



2017/2018

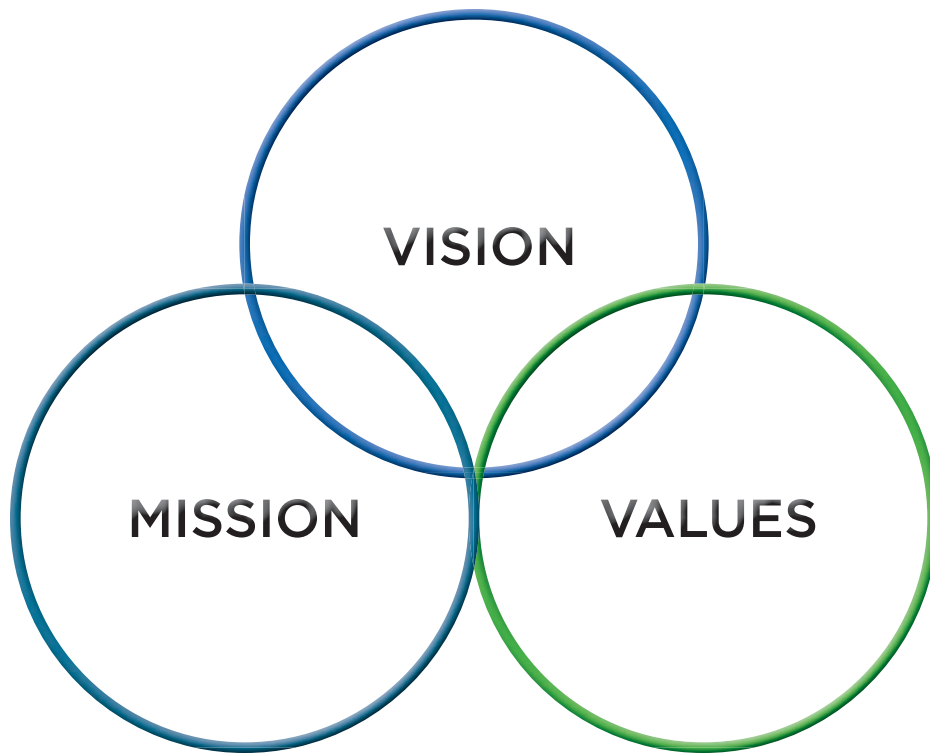
# ANNUAL REPORT



**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 | 2017-2018

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# Message from the Chair



It has been a privilege and a pleasure to have served as the chair of CPA Newfoundland and Labrador for 2017-2018.

The Association of Chartered Professional Accountants of Newfoundland and Labrador remains strong as we continue to welcome new members to our Association. In February 2018 we had the pleasure of celebrating with 53 new graduates of the education program and welcomed our newest CPAs. Our graduates achieved great success with the professional education program and we had a large number of awards to present this year, including CPA Canada's Atlantic Gold medal. Looking forward, we currently have 153 candidates enrolled in the professional education program with another 117 students enrolled in preparatory courses to get ready for the professional program. While students work on various completion time-frames, we expect to have in excess of 50 writers challenge the common final exam in September 2018.

During our celebration with our newest members, we also had the gratification of conveying the Fellowship designation (FCPA) on three of our members; Beverley Evans, Jocelyn Perry, and Laurie Skinner. We recognize and celebrate their outstanding contribution to the profession and to our Association.

We currently have a total active membership of 1,510 members with an additional 349 retired members, representing a total membership of 1,859.

With the presentation of the financial statements for our year ended March 31, 2018, I am pleased to report that the Association continues to maintain a strong base of net assets. The challenge for the board is to determine the appropriate net asset level to retain for the protection and security of the Association and public going forward, while balancing the need to increase the value proposition for the membership.

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.

In the coming year, your Association will continue to be focused on maintaining operations and service levels to the membership while looking to the future. We appreciate that we operate in an evolving and fast changing environment, and we continue to assess the landscape of the accounting profession in our ongoing discussions and meetings with CPA Canada and with our colleagues from across the country.

*"we operate in an evolving and fast changing environment, and we continue to assess the landscape of the accounting profession"*

We understand that there are new challenges and opportunities arising from technology and globalization and appreciate that the professional development and professional education program will need to evolve continually to prepare our members and future members for the profession of the future.

Debra Feltham, FCPA, FCGA  
Chair

# Message from the CEO



During 2017–2018 we focused on continuous improvement in our processes to enhance quality and efficiency in our operations.

As a self-regulated profession we remained focused on our legislative mandate of protecting the public. The Association's operations centre around the delivery of the key processes that enable this objective, several of which I have highlighted below.

This year marked the end of our first three-year practice inspection program cycle, meaning all members in public practice at the time of unification have been subject to an inspection under the CPA practice inspection program. This process ensures practitioners are meeting the required standards and provides a valuable education component.

This year we also completed an update of our firm database with the aim of having an online firm resource available in 2018. All primary firm contacts were required to complete an information form identifying services they offer, locations they serve and other key information that we have on file.

Our profession has a commitment to the highest ethical standards. To enable this commitment, the processes surrounding allegations, complaints and the overall disciplinary process have been strongly embedded within the Association ensuring that proper processes are followed, and due care and attention are paramount throughout.

This past year marked the end of the first rolling three-year Continuing Professional Development (CPD) cycle. Overall the clear majority of members were able to meet the minimum three year rolling requirement, with the remaining members providing plans for how they will backfill any deficit and meet the requirement going forward. From this point forward, each year will require that members meet the 120 total and 60 verifiable hour threshold for CPD over the three-year rolling period.

