



**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
NEWFOUNDLAND  
AND LABRADOR

# ANNUAL REPORT

## 2022/2023

**Address :**

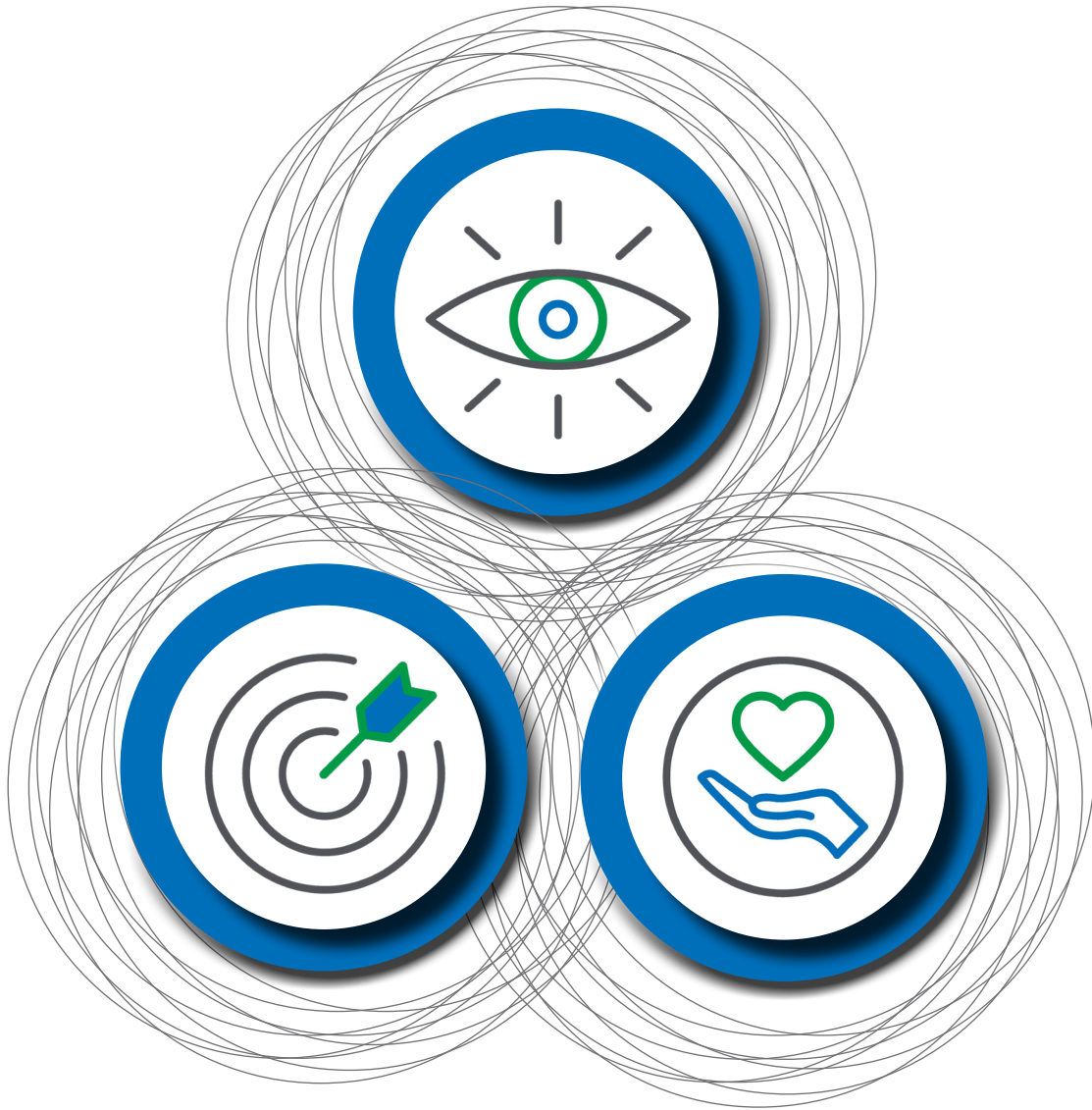
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St. John's, NL A1B 2X5

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## 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, supporting its members and students, and contributing to economic and social development.

## 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 | 2022-2023

Message from the Chair & CEO .....	2
2022-23 Board of Directors .....	3
CPA Newfoundland and Labrador Committees .....	4
National & Regional Boards & Committees .....	5
Welcome to New Members .....	6
2022 Member Recognition.....	7
Member Demographics .....	8
Statement of Management Responsibility .....	10
Management Discussion and Analysis.....	11
Independent Auditors Report .....	21
Financial Statements .....	23

# Message from the Chair & CEO

## Dear Members,

We are delighted to present our CPA Newfoundland and Labrador annual report for the year ended March 31st, 2023.

As the Board Chair and CEO of CPA Newfoundland and Labrador we are excited to share our achievements and advancements in fulfilling our mission of enhancing the value of the Canadian CPA designation by protecting the public, and supporting our members, candidates and students.

CPA Newfoundland and Labrador remains focused on our legislative mandate of protecting the public; ensuring we fulfill our responsibilities as a self-regulated profession. The Association's operations center around the delivery of the processes that serve this objective, through our conduct and discipline processes, practice inspection program, licensing and registrations requirements and monitoring member compliance with professional development and professional liability insurance requirements. Where appropriate, the profession aims for national consistency of such regulatory processes. To enable this consistency the staff at CPA Newfoundland and Labrador are involved in national committees and initiatives in many of these areas.

The Association of Chartered Professional Accountants of Newfoundland and Labrador remains strong as we continue to welcome new members to our Association. This year we had 43 new graduates from the education program and we were delighted to celebrate their success at the annual convocation in June. We currently have over 300 candidates and students enrolled in the professional education program and preparatory courses and we look forward to welcoming them to the profession in the coming years.

