

# Association of Chartered Professional Accountants of Newfoundland and Labrador

## 2014-2015 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 I 2014-2015

Message from the Chair and CEO.....	2
Members of the Board <b>2014-15</b> .....	7
Committees of the Board.....	8
Representatives on National Boards/Committees.....	9
Representatives on Regional Boards/Committees.....	9
Welcome New Members.....	10
Membership Statistics .....	10
Statement of Management Responsibility .....	11
Management Discussion and Analysis .....	12
Auditor's Report.....	17
Financial Statements .....	19

# Message from the Chair and CEO

Two-thousand and fifteen marks the unification of the accounting profession in Newfoundland and Labrador. This year marks the end of the discussion about becoming one, and beginning the journey of truly being one!

During the fall of 2014 the provincial membership provided feedback into the CPA Newfoundland and Labrador Strategic plan. The Board endorsed that plan, which will help chart the course for CPA Newfoundland and Labrador over the next three years.

We are focused on the unification of the discipline, practice inspection and continuing professional development programs for professional accountants that will consistently deliver our legislative mandate to protect the public. This mandate combined with the feedback from our membership resulted in a Mission for CPA Newfoundland and Labrador to enhance the influence, relevance and value of the Canadian CPA profession by protecting the public and supporting its members and students.

## Unification of the accounting profession

Legislation to form CPA Newfoundland and Labrador was proclaimed on January 9<sup>th</sup>, 2015. CPA bodies have been formed in Quebec, Ontario, Bermuda, New Brunswick, Saskatchewan, and Prince Edward Island. Alberta has received the necessary readings of its legislation and awaits proclamation, Manitoba and British Columbia anticipate its final readings this spring and proclamation thereafter, while Nova Scotia has seen the introduction of a condensed piece of



Dorothy Keating, CPA, CA  
Chair



Jason Hillyard, CPA, CGA  
CEO

legislation which will help facilitate the merger process and enable the use of the CPA designation in that province.

Unification is not only a provincial responsibility. The provinces work collaboratively across provincial borders with the support of the national bodies to deliver on its mandate and ensure its membership has the resources required to meet the changing needs of the public and ensuring the public remains protected.

Nationally, CPA Canada, which was formed on January 1<sup>st</sup>, 2013 through the merger of CICA and CMA Canada, joined forces with CGA Canada on October 1<sup>st</sup>, 2014 to fully merge the national accounting bodies. CPA Canada is now the national organization that supports provincial accounting bodies that have unified and all those that will unify under the CPA banner. The legacy national organizations will continue to exist until all provincial and territorial organizations have been unified.

## Accounting education in the unified profession

Throughout the unification process the education program was, and continues to be a top priority. The education services group at CPA Canada has developed a new CPA Professional Education Program (CPA PEP) which will deliver its first graduates this fall under a pilot program and the first full class will graduate in the fall of 2016. The fall of 2015 will mark the end of the three legacy programs, all students who have been unable to complete their program at that time will be required to transition to the CPA program.

In addition to the CPA PEP, the CPA Prerequisite Education Program (CPA PREP) has been developed to allow non-accounting degree holders, or those individuals who do not have all the necessary prerequisites for entry into the CPA PEP an opportunity to complete requisites.

Finally, CPA Canada has developed a certificate level program designed for those with a college diploma which will be launched in the fall of 2015. The Advance Certificate in Accounting and Finance (ACAF) will provide the job-ready skills that employers across the country value within the accounting and finance functions of their business and provide students with the skills necessary to enhance career prospects.

## Focus on Strategic Priorities

Unification has been a priority in the past year and will remain a priority in the year ahead. The management and staff of CPA Newfoundland and Labrador are focused on finalizing policies and procedures and implementing consistency in the profession, however, equally the strategic priorities of the Association have been integrated in the governance policies of the board and the

executive goals. The priorities identified in the Association's strategic plan include:

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

## Protect the Public

CPA Newfoundland and Labrador's Mission and legislative environment centres around our commitment to protect the public. The proclamation of the Chartered Professional Accountants and Public Accountants Act and the implementation of the by-laws and unified Rules of Professional Conduct have established strong self-regulatory processes to achieve this.