The team at CPA Newfoundland and Labrador have been involved in all core committees that support the national profession, ensuring that the Newfoundland and Labrador's voice is included as initiatives are considered on a nationwide scale.

*The team at CPA Newfoundland and Labrador have been involved in all core committees that support the national 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 for 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

# 2017-18 Board of Directors

## Chair



Debra Feltham, FCPA, FCGA

## Vice Chair



Troy Stanley, CPA, CA

## Secretary/Treasurer



Jason Silver, FCPA, FCA

## Directors



Steve Bragg, CPA, CA



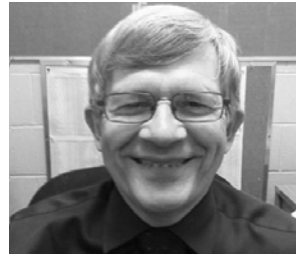
Pauline Downer, FCPA, FCA



Lynn Healey, CPA, CA



Rob Hull, CPA, CA



Terry Hutchings, FCPA, FCGA



Kealey Martin, CPA, CMA



Trevor McCormick, FCPA, FCGA



Neil Pittman, FCPA, FCMA



Beth Porter, CPA, CA

## Public Representatives



Tom Cooper



David Frew



Wayne Myles



Derrick Sullivan



# CPA Newfoundland and Labrador Committees

## COMMITTEES OF THE BOARD

### COMPLAINTS AUTHORIZATION

Beth Porter, Chair  
Pauline Downer, Vice Chair  
David Frew  
Rob Hull  
Terry Hutchings  
Neil Pittman  
Troy Stanley  
Derek Sullivan

### HUMAN RESOURCES

Debra Feltham, Chair  
David Frew  
Jason Silver  
Troy Stanley

### Discipline Advisory

Debra Feltham, Chair  
Tom Cooper  
Beth Porter  
Jason Silver  
Troy Stanley

### MEMBERSHIP & LICENSING

Derek Sullivan, Chair  
Tom Cooper  
Lynn Healey  
Terry Hutchings

## BOARD ADVISORY COMMITTEES

### REGULATORY ADVISORY

Beth Porter, Chair  
Sharon Forsey  
Lana Littlejohn  
Trevor McCormick  
Steve Walters

### AUDIT & INVESTMENT

Jason Silver, Chair  
Pauline Downer  
Terry Hutchings  
Kealey Martin

### STRATEGIC PLANNING

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

### GOVERNANCE & NOMINATING

Lynn Healey, Chair  
Debra Feltham  
Neil Pittman  
Jason Silver

### MEMBER RECOGNITION

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

## MANAGEMENT COMMITTEES

### PROFESSIONAL DEVELOPMENT

Deborah Collis  
Donna Marie Humphries  
Kerri Riddle  
Jonathan Walsh

### OFFICE PRACTICE INSPECTION

Fred Earle, Chair  
Jesse Devilla  
Katie Hoskins  
Morris Pinsent  
Bonnie Scott  
Byron Smith  
Lesley White

### GOVERNMENT RELATIONS

Chris Humby  
Troy Stanley

## OTHER

### DISCIPLINARY PANEL

Cheryl Whitten, Chair  
Scott Belbin  
Peter Collens  
Eric Coombs  
Todd Doman  
Frank Dormody  
Wilson Hoffe

Mark Hynes  
Thomas Kendall  
Glenn Mifflin  
Todd Organ  
Ian Stuart Patey  
Donald Powell  
Philip Quinlan

Wilbur Rice  
Greg Roberts  
Brenda Rose  
Steven Walters  
Brian Whiteway

# Representatives on National Boards/Committees

## **CONTINUING PROFESSIONAL DEVELOPMENT STANDING COMMITTEE**

Kim Mayo

## **COUNCIL OF CHAIRS**

Debra Feltham

Troy Stanley

## **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**

Debra Feltham

Troy Stanley

Jason Hillyard

## **ATLANTIC SCHOOL OF BUSINESS**

Pauline Downer, Past Chair

Beth Porter, Secretary-Treasurer

# Welcome to New Members

## BY EXAMINATION

Danica Allen  
Gregory Anderson  
Adam Avery  
He (Fiona) Bai  
Brittany Barnes  
Steven Bradley  
Mark Carberry  
Amanda Carter  
Murray Chidley  
Ratidzo Chikari  
Arthur Martin Cook  
Deep Datta  
Myles Evans  
Andrew French

Kaitlyn George  
Colin Gosse  
Timothy Granter  
Monica Gregory  
Sujin Gu  
James Hogan  
Jonathan Jennings  
Simar Khosla  
Meaghan Ludlow  
Amy McLean  
Emily McLean  
Christopher Nyanhemwa  
JoAnne Petten

Andrew Pike  
Lisa Russell  
Walter Scott  
Peter Shears  
Kayla Snow  
Andrew St. George  
Christopher Staeben  
Kristine Strickland  
Colin Sullivan  
Wanjing Wang  
Andrew Way  
Spencer Wicks  
Jadie Zeng

## TRANSFER IN

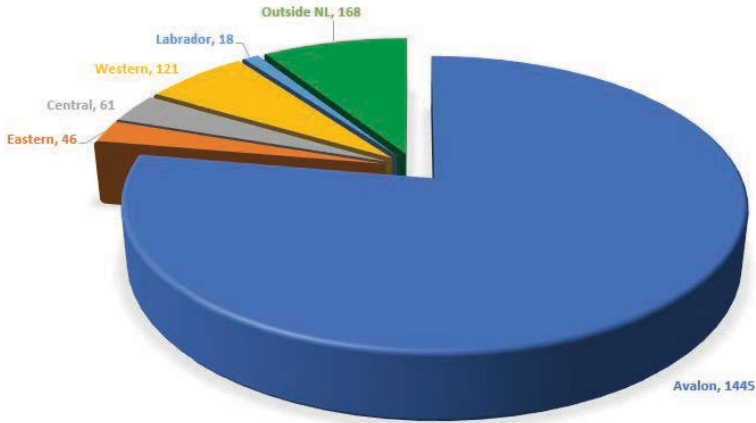
Ashley Bishop  
Phat Do  
Gregory Draper (affiliate)  
Kerry Fennell  
Paul Fletcher (affiliate)