This year we had the honour of conveying the Fellowship designation (FCPA) upon Fred Earle, Greg London and Stephen Power. We also presented the CPA Emerging Leader Award (ELA) to Ryan Stack. We are delighted to recognize and celebrate their outstanding contributions to the profession and the community as a whole.

With the presentation of the financial statements for our year ended March 31, 2023, we are pleased to report that the Association continues to have a strong net asset base. This year the Association experienced a surplus which was a result of several factors, the most significant of which were lower than budgeted expenditure on disciplinary matters and increased investment income. While the current year resulted in a surplus, it is important to acknowledge that disciplinary costs can vary significantly from year to year, and we will continue to budget based on a rolling five-year average cost. The board is

focused on ensuring that the Association maintains an appropriate net asset level both for the protection and security of the public and the Association while balancing the need to increase the value proposition for the membership.

In the coming year, the Association will continue to be forward thinking while maintaining our focus on operations and service levels to the membership. We appreciate that we operate in an evolving and fast changing environment. We will continue to assess the landscape of the accounting profession as we plan for the future. We anticipate an increasing role for CPAs in data management/governance and the development of ESG standards.

With a rapidly changing environment comes new challenges and opportunities and we recognize that the professional development and professional education programs will need to continue to evolve to prepare our members and students for the profession of the future.

CPA Newfoundland and Labrador relies on the skills and expertise of volunteers in many areas to ensure we can achieve our regulatory mandate and provide service to our members. We encourage all members to consider how they can help support the profession moving forward, whether through direct involvement with the Association or by contributing in other ways. With the rapid pace of change, we all need to work together to ensure we are protecting the public interest, supporting our economy, the businesses we serve and the communities in which we live.



CHAIR  
Pauline Downer, FCPA, FCA

A handwritten signature in black ink that reads "Pauline Downer".



CEO  
Jason Hillyard, CPA, CGA

A handwritten signature in black ink that reads "Jason Hillyard".



# 2022-23 Board of Directors

## Chair



Pauline Downer, FCPA, FCA

## Vice Chair



Lana Littlejohn, CPA, CMA

## Secretary/Treasurer



Colin Sullivan, CPA

## Directors



Steve Bragg, FCPA, CA



Craig Hannam, CPA, CGA



Lynn Healey, CPA, CA



Trevor McCormick, FCPA, FCGA



Beth Porter, CPA, CA



Ashley Power-Stack, CPA, CMA



Kerri Riddle, CPA, CA



Krista Ryan, CPA, CA



Troy Stanley, CPA, CA

## Public Representatives



Janet L. Bradshaw,  
P. Eng, FEC



Craig Ennis



Lisa Lovelady



Stephen McLean,  
P. Eng. (Retired)

# CPA Newfoundland and Labrador Committees

## COMMITTEES OF THE BOARD

### COMPLAINTS AUTHORIZATION

Beth Porter, Chair  
Pauline Downer, Vice Chair  
Craig Ennis  
Craig Hannam (in-part)  
Trevor McCormick  
Stephen McLean  
Kerri Riddle (in-part)  
Troy Stanley (in-part)

### HUMAN RESOURCES

Pauline Downer, Chair  
Craig Ennis (in-part)  
Lana Littlejohn  
Stephen McLean (in-part)  
Colin Sullivan

### DISCIPLINE ADVISORY

Pauline Downer, Chair  
Janet Bradshaw  
Lana Littlejohn  
Beth Porter  
Colin Sullivan

### MEMBERSHIP & LICENSING

Kerri Riddle, Chair  
Janet Bradshaw  
Lynn Healey  
Lisa Lovelady  
Ashley Power-Stack (in-part)

## BOARD ADVISORY COMMITTEES

### AUDIT & INVESTMENT

Colin Sullivan, Chair  
Pauline Downer  
Craig Hannam  
Craig Ennis

### GOVERNANCE & NOMINATING

Lynn Healey, Chair  
Janet Bradshaw (in-part)  
Lana Littlejohn  
Ashley Power-Stack (in-part)  
Troy Stanley

### STRATEGIC PLANNING

Tom Cooper, Chair  
Ryan Antle  
Jennifer Button  
Colin Corcoran (in-part)  
Craig Ennis (in-part)  
Kealey Martin  
Krista Ryan (in-part)  
Jason Silver (in-part)

### MEMBER RECOGNITION

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

### REGULATORY ADVISORY

Beth Porter, Chair  
Lana Littlejohn  
Trevor McCormick  
Steve Walters

## MANAGEMENT COMMITTEES

### GOVERNMENT RELATIONS

Rexanne Crawford  
Chris Humby  
John Morgan  
Phil Sceviour  
Troy Stanley  
Colin Sullivan

### OFFICE PRACTICE INSPECTION

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

## OTHER

### DISCIPLINARY PANEL

Keith Abbott  
Leslie Batterton  
Peter Collens  
Eric Coombs  
Sharon Dunn  
Sharon Forsey  
Curtis Gagne  
Glenn Mifflin  
Kelsie Montgomery  
Douglas Munn  
Philip Quinlan  
Greg Roberts  
Brenda Rose  
Cheryl Whitten

### Public Representatives

Elyse Bruce  
Todd Doman (in-part)  
David Eaton (in-part)  
Christian Hurley (in-part)  
Thomas Kendall, Q.C. (in-part)  
Brian Peach (in-part)  
Jaqueline Penney, Q.C.

