atlantic Canada through an agreement with the CPA Atlantic School of Business. The Association monitors program delivery on a continuous basis to ensure the School is meeting its objectives and providing our aspiring CPA students with an exceptional education program.

Finally, continuing professional development is a significant area of focus for CPA Newfoundland and Labrador. This year we continued to offer a wide variety of learning opportunities in such areas as financial reporting, assurance, corporate finance, information technology, taxation, wealth management, leadership and personal development.

Generally, our courses are held within the Association's training centre, allowing smaller class sizes than for courses run off-site. However, we also held courses in Corner Brook and offsite for our annual two-day conference in St. John's. The conference was very well received again this year, with 180 full-day equivalent registrations over the two days.

Total registrations for 2015-16 were up slightly, however full day equivalents saw a slight decrease, this is largely due to the number of half day offerings during the conference. In addition to the in-class sessions offered in St. John's and Corner Brook, CPA Newfoundland and Labrador partnered with CPA Ontario and introduced a number of live broadcasts. These sessions are delivered live in Ontario and can be accessed by our members anywhere that they have access to the internet.

We are continually looking to add to our course selections and delivery vehicles as we strive to provide members with relevant continuing professional development opportunities.

EXPAND AND SATISFY THE DEMAND FOR HIGH QUALITY BUSINESS AND ACCOUNTING PROFESSIONALS

Nationally there continues to be a significant effort to build the CPA brand and market the overall profession to help increase recognition and drive demand for the designation.

In Newfoundland and Labrador we have welcomed 95 new professional accountant graduates to the profession this year. We continue to support Memorial University of Newfoundland, a major contributor to the development of accountants in the province and a source of many recruits through their business and accounting program. In addition, we continue to support the CPA Atlantic School of Business in their recruitment efforts and as a result we expect approximately 40 new CPAs in 2016 and even more in 2017.

BE THE MOST VALUED AND TRUSTED RESOURCE RELIED ON BY MEMBERS, STUDENTS AND KEY STAKEHOLDERS

A large component of being a valued and trusted resource is to be there for our members, students and stakeholders when they need us. The management and staff of CPA Newfoundland and Labrador make every effort to meet a 24 hour response time for member queries. While we are not always able to give the answer, we work diligently to point the membership in the right direction to enable them to make an educated decision.

The website is maintained with the most recent information to ensure that all members have access to the same tools and resources. The professional staff at the office continue to meet with our national and provincial counterparts to remain current on changing rules and to ensure we are in a position to bring the Newfoundland and Labrador perspective.

Finally, the Association remains committed to finding new means of delivering professional development virtually, accessible by all, in many different subject areas. This past year we have partnered with CPA Ontario and as a result have been able to offer seven Professional Development Live Broadcasts and eighteen online workshops to the Newfoundland and Labrador membership.

FOSTER MEMBER PRIDE AND ENGAGEMENT

Through branding and recruitment programs CPA Newfoundland and Labrador has increased awareness of the profession and expanded the profile of CPAs in the province by highlighting different career choices available to CPAs. In addition, the Association played an active role in providing the annual seniors' income tax clinics to promote our presence in the community and in the province.

Again this year the Association maintained touch-points for our members to engage with other members. In the fall during the professional development conference we held a Fellows of the Chartered Professional Accountants (FCPA) celebration, providing an opportunity for FCPAs to network, share stories and receive their new FCPA certificates. This winter we held a family skating event to enable those with younger families an opportunity to get out in a family-friendly environment and engage with their peers. We also initiated, with our partners at BDC, a young professional's network, LYNK. A committee was established between young accountants, financial and legal professionals and the first LYNK event was held in March with well over 100 people in attendance and a second event was held on June 2nd with similar numbers in attendance. This group is independent from CPA, however, as a founding partner, we are proud to offer this unique networking experience to our young professionals, providing a great opportunity for them to grow their professional network.

A national salary survey was produced again this year and CPA Newfoundland and Labrador liaised with the national committee to improve reporting for smaller provinces like Newfoundland and Labrador. As a result the reporting from this survey was much more significant and detailed for our membership.

Through the work of the National Member Engagement Committee and those at CPA Canada and other provincial organizations responsible for the member services we continue to seek opportunities to deliver increased value to our membership. There has been significant effort this year in developing a strategy for member services and engagement and we expect a number of new initiatives in the year ahead to deliver against this national strategy.