Melissa Hardy  
John McGrath  
Kelsie Montgomery  
Charlene Tilley

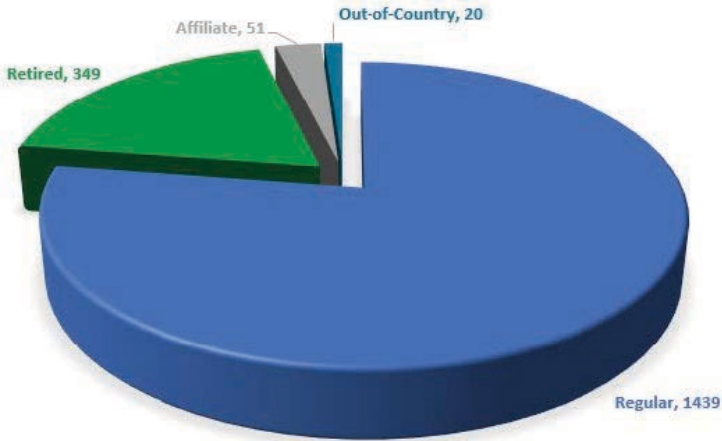
# CPA Membership Demographics

Total membership – 1,859

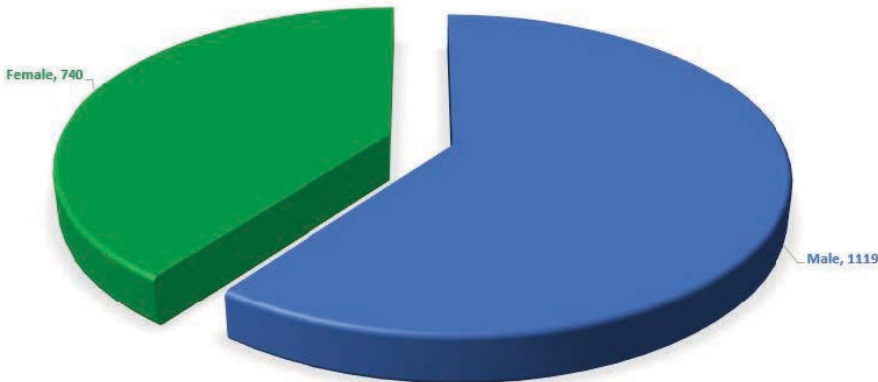
## MEMBERS BY REGION



## MEMBERS BY STATUS

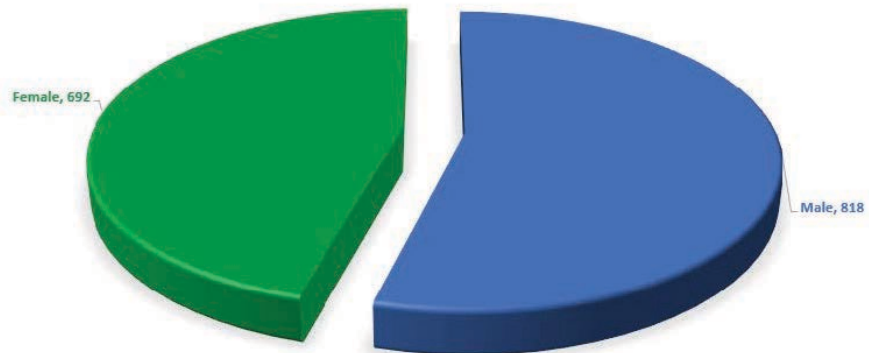


## MEMBERS BY GENDER

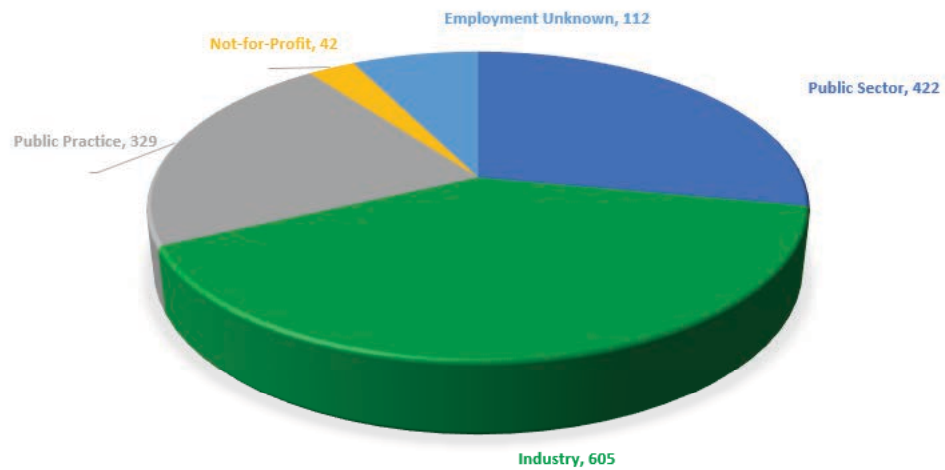


# Non-Retired members - 1,510

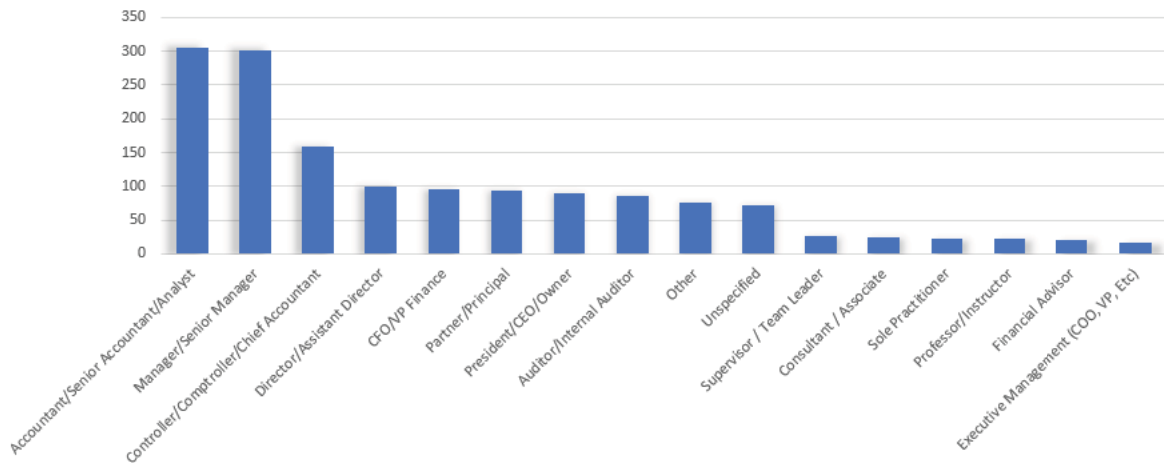
## NON-RETIRED MEMBERS BY GENDER



## NON-RETIRED MEMBERS BY INDUSTRY



## NON-RETIRED MEMBERS BY POSITION TYPE





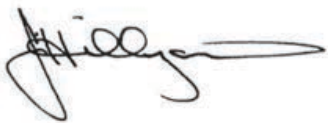
# Statement of Management Responsibility

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 1,859 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*, the Board of CPA Newfoundland and Labrador is governed by 16 individuals, consisting of 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 four Committees of the Board - Human Resources, Complaints Authorization, Membership & Licensing, and Discipline Advisory. In addition to the 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 utilizes a Policy Governance model in governing the affairs of CPA Newfoundland and Labrador. The Board has reviewed and approved minor changes to its Ends, Executive Limitations, Governance Process and Board-CEO Linkage policies.

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 2017-18 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 (ASNFPOs).