CPA Newfoundland and Labrador is now responsible for licensing of all public accountants in Newfoundland and Labrador. This will ensure all licensed public accountants meet the same set of minimum standards in continued professional development, levels of professional liability insurance and be subject to our Practice Inspection program. The Practice inspection program both monitors and educates public practitioners through the assessment of their working files against national standards.

During the year we have hired a Director, Regulatory Affairs and Registrar to oversee the disciplinary process that is instrumental in meeting our protection of the public mandate,

and to oversee the maintenance of the register of CPA and Licensed Public Accountants in the province.

### 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 (CPA ASB), and; the continuing professional development program that we deliver to our members.

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

We have an agreement with the CPA ASB to deliver the nationally developed CPA Education program in Atlantic Canada which we monitor on a continuous basis to ensure it is meeting its objectives and provide our students with an exceptional education program for those aspiring to be CPAs.

Finally, continuing professional development is a cornerstone of the CPA profession. 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, we offered a two day professional development conference with sessions in a variety of competency areas to meet the needs of our diverse membership. We continue to strive to improve access and breadth of offerings to our membership and have established a professional development committee made up of volunteer members of the Association to help us align our offerings to member needs.

### Expand and satisfy the demand for high quality business and accounting professionals

Throughout the past year we have seen significant branding efforts for the CPA profession which has improved recognition of the new brand. In the local market we have seen web based banner ads and city billboards promoting the new CPA!

This is the final year for students to complete legacy accounting programs before transitioning to the CPA. We expect approximately 85 new professional accountants to graduate in 2015 from a legacy program in Newfoundland and Labrador. In addition, students are being recruited into the CPA profession and we expect approximately 40 students to graduate with their CPA in 2016.

CPA Newfoundland and Labrador continues to support the efforts of CPA ASB and their Newfoundland and Labrador Programs Advisor as they work to build awareness and establish a long term recruitment strategy which focuses on not only university prospects, but also High School, College, and workforce candidates for the CPA program.

## 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 you in the right direction to enable you to make an educated decision.

The CEO of the Association has made it a priority to tour the province regularly to ensure he is accessible to all members. The website is maintained with the most recent information to ensure that all members have access to the same tools and resources. Finally, the Association remains committed to finding new means of delivering professional development virtually, accessible by all, to this end we have partnered with CPA Ontario as they roll out Professional Development Live Broadcasts, the first of which were offered to the Newfoundland and Labrador Membership in May of 2015. In addition to this partnering, we will continue to seek cost efficient ways to deliver our own local professional development programs virtually.

## Foster member pride and engagement

Through branding and recruitment programs CPA Newfoundland and Labrador has increased awareness of the profession and expended the profile of CPA's in the province by highlighting different career choices available to CPA's. In addition, the Association continued to take an active role in the Board of Trade and provide annual seniors' Income Tax clinics to promote our presence in the community and in the province.

Throughout the year the Association increased the number of touch-points for our members to engage with other members. We expanded our engagement activities to include member family events enabling those with younger families an opportunity to get out in a family friendly environment and engage with their peers.

A national salary survey was produced in 2013 and will be refreshed in 2015. CPA Newfoundland and Labrador is working with the national committee to improve reporting for smaller provinces like Newfoundland and Labrador to ensure that the reporting from this survey is meaningful for our Membership, stay tuned for more on this in the Fall of 2015!

Through the work of the National Member Engagement Committee and those at CPA Canada responsible for the affinity program there is an expanded number of benefits available for our membership including discounts with Fedex, Grand and Toy, Mercedes Benz and Lenovo to name a few.

## Be recognized as a leading influential voice in Canada and the profession globally

CPA Newfoundland and Labrador board members met with Government in advance of the provincial budget to discuss the financial outlook for the province and to offer advice for the future. A representative of CPA Newfoundland and Labrador attended the budget speech and provided commentary to the membership and the public. CPA Newfoundland and Labrador members also met with representatives from Canada Revenue Agency to discuss matters of significance to both groups.