## Representatives on National Boards & Committees

### CONTINUING PROFESSIONAL DEVELOPMENT STANDING COMMITTEE

Kim Mayo

### COUNCIL OF CHAIRS

Pauline Downer

Lana Littlejohn

### COUNCIL OF CHIEF EXECUTIVES

Jason Hillyard

### NATIONAL CONDUCT AND DISCIPLINE STANDING COMMITTEE

Kathryn Mercer-Oliver

### MEMBER ADVISORY SERVICES GROUP

Kim Mayo

### PRACTICE INSPECTION PROGRAM STANDING COMMITTEE

Kim Mayo

### PROFESSIONAL LEARNING AND DEVELOPMENT PROGRAMS COMMITTEE

Nancy Ollerhead

### REGISTRATION TASK FORCE

Kathryn Mercer-Oliver

## Representatives on Regional Boards & Committees

### ATLANTIC REGIONAL FORUM

Pauline Downer

Jason Hillyard

Lana Littlejohn

### ATLANTIC SCHOOL OF BUSINESS

Pauline Downer, Director

Beth Porter, Director



# Welcome to New Members

## BY EXAMINATION

Aaron Aragon  
Anthony Arnold  
Stacey Bailey  
Stephen Browne  
Pamela Burry  
Rebecca Butland  
Katrina Butt  
Megan Coombs  
Austin Duff  
Lesley Fagan

Emily Fagan  
Ryan Fifield  
Laura Fudge  
Melissa Good  
Arnaud Guerin  
Daniel Hickey  
Lucas Keeping  
Tyler Kelloway  
Janice Kennedy  
Lisa Kilfoy

Emalee King  
Nicholas LaCour  
Xiaolu Lin  
Allison MacLean  
Edele Oakey  
Jennifer Parsons  
Andrew Pope  
Julia Quigley  
Kyla Rennie  
Adam Ricketts

Andrew Scammell  
Joanna Snelgove  
Michelle Taylor  
Curran Walsh  
Daphne Ward  
Taylor White  
Wei Xie

## TRANSFER IN/AFFILIATE

Peter S. Clark  
Liam Coombs  
Perry Dawe  
Michael Gibbons

Krista Hawe  
Netta Lechtman  
Stephen Lund  
Joanne McRae

Steven Nelson  
Norma Noseworthy  
Whitney Sheppard  
Sheila Webber

Ruiqi Zhang

## ANNUAL EVENTS





# 2022 Member Recognition

The title of Fellow of the Association of Chartered Professional Accountants of Newfoundland and Labrador, designated by the initials FCPA, formally recognizes those members who have achieved and maintained a high level of standing in the profession over the duration of their career or a significant portion thereof.



**Fred Earle, FCPA, CA**  
Sole Practitioner  
Fred Earle Chartered  
Professional Accountant



**Greg London, FCPA, CA**  
Partner, Tax  
Domestic Tax Consulting Leader  
BDO Canada LLP



**Stephen Power, FCPA, CA**  
Audit Partner  
KPMG MSLP

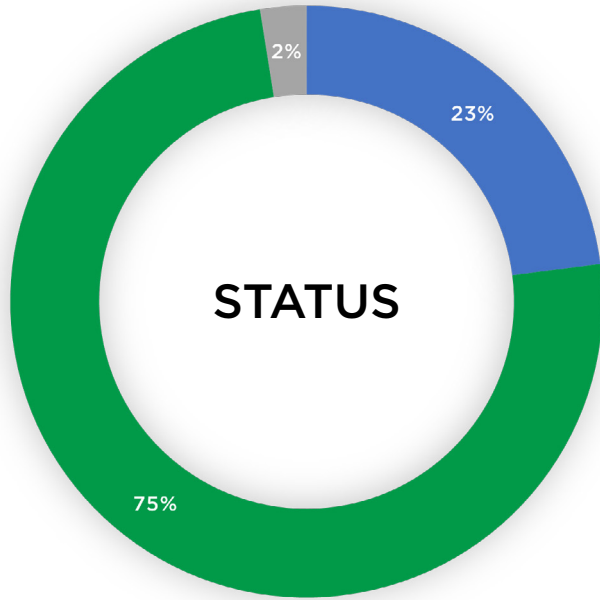
The Emerging Leader Award formally recognizes those members who have had their accounting designation for 10 years or less and have demonstrated a significant commitment to the profession or the community during that time.



**Ryan Stack, CPA, CA**  
Assistant Professor of Accounting  
F.C. Manning School of Business  
Acadia University

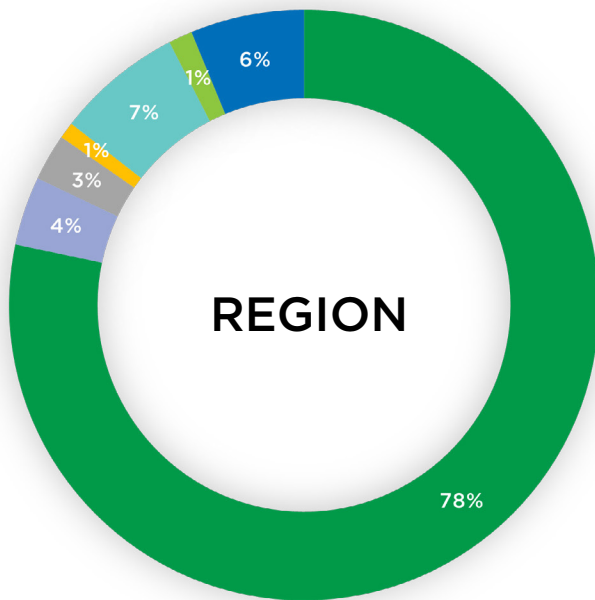
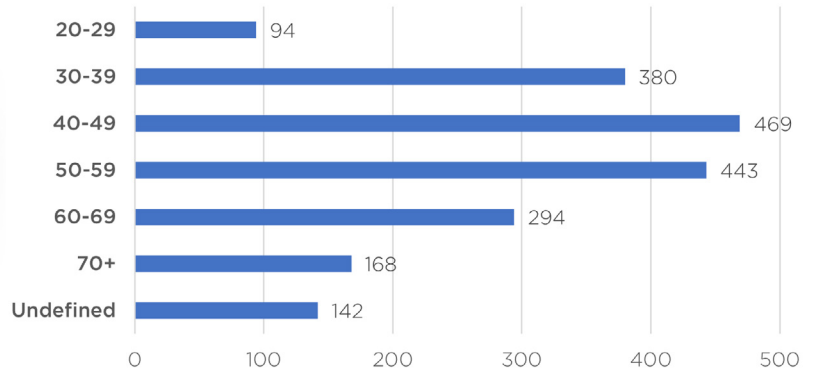
# Member Demographics