## FINANCIAL POSITION AND LIQUIDITY

At March 31, 2018, CPA Newfoundland and Labrador's net assets were \$1,307,900. 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, 2018, the Association generated cash from operating activities of \$81,465 and utilized \$403,447 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.

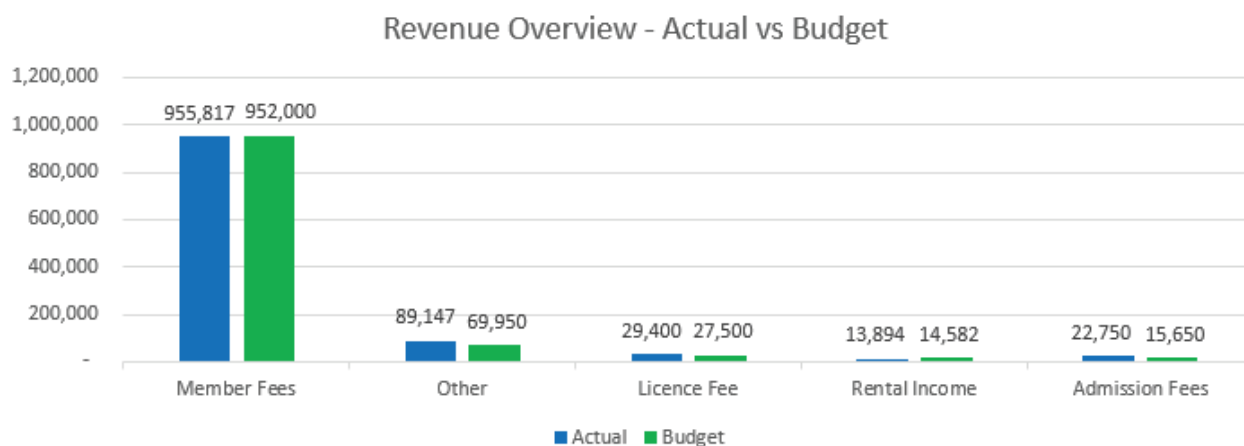
The Association has established a low risk investment policy and has secured investments which meet the policy requirements to hold cash in excess of short term needs.

## RESULTS OF OPERATIONS

Revenue from membership fees for the year ended March 31, 2018 was \$955,817, \$3,817 over budget, largely resulting from the increasing number of members providing services to the public. The Association also generated revenue of \$29,400 from the issuance of public accountant licenses which was slightly over budget due to a higher retention rate versus that budgeted.

Rental income was on par with budget, while our admission fees were higher in the year due to the timing of students becoming members, which exceeded our expectations.

Other revenues totaled \$89,147 and included interest on financial holdings, convocation revenue, website advertising, affinity administrative fees, sponsorships, post designation public accounting (PDPA) course and exam fees as well as \$20,000 from CPA Canada as assistance for staff involvement with national committees and initiatives. This category exceeded budget largely as a result of sponsorships, affinity administrative fees, PDPA and increased website advertising. A number of these were new revenue sources for the year and not included in the 2017-18 budget.