The Board supported the activities of the Council of Chief Executives (CCE) through



participation in a number of committees, sub-committees and working groups during the year. The National Member Engagement Committee (MEC) is chaired by the CPA Newfoundland and Labrador CEO, the Director, Professional Services and Operations is a member of the National Practice Inspection Program Standing Committee, Public Practice Advisory Services 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 Delivery committee. The involvement of CPA Newfoundland and Labrador staff in a number of national initiatives positions us well to better understand the issues facing the profession and ensures that our members have access to the most up-to-date professional standards and benefits, including the most recent professional development opportunities.

In addition to national committees, an Atlantic Regional Forum (ARF) has been established 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 all legacy or unified bodies in Atlantic Canada.

### Foster Organizational Effectiveness

A new member database has been implemented during the year giving all CPA's in Newfoundland and Labrador a tool they can access online to maintain their personal information on file with the Association, input their continuing professional development hours, sign-up and pay for professional development and member engagement

events, as well as access their invoice and pay their membership fees.

An email marketing tool has been implemented to improve our communications platform with our members, meet anti-spam legislation requirements and in the year ahead we hope to fully integrate this with our membership database in order to drive additional synergies.

We leverage our provincial website, [www.cpanl.ca](http://www.cpanl.ca) to disseminate information related to regulatory and policy changes in order to ensure that our membership always has access to the most up-to-date information. In the year ahead we plan to improve the transparency of our organization by including more information on our website regarding CPA Newfoundland and Labrador operations, CPA and Public Accountant membership registers and on-going disciplinary actions and results.

As you can see it has been an extremely busy year for the Association. While moving forward with unification efforts, we have continued to meet our strategic objectives and have upheld public confidence in our profession. The support of our Board, dedicated staff and volunteers have enabled a smooth transition to CPA Newfoundland and Labrador. Finally, we offer a sincere thank-you to our members for your confidence and patience during this transformation.



Dorothy Keating, FCPA, FCA  
Chair



Jason Hillyard, CPA, CGA  
Chief Executive Officer



# Members of the Board 2014/15

## CHAIR



Dorothy Keating  
FCPA, FCA

## VICE CHAIR



Arnold Adey  
FCPA, FCMA

## SECRETARY/TREASURER



Debra Feltham  
FCPA, FCGA

## DIRECTORS



Brian Brophy  
CPA, CMA



Pauline Downer  
FCPA, FCA



David Frew\*



Dennis Hanlon\*



Rob Hull  
CPA, CA



Terry Hutchings  
FCPA, FCGA



Michael Kennedy  
CPA, CGA



Colleen Menchions  
CPA, CA



Heather Moores  
FCPA, FCMA



Sheilagh M.  
Murphy, Q.C.\*



John O'Brien  
FCPA, FCA



Beth Porter  
CPA, CA



Derek Sullivan\*



**63%**

of managers, owners,  
professionals and  
entrepreneurs expressed  
a very positive  
impression of CPA

*\*Public Representatives*

# COMMITTEES OF THE BOARD

## COMPLAINTS AUTHORIZATION

Rob Hull, Chair  
Arnold Adey  
Beth Porter  
Colleen Menchions  
Michael Kennedy  
Pauline Downer  
Sheilagh Murphy