BE RECOGNIZED AS A LEADING INFLUENTIAL VOICE IN CANADA AND THE PROFESSION GLOBALLY

CPA Newfoundland and Labrador introduced a government relations committee this year which met on a number of occasions to discuss the upcoming Newfoundland and Labrador budget, solicit feedback from the membership and ultimately met with Government to provide member insight into the provincial budget and to discuss the financial outlook for the province.

A representative of the CPA Newfoundland and Labrador government relations committee attended the budget speech and the committee provided commentary to the membership and the public. We continue to seek opportunities to liaise with the Newfoundland and Labrador government and we will have an opportunity to hear from the Minister of Finance on June 24th, 2016 as Minister Bennett addresses CPA Newfoundland and Labrador members at a morning Business Insight Series session.

The Board supported the activities of the Council of Chief Executives (CCE) through participation in a number of committees, sub-committees and working groups again this year. The National Member Engagement Committee (MEC) is chaired by the CPA Newfoundland and Labrador CEO; the Director, Professional Services and Operations is a member of the National Practice Inspection Program Standing Committee, Public Practice Advisory Services Sub-committee, and the Continuing Professional Development Standing Committee; the Director, Regulatory Affairs and Registrar is a member of the National Discipline Resource Group; and the Professional Development Leader sits on the National Professional Learning and Development Delivery Committee. The involvement of CPA Newfoundland and Labrador staff in a number of national initiatives positions us well to better understand the issues facing the profession and ensures that our members have access to the most up-to-date professional standards and benefits, including the most recent professional development opportunities.

In addition to national committees, an Atlantic Regional Forum (ARF) continues to meet semi-annually to build consistency in Atlantic Canada and to focus on areas of mutual interest including the Atlantic School of Business and to agree on national items that require an Atlantic voice. The ARF is comprised of the Board Chair, Vice Chair and Chief Executive Officer of the CPA provincial organizations in Atlantic Canada. To further enable collaboration within Atlantic Canada, the Atlantic provincial CEOs and the Atlantic School CEO meet regularly to discuss strategic priorities in our respective areas, share best practices and collaborate on items of mutual interest.

FOSTER ORGANIZATIONAL EFFECTIVENESS

During the year we have continued to enhance the use of the member database and data quality, enabling better reporting of member demographics and improved understanding of the members we serve. With this improved information, we better understand the roles our members play in the profession and we will leverage this information when making decisions on products and services for our membership.

There are a number of IT type projects that we have on our wish list, unfortunately due to resource constraints within the CPA Shared Services Facility, a number of these have been deferred. One area that we had hoped to automate this year was the annual reporting form which all members are required to complete by June 30th. This process, while it has been updated to an electronic PDF, is still quite manual. Our goal for the 2016-17 reporting period is to automate this within the member database allowing members to complete the required information in advance of paying the member invoice.

In our newly renovated space, we have a training centre which is available for daily rentals for both our membership and the public. This past year has seen over 100 daily rentals, yielding revenue of over \$25,000 to offset the lease costs for our organization. In the year ahead this continues to be a significant opportunity for the organization and another way in which the unification has enabled improved member value.

THE YEAR AHEAD

The year ahead will see a shift from implementation of unified processes to enhancing service delivery, tweaking processes to find new efficiencies and ultimately seeking ways to improve member value and build member pride in the new profession.

We will continue to deliver and monitor the discipline process to ensure that as a profession we maintain the public protection. We have unified the practice inspection process this past year and we will look to get an early start on the practice inspection program in the fall of 2016 to ensure that we have a significant number of inspections complete

before the busy public accounting period. Our continuing professional development policy is a key means to ensuring public protection. We have just completed the first reporting period for CPD under the new rules, and looking forward we will complete audits on these reports and necessary follow through to ensure members are in compliance. We will produce a FAQ document to help members better understand the continuing professional development requirements. In addition, we will offer a variety of professional development courses, delivered through various channels to enhance availability of courses to all members.

We will work with our partners in the CPA Atlantic School of Business to spend additional time in the market, both enhancing the CPA brand and reputation, as well as specifically recruiting new students into the program to maintain an adequate flow of candidates into the program to meet demand and replace the number of members retiring from the profession each year. There are many roles for a CPA in business and as such it is important to not only meet the demand for public accountants, but also to deliver the vast number of accountants that provide the financial acumen to drive economic strength, growth and diversification in the Newfoundland and Labrador market.