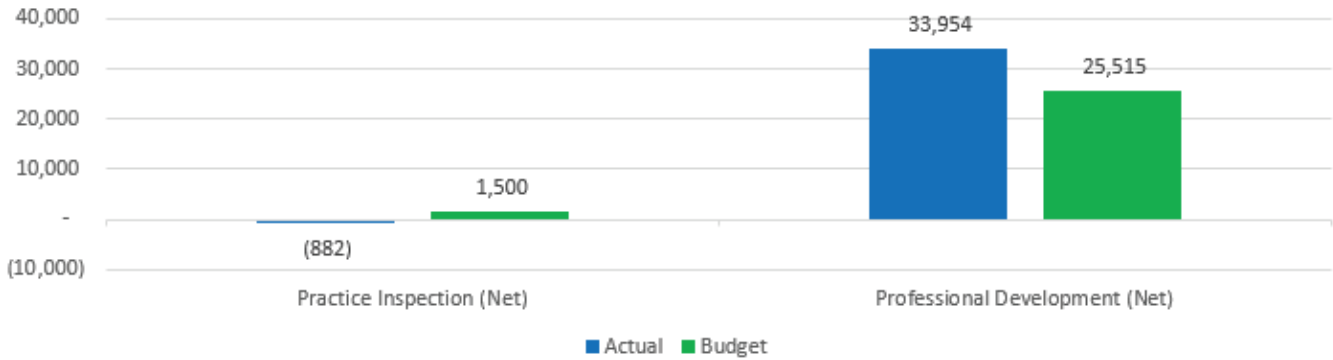


In addition to the revenues highlighted above, the Association has two key self-funded activities; the professional development program and the practice inspection program. The practice inspection program's contribution was \$2,382 below budget, however continues to operate within its desired self-funded position.

Revenue from the professional development program was \$7,827 above budget but was down considerably from the prior year due to a planned reduction in course offerings to mirror the slower economy. To compensate for the lower activity level, a conscious effort was made to use more local instructors to help control travel costs, as a result expenses were under budget by \$612 and the professional development program netted \$8,439 more than planned.

Indirect costs, including our rent 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 rent costs. The training centre space occupies approximately 50% of the Association's leased premises.

### Self-Funding Activities Overview - Actual vs Budget



In addition to managing revenue and self-funded activities, we continue to monitor our operational expenses through out the year.

There were several positive and negative variances related to expenses relative to the budget which resulted in actual expenses exceeding budget by \$5,753. Salaries and benefits, yielded a positive variance of \$22,125, due to a staff member on leave, however the Association utilized additional external resources to compensate resulting in certain other costs exceeding budget.

Conduct and discipline was the single largest negative variance. This cost is very difficult to budget and as a result of the timing of disciplinary matters and investigation costs associated with them, the actual cost exceeded budget by \$33,128.

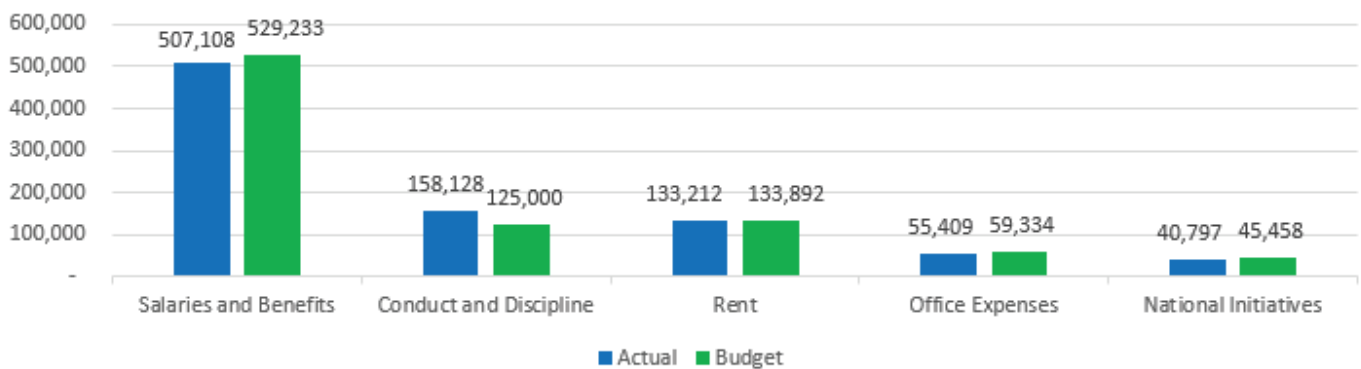
External resources were utilized in both communications and membership activities that were not budgeted for the year resulting in negative variances of \$8,597 and \$12,751 respectively.

CPA Newfoundland and Labrador’s share of education costs associated with the new Advanced Certificate in Accounting and Finance (ACAF) program were unbudgeted and resulted in a negative variance of \$5,095.

Expenses related to national initiatives were \$4,661 lower than budget. This expense category represents costs associated with CPA Newfoundland and Labrador’s participation in national committees and initiatives. Ongoing programs involve activities in public trust, member engagement, professional development and branding.

The Association is reporting an operating surplus of \$75,137, compared to budgeted surplus of \$28,787.

### Top 5 Expenses Overview - Actual vs Budget



In 2017-18 CPA Newfoundland and Labrador operated with a complement of 7 staff, with contractors providing additional support for professional development, practice inspection and professional conduct.

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 2017-18. Overall the Association has experienced a decrease in the number of active members, meaning members transitioning to retired status or moving outside the province during the year exceed new members joining the Association.