## MEMBERSHIP & LICENSING

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

## HUMAN RESOURCES

Dorothy Keating, Chair  
Arnold Adey  
Debra Feltham  
David Frew

## BOARD ADVISORY COMMITTEES

### GOVERNANCE

John O' Brien, Chair  
Arnold Adey  
*Seeking Volunteers*

### AUDIT & INVESTMENT

Debra Feltham, Chair  
Brian Brophy  
Pauline Downer  
Terry Hutchings

### REGULATORY ADVISORY

Beth Porter, Chair  
Colleen Menchions  
Trevor McCormick  
*Seeking Volunteers*

### STRATEGIC PLANNING

Brian Brophy, Chair  
Debra Feltham  
Tom Cooper  
*Seeking Volunteers*

## MANAGEMENT COMMITTEES

### PROFESSIONAL DEVELOPMENT

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

### GOVERNMENT

*Seeking Volunteers*

### OFFICE PRACTICE INSPECTION

*Seeking Volunteers*



# Representatives on National Boards/Committees

## CONTINUING PROFESSIONAL DEVELOPMENT STANDING COMMITTEE

Kim Mayo

## COUNCIL OF CHAIRS

Arnold Adey

Dorothy Keating

## COUNCIL OF CHIEF EXECUTIVES

Jason Hillyard

## DISCIPLINE RESOURCE GROUP COMMITTEE

Kathryn Mercer-Oliver

## MEMBER ENGAGEMENT COMMITTEE

Jason Hillyard, Chair

## PUBLIC PRACTICE ADVISORY SERVICES SUB-COMMITTEE

Kim Mayo

## PRACTICE INSPECTION PROGRAM STANDING COMMITTEE

Kim Mayo

## PROFESSIONAL LEARNING AND DEVELOPMENT DELIVERY COMMITTEE

Nancy Ollerhead

# Representatives on Regional Boards/Committees

## ATLANTIC REGIONAL FORUM

Arnold Adey

Dorothy Keating

Jason Hillyard

## ATLANTIC SCHOOL OF BUSINESS

Beth Porter (in part)

Dr. Jeffrey Pittman

Peggy Ann Coady (in part)

Terry Hutchings

# Welcome to New Members

## BY EXAMINATION

Adam Fitzpatrick	Danielle Miles	Josh Abbott	Nelson Greenleaves
Adam Ryan	Darlene Hillyard	Julie Hynes	Nicole Myette
Adam Squires	Derrick Kent	Julie Stewart	Nicole Welshman
Alana Crewe	Diana Elliott	Justin Hearn	Olufemi Oduelukun
Alicia Wilkins	Edward Nash	Katrina Fudge	Pamela Power
Allison Noseworthy	Erica Peddle	Kayla Northcott	Patrick Morrissey
Alyssa French	Fanta Yao	Keith So	Peter Butt
Amanda Batten	George Hogan	Kelsey McGibbon	Richlyn Naoe
Andrew McGrath	Ian McKay	Kimberly Rideout	Robyn Lundrigan
Angela Crocker	Irene Te	Kristopher Connors	Ryan Snow
Ashley Power-Stack	James Reid	Laurie Smith	Sarangen Sathasivam
Brian Roche	Jason Butt	Lesley Andrews	Scott Whitten
Bryan Duffett	Jay Collins	Lloyd James	Sean Simmons
Carol Stringer	Jeannie Wu	Mark Churchill	Stephanie Kane
Cayla Hillier	Jenna Hillyard	Megan Seymour	Stephen Cleary
Christine Saunders	Jennifer Mitchell	Melissa Edwards	Thomas Hawco
Christopher Mallard	Jennifer Torraville	Michael Randell	Timothy Churchill
Christopher Wakeham	Jillian Kennedy	Michael Trahey	Timothy Clarke
Codey Dean	Jillian Rice	Michelle Rideout	Travis Barbour
Colin Corcoran	John Howlett	Monica Martin	Tyrel Jennings
Damien Coombs	Joseph Seifert	Natasha Ndekwere	Vanessa Peddle

## BY AFFILIATION

Anita Symonds	Eric Thoms	Jennifer Dove	Matthew Dove
Danielle Nolan	Giselle Ouellet	Jonathan Cannon	Nicholas Cline
Darrin Talbot	Gordon Ashe	Kandace Riteff	Steven Lowden
Darryl Paul	Jean Coonan	Karl Smith	Timothy Oxeer

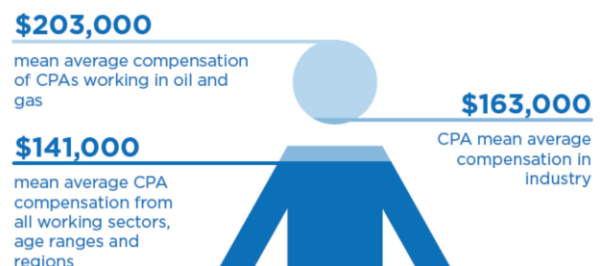
## FELLOWS

Arnold Adey, FCPA, FCMA	Claude Howell, FCPA, FCGA
Brian Whiteway, FCPA, FCMA	John O'Brien, FCPA, FCA