TOTAL MEMBERSHIP - 1,990

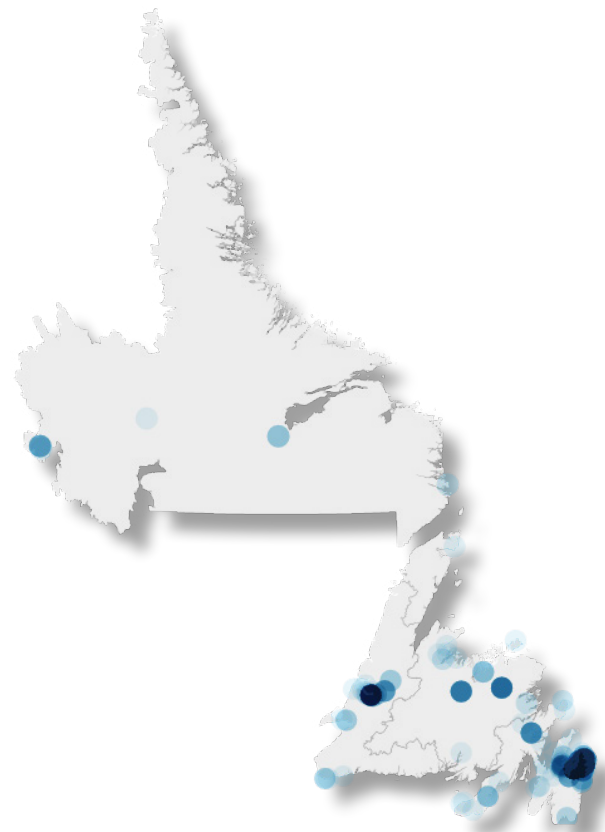


■ Retired ■ Regular ■ Affiliate

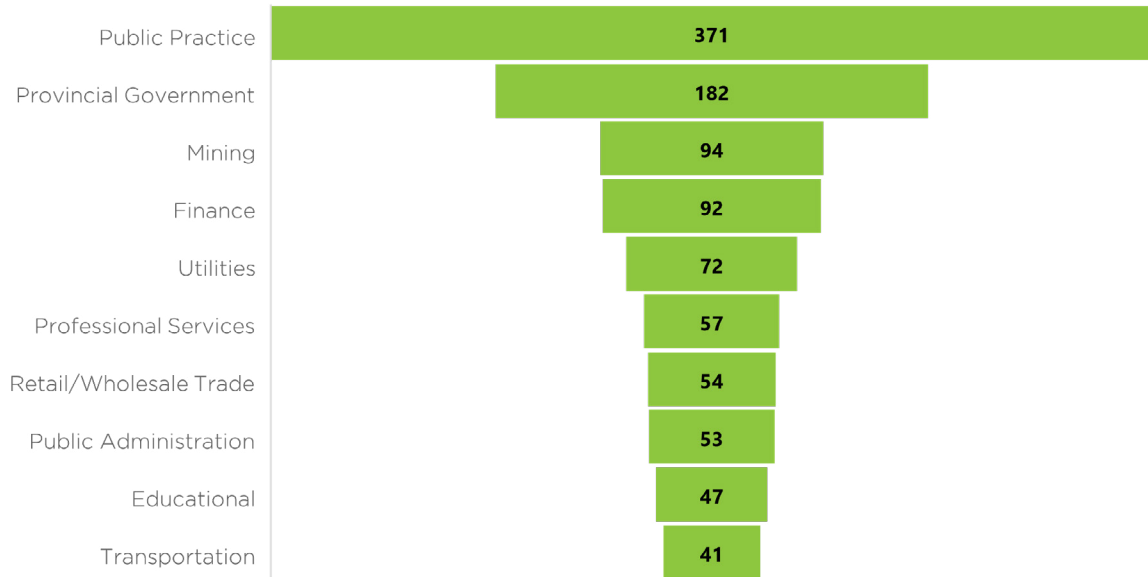
## AGE



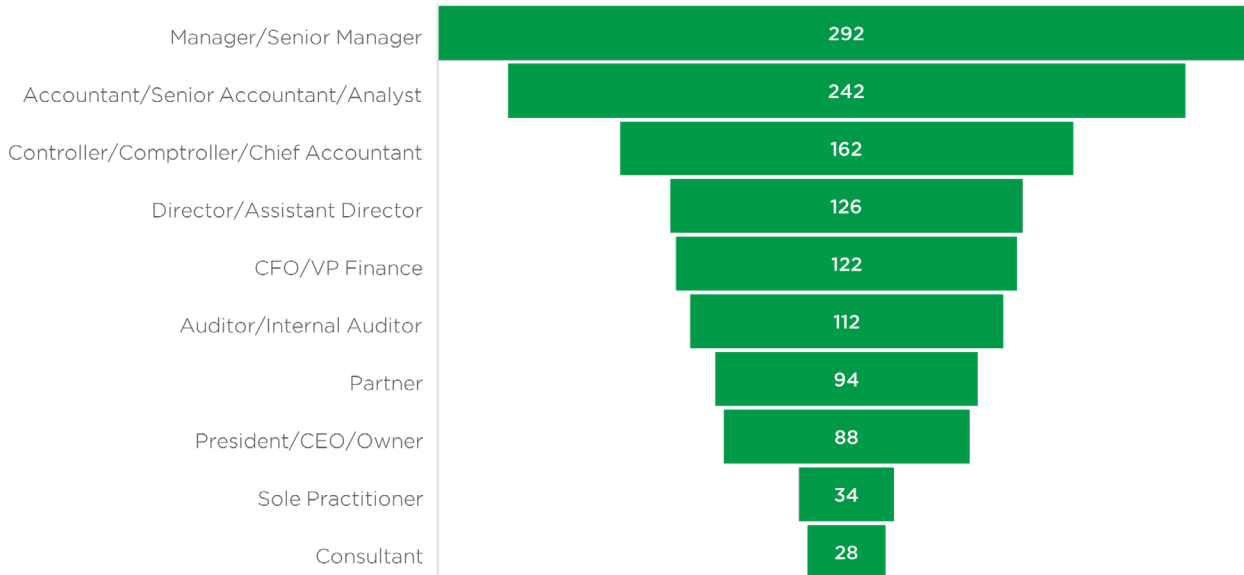
■ AVALON ■ CENTRAL ■ EASTERN  
 ■ LABRADOR ■ NATIONAL ■ OOC ■ WESTERN



## TOP 10 SECTORS FOR CPAs



## TOP 10 TITLES FOR CPAs



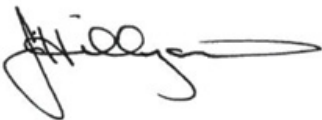
# Statement of Management Responsibility

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, supporting its members and students, and contributing to economic and social development.

The Association of Chartered Professional Accountants of Newfoundland and Labrador is an incorporated self-regulatory professional body. CPA Newfoundland and Labrador has 1,990 members and 314 students registered in either our preparatory courses or the professional education program.

## GOVERNANCE

Under *The Chartered Professional Accountants and Public Accountants Act, 2014*, the Board of CPA Newfoundland and Labrador is governed by 16 individuals, twelve CPA members appointed by the membership and four public representatives appointed by the Minister of Digital Government and Service NL. To assist with governance, there are four Committees of the Board - Human Resources, Complaints Authorization, Membership & Licensing and Discipline Advisory. In addition to Committees of the Board, there are five Board Advisory Committees - Audit & Investment, Governance & Nominating, Member Recognition, Regulatory Advisory and Strategic Planning. There are two Management Committees - 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 reviews its' Ends, Executive Limitations, Governance Process and Board-CEO Linkage policies on an annual basis.