Despite a decrease in the membership base, we continue to see a strong market for CPAs in the province as job opportunities 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 ongoing 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 strategic objective 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 profession representing 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 CPA Professional Education Program (CPA PEP) is the pathway to the profession and is delivered through the CPA Atlantic School of Business (CPA ASB). It was successfully completed by 50 Newfoundland and Labrador students in 2017. We were proud to celebrate the graduates' success at the 2018 Newfoundland and Labrador convocation & FCPA ceremony in February.

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

The Association continues to focus on its' strategic priorities by seeking 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 acts in compliance with the Act, Regulations, By-laws and the CPA 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 CPAs 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 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 is referred to the CAC. The primary mandate of the CAC is to review all allegations 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 the CAC determines there are no reasonable grounds to believe the member engaged in conduct deserving of sanction, the allegation is dismissed. When the CAC determines there are reasonable grounds to believe the member engaged in conduct deserving of sanction, the allegation is considered to constitute a complaint, and the CAC can counsel or caution the member, or it can instruct the Registrar to file the complaint against the member and refer it to the Disciplinary Panel for a hearing. 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 2017-2018, the CAC did not receive any new allegations but continued to process nine allegations involving six members from previous years. Of these nine allegations, two were dismissed, one was referred back to the Registrar for alternative dispute resolution and was resolved through this process, one resulted in a member being cautioned, one resulted in a member being counselled, three complaints involving one member were referred to the Disciplinary Panel for a hearing, and the remaining allegation is still under consideration by the CAC.

The hearing into the three complaints referred to the Disciplinary Panel during 2017-2018 was conducted in June, 2018 but was not completed and will reconvene in the fall of 2018. In addition, a hearing into one complaint from a previous year was completed in November, 2017 and finally, one complaint from a previous year currently sits with the appointed Adjudication Tribunal for a hearing.

### *Practice Inspection*

CPA Newfoundland and Labrador utilizes the nationally harmonized practice inspection program throughout its annual 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 2017-2018 inspections were completed by the Director, Professional Services and Operations and two contract inspectors. 2017-2018 was the third year of the first three-year inspection cycle for CPA Newfoundland and Labrador. With members moving in and out of public practice, the total number of members subject to practice inspection throughout the cycle varies. The total number of inspections in the first three-year cycle was one hundred and twenty. To date one hundred and four have been completed, five are substantially complete and the remaining eleven are scheduled for completion throughout the summer. These inspections consisted of practices offering a full range of assurance services as well as compilation-only practices.

There were twenty-two full and partial re-inspections resulting from the initial inspections carried out in the cycle. Eleven of these have been completed with the remaining eleven to be scheduled in the fall of 2018, being one year from the initial inspection decision. In addition to the decision to re-inspect a practice, the practice inspection committee may also, based on the nature and magnitude of inspection findings, require a practice to engage the services of a monitor to provide a pre-release review of a selection of files. Four practices were required to engage a monitor during the period, two of which have subsequently met the conditions to have the monitor removed.

Where practice inspection findings identify certain areas of non-compliance with the standards, but the non-compliance does not warrant the need for a re-inspection or monitoring, the practice inspection committee may also recommend prescribed professional development courses, submission of an action plan, or inspection on a shortened inspection cycle.

In determining the action to be taken following an inspection, the Practice Inspection Committee's considerations may include, but are not limited to:

- the degree to which the requirements of the practice inspection program have been met;
- the nature and severity of any identified deficiencies;
- the cooperation of the member/firm;
- the public interest; and
- on a re-inspection, the results of any previous inspections of the member/firm and the response of the member/firm to those inspections.

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 2017 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 including the annual conference 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 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 continues to offer scholarships supporting the children and grandchildren of CPAs in pursuit of a business-related degree. As well the Foundation provides support for Memorial University to facilitate 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 continues to fund a bursary to support students from Newfoundland and Labrador with financial challenges who are 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 and Corner Brook, the Association held the annual two-day professional development conference at the Holiday Inn in St. John's in October 2017. The conference was very well attended again this year, with over 225 full-day equivalent registrations over the two days.

Total registrations and full day equivalents for 2017-18 was up slightly from last year, however we offered less courses which improved overall cost per member metrics over the prior year and helped us meet the expected budget contribution toward overhead. 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 "Ask a CPA" brand campaign and have continued to see improvement 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 50 new professional accountant graduates to the profession this year. 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.

## 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. This year the CEO and the CPA Student Recruitment Advisor travelled the island and had one-on-one meetings with a number of our members and employers in the various areas of the province, including, Clarenville, Gander, Grand Falls-Windsor and Corner Brook. This approach was first piloted in Labrador in May 2017 and was very successful. We are happy to report similar success on the island portion of the province.

In addition to direct communication with our members, the website is continually updated to provide members with current information to ensure that all members have access to the same tools and resources. The professional staff at CPA Newfoundland and Labrador 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. A significant number of our members 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 and BDC are co-founders of a young professionals network called LYNK. In March, 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 & FCPA awards ceremony.

To recognize the significant contributions of our members to their businesses, the community and the profession, 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. This award is tailored to those members who are within the first ten years of their CPA careers. This year we recognized three new FCPAs in the Newfoundland and Labrador profession and had videos curated in their honour.

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.

Our electronic newsletter has shifted to a web link version, which allows the staff to update the website with regular content and deliver the newsletter through a fully web-based e-newsletter format, driving additional efficiencies within the organization and providing staff with more analytics regarding what our members are interested in with respect to content.



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

CPA Newfoundland and Labrador facilitated a budget task force with a small number of our members, who reviewed feedback from our 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, 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 task force attended the budget lock-up and provided commentary to the membership and the public. Again this year, the Minister of Finance participated in our Business Insight Series providing a post budget debrief to our membership.