# Membership Statistics

	<b>JUNE 5, 2015</b>
ACTIVE MEMBERS	1461
RETIRED MEMBERS	264
AFFILIATES	52
TOTAL MEMBERSHIP	1777

## 1<sup>ST</sup> CPA PROFESSION COMPENSATION SURVEY



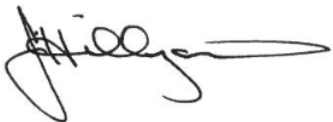
# STATEMENT OF MANAGEMENT RESPONSIBILITY

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

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

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



Jason Hillyard, CPA, CGA  
Chief Executive Officer

# MANAGEMENT DISCUSSION & ANALYSIS

## MISSION

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

The unification of the accounting profession in Newfoundland and Labrador was completed in 2015, the Association of Chartered Professional Accountants of Newfoundland and Labrador (CPA Newfoundland and Labrador) is an incorporated self-regulatory professional body. CPA Newfoundland and Labrador has approximately 1,750 members and 200 students.

## GOVERNANCE

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

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

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

## STRATEGIC DIRECTION

The Association began its strategic planning cycle with a provincial roadshow in the fall of 2014, soliciting feedback from its membership on the priorities for the unified profession. The Board has since approved these priorities and the supporting annual budget for the ensuing fiscal year. The establishment of Association priorities is developed in concert with the Association's strategic plan and the national strategies of the profession.

## PROVINCIAL STRATEGIES

The priorities for the Association for 2014-15, as approved by the Board in February 2015, are to:

- 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

## 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 assessed the merits of the planned strategic initiatives with the budgeted cost, before setting the fees at a level that would facilitate a break-even budget position. The board also identified costs that are one-time costs related to unification and decided not to increase member fees to cover these one-time costs but rather has provided special approval for a deficit budget for 2015-16.

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 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, 2015, CPA Newfoundland and Labrador's net assets were \$1,308,496. 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<sup>st</sup>, 2015, , the Association generated cash from operating activities of \$229,318 and \$1,280,102 from financing and investing activities resulting from acquisition of net assets from the legacy bodies. 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 subsequently will secure investments which meet the policy requirements to hold cash in excess of short term needs.



## RESULTS OF OPERATIONS

Operations for the period ended March 31, 2015 were funded by revenues contributed by the legacy organizations for the last three months of the legacy membership years. In addition, CPA Newfoundland and Labrador generated revenue in this period from the issuance of public accounting licenses for the 2015 calendar year. An operating loss of \$47,791 for the period was largely attributable to significant conduct and discipline costs related to the number and complexity of cases being brought forward. Contributed net assets from the legacy bodies include internally restricted funds that can be used in future to cover such costs should current operations not be able to sustain them. For the period ended March 31, 2015 the Board has agreed that these costs be funded by current operations.

The continuing professional development program (CPD program) was operated on a unified basis for the full 2014-15 year. The net contribution from the unified CPD program was \$35,253, of which \$4,704 was recognized in CPA Newfoundland and Labrador related to courses and events for the period January 9 to March 31, 2015. The total contribution from the CPD program for 2014-15 is consistent with the prior year. The contribution from the CPD program is used to support non-allocated (indirect) costs of providing professional development to members.

CPA Canada committee expenditures of \$3,243 represent costs associated with CPA Newfoundland and Labrador's participation in national initiatives, excluding branding, for the period January 9 to March 31, 2015. Expenditures related to branding of \$13,828 have been included in advertising, promotion and communications. Ongoing programs involve activities in public trust, member engagement, professional development and branding. National branding initiatives have been significant over the past two years as CPA brand recognition became a priority across the country. Costs associated with CPA Canada committees and branding have been recognized in the legacy organizations up to January 8, 2015.