## 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 2022-23 the Board maintained membership fees and accepted a budget surplus of \$1,726.

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, 2023, CPA Newfoundland and Labrador's net assets were \$1,511,014. This complies with the Board's Executive Limitation which requires that net assets not fall below the total annual membership fees for the year. Annual membership fees for 2022-23 were \$1,016,359.

For the period ended March 31, 2023, the Association realized \$515,911 in cash from operating activities and utilized \$355,507 in investing activities. Cash and cash equivalents consist of cash in the bank as well as short terms investments with maturities less than three months. Management believes that cash and cash equivalents, together with highly liquid long-term investments and 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. In addition to its short-term investments included in cash and cash equivalents, the Association held \$410,000 in longer term Guaranteed Investment Certificates maturing in June of 2024.

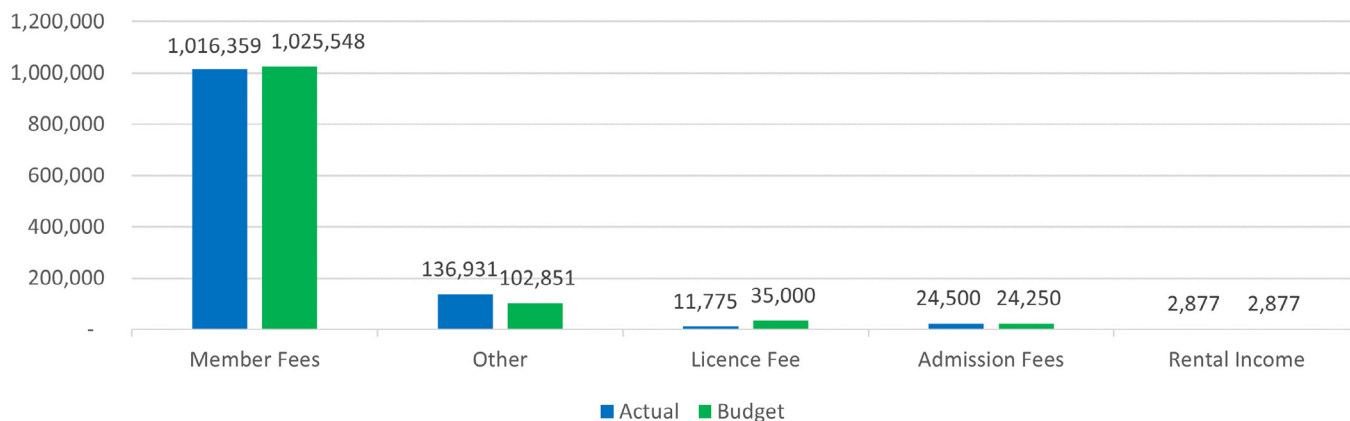
## RESULTS OF OPERATIONS

Revenue from membership fees for the year ended March 31, 2023, was \$1,016,359; a decrease over the prior year of \$3,200 and under budget by \$9,189. The variance in member fees is due to the timing of new members versus the timing of retirements. Admission fees for the year were \$24,500, consistent with a budget of \$24,250.