The Board continues to support the activities of the Council of Chief Executives through staff participation in a number of committees, sub-committees and working groups. 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

One of the key areas of focus from an organizational effectiveness perspective this year is related to our firm registry. We circulated information returns to each firm and verified the primary CPA contact, services provided by the firm, contact information, insurance coverage, etc. We continue to work on this initiative with the goal of having a resource that the public can search directly from the CPA NL website for a complete list of those CPA firms that are registered with CPA Newfoundland and Labrador.

The training centre continues to be a resource that we make available to members and non-members for a reasonable rental fee to help offset the cost of having the space available for our own professional development program. While one key client has significantly reduced its activity in Newfoundland and Labrador this past year, resulting in a reduction in their use of our centre, we have been successful in attracting other clients and continue to see growth opportunities for our training centre rentals. In addition, we have used the space more ourselves this year for Business Insight Series sessions, Small Practitioner's Forum and other member activities.

## THE YEAR AHEAD

A key area of focus in the year ahead will be within the communications area. In the fall we expect to be back to a full staff complement at which time improvement in our newsletter distribution, website article communication as well as social media platform will be a priority.

As always, we will continue to enhance our service delivery, refine our processes, implement new efficiencies, and ultimately seek ways to improve member value and build member pride in our profession.

We will continue to deliver and monitor the discipline process to ensure that, as a profession, we maintain the public trust. Practice inspection remains a strategic priority and we will do our best to complete as many inspections as possible outside of our members' busiest times while ensuring 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. We will continue to 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 program we hope to improve access to relevant 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 professional accountants that provide the financial acumen to drive economic strength, growth and diversification in the Newfoundland and Labrador market.

In my role here in Newfoundland and Labrador as well as my involvement in national initiatives, my objective is to ensure the Association maintains the reputation of the profession, delivers the resources our members have grown to expect, and enhances the profile of the profession. This will be a strategic focus for the profession both provincially and nationally in the year ahead.

Jason Hillyard, CPA, CGA  
Chief Executive Officer  
June 27th, 2018

## Independent Auditors' Report

To the Members of  
Association of Chartered Professional Accountants of Newfoundland and Labrador

**Roger Coombs & Associates**  
Professional Corporation  
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, 2018 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.

### Location

27 Bremigens Blvd.  
Paradise, NL  
A1L 4A2

Ph: (709) 745-1200  
(709) 579-1005  
Fax: (709) 745-1204

### 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.

### Mailing address:

P.O. Box 447  
Mount Pearl, NL  
A1N 3C4

### 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 Association of Chartered Professional Accountants of Newfoundland and Labrador as at March 31, 2018 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

Paradise, Newfoundland and Labrador  
May 22, 2018



# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Financial Position  
March 31, 2018

	2018	2017
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 754,908	\$ 773,758
Short term investments	312,451	615,583
Accounts receivable (Note 2)	91,406	58,370
Prepays	34,503	33,814
	<b>1,193,268</b>	<b>1,481,525</b>
Promissory note (Note 3)	-	47,345
Long term investments (Note 4)	1,008,523	550,000
Property, plant and equipment (Note 5)	7,094	14,553
Investment in Shared Services Facility Corp. (Note 6)	-	4
	<b>\$ 2,208,885</b>	<b>\$ 2,093,427</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 303,593	\$ 294,952
HST payable	73,442	83,631
Deferred revenue	523,950	482,081
	<b>900,985</b>	<b>860,664</b>
<b>Net assets</b>		
Restricted (Note 10)	272,000	272,000
Unrestricted	1,035,900	960,763
	<b>1,307,900</b>	<b>1,232,763</b>
	<b>\$ 2,208,885</b>	<b>\$ 2,093,427</b>

## Commitments (Note 7)

Approved on Behalf of the Board:

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

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

See accompanying notes to the financial statements

# Association of Chartered Professional Accountants of Newfoundland and Labrador

## Statement of Operations

For the Year Ended March 31, 2018

	2018	2017
<b>Revenue</b>		
Membership fees	\$ 955,817	\$ 957,246
Self-funding activities (Note 9)	276,402	331,395
Other revenue	89,147	71,572
License fee revenue	29,400	29,650
Admission fees	22,750	12,340
Discipline fine and cost recovery	20,000	-
Rental income	13,894	20,953
	<b>1,407,410</b>	<b>1,423,156</b>
<b>Operating expenses</b>		
Salaries and benefits	507,108	560,163
Self-funding activities (Note 9)	243,330	298,815
Conduct and discipline	158,128	121,276
Rent	133,212	133,842
Office	55,409	48,739
National initiatives	40,797	34,172
Meetings and membership activities	82,729	55,813
Interest and bank charges	35,502	34,538
Advertising, promotion and communications	23,017	7,434
Insurance	18,447	17,900
Professional fees	15,083	26,493
Travel expenses	14,684	13,039
Depreciation	9,108	11,118
Education Costs (Note 14)	5,095	14,499
Board Election	-	1,121
Bad Debt	-	974
	<b>1,341,649</b>	<b>1,379,936</b>
<b>Excess of revenue over expenditures before the following:</b>	<b>\$ 65,761</b>	<b>\$ 43,220</b>
Gain on disposal of investment	9,376	-
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 75,137</b>	<b>\$ 43,220</b>

See accompanying notes to the financial statements

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Changes in Net Assets  
For the Year Ended March 31, 2018