## RISKS AND RISK MANAGEMENT

### ECONOMIC ENVIRONMENT

The economic environment in the province of Newfoundland and Labrador slowed in 2014-15, however, demand for accounting professionals in the province remained steady. We expect a significant increase in the number of new members entering the Association's membership in 2015-16. It is the position of the Board that the steady demand for accountants in the province should result in stable revenue streams from member fees, professional development and practice inspection.

### 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

### 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 and may in certain circumstances resolve the allegation if both parties consent. The 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 by the CAC, the complaint is submitted to the Disciplinary Panel which is responsible for selecting an Adjudication Tribunal to conduct a hearing and decide whether the member is guilty of the charge. The Adjudication Tribunal is also responsible for determining the appropriate sanction if the member is found guilty.

During 2014-15, the Complaints Authorization Committee received 2 new allegations and continued 6 investigations from previous years. Of these 8 allegations, 5 allegations resulted in no charges, and remaining 3 continue to be investigated. In addition, 2 complaints from previous years currently sit with the Disciplinary Panel.

## PRACTICE INSPECTION

The Practice Inspection program continued throughout 2014-15 based on the legacy processes that were previously in place. In addition to meeting its primary goal of protection for the public, the program also benefits from its' educational thrust.

Work is underway to unify the practice inspection process in Newfoundland and Labrador to the standard which has been agreed for harmonization across Canada. The 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 to ensure national consistency.

## PROFESSIONAL DEVELOPMENT

Professional development continues to be a key focus area for the Association. Courses are offered in the CPANL training centre, which allows smaller class sizes than for courses run off-site. In 2014-15 we delivered over 50 in-person courses to over 900 registrants. In addition to the courses offered in the CPANL training centre in St. John's, courses were also offered in Corner Brook. A unified conference was held again in 2014, providing a variety of professional development sessions over the two day conference. We are continually looking to add to our course selections as we strive to provide members with relevant professional development opportunities.

## THE YEAR AHEAD

The Executive Message provides detailed information on the Association's Strategic priorities for the upcoming year. The year ahead focuses largely on the alignment of processes across the membership base, to ensure consistency and ultimately providing uniformity in how the public is protected. We continue to seek opportunities to be a leader in accounting and business education, which both enables the protection of the public as well as value to our membership.

The Association's principal responsibility is to act in the public interest through the maintenance and enforcement of high professional standards while at the same time providing services to our members. The many CPAs who are actively involved in the Association are key to our strength as a profession and to our achievements as an organization. Through the unification of operations and procedures, we continue to look for more efficient and effective ways to improve operations and enhance member services.

Jason Hillyard, CPA, CGA  
Chief Executive Officer  
June 8<sup>th</sup>, 2015

# Independent Auditor's Report

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Roger K. Coombs, CPA, CA

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

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, 2015 and the Statements of operation, changes in net assets and cashflows for the period then ended and a summary of significant accounting policies and other explanatory information.

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

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

### ***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.

**Location:**

119 Clyde Ave  
Mount Pearl, NL  
A1N 4R9  
Ph: (709) 745-1200  
(709) 579-1005  
Fax: (709) 745-1204

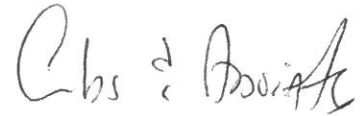
**Mailing address:**

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

# Independent Auditor's Report

## *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, 2015 and the results of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not for profit organizations.



Chartered Professional Accountants

Mount Pearl, Newfoundland and Labrador  
June 05, 2015

**Association of Chartered Professional  
Accountants of Newfoundland and Labrador  
Financial Statements  
March 31, 2015**

# Association of Chartered Professional Accountants of Newfoundland and Labrador

March 31, 2015

## CONTENTS

	<u>Page</u>
<b>Financial Statements</b>	
Independent Auditor's Report	2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to the Financial Statements	7



# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Financial Position  
March 31, 2015