The Association also generated revenue of \$11,775 from the issuance of public accountant licences. During the year, the Association changed the licence year from a calendar year to a fiscal year basis. In keeping with legislation that requires licences to be for no more than a 12-month period, licences were renewed for a 3-month stub period - January to March 2023. The revenue recognized in the year is related to this stub period. Going forward, revenue will be fully recognized in the fiscal year to which the licence relates. Consequently, licence revenue for 2022-23 was \$23,225 less than budget and \$26,025 less than the prior year.

Other revenues totaled \$136,931 and included convocation ticket sales, interest on financial holdings, website advertising, administrative fees, sponsorships, and post designation public accounting (PDPA) course and exam fees. The increase of \$97,350 over the prior year is largely attributed to the fact that there was no convocation held in 2021-22. An increase in the Affinity programs and improved interest rates on investments also contributed to the increase over prior year and the \$34,080 variance over budget.

Revenue Overview - Actual vs Budget

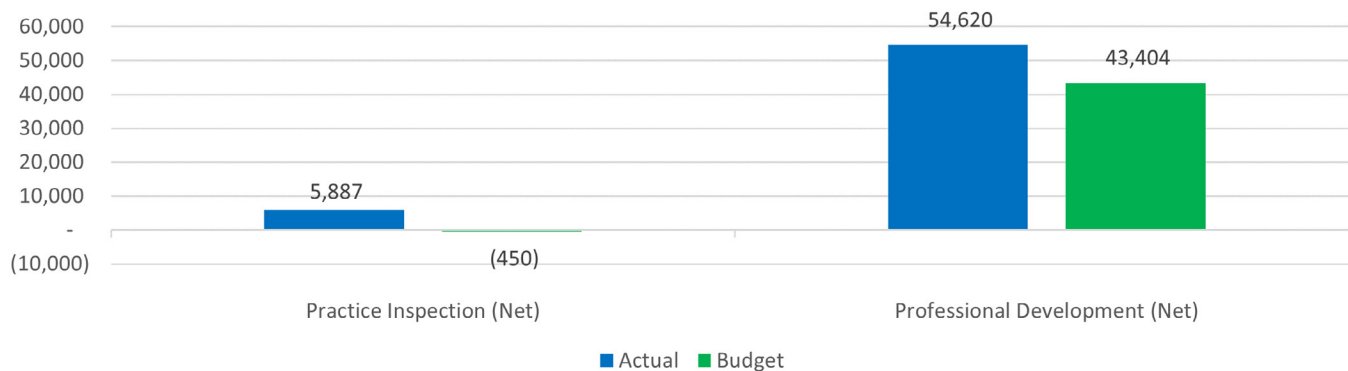


In addition to the revenues highlighted above, the Association has two key self-funded activities which include the professional development program and the practice inspection program. The practice inspection program contribution of \$5,887 is over the budget of \$(450). Practice inspection is not intended to contribute to the general operations and we continue to aim to achieve a self-funded position. A small contribution can be expected depending on the amount of travel and training costs incurred. Pandemic restrictions have limited travel in recent years and no new inspectors were hired in the current year, limiting the need to incur training costs.

The contribution to operations from the Professional Development program was over budget by \$11,216. There was an in-person conference budgeted for the fall of 2022, however, registrations were insufficient to break even so the conference was cancelled. As a result the entire 2022-23 CPD program continued to be run virtually with a variety of courses offered through live-broadcasts and on-demand platforms. The Association continued its partnership with CPA Nova Scotia, CPA PEI, and CPA Bermuda, allowing our members to avail of a

broader range of course options. With increased availability and lower costs associated with the virtual offerings, the margins on courses are higher than in-class sessions. Indirect costs are not allocated to the professional development program and there is an expectation that Professional Development will yield a contribution to offset a portion of the indirect costs incurred by the Association.

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



The Association recognized \$10,081 in fines and cost recovery related to discipline orders during the year, compared to \$50,941 in fiscal 2022. Cost recoveries and fines resulting from discipline orders are recognized in the year received and are not budgeted.

The overall increase in revenue, together with a positive variance in expenses of approximately \$99,000 resulted in an excess of revenue over expenditures of \$123,512, compared to a budget surplus of \$1,726 and prior year surplus of \$183,766.

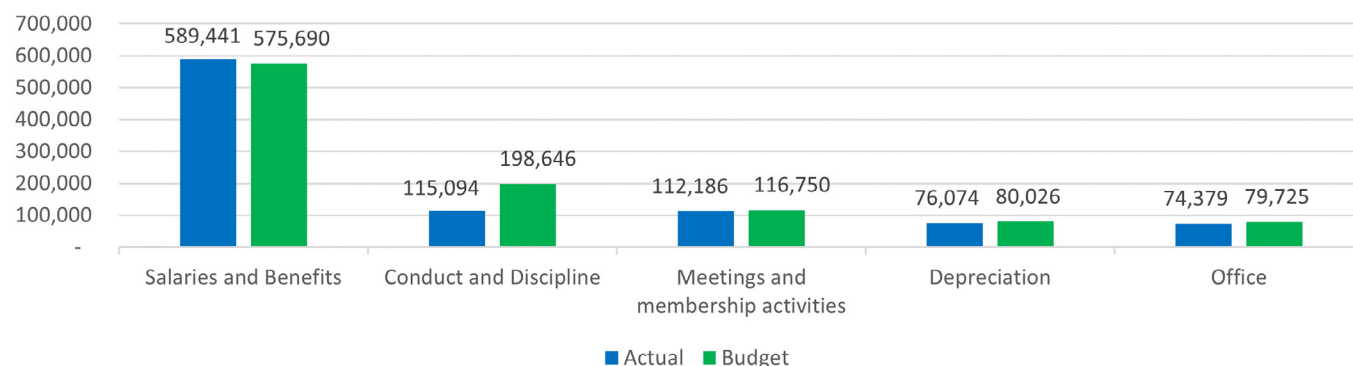
The positive variance in expenses comes from a number of areas, the most significant of which are conduct and discipline, national initiatives and IT costs. While professional development costs were under budget, this was partially offset by a reduction in related revenue. Overall positive variances were somewhat offset by increases in payroll and interest charges. While practice inspection costs increased, this is offset by a corresponding increase in revenue from practice inspection.