During the year we established a government relations committee, who were responsible for providing recommendations on behalf of the profession to the Newfoundland and Labrador government related to the provincial budget. We will work with this committee to identify additional opportunities to liaise with government, but also to provide opportunities for our membership to hear directly from the government and ask questions of our elected officials that are pertinent to our membership.

In both my role here in Newfoundland and Labrador as well as my role as Chair of the National Member Engagement Committee, it is paramount that we maintain the reputation of the profession, deliver the resources our members have grown to expect, as well as enhance the profile of the profession, ultimately enhancing member pride and engagement. This is a strategic focus for the organization both provincially and nationally in the year ahead, in the coming months we will finalize a strategic roadmap nationally and then initiate work with provincial counterparts to deliver on identified initiatives to enhance member pride.

Jason Hillyard, CPA, CGA
Chief Executive Officer
June 6th, 2016

**Association of Chartered Professional Accountants of
Newfoundland and Labrador**

Financial Statements

March 31, 2016

Independent Audit Report

To the members:

The Association of Chartered Professional Accountants of Newfoundland and Labrador

Roger K. Coombs, CPA, CA

We have audited the accompanying financial statements of Association of Chartered Professional Accountants of Newfoundland and Labrador, which comprise the statement of financial position as at March 31, 2016 and the statements of operations, net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Owners' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Association of Chartered Professional Accountants of Newfoundland and Labrador as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.


Chartered Professional Accountants

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Mount Pearl, Newfoundland and Labrador
May 27, 2016

Association of Chartered Professional Accountants of Newfoundland and Labrador

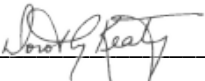
Statement of Financial Position

March 31, 2016

	2016	2015
Assets		
Current Assets		
Cash and cash equivalents	\$ 448,445	\$ 1,509,420
Short term investments	610,000	-
Accounts receivable (Note 2)	117,818	63,270
Prepays	29,342	32,484
	1,205,605	1,605,174
Promissory note (Note 3)	47,345	47,345
Long term investments (Note 4)	550,000	-
Property, plant and equipment (Note 5)	21,468	27,325
Investment in Shared Facility Inc. (Note 6)	4	4
	\$ 1,824,422	\$ 1,679,848
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 353,671	\$ 371,352
HST payable	28,511	-
Deferred revenue	252,697	-
Total liabilities	634,879	371,352
Net assets		
Contributed net assets - unrestricted (Note 10)	1,035,846	1,035,846
Contributed net assets - restricted (Note 10)	272,000	320,441
Unrestricted net assets	(118,303)	(47,791)
	1,189,543	1,308,496
	\$ 1,824,422	\$ 1,679,848

Commitments (Note 7)

Approved on Behalf of the Board:

 _____, Director

 _____, Director

Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Operations

For the Year Ended March 31, 2016

	2016	3 months ended	2015
Revenue			
Membership fees	\$ 951,207	\$	216,286
Self-funding activities (Note 9)	300,738		82,820
Other revenue	44,587		245
License fee revenue	30,320		28,120
Rental income	25,645		6,302
Admission fees	19,750		3,250
	1,372,247		337,023
Operating expenses			
Salaries and benefits	568,555		141,868
Self-funding activities (Note 9)	268,763		78,881
Conduct and discipline	148,837		56,877
Rent	134,245		33,314
Office	67,527		12,418
National initiatives	40,247		17,071
Interest and bank charges	31,104		7,846
Meetings and membership activities	22,701		3,933
Insurance	17,949		3,972
Advertising, promotion and communications	16,414		7,924
Depreciation	14,689		1,512
Professional fees	10,723		7,372
Travel expenses	8,384		2,576
	1,350,138		375,564
Excess of revenues over expenditures (expenditures over revenues) before the following	\$ 22,109	\$	(38,541)
One time charges (Note 15)	92,621		9,250
Excess of expenditures over revenues	\$ (70,512)	\$	(47,791)

Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Changes in Net Assets For the Year Ended March 31, 2016

