



2016/2017

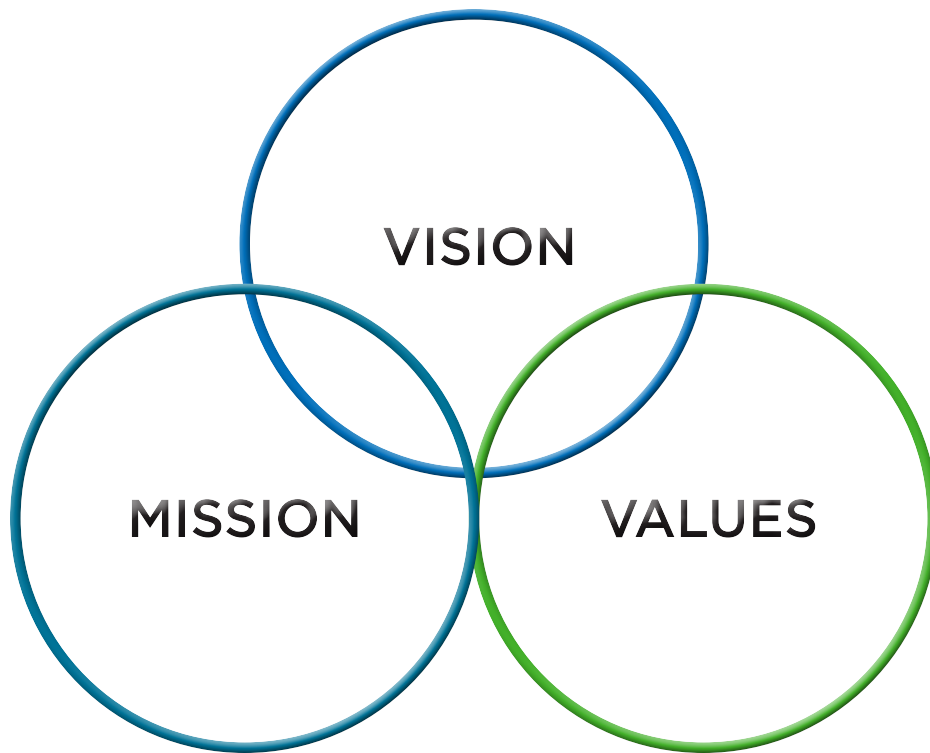
ANNUAL  
REPORT



**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
NEWFOUNDLAND  
AND LABRADOR





**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 | 2016-2017

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## Message from the Chair



I am very pleased to have had the opportunity to serve as the chair of CPA Newfoundland and Labrador for 2016-17.

The Association of Chartered Professional Accountants of Newfoundland and Labrador continues to grow and prosper following unification of the profession in 2015. We currently sit with a total active membership of 1,520 members. In addition we have 324 retired members on our roster for a total membership of 1,844. In January we had the pleasure of celebrating with 31 new graduates of the education program and welcome our newest CPAs. Looking forward, we currently have 164 candidates enrolled in the professional education program and another 114 students enrolled in preparatory courses to get ready for the professional program. While students will work on various completion time-frames, we expect to have in excess of 50 writers challenge the common final exam this year.

I am pleased to present the financial statements for our year ended March 31, 2017 and report that the Association is in an excellent financial position. Results from operations were positive with slight growth in both revenues and expenses. The Association has a strong net asset position as a result of significant net asset contributions from all three legacy bodies. The challenge for the board is to determine the appropriate net assets to retain for the protection and security of the Association and public going forward. This needs to be balanced

with the need to increase the value proposition for members.

As an Association, we continue to look at avenues to improve the professional development that we offer to our members, to both enrich the skills and competencies of our members, while at the same time ensuring that our members are ready and able to protect the public interest, and that they continue to have faith and trust in our services. We have delivered a comprehensive package of professional development to meet this need.

In the year ahead, we will continue to be focused on maintaining our current operations and service levels to members. However, we operate in an evolving and fast changing environment where the realities of today are not the realities of tomorrow. While we have brought clarity to the profession, with the merger of the three primary accounting bodies in Canada, there are a number of international groups interested in the Canadian market and look to enter on a stand-alone basis or in partnership with CPA. CPA Canada and the provinces are actively monitoring the accounting landscape and the Association's board will continue to coordinate with our provincial counterparts and advise on appropriate actions to enhance the profession and protect the public. The year ahead will see continued efforts on this front.

*While we have brought clarity to the profession, with the merger of the three primary accounting bodies in Canada, there are a number of international groups interested in the Canadian market*

I encourage all members to become active in the Association in the year ahead and use the various events to network, grow your career and give back to the community.

Arnold Adey, FCPA, FCMA  
Chair

# Message from the CEO



I am delighted to report that all components of unification are now entirely behind the CPA profession in Newfoundland and Labrador.

During 2016 - 2017 we focused on finalizing the remaining unification items, enabling stability in our processes, and implementing efficiencies.

As a self-regulated profession we remained focused on our legislative mandate of protecting the public. A number of our key processes enable this objective and are entrenched in the Association's operations.

Our consolidated practice inspection program was in its second year and the process enabled regular follow up with our members in public practice, ensuring practitioners are meeting the required standards and providing a valuable education component.

The annual reporting process, which identifies members who provide services to the public, had a significant refresh during the year allowing members to report online. This enhancement has improved the ease in which members are able to submit their declarations and it has simplified the Association's ability to verify that members who provide services to the public have met the regulatory requirements within our by-laws.

We have a commitment to the highest ethical standards within the profession. To enable this commitment, the processes surrounding allegations, complaints and the overall disciplinary process has been strongly embedded

within the Association ensuring that proper processes are followed and due care and attention are paramount throughout.

*We have a commitment to the highest ethical standards within the profession.*

We completed our first round of Continuing Professional Development (CPD) audits this year and are pleased to say the results were quite positive. Through our national committee work, we were able to publish a frequently asked questions document to help our members understand what qualifies as CPD and ultimately help them meet the requirements. In addition, we provided an increased number of in-class courses and continued to leverage the online work of the national and provincial CPA organizations to improve access to CPD for our membership.

Nationally, I have been heavily involved in the development of a member engagement strategic plan. The profession is committed to fostering member engagement and I look forward to the implementation phase of this strategy as we execute a number of initiatives to serve our members better.