Conduct and discipline showed a positive budget variance of \$83,552 and year over year positive variance of \$89,402. Given the nature of this expense, it is difficult to budget as it is not possible to determine the timing, nature, and complexity of disciplinary matters in any given year. The annual budget is based on a rolling 5-year average of conduct and discipline costs. Included in conduct and discipline costs are Association legal fees, investigation costs and tribunal costs, which include legal fees, transcription services and other costs related to a discipline hearing.

National initiatives are the provincial share of certain initiatives completed collectively by CPA Canada and the Provincial, Territorial and Bermudian CPA bodies (PTBs) via the Council of Chief Executives (CCE). The budget is developed by the CCE and CPA Canada processes financial transactions throughout the year based on the budget with an adjustment at year end to reflect the actual spend.

Salaries and benefits were over budget for the year by \$13,751 due mainly to an inflationary increase that was approved subsequent to the budget being finalized.

## Top 5 Expenses Overview - Actual vs Budget



In 2022-23 CPA Newfoundland and Labrador operated with a complement of six staff, with contractors providing additional support for professional development, practice inspection and professional conduct investigations. The Association benefits greatly from the support of many CPAs and public representatives who generously volunteer their time and expertise to the profession.

## RISKS AND RISK MANAGEMENT

### ECONOMIC ENVIRONMENT

The economic environment in the province of Newfoundland and Labrador remains positive and is expected to have one of the highest growth rates amongst Canadian provinces in 2023. Overall, the Association was fortunate to have a steady flow of graduates becoming members in the Association, as well as members transferring to the province this year, while admissions outpaced retirements in fiscal 2022-23, our aging demographics impacted the 2023-24 renewal cycle with retirements keeping pace with new admissions resulting in a flat membership base. Members in our regular membership category increased by one year over year, while affiliate members remained unchanged.

We continue to see a strong market for CPAs in the province as evident from job opportunities posted on our website. In 2022-23 there were 51 job postings down from 64 in the prior year but still up by 23 from 2020-21.

To meet the demand for CPA's and to provide more flexibility for students and employers, the profession provides two opportunities to write the Common Final Examination - in September and May. This year we were delighted to welcome 43 new graduates to the profession.

We remain focused on maintaining our member base and achieving our operating targets going forward. We will continue to work with CPA Canada, our provincial counterparts, and the CPA Atlantic School of Business to support the profession and recruit new students as we prepare for the future.

### 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 self-regulatory activities such as on-going discipline activities and practice inspection. Such activities do not come without a substantial cost representing an operational risk for the organization. By maintaining total 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. The Board has a policy to maintain a restricted net assets balance of a minimum of one and a half times the actual five-year average conduct and discipline costs and not to exceed two times those costs. For 2022-23 we continue to maintain restricted net assets in accordance with the policy.

## PROGRESS ON PRIORITIES

### PROTECT THE PUBLIC

CPA Newfoundland and Labrador's mission and legislative environment centres around our commitment to protect the public. The Association is a self-regulatory body and is responsible to ensure its membership remains in compliance with the Act, Regulations, By-laws, and the Rules of Professional Conduct. The 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 and our processes are inclusive of a formal complaints and discipline process.

As members of CPA Newfoundland and Labrador, CPAs are required to maintain standards of qualification, practice, and professional ethics, as well as standards of knowledge, skill and proficiency. All CPAs in the province of Newfoundland and Labrador are subject to specific requirements to maintain the privilege of carrying the CPA designation. These include, but are not limited to, adherence to the CPA Newfoundland and Labrador Rules of Professional Conduct and continuing professional development in areas relevant to their professional role.

In addition, CPAs providing services to the public in the province must be registered with CPA Newfoundland and Labrador to provide those services, and are subject to additional regulation, including, but not limited to, a requirement to maintain professional liability insurance, and be subject to periodic practice inspections, where applicable.

### *Discipline*

The discipline activities of the Association are carried out by the Registrar, the Complaints Authorization Committee (CAC) and the Disciplinary Panel. The Registrar is responsible for receiving all allegations made against a member or student of the Association. Also, the Registrar or the Board may, on its own motion, make an allegation when information regarding a member's conduct comes to the attention of the Association. Some allegations may be resolved by the Registrar if the circumstances are appropriate and both parties' consent. If the allegation is not appropriate for resolution by the Registrar, the allegation must be referred to the CAC. The primary mandate of the CAC is to review all allegations which have been referred to it by the Registrar and

determine whether there are reasonable grounds to believe the member has engaged in conduct deserving of sanction. If such a determination is made, the allegation constitutes a complaint, and the CAC may instruct the Registrar to file the complaint against the member and refer it to the Disciplinary Panel. An Adjudication Tribunal is selected from the Disciplinary Panel to conduct a hearing and decide whether the member is guilty. If the member is found guilty, the Adjudication Tribunal is also responsible for determining the appropriate sanctions.

During 2022-23 the CAC processed four allegations, two that were ongoing from 2021-22 and two new allegations that were referred during the year. Of these four allegations, one continues to be processed by the CAC, one was referred back to the Registrar and resolved via Alternative Dispute Resolution (ADR) and the remaining two were dismissed.

There were no complaints referred for a hearing in 2022-2023, hearings into two complaints from previous years are ongoing. In addition, hearings into one complaint from previous years was concluded in 2022-2023, resulting in a finding of guilt with respect to the individual involved. The outcomes of hearings are published on the CPA Newfoundland and Labrador website.

### *Practice Inspection*

CPA Newfoundland and Labrador utilizes a nationally harmonized practice inspection program in performing its practice inspections. 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 2022-23 inspections were completed by the Director, Professional Services and Operations, and four contract inspectors. Continuing with the Atlantic collaboration, three of these contract inspectors were from Nova Scotia. CPA Newfoundland and Labrador and its Atlantic counterparts see many benefits from sharing inspection resources and plan to continue to work collaboratively in this area. Practice inspections are conducted on a risk adjusted cycle, with the standard cycle being once in every three-year period. The total number of members subject to practice inspection throughout the cycle will vary as new members join and members retire from public practice. Throughout the cycle, there are also changes to the level of services members in public practice are offering to their clients. The mandate of practice inspection covers all engagements addressed by standards in the CPA Handbook – Assurance.

At the beginning of the 2022-23 inspection year there were 112 firms that had reported they were in the practice of public accounting, 44 of which were subject to inspection or reinspection in the 2022-23 inspection year. This consisted of practices offering a full range of assurance services as well as compilation only practices. Prior to commencement of the inspection cycle, it was confirmed that four of these practices no longer provided inspectable services, these practices were advised to contact CPA Newfoundland and Labrador immediately should the practice status change. Of the 40 remaining inspections, 17 have been completed; 12 have been completed awaiting committee approval and 1 has been deferred due to an extenuating circumstance. The remaining 10 inspections are scheduled for completion by August 31, 2023.

The practice inspection program transitioned to remote inspection in the spring of 2020. Throughout 2022-23 CPA Newfoundland and Labrador adopted a hybrid approach to practice inspection, with remote inspection continuing to be offered where it is practical to do so.

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;

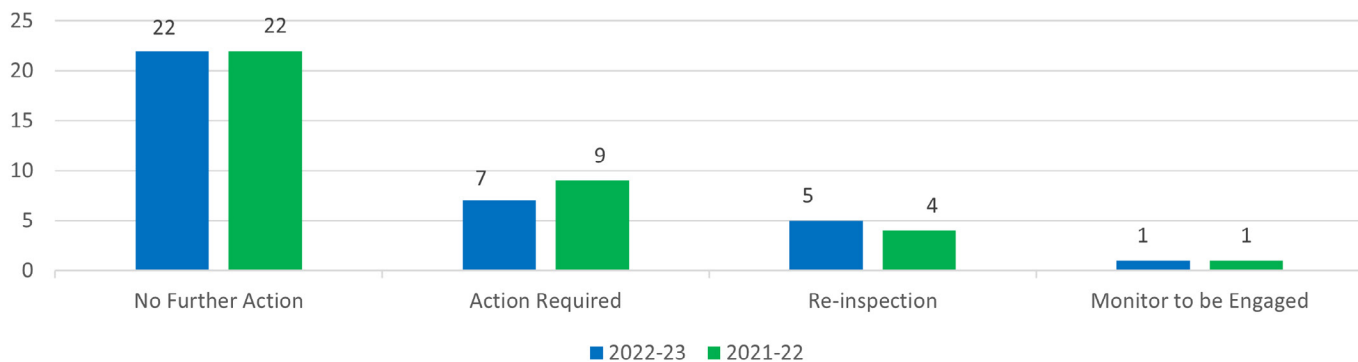
- the nature and severity of any identified deficiencies;
- the cooperation of the member/firm;
- the public interest; and
- on a re-inspection, the results of any previous inspections of the member/firm and the response of the member/firm to those inspections.

Where practice inspection findings identify areas of non-compliance with standards such that the firm has not met the requirements of the practice inspection program the practice inspection committee may decide to re-inspect a practice. Depending on the nature and magnitude of inspection findings the committee may also require a practice to engage the services of a monitor to provide a pre-release review of a selection of files. Should the committee determine that the non-compliance is so significant as to pose a risk to the public that cannot be mitigated by re-inspection or a monitored practice the committee may make an allegation to the Registrar.

Where practice inspection findings indicate that the standards are substantially met but some assurance is required that certain matters identified will be addressed on a timely basis, the practice inspection committee may recommend prescribed professional development courses, submission of an action plan, or inspection on a shortened inspection cycle.

In total there have been 35 inspections completed since the last annual report: 17 for the 2022-23 inspection year to date and 18 for the 2021-22 inspection year. Six of these inspections did not meet the requirements of the practice inspection program, resulting in one requirement to engage a monitor and five firms being subject to a full or partial reinspection. Seven inspections were considered to meet the standards, but certain actions were required by the firm to ensure the requirements of the practice inspection program continue to be met, and the remaining 22 inspections required no further action.

### Inspection Results



Annually the practice inspection committee prepares a focus on findings report highlighting common issues found in practice inspection for the year with links to resources available to members to assist in applying the standards. This report was issued in the fall of 2022.

### EDUCATION

Education delivery has many components within CPA Newfoundland and Labrador, this includes our support of accounting at the post-secondary level in Newfoundland and Labrador through the Chartered Professional Accountants’ Education Foundation of Newfoundland and Labrador, Inc. (the Education Foundation), the delivery of the CPA Education programs through the CPA Atlantic School of Business (CPA ASB), and the continuing professional development program that we deliver to our members.

### *Education Foundation*

To support the development of future CPAs in Newfoundland and Labrador the members of the Association provide support to the Education Foundation. Through this support the Education 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 Education Foundation has many programs available to students in Newfoundland and Labrador to help them succeed in their goal of becoming a Chartered Professional Accountant. The Education Foundation has made a \$250,000 commitment over five years to Memorial University of Newfoundland and Labrador, they fund a number of convocation awards, a series of scholarships and a CPA financial assistance program.

### *The CPA Program*

The CPA Atlantic School of Business (CPA ASB) has been established by the Atlantic provinces