	Contributed Net Assets		Unrestricted Net Assets	2016	3 months ended 2015
	Restricted	Unrestricted			
Net assets, beginning of year	\$ 320,441	\$ 1,035,846	\$ (47,791)	\$ 1,308,496	-
Excess of expenditures over revenues		-	(70,512)	(70,512)	(47,791)
Net assets contributed during the year (Note 10)	-	-	-	-	1,356,287
Distribution of contributed net assets during the year (Note 10&11)	(48,441)	-	-	(48,441)	-
Net assets, end of year	\$ 272,000	\$ 1,035,846	\$ (118,303)	\$ 1,189,543	\$ 1,308,496

Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Cash Flows

For the Year Ended March 31, 2016

	2016	3 months ended 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of expenditures over revenues	\$ (70,512)	\$ (47,791)
Items not affecting cash:		
Depreciation	14,689	1,512
	(55,823)	(46,279)
Change in non-cash working capital:		
Accounts receivable	(54,548)	(63,270)
Prepays	3,142	(32,484)
Accounts payable and accrued liabilities	10,830	371,352
Deferred revenue	252,697	-
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	156,298	229,319
CASH FLOWS FROM INVESTING ACTIVITIES:		
Transfer of property plant and equipment - net	-	(28,837)
Purchase of property, plant and equipment	(8,832)	-
Increase in promissory note	-	(47,345)
Increase in investment	-	(4)
Purchase of long term investments	(550,000)	-
NET CASH USED BY INVESTING ACTIVITIES	(558,832)	(76,186)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributed net assets	-	1,356,287
Distribution of contributed net assets (Notes 10&11)	(48,441)	-
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(48,441)	1,356,287
Net increase (decrease) in cash and cash equivalents	(450,975)	1,509,420
Cash and cash equivalents at beginning of year	1,509,420	-
Cash and cash equivalents at end of year	\$ 1,058,445	\$ 1,509,420
Cash and cash equivalents comprised of:		
Cash and cash equivalents	448,445	1,509,420
Short term investments	610,000	-
	\$ 1,058,445	\$ 1,509,420

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2016

1. Significant Accounting Policies

Nature of business

The Association of Chartered Professional Accountants of Newfoundland and Labrador was incorporated on January 9, 2015 under the Chartered Professional Accountants and Public Accounts Act (the "Act") as a corporation without share capital for the purposes of Part XXI of the Corporations Act. The Association is a self-governing professional organization regulating the Chartered Professional Accounting profession in Newfoundland and Labrador. As a not-for-profit organization under the Income Tax Act, the Association is not subject to federal or provincial income taxes.

In accordance with the Act, the Association was formed upon dissolution of the former Institute of Chartered Accountants of Newfoundland and Labrador (ICANL), the Society of Certified Management Accountants of Newfoundland and Labrador (CMANL), the Association of Certified General Accountants of Newfoundland and Labrador (CGANL) and the Public Accountants Licensing Board (PALB) hereinafter referred to as "the predecessor organizations". Transitional provisions of the Act required that the assets and liabilities of the predecessor organizations as they existed immediately prior to proclamation of the Act be transferred to and vested in the Association. Likewise, any agreements entered into by the predecessor organizations are assigned to the Association and any action, appeal, application or other proceeding being carried on or power or remedy being exercised with respect to the operation of the predecessor organizations are continued in the name of the Association.

Basis of accounting

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations.

Cash and cash equivalents

Cash and cash equivalents is defined as cash and short-term investments with maturity dates of less than three months.

Cost recoveries

Cost recoveries resulting from Discipline Committee orders are recognized on a cash basis.

Property, plant and equipment

Depreciation is provided for using the straight-line method over the estimated useful lives as follows for the major classes of assets:

Office furniture and equipment	5 years
Computer hardware and software	3 years
Leasehold improvements	5 years

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2016

1. Significant Accounting Policies (continued)

Impairment of long lived assets

In the event that facts and circumstances indicate that the Association's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The Association considers that no circumstances exist that would require such an evaluation.

Deferred revenue

Deferred revenue consists of membership fees collected in advance for the 2016-17 membership year.

Presentation of controlled entity

The Chartered Professional Accountant's Education Foundation of Newfoundland and Labrador Inc., which is controlled by the Association, is not consolidated in the Association's financial statements.

Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost. The financial assets measured at amortized cost include cash, short term investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Revenue recognition

Membership fees, practitioner assessments, and practice inspection revenue are recognized in the year to which they relate. Course and activity revenue are recognized when the event is presented.