In addition to my involvement in national initiatives, a number of my staff are also involved in national committees, which ensures that the interests and perspectives of the members here in Newfoundland and Labrador are always considered as changes are implemented for the betterment of the profession.

Finally, I would like to highlight that the profession is committed to attracting the best and brightest to the CPA profession, we continue to work with the CPA Atlantic School of Business in this effort, and are pleased to see an increase in the number of students enrolled. This bodes well to the growth of the profession in the province and nationally.

Opportunities are around every corner, I look forward to the year ahead as we continue to evolve the profession.

Jason Hillyard, CPA, CGA  
Chief Executive Officer



# 2016-17 Board of Directors

## Chair



Arnold Adey, FCPA, FCMA

## Vice Chair



Debra Feltham, FCPA, FCGA

## Secretary/Treasurer



Troy Stanley, CPA, CA

## Directors



Pauline Downer, FCPA, FCA



Rob Hull, CPA, CA



Terry Hutchings, FCPA, FCGA



Kealey Martin, CPA, CMA



Heather Moores, FCPA, FCMA



John O'Brien, FCPA, FCA



Neil Pittman, FCPA, FCMA



Beth Porter, CPA, CA



Jason Silver, FCPA, FCA

## Public Representatives



David Frew



Sheilagh M. Murphy, QC



Derrick Sullivan



# CPA Newfoundland and Labrador Committees

## COMMITTEES OF THE BOARD

### COMPLAINTS AUTHORIZATION

Rob Hull, Chair  
Arnold Adey  
Pauline Downer  
David Frew  
Terry Hutchings  
Sheilagh M. Murphy  
Beth Porter  
Troy Stanley

### HUMAN RESOURCES

Arnold Adey, Chair  
Debra Feltham  
David Frew  
Troy Stanley

### 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

Troy Stanley, Chair  
Pauline Downer  
Terry Hutchings  
Kealey Martin

### STRATEGIC PLANNING

Tom Cooper, Chair  
Debra Feltham  
Ken Kelly  
Kealey Martin  
Jason Silver

### GOVERNANCE & NOMINATING

John O'Brien, Chair  
Debra Feltham  
Neil Pittman  
Jason Silver

### MEMBER RECOGNITION

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

## MANAGEMENT COMMITTEES

### PROFESSIONAL DEVELOPMENT

Richard Bartlett  
Deborah Collis  
Donna Marie Humphries  
Kerri Riddle  
Jonathan Walsh

### OFFICE PRACTICE INSPECTION

Fred Earle, Chair  
Jesse Devilla  
Lynn Healey  
Morris Pinsent  
Bonnie Scott  
Byron Smith  
Lesley White

### GOVERNMENT RELATIONS

Scott Antle  
Peter Collens  
Debra Feltham  
Cindy Hickman  
Brad Hollett  
Ted Howell  
Chris Humby  
Derrick Kent  
Steve Power  
Troy Stanley

## OTHER

### DISCIPLINARY PANEL

Scott Belbin  
Susan Cohlmeier  
Peter Collens  
Eric 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

Debra Feltham

## **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

Debra Feltham

Jason Hillyard

## **ATLANTIC SCHOOL OF BUSINESS**

Pauline Downer, Chair

Beth Porter

# Welcome to New Members

## BY EXAMINATION

Valerie Ball  
Sara Blake  
James Brown  
James Curran  
Michael Ellsworth  
James Marcus Flintoft  
Matthew Furlong  
Travis Ivany  
Charlie Kelly  
Travis Kemp

Charlotte Kennedy  
Caitlin King  
Krista Koerner  
Jiyi Liu  
Peiqiang Meng  
Laura Miller  
Chantelle Mugford  
Rakesh Negi  
Kyle Peddle  
Susan Putt

Kristin Rose  
Lesley-Ann Singleton  
Jeanine Skinner  
Karla Wade  
Allison Walsh

## TRANSFER IN

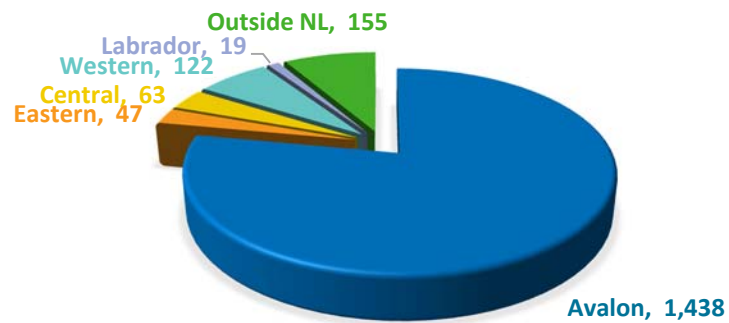
Laura Carter (affiliate)  
T. Michelle Francis  
Sonya Fraser (affiliate)  
Curtis Gagne  
Phillippe Grubert (affiliate)  
Martin Henri  
Gina Kinsman (affiliate)

James O'Neil (affiliate)  
Scott Porter  
Jillian Power  
Shanti Samaroo  
Michael Stamp  
Jennifer Adele Tate

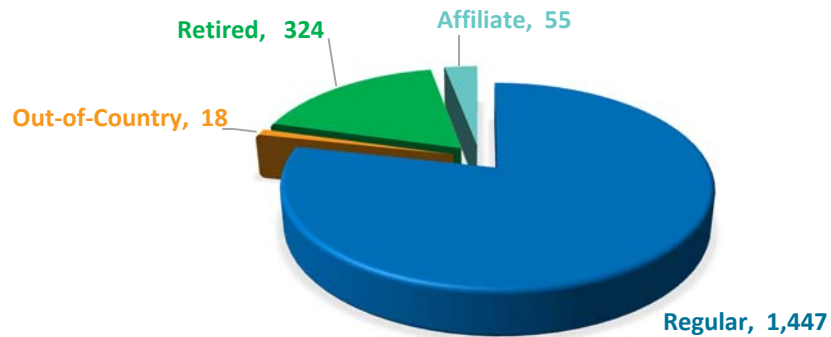
# CPA Membership Demographics

Total membership – 1,844

## MEMBERS BY REGION



## MEMBERS BY STATUS

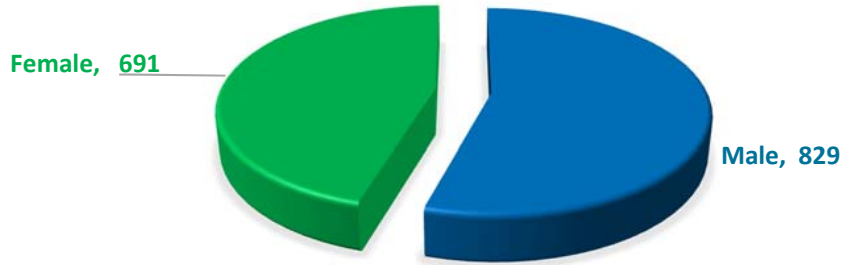


## MEMBERS BY GENDER

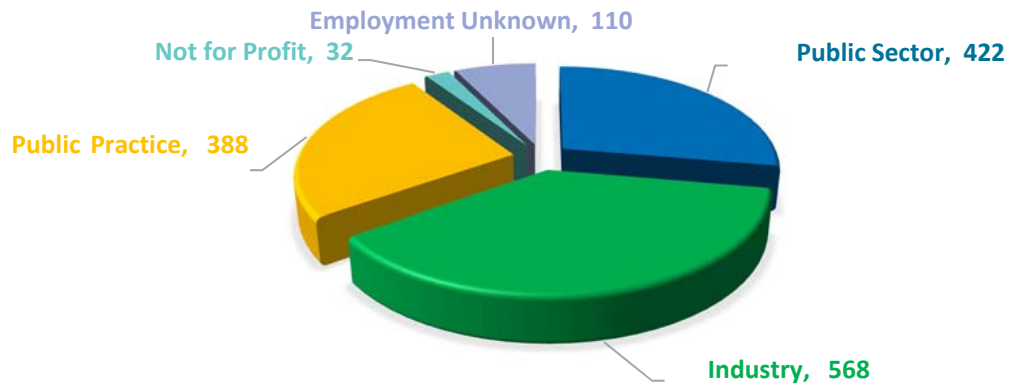


# Non-Retired members - 1,520

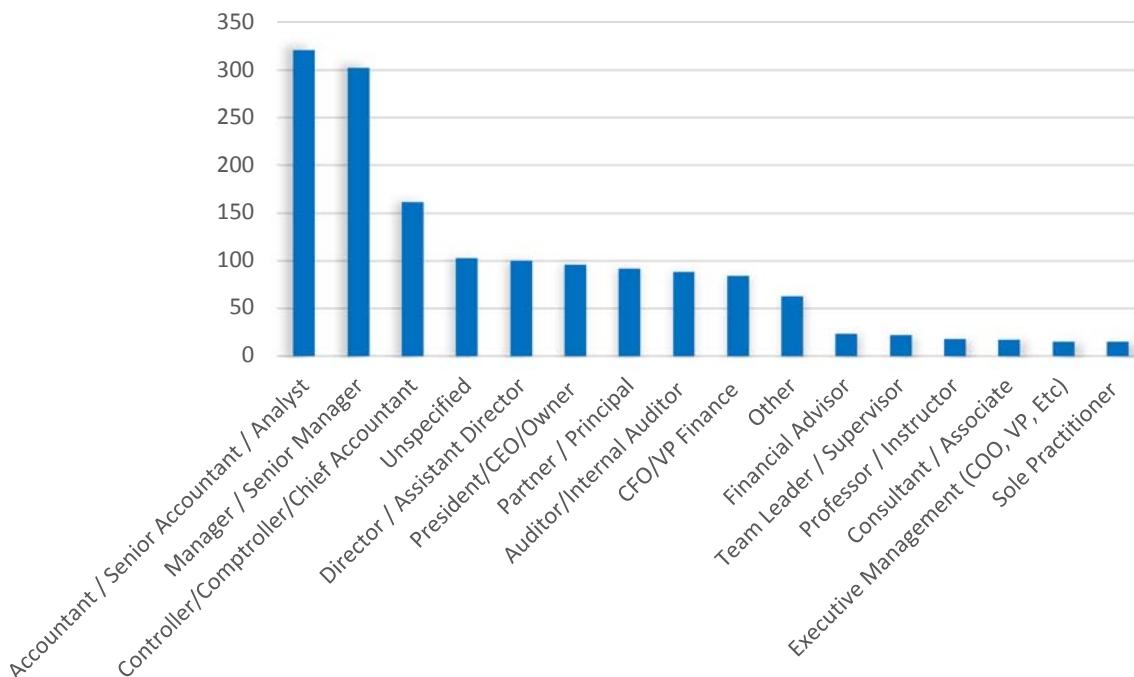
## NON-RETIRED MEMBERS BY GENDER



## NON-RETIRED MEMBERS BY INDUSTRY



## NON-RETIRED MEMBERS BY POSITION TYPE



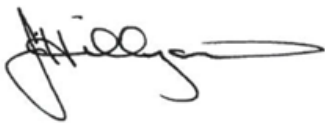
# Statement of Management Responsibility

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 Association of Chartered Professional Accountants of Newfoundland and Labrador is an incorporated self-regulatory professional body. CPA Newfoundland and Labrador has 1,844 members and over 250 students registered in either our preparatory courses or the professional education program.

## GOVERNANCE

Under *The Chartered Professional Accountants and Public Accountants Act, 2014*, the Board of CPA Newfoundland and Labrador is governed by 16 individuals, twelve CPA members appointed by the membership 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 five Board Advisory Committees - Audit & Investment, Governance & Nominating, Member Recognition, Regulatory Advisory and Strategic Planning. There are also three Management Committees - Professional Development, Office Practice Inspection, and Government Relations. 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 2016-17 the Board approved membership fees consistent with the prior year and the budget presented maintained a break-even position.

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, 2017, CPA Newfoundland and Labrador's net assets were \$1,232,763. 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 31, 2017, the Association generated cash from operating activities of \$335,099 and utilized \$4,203 in investing 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.

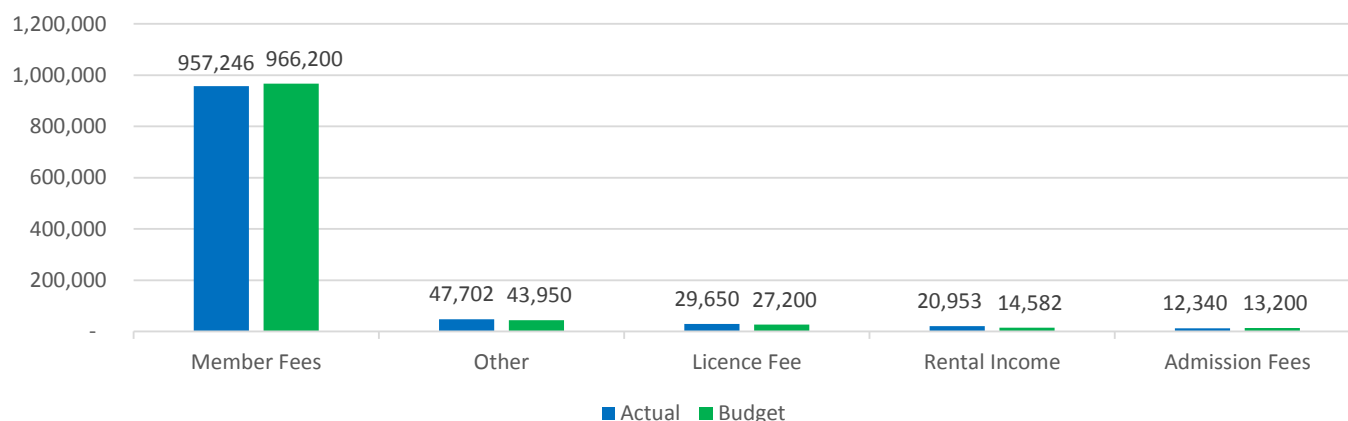
The Association has established a low risk investment policy and has secured investments which meet the policy requirements to hold cash in excess of short term needs.

## RESULTS OF OPERATIONS

Revenue from membership fees for the year ended March 31, 2017 was \$957,246, \$8,954 under budget due to an increase in the number of retirements and reduced fee applications versus that budgeted. The Association also generated revenue of \$29,650 from the issuance of public accountant licenses which was slightly over budget due to a higher retention rate versus that budgeted.

Other revenues totaled approximately \$80,000 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. Most of these categories were on par with budget, with the exception of training centre rentals, which were approximately \$6,000 higher than budgeted, due largely to a single customer who has utilized our training centre extensively in the current year.

Revenue Overview - Actual vs Budget



Revenue fluctuated against budget in a number of categories, however with the exclusion of self-funded activities it was \$2,759 better than budget.

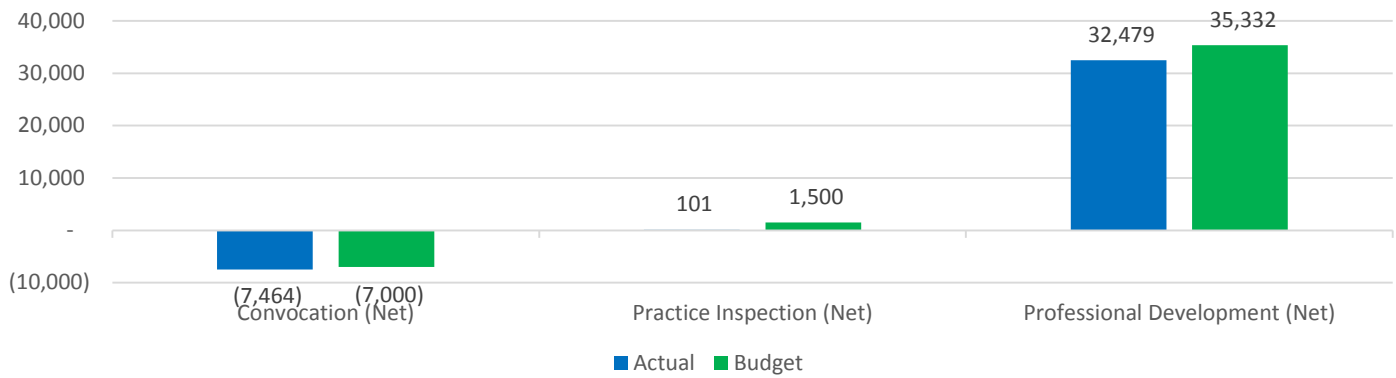
The Association has two key self-funded activities which include the professional development program as well as the practice inspection program. The practice inspection program contribution was on par with budget and continues to operate within its desired self-funded position.

The Association held more courses in 2016-17 to ensure adequate access to desired programs for our members. As a result, revenue was approximately \$11,000 greater than budget, however expenses exceeded budget by approximately 14,000. The 2016-17 continuing professional development program contributed \$32,479 to operations, a decrease of \$7,369 from the 2015-16 program and approximately \$3,000 below budget.

Indirect costs, including our lease expense, have not been allocated to the professional development program. There is an expectation that this activity will yield a contribution to offset a portion of lease costs, the training centre space occupies approximately 50% of the Association's leased premises.

The convocation is our premier annual student and member event. The Association budgeted a deficit on the event to ensure it is well received by our new graduates, members, business partners and families.

## Self-Funding Activities Overview - Actual vs Budget

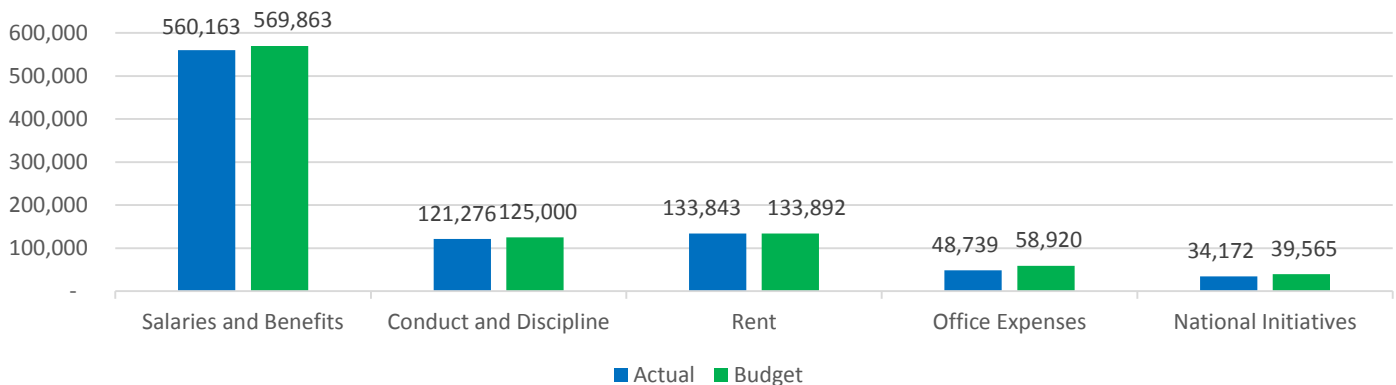


In addition to managing revenue and self-funded activities, we were able to control costs in a number of areas and as a result, the Association is reporting an operating surplus of \$43,220, compared to budgeted surplus of \$6,823.

The two most significant variances from budget with respect to expenses relate to a reduction in salaries resulting from a change in staffing during the year and a reduction in office expenses. Combined these items were approximately \$20,000 below budget. Expenses in a number of additional areas were also less than budget, including communications, interest and bank charges, travel and overall meeting expenses. The Association continues to fine tune its budget process as we gain more experience in the consolidated environment.

Expenses related to national initiatives were \$5,393 lower than budget, this expense category represents costs associated with CPA Newfoundland and Labrador’s participation in national committees and initiatives, including the 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



In 2016-17 CPA Newfoundland and Labrador operated with a complement of 7 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 was slow again in 2016-17. Overall the Association has experienced a decrease in the number of non-retired members, meaning more members transitioned to retired status or moved outside the province during the year than new members who joined the Association.

Despite a decrease in the membership base, we continue to see a strong market for CPAs in the province as positions are regularly posted and our members are transitioning between employers. We will continue to work with the CPA Atlantic School of Business to recruit new students and it is expected that, as the provincial economy rebounds, more CPAs will return to the province. We will continue to closely monitor our membership base.

### 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

### NATIONAL COLLABORATION

CPA Newfoundland and Labrador continues to work collaboratively across provincial borders with its provincial counterparts, the regional school and the national body. This collaboration enables the Association to deliver on its mandate of supporting its membership with the resources required to meet the changing needs of the public and ensuring 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 210,000 CPAs in Canada and abroad, is one of the world's largest national accounting bodies and as a result carries a strong influential voice. 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.

## EDUCATION

The education program is now unified through the CPA Professional Education Program (CPA PEP). In the fall of 2016, we received our first full cohort from the CPA Atlantic School and at the convocation in February 2017, we welcomed 31 new CPA graduates in Newfoundland and Labrador.

In addition to the CPA PEP, a set of CPA Preparatory courses 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.

The Advanced Certificate in Accounting and Finance (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 to provide students with the skills necessary to enhance career prospects.

## FOCUS ON STRATEGIC PRIORITIES

With the unification of the profession behind us, the Association was able to shift its full attention to the strategic priorities. Having successfully unified operations within the profession, a key focus this past year has been to seek opportunities to implement new and innovative ways to deliver increased value to the membership as we execute against these 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. Through the Chartered Professional Accountants and Public Accountants Act and the implementation of by-laws and unified Rules of Professional Conduct we have established a strong self-regulatory process to achieve this. With all professional accountants in Newfoundland and Labrador responsible to adhere to the same regulatory framework, we are 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 at the utmost importance.

CPA Newfoundland and Labrador has implemented a number of policies with public protection in mind. All CPA's must meet a minimum level of continuing professional development as required by the profession, this ensures that those in the profession remain current and maintain their professional edge.

In addition, the Association has established standards for those CPA's in public practice. CPA's in public practice must maintain a level of professional liability insurance adequate for the nature of their practice. These members are also subject to our practice inspection program. The practice inspection program both monitors and educates public practitioners through the assessment of their working files against generally accepted standards of the profession.

## *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 sanctions.

During 2016-17, the Complaints Authorization Committee received 7 new allegations and continued 6 investigations from previous years. Of these 13 allegations, 2 were dismissed, 1 resulted in a member being counselled, 1 was referred to the Disciplinary Panel for a hearing and the remaining 9 allegations involving 6 members are still under consideration by the CAC. In addition to the 13 allegations considered by the CAC, 1 allegation was received and resolved by the Registrar with the consent of the parties.

The hearing into the complaint referred to the Disciplinary Panel during 2016-17 was conducted and completed in April, 2017. In addition, 2 complaints from previous years currently sit with the Disciplinary Panel.

## *Practice Inspection*

The nationally harmonized practice inspection program adopted in the prior year continued to be used throughout the 2016-17 inspection cycle. The harmonized approach aims for consistency in practice inspection within the province and across the country. All practice inspectors are trained in the application of the harmonized program. 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.

Throughout 2016-17 inspections were completed by the Director, Professional Services and Operations and four contract inspectors. The inspection cycle runs from September to August. To date all 2015-16 inspections have been completed as well as 16 inspections from the 2016-17 cycle. 35 additional inspections and re-inspections are in progress or scheduled for completion by the end of August. With members moving in and out of public practice, the total number of members subject to practice inspection every three years varies. Currently, there are 102 practicing units subject to inspection throughout the three year cycle. Since inception of the program in 2015, 82 of these inspections have been completed, with the remainder to be inspected in year three of the cycle, 2017-18.

In addition to meeting its primary goal of protecting the public, members in public practice also benefit from the program's educational thrust. In the fall of 2016 a Focus on Findings communication was published highlighting the common findings from the previous year's inspections and providing relevant reference sources for practitioners.



## 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.

The members of the Association provide support to the Chartered Professional Accountants' Education Foundation of Newfoundland and Labrador, Inc. (the Foundation). As a result of this support the Foundation is then able to execute on its mission to promote professional excellence in accounting education by supporting the development of academia and providing support to students in their pursuit of the designation. The Foundation implemented new scholarships supporting the children and grandchildren of CPAs in pursuit of a business related degree. The Foundation continues its support for 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 well prepared for the education program that lies ahead. The Foundation also implemented a bursary to support those students from Newfoundland and Labrador with financial challenges and attending the CPA Atlantic School of Business in their pursuit of the CPA designation.

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.

In addition to in-class sessions offered in St. John's, the Association held courses in Corner Brook, as well as the annual two-day professional development conference which was held offsite in St. John's in October 2016. The conference was very well attended again this year, with 200 full-day equivalent registrations over the two days.

Total registrations and full day equivalents for 2016-17 was on par with the prior year, however, we offered an increased number of courses, resulting in less registrations per course and ultimately, this reduced contribution to overheads, but provided more opportunities for our members to attend courses. In addition to the in-class sessions offered in St. John's and Corner Brook, CPA Newfoundland and Labrador continued its partnership with CPA Ontario to provide a number of live broadcasts. These sessions are delivered live in Ontario but can be accessed by our members anywhere via the internet.

## 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. This past year we have introduced the "Navigating change" CPA brand campaign and have realized a boost in brand recognition, including improvements in the connection between professional descriptors like 'ethical', 'professional', 'accountable', 'reliable' and our CPA brand.

In Newfoundland and Labrador we have welcomed 31 new professional accountant graduates to the profession this year. This was an expected reduction after a very large group of graduates in the prior year coming through the various legacy programs. We continue to support Memorial University of Newfoundland, a significant source of new CPAs and we continue to work with the CPA Atlantic School of Business to attract both university and workforce candidates into the CPA program. As a result, the percentage of candidates being attracted from industry and the number of candidates joining the CPA program that are

not directly out of university, continues to increase. Through this expanded approach, we anticipate a steady increase in the number of new CPAs in the years ahead.

## **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.

We strive to provide opportunities to meet face to face with our members throughout the province. While we attempted a visit of the island during the year, enrollment for the planned sessions was not sufficient to proceed. We were, however, able to complete two visits with our members in Corner Brook and in May 2017 we had a very successful visit with our members in Labrador. The approach taken with our members in Labrador was more of a drop in at their place of business, this appears to be a much more successful approach and one that we will look to implement on the island portion of the province in the coming year.

In addition to direct communication with our members, 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.

## **FOSTER MEMBER PRIDE AND ENGAGEMENT**

Through branding and recruitment programs, CPA Newfoundland and Labrador has increased awareness of the profession and has expanded the profile of CPAs in the province by highlighting different career choices available to CPAs. In addition, the Association and our members are very active in the community. CPA Newfoundland and Labrador plays an active role in the organization and administration of the annual volunteer income tax clinics to promote our presence in the community and in the province. CPAs in the province have also embraced the CPA Canada financial literacy program. There are a significant number of our members that have signed up to facilitate the program, which is designed to reach school age children, college and university students, as well as members of the public with the goal of improving financial literacy.

Again this year, the Association maintained touch-points for our members to engage with other members. CPA Newfoundland and Labrador co-founded, with our partners at BDC, a young professionals network called LYNK. In June, we were the proud sponsor of a LYNK networking event that brought together young business professionals in the province. We continue to play a very active role in this organization and through generous business sponsors, LYNK has been able to host quarterly networking events. Beyond the young professionals' network, CPA Newfoundland and Labrador has continued to provide CPA specific networking events, including the annual fall professional development conference, the Holiday socials, and the convocation ceremony.

To recognize the significant contributions of our members to their businesses and the community, CPA Newfoundland and Labrador is actively seeking members to recognize through receipt of the Fellow of the CPA profession (FCPA) distinction as well as our newly developed Early Achievement Award which is tailored to those members who are within the first ten years of their CPA careers.

Beyond the local activities, the CPA Newfoundland and Labrador CEO is actively leading the national Member Engagement Committee (MEC) with colleagues across the country to seek opportunities to deliver increased value to our membership. The MEC has conducted a nationwide survey to better understand what is working well and what could use improvement. The survey was followed up with qualitative research in the form of several online focus groups and one-on-one interviews as well as internal debriefing to determine the needs of the membership and develop a strategy and business plan that will maximize the positive impact on our members' engagement with the profession.



Our electronic newsletter, CPA Newfoundland and Labrador Connect, has been advanced during the year, providing additional content, a view of our membership through our regular member profiles, more member stories, key regulatory and policy updates, and articles relevant to our membership.

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

CPA Newfoundland and Labrador facilitated a budget working group with a number of our members, reviewed feedback which had been solicited from its membership and prepared a written submission to the Minister of Finance related to the budget. CPA Newfoundland and Labrador met with the Minister of Finance to review the written submission and provide member insight into the provincial budget and to discuss the financial outlook for the province.

A representative of the CPA Newfoundland and Labrador budget working group attended the budget lock-up and provided commentary to the membership and the public. Again this year, the Minister of Finance provided a post budget debrief to our membership via a morning Business Insight Series session.

The Board supported the activities of the Council of Chief Executives through participation in a number of committees, sub-committees and working groups again this year. The national Member Engagement Committee 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, Practice Advisory Services Subcommittee, 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 Programs 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 each of the CPA provincial organizations in Atlantic Canada as well as Bermuda. To further enable collaboration the CEOs in Atlantic Canada and Bermuda 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 enhanced the use of the member database and data quality, enabling better reporting of member demographics and improved understanding of the members we serve. We are constantly seeking new opportunities to streamline processes and make our regulated processes easier to administer both internally and for our members. One such process, which undoubtedly increased efficiency for both CPA Newfoundland and Labrador staff as well as all of our members, was the implementation of the online annual reporting form. The annual reporting is a requirement for all members to complete, but up until this year, it has been a very manual process. Now it is a very simple online form that can easily be updated and submitted in the matter of seconds, resulting in great efficiency gains for the member, but also immediate electronic access to the data for assessment by CPA staff to ensure adherence to our established by-laws.

The training centre continues to be an additional source of revenue and we have added a number of new customers during the year, both from within as well as outside of our membership. This past year has seen over 100 daily rentals, yielding revenue of over \$20,000 to offset the lease costs for our organization.

## THE YEAR AHEAD

A key goal for the year ahead will be stability. A lot has changed in the past few years and much advancement has been made. Looking forward I would like to ensure that we continue to enhance service delivery, continue to refine our processes, implement new efficiencies, and to ultimately seek 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 trust. Practice inspection will remain a strategic priority and we will do our best to complete as many inspections as possible outside of our members busiest times, however, ensuring as a profession we continue to meet the rigorous policies we have established to inspect our members on a regular schedule. We will remain focused on ensuring our members meet the requirements of our continuing professional development policy, but will also provide regular communication to our members to ensure they are aware of their position relative to the policy. Through this regular communication as well as a robust professional development course offering we hope to improve access to the necessary professional development for our members and enable them to maintain the high level of competency in their respective professional roles that the public expects, ultimately improving public protection.

We will work with our partners at 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 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.

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, leveraging the strategic plan that was developed in the past year, the committee will finalize our business plan for the next three years and begin the implementation of new initiatives to enhance member pride.

Jason Hillyard, CPA, CGA  
Chief Executive Officer  
June 9<sup>th</sup>, 2017

**Association of Chartered Professional  
Accountants of Newfoundland and Labrador  
Financial Statements  
March 31, 2017**

# Independent Auditor's 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, 2017 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.

**Management's Responsibility for the Financial Statements**

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

**Auditors' Responsibility**

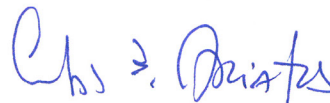
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2017 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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P.O. Box 447  
Mount Pearl, NL  
A1N 3C4



Paradise, Newfoundland and Labrador  
May 24, 2017

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Financial Position  
March 31, 2017

	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 773,758	\$ 448,445
Short term investments	615,583	610,000
Accounts receivable (Note 2)	58,370	117,818
Prepays	33,814	29,342
	<b>1,481,525</b>	<b>1,205,605</b>
Promissory note (Note 3)	47,345	47,345
Long term investments (Note 4)	550,000	550,000
Property, plant and equipment (Note 5)	14,553	21,468
Investment in Shared Services Facility Corp. (Note 6)	4	4
	<b>\$ 2,093,427</b>	<b>\$ 1,824,422</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 294,952	\$ 353,671
HST payable	83,631	28,511
Deferred revenue	482,081	252,697
	<b>860,664</b>	<b>634,879</b>
<b>Net assets</b>		
Contributed net assets - unrestricted (Note 10)	1,035,846	1,035,846
Contributed net assets - restricted (Note 10)	272,000	272,000
Unrestricted net debt	(75,083)	(118,303)
	<b>1,232,763</b>	<b>1,189,543</b>
	<b>\$ 2,093,427</b>	<b>\$ 1,824,422</b>

## Commitments (Note 7)

### Approved on Behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

See accompanying notes

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Operations  
For the Year Ended March 31, 2017

	2017	2016
<b>Revenue</b>		
Membership fees	\$ 957,246	\$ 951,207
Self-funding activities (Note 9)	355,265	300,738
Other revenue	47,702	44,587
License fee revenue	29,650	30,320
Rental income	20,953	25,645
Admission fees	12,340	19,750
	<b>1,423,156</b>	<b>1,372,247</b>
<b>Operating expenses</b>		
Salaries and benefits	560,163	568,555
Self-funding activities (Note 9)	330,149	268,763
Rent	133,842	134,245
Conduct and discipline	121,276	148,837
Office	48,739	67,527
Interest and bank charges	34,538	31,104
National initiatives	34,172	40,247
Professional fees	26,493	10,723
Meetings and membership activities	24,479	22,701
Insurance	17,900	17,949
Education Costs (Note 15)	14,499	-
Travel expenses	13,039	8,384
Depreciation	11,118	14,689
Advertising, promotion and communications	7,434	16,414
Board Election	1,121	-
Bad Debt	974	-
	<b>1,379,936</b>	<b>1,350,138</b>
<b>Excess of revenue over expenditures</b>	<b>\$ 43,220</b>	<b>\$ 22,109</b>
One time charges (Note 16)	-	92,621
<b>Excess (deficiency) revenue over expenditures</b>	<b>\$ 43,220</b>	<b>\$ (70,512)</b>

See accompanying notes

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Changes in Net Assets (Debt)  
For the Year Ended March 31, 2017

	Contributed Net Assets			2017	2016
	(note 10)		Unrestricted Net Debt		
	Restricted	Unrestricted			
Net assets (debt), beginning of year	\$ 272,000	\$ 1,035,846	\$ (118,303)	\$ 1,189,543	\$ 1,308,496
Excess (deficiency) revenue over expenditures	-	-	43,220	43,220	(70,512)
Distribution of contributed net assets	-	-	-	-	(48,441)
<b>Net assets (debt), end of year</b>	<b>\$ 272,000</b>	<b>\$ 1,035,846</b>	<b>\$ (75,083)</b>	<b>\$ 1,232,763</b>	<b>\$ 1,189,543</b>

See accompanying notes



# Association of Chartered Professional Accountants of Newfoundland and Labrador

## Statement of Cash Flows

For the Year Ended March 31, 2017

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess (deficiency) of revenue over expenditures	\$ 43,220	\$ (70,512)
<b>Items not affecting cash:</b>		
Depreciation	11,118	14,689
	<b>54,338</b>	<b>(55,823)</b>
<b>Change in non-cash working capital:</b>		
Accounts receivable	59,448	(54,548)
Prepays	(4,472)	3,142
Accounts payable and accrued liabilities	(3,599)	10,830
Deferred revenue	229,384	252,697
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>335,099</b>	<b>156,298</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(4,203)	(8,832)
Purchase of long term investments	-	(550,000)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(4,203)</b>	<b>(558,832)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Distribution of contributed net assets (Notes 10&11)	-	(48,441)
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>(48,441)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>330,896</b>	<b>(450,975)</b>
Cash and cash equivalents at beginning of year	1,058,445	1,509,420
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,389,341</b>	<b>\$ 1,058,445</b>
<b>Cash and cash equivalents comprised of:</b>		
Cash and cash equivalents	773,758	448,445
Short term investments	615,583	610,000
	<b>\$ 1,389,341</b>	<b>\$ 1,058,445</b>

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2017

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## 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:

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

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# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2017

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## 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 2017-18 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. Estimates are used in the determination of the useful lives of the Association's property, plant and equipment as well as determining any allowance for doubtful receivables. Actual results could differ from those estimates and may have an 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, 2017

## 2. Accounts receivable

Accounts receivable consist of the following:

	2017	2016
Trade	\$ 48,571	\$ 76,853
Due from CPA Atlantic School of Business	3,855	34,360
Due from CPA Canada	6,822	7,112
	<b>59,248</b>	118,325
Allowance for doubtful accounts	<b>(878)</b>	(507)
	<b>\$ 58,370</b>	\$ 117,818

## 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	2017 Net Book Value	2016 Net Book Value
Office furniture and equipment	\$ 31,855	\$ (23,220)	\$ 8,635	\$ 13,378
Computer hardware and software	17,851	(11,933)	5,918	8,090
	<b>\$ 49,706</b>	<b>\$ (35,153)</b>	<b>\$ 14,553</b>	<b>\$ 21,468</b>

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2017

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## 6. Investment in Shared Services Facility Corp.

Shared Services Facility Corp. (SSF) was incorporated under the Canada Business Corporation Act on July 17, 2001 and is a non-profit organization under paragraph 149(1)(1) of the Income Tax Act. SSF was incorporated for the purpose of operating a shared service facility providing information technology services to the shareholders. Currently SSF provides member database, portal interface and content and management services. At March 31, 2017 CPA NL held 43 of the issued 498 shares representing an 8.6% ownership. The investment in SSF is carried at cost.

## 7. Commitments

### Agreement with Chartered Professional Accountants Education Foundation of Newfoundland and Labrador, Inc. (the "Foundation")

The Association has signed a memorandum of agreement with the Foundation whereby the Association shall provide dedicated funding in an amount determined by the CPA NL Board annually for a strategic partnership with Memorial University. The amount provided by the Association shall be adequate to allow the Foundation to meet its commitment to Memorial University and shall continue to be paid annually until and including May 1, 2018.

### Office premises

The Association operates under a ten year rental lease which expires December 31, 2024. Annual rent for the period April 1, 2017 to December 31, 2019 is \$124,612 per year. Annual rent for the period January 1, 2020 to December 31, 2024 is \$127,108.

### Equipment Leases

The Association leases a photocopier and postage machine. The annual commitments under the terms of these leases are:

2018	\$ 4,477
2019	\$ 4,477
2020	\$ 2,347
2021	\$ 1,615

## 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 \$34,776 (2016 - \$ 33,435).

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2017

## 9. Self-funding activities

	2017	2016
<b>Revenue</b>		
Convocation	\$ 23,870	\$ 24,750
Practice inspection	70,463	25,350
Professional development	260,932	242,238
UFE revenue	-	8,400
	<b>355,265</b>	<b>300,738</b>
<b>Direct costs</b>		
Convocation	31,334	32,715
Practice inspection	70,362	22,300
Professional development	228,453	202,390
UFE costs	-	11,358
	<b>330,149</b>	<b>268,763</b>
Net revenue from self-funding activities	<b>\$ 25,116</b>	<b>\$ 31,975</b>

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2017

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## 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:

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	<b>Internally Restricted</b>	<b>Unrestricted</b>	<b>Total</b>
ICANL	\$ 200,000	\$ 196,906	\$ 396,906
CMANL	-	409,256	409,256
CGANL	72,000	373,669	445,669
PALB	-	56,015	56,015
Contributed net assets	\$ 272,000	\$ 1,035,846	\$ 1,307,846

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## 11. Restricted net assets

The predecessor Boards had internally restricted \$272,000 from net assets to be used for litigation fees resulting from any future disciplinary actions. Disciplinary actions for 2016-17 have been funded by current operations and the \$272,000 continues to be internally restricted for future use.



# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2017

## 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, 2017 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

	April 30, 2016	April 30, 2015
Total assets	\$ 178,828	\$ 140,799
Net assets	\$ 176,328	\$ 139,299
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Total revenue (2015 includes \$48,441 transferred from CPA NL legacy bodies)	\$ 86,058	\$ 108,115
Total expense	(49,029)	(53,878)
	\$ 37,029	\$ 54,237

## 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, 2017

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## 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 CPA accounting bodies in Canada. 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 year ending March 31, 2017 the Association collected \$547,390 (2016 - \$549,886) on behalf of CPA Canada.

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 provincial CPA 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 2017 amounted to \$37,652 (2016 - \$39,062).

CPA Canada also administers payroll for the Association. At March 31, 2017 payables and accruals included \$166,725 (2016 - \$245,560) due to CPA Canada for payroll, membership fees, and costs to be billed back to the provinces in accordance with the Accord.

#### 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.

At March 31, 2017 the Association owes CPA ASB \$16,112 related to their administration of the education programs. In the previous year CPA ASB owed the Association \$34,360 related to administration of the legacy education programs. There were no transactions related to legacy programs in the current year.

CPA ASB rents office and meeting space from the Association. \$7,081 (2016 - \$6,449) has been recorded in these financial statements as rental revenue from CPA ASB. At March 31, 2017 CPA ASB owes \$2,068 (2016 - \$339) for office and meeting space rental.

#### Shared Service Facility Corp. (SSF)

During the year the Association paid \$14,014 (2016 - \$9,494) 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, 2017

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## 14. Related party transactions (continued)

### Chartered Professional Accountants Education Foundation of Newfoundland and Labrador, Inc.

To meet its commitment to the Foundation (note 7), the Association collects revenue for the Foundation through its annual membership fees. During the year, \$38,600 was collected and paid or payable to the Foundation (2016 - \$35,365).

At March 31, 2017 the Association owed the Foundation \$25,630 for fees collected from members in advance for the 2017-18 membership year (2016 - \$13,335).

## 15. Education Costs

Net costs associated with the administration of CPA Canada's education programs are covered 100% by the provincial accounting bodies. During the year CPA Canada realized a net surplus from the Professional Education Programs, preparatory courses and related evaluations. CPA NL's share of this surplus was \$15,574. Since CPA ASB administers these programs for CPA NL the operating surplus is to be transferred to them and is included in liabilities at year end, net of translation costs paid by CPA NL.

The Advanced Certificate in Accounting and Finance (ACAF) program is administered by the province. CPA NL's share of net costs for this program was \$14,499 (2016 - nil)

## 16. One time charges

During the year ended March 31, 2016 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:

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	2016
Education support and scholarships	\$ 33,716
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
	<hr/> \$ 92,621 <hr/>









# CPA

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
NEWFOUNDLAND  
AND LABRADOR

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