	Net Assets		2018	2017
	Restricted (note 10)	Unrestricted		
Net assets (debt), beginning of year	\$ 272,000	\$ 960,763	\$ 1,232,763	\$ 1,189,543
Excess of revenue over expenditures for the year	-	75,137	75,137	43,220
<b>Net assets (debt), end of year</b>	<b>\$ 272,000</b>	<b>\$ 1,035,900</b>	<b>\$ 1,307,900</b>	<b>\$ 1,232,763</b>

See accompanying notes



# Association of Chartered Professional Accountants of Newfoundland and Labrador

## Statement of Cash Flows

For the Year Ended March 31, 2018

	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue over expenditures for the year	\$ 75,137	\$ 43,220
<b>Items not affecting cash:</b>		
Gain on disposal of investment	(9,376)	-
Depreciation	9,108	11,118
	<b>74,869</b>	<b>54,338</b>
<b>Change in non-cash working capital:</b>		
Accounts receivable	(33,036)	59,448
Prepays	(689)	(4,472)
Accounts payable and accrued liabilities	(1,548)	(3,599)
Deferred revenue	41,869	229,384
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>81,465</b>	<b>335,099</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	(1,649)	(4,203)
Purchase of long term investments	(458,523)	-
Proceeds from disposal of investment	9,380	-
Repayment of promissory note	47,345	-
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(403,447)</b>	<b>(4,203)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(321,982)</b>	<b>330,896</b>
Cash and cash equivalents at beginning of year	1,389,341	1,058,445
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,067,359</b>	<b>\$ 1,389,341</b>
<b>Cash and cash equivalents comprised of:</b>		
Cash and cash equivalents	754,908	773,758
Short term investments	312,451	615,583
	<b>\$ 1,067,359</b>	<b>\$ 1,389,341</b>

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2018

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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 Accountants 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.

### 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 and fines

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

### Property, plant and equipment

Property plant and equipment is recorded at cost. 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, 2018

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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 2018-19 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, 2018

## 2. Accounts receivable

Accounts receivable consists of the following:

	2018	2017
Trade	\$ 45,538	\$ 48,571
Due from CPA Atlantic School of Business	9,309	3,855
Due from SSF	10,787	-
Due from CPA Canada	26,650	6,822
	92,284	59,248
Allowance for doubtful accounts	(878)	(878)
	\$ 91,406	\$ 58,370

## 3. Promissory note

The Chartered Professional Accountants Atlantic School of Business Association non-interest bearing promissory note of \$47,345 was repaid during the year.

## 4. Long term investments

Long term investments consists of Bank of Montreal Guaranteed Investment Certificates bearing interest at rates from 1.7% to 6% and maturities of 18 months to 5 years.

## 5. Property, plant and equipment

Property, plant and equipment consists of the following:

	Cost	Accumulated Depreciation	2018 Net Book Value	2017 Net Book Value
Office furniture and equipment	\$ 31,855	\$ (28,515)	\$ 3,340	\$ 8,635
Computer hardware and software	19,500	(15,746)	3,754	5,918
	\$ 51,355	\$ (44,261)	\$ 7,094	\$ 14,553

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2018

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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)(l) of the Income Tax Act. SSF was incorporated for the purpose of operating a shared service facility providing information technology services to the shareholders. During the year the Association disposed of its 8.6% interest in SSF. The resulting gain on disposal of the investment has been recorded in income for the year.

## 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. Rent for the period April 1, 2018 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:

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 \$34,394 (2017 - \$34,776).

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2018

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## 9. Self-funding activities

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	2018	2017
<b>Revenue</b>		
Practice inspection	\$ 43,575	70,463
Professional development	232,827	260,932
	<b>276,402</b>	331,395
<b>Direct costs</b>		
Practice inspection	44,457	70,362
Professional development	198,873	228,453
	<b>243,330</b>	298,815
Net revenue from self-funding activities	\$ 33,072	\$ 32,580

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# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2018

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## 10. 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 2017-18 have been funded by current operations and the \$272,000 continues to be internally restricted for future use.

## 11. 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, 2018 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

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	April 30, 2017	April 30, 2016
Total assets	\$ 195,393	\$ 178,828
Net assets	\$ 191,393	\$ 176,328
<hr/>		
Total revenue	\$ 81,537	\$ 86,058
Total expense	(66,174)	(49,029)
	\$ 15,363	\$ 37,029

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# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2018

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## 12. 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.

## 13. 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, 2018 the Association collected \$549,277 (2017 – \$547,390) 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 2018 amounted to \$47,334 (2017 – \$37,652).

At March 31, 2018 payables and accruals included \$124,928 (2017 - \$166,725) due to CPA Canada for membership fees and costs to be billed back to the provinces under the Accord.

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2018

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## 13. Related party transactions (cont'd)

### **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, 2018 the Association owes CPA ASB \$20,917 (2017 - \$16,112) related to their administration of the education programs.

CPA ASB rents office and meeting space from the Association. \$6,393 (2017 - \$7,081) has been recorded in these financial statements as rental revenue from CPA ASB. At March 31, 2017 CPA ASB owes \$2,478 (2017 - \$2,068) for office and meeting space rental.

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

During the year the Association incurred fees of \$22,104 (2017 - \$14,014) 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.

### **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, \$51,635 was collected and paid or payable to the Foundation (2017 - \$52,010).

At March 31, 2018 the Association owed the Foundation \$28,875 for fees collected from members in advance for the 2018-19 membership year (2017 - \$25,630).

## 14. 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 \$27,454 (2017- \$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) and Post Designation Public Accounting programs are administered by the province. CPA NL's share of net costs for these programs was \$5,095 (2017 - \$14,499)

## 15. Prior Year Figures

Certain prior year figures have been restated to conform to the current year presentation.





# CPA

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
NEWFOUNDLAND  
AND LABRADOR

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