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Contributed services

The Association and its members benefit from contributed services in the form of volunteer time for various committees. Contributed services are not recognized in these statements

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2016

2. Accounts receivable

Accounts receivable consist of the following:

	2016	2015
Trade	\$ 76,853	\$ 42,076
Due from CPA Atlantic School of Business	34,360	-
Due from CPA Canada	7,112	-
Harmonized sales tax	-	26,279
	118,325	68,355
Allowance for doubtful accounts	(507)	(5,085)
	\$ 117,818	\$ 63,270

3. Promissory note

The Chartered Professional Accountants Atlantic School of Business Association promissory note of \$47,345 is non-interest bearing and repayable based on a minimum threshold equity of \$300,000 at the end of each fiscal year, but not later than June 30, 2019.

4. Long term investments

Long term investments consist of Bank of Montreal Guaranteed Investment Certificates bearing interest at rates from 1.4% to 3% and maturities of 18 months to 3 years.

5. Property, plant and equipment

Property, plant and equipment consist of the following:

	Cost	Accumulated Depreciation	2016 Net Book Value	2015 Net Book Value
Office furniture and equipment	\$ 57,131	\$ (43,753)	\$ 13,378	\$ 19,509
Computer hardware and software	29,300	(21,210)	8,090	6,876
Leaseholds	7,972	(7,972)	-	940
	\$ 94,403	\$ (72,935)	\$ 21,468	\$ 27,325

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2016

6. Investment in Shared Services Facility Corp.

CPA Canada along with eight provincial and territorial accounting bodies including CPANL formed a federally incorporated corporation known as Shared Services Facility Corp. (SSF) for the purpose of operating a shared service facility providing information technology services, including electronic data processing, facilities management, telecommunications and related services. CPANL is a 4.5% shareholder owning 40 shares of the 1,000 shares issued by the corporation at \$.10 each (\$4). SSF now provides member database, portal interface and content and management services.

7. Commitments

University agreement

The Association was committed to an agreement between a legacy body and Memorial University. Under this agreement the Association made annual contributions of \$35,000 and contributed funds to the University towards business scholarships and accounting research. The Association terminated this agreement effective March 2016.

Office premises

The Association operates under a five year rental lease which expires December 31, 2019 with a five year renewal option to December 31, 2024. Annual rent for the period April 1, 2016 to December 31, 2019 is \$124,612 per year. Annual rent for the period January 1, 2020 to December 31, 2024 is \$127,108.

8. Employee future benefits

The Association provides benefits to all employees through participation in a multi-employer defined contribution plan. The assets of the plan are held separately from those of the Association in an independently administered fund. Contributions accrued and expensed by the Association during the period totaled \$21,468 (2015 - \$ 7,444).

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2016

9. Self-funding activities

	2016	2015
Revenue		
Convocation	\$ 24,750	\$ 29,930
Practice inspection	25,350	1,300
Professional development	242,238	50,215
UFE revenue	8,400	1,375
	300,738	82,820
Direct costs		
Convocation	32,715	29,678
Practice inspection	22,300	816
Professional development	202,390	45,511
UFE costs	11,358	2,876
	268,763	78,881
Net revenue from self-funding activities	\$ 31,975	\$ 3,939

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2016

10. Contributed net assets

The Association assumed the assets and liabilities of ICANL, CMANL, CGANL and PALB effective January 9, 2015. Contributed Net Assets are comprised of the transfer of the assets and liabilities from each of the predecessor organizations as follows:

	Internally Restricted	Unrestricted	Total
ICANL	\$ 200,000	\$ 196,906	\$ 396,906
CMANL		409,256	409,256
CGANL	120,441	373,669	494,110
PALB	-	56,015	56,015
Contributed net assets	320,441	1,035,846	1,356,287
Net distribution during the year (note 11)	(48,441)	-	(48,441)
Contributed net assets at end of year	\$ 272,000	\$ 1,035,846	\$ 1,307,846

11. Restriction on net assets

The predecessor Boards had internally restricted \$320,441 from net assets of which \$272,000 was to be used for litigation fees resulting from any future disciplinary actions and \$48,441 was to support accounting education in Newfoundland and Labrador. During the year the net assets internally restricted to support accounting education were paid to the Chartered Professional Accountants of Newfoundland and Labrador Education Foundation, Inc. to fund their endeavours. The contributed net assets internally restricted for future disciplinary actions continue to be restricted for these purposes.