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	2015
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 1,509,420
Accounts receivable (Note 2)	63,270
Prepays	32,484
	<b>1,605,174</b>
Promissory note (Note 3)	47,345
Property, plant and equipment (Note 4)	27,325
Investment (Note 5)	4
	<b>\$ 1,679,848</b>
<b>Liabilities and Net Assets</b>	
<b>Current Liabilities</b>	
Accounts payable and accrued liabilities	\$ 371,352
<b>Net assets</b>	
Contributed net assets - unrestricted (Note 9)	1,035,846
Contributed net assets - restricted (Note 9)	320,441
Unrestricted net assets	(47,791)
	<b>1,308,496</b>
	<b>\$ 1,679,848</b>

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## Commitments ( Note 6)

Approved on Behalf of the Board:

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

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

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

# Association of Chartered Professional Accountants of Newfoundland and Labrador

## Statement of Operations

For the Period Ended March 31, 2015

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	2015
<hr/>	
<b>Revenue</b>	
Membership fees	\$ 216,286
Self-funding activities (Note 8)	82,820
License fee revenue	28,120
Rental income	6,302
Admission fees	3,250
Other revenue	245
	<hr/>
	337,023
<hr/>	
<b>Operating expenses</b>	
Salaries and benefits	141,868
Self-funding costs (Note 8)	78,881
Conduct and discipline	56,877
Rent	33,314
Advertising, promotion and communications	21,752
Office expenses	12,418
Education support and scholarships	9,250
Professional fees	7,372
Interest and bank charges	7,846
Insurance	3,972
Meetings and membership activities	3,933
CPA committees	3,243
Travel expenses	2,576
Depreciation	1,512
	<hr/>
	384,814
<hr/>	
<b>Excess of expenditures over revenues</b>	<b>\$ (47,791)</b>

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

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Changes in Net Assets  
For the Period Ended March 31, 2015

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	2015
Net assets, beginning of period	\$ -
Excess of expenditures over revenues	(47,791)
Contributed net assets (Note 9)	1,356,287
<b>Net assets, end of period</b>	<b>\$ 1,308,496</b>

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

# Association of Chartered Professional Accountants of Newfoundland and Labrador

## Statement of Cash Flows

For the Period Ended March 31, 2015

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	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Excess of expenditures over revenues	\$ (47,791)
<b>Items not affecting cash:</b>	
Depreciation	1,512
	(46,279)
<b>Change in non-cash working capital:</b>	
Accounts receivable	(63,270)
Prepays	(32,484)
Accounts payable and accrued liabilities	371,352
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>229,319</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Transfer of property plant and equipment - net	(28,837)
Increase in promissory note	(47,345)
Increase in investment	(4)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<b>(76,186)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Contributed net assets	1,356,287
<b>Net cash increase (decreases) in cash and cash equivalents</b>	<b>1,509,420</b>
Cash and cash equivalents at beginning of period	-
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,509,420</b>

---

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

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Period Ended March 31, 2015

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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
Leasehold improvements	5 years

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# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Period Ended March 31, 2015

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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.

### 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 Associations financial statements.

### Financial instruments

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

### Revenue recognition

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

### Use of estimates

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

### Contributed services

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

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Period Ended March 31, 2015

## 2. Accounts receivable

Accounts receivable consist of the following:

	2015
Trade	\$ 42,076
Harmonized sales tax	26,279
	68,355
Allowance for doubtful accounts	(5,085)
	\$ 63,270

## 3. Promissory note

Chartered Professional Accountants Atlantic School of Business Association promissory note of \$47,345, non-interest bearing, 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. Property, plant and equipment

Property, plant and equipment consist of the following:

	Cost	Accumulated Depreciation	2015 Net Book Value
Office furniture and equipment	\$ 54,129	\$ (34,620)	\$ 19,509
Computer hardware and software	23,472	(16,596)	6,876
Leaseholds	7,972	(7,032)	940
	\$ 85,573	\$ (58,248)	\$ 27,325

## 5. Investment

### Shared Services Facility Inc.

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



# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Period Ended March 31, 2015

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## 6. Commitments

### University agreement

The Association is committed to an agreement between a legacy body and Memorial University. The Association makes annual contributions of \$35,000 and contributes funds to the University towards a business scholarship and to accounting research. The Association has provided written notice of termination of this agreement effective March 2016.