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2016

12. Disclosure of controlled entity

The Association controls the Chartered Professional Accountants Education Foundation of Newfoundland and Labrador, Inc. by its right to approve the Foundation's strategic plans. The purpose of the Foundation is to enhance the quality of accounting education in Newfoundland and Labrador. The Foundation is incorporated under The Incorporations Act of Newfoundland and Labrador and is a registered charity under the Income Tax Act.

The Foundation has not been consolidated in the Association's financial statements. Audited figures for April 30, 2016 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

	April 30, 2015	April 30, 2014
Total assets	\$ 140,799	\$ 85,062
Net assets	\$ 139,299	\$ 85,062
Total revenue (includes \$48,441 transferred from CPANL – Notes 10&11)	\$ 108,115	\$ 64,579
Total expense	(53,878)	(52,493)
	\$ 54,237	\$ 12,086

13. Risk management

The Association's policy for managing significant risks includes a comprehensive infrastructure of policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant financial risks managed by the Association include liquidity and credit risk.

Liquidity risk

Liquidity risk is the risk that the Association will be unable to meet its contractual obligations and financial liabilities. The Association manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash to meet its obligations and liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Association's credit risk is attributable to receivables. Management believes that the credit risk with respect to financial instruments included in receivables is remote.

It is management's opinion that the Association is not exposed to significant amounts in interest rate or foreign exchange risk.

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2016

14. Related party transactions

Relationships with other Accounting bodies and Organizations

Chartered Professional Accountants of Canada (CPA Canada)

CPA Canada is the national organization which supports provincial accounting bodies that have unified, and all those that will unify, under the Chartered Professional Accountant (CPA) banner in Canada. With unification in Newfoundland and Labrador, all members of the Association are also members of CPA Canada.

The Association collects member fees on behalf of CPA Canada. For the period ending March 31, 2016 the Association collected \$549,886 (\$2,200 for the period January 9, 2015 – March 31, 2015) on behalf of CPA Canada. For 2015 the majority of member fees were collected and reported in the legacy financial statements prior to January 9, 2015.

During 2013, CPA Canada established a Collaboration Accord that defines roles and governance processes which the Association has signed. Under the Accord, CPA Canada and the participating unified or unifying bodies undertook a series of projects to implement the CPA profession's strategic initiatives and to collaborate nationally. CPA Canada accumulates the related costs and bills the participating provincial bodies. The Association's contribution to funding these projects for 2016 amounted to \$39,062 (\$17,071 for the period January 9, 2015 – March 31, 2015).

CPA Canada also administers payroll for the Association. At March 31, 2016 payables and accruals included \$245,560 due to CPA Canada for payroll, membership fees, costs to be billed back to the provinces in accordance with the Accord as well as certain other costs related to education programs.

Chartered Professional Accountants Atlantic School of Business Association (CPA ASB)

The Association has entered into an agreement with CPA ASB to administer the CPA education programs for Newfoundland and Labrador. Under the terms of the agreement, CPA ASB has also taken over administration of the legacy CGA Education Program and CMA Strategic Leadership Program. Revenues collected related to these legacy programs were transferred to CPA ASB, net of any related costs. Costs incurred for the legacy CGA program during the year exceeded related revenue. Included in accounts receivable at March 31, 2016 is \$34,360 due from CPA ASB related to recovery of these excess costs.

CPA ASB rents office and meeting space from the Association. \$6,449 has been recorded in these financial statements as rental revenue from CPA ASB.

Shared Services Facility Corp. (SSF)

During the year the Association paid \$9,494 (\$1,997 for the period January 9, 2015 – March 31, 2015) to SSF for database management and related services.

Transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties.

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2016

15. One time charges

During the year the Association incurred certain costs related to the unification of the accounting bodies that are considered to be one time charges and are not included in the normal operating costs of the Association. One time charges consist of:

	2016	3 months ended 2015
Education support and scholarships	\$ 33,716	\$ 9,250
National education costs	26,757	-
Convocation	10,553	-
CPA Membership certificates, pins and distribution	10,491	-
Legacy education programs	6,036	-
Professional fees	3,500	-
Travel	1,568	-
Total expense	\$ 92,621	\$ 9,250

16. Comparative figures

Certain of the comparative figures have been reclassified to conform to current year presentation.



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