### Office premises

The Association of Chartered Professional Accountants of Newfoundland and Labrador operates under a five year rental lease which expires December 31, 2019 with a five year renewal option to December 31, 2024. Annual rent for the period April 1, 2015 - December 31, 2019 is \$ 124,612 per year. Annual rent for the period January 1, 2020 - December 31, 2024 is \$ 127,108 per year.

## 7. 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 \$ 7,444.

## 8. Self-funding activities

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	2015
<b>Revenue</b>	
Convocation	\$ 29,930
Practice inspection	1,300
Professional development	50,215
UFE revenue	1,375
	<hr/> 82,820
<b>Direct costs</b>	
Convocation	29,678
Practice inspection	816
Professional development	45,511
UFE costs	2,876
	<hr/> 78,881
Net	<hr/> \$ 5,439

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# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Period Ended March 31, 2015

## 9. Contributed net assets

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

	ICANL	CMANL	CGANL	PALB	Total
<b>Assets</b>					
<b>Current</b>					
Cash	\$ 375,328	\$ 354,269	\$ 199,526	\$ 63,703	\$ 992,826
Accounts receivable	172,011	23,759	82,557	4,838	283,165
Short-term deposits	-	-	278,654	-	278,654
Security deposit	101,196	101,120	100,920	-	303,236
Prepays	11,343	-	6,335	1,382	19,060
	659,878	479,148	667,992	69,923	1,876,941
Promissory note	23,138	13,655	10,552	-	47,345
Property plant and equipment	14,897	12,678	1,263	-	28,838
Long-term investments	-	111,072	-	-	111,072
Investment	-	-	4	-	4
	697,913	616,553	679,811	69,923	2,064,200
<b>Liabilities and net assets</b>					
Accounts payable and accrued liabilities	164,167	152,477	109,580	3,868	430,092
HST payable	-	-	26,478	-	26,478
Deferred revenue	136,840	54,820	49,643	10,040	251,343
	301,007	207,297	185,701	13,908	707,913
<b>Net assets</b>					
Internally restricted	200,000	-	120,441	-	320,441
Unrestricted net assets	196,906	409,256	373,669	56,015	1,035,846
	396,906	409,256	494,110	56,015	1,356,287
	\$ 697,913	\$ 616,553	\$ 679,811	\$ 69,923	\$ 2,064,200

## 10. Restriction on net assets

The predecessor Boards had internally restricted \$320,441 from net assets of which \$272,000 will be used for litigation fees resulting from any future disciplinary actions and \$48,441 to support accounting education in Newfoundland and Labrador.

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Period Ended March 31, 2015

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## 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, 2015 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, 2014
Total assets	\$ 85,062
Net assets	\$ 85,062
<hr/>	
Total revenue	\$ 64,579
Total expense	(52,493)
	<hr/> \$ 12,086 <hr/>

## 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.

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Period Ended March 31, 2015

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

As with the legacy organizations, the Association will collect member fees on behalf of CPA Canada. For the period ending March 31, 2015 the Association collected \$2,200 on behalf of CPA Canada for new members joining the Association. All other member fees were collected and reported in the legacy financial statements prior to January 9, 2015.

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

CPA Canada also administers payroll for the Association. At March 31, 2015 payables and accruals included \$132,611 due to CPA Canada for payroll, membership fees, costs to be billed back to the provinces in accordance with the Accord as well as certain other costs related to legacy education programs.

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

The Association has entered into an agreement with CPA ASB to administer the CPA education programs for Newfoundland and Labrador. Under the terms of the agreement, CPA ASB has also taken over administration of the legacy CGA Education Program and CMA Strategic Leadership Program. Net revenues collected by the legacy CMA and CGA bodies related to these programs are to be transferred to CPA ASB. Included in accounts payable and accrued liabilities is a payable to CPA ASB of \$69,767 in relation to these programs.

CPA ASB rents office space from the Association. \$1,145 has been recorded in these financial statements as rental revenue from CPA ASB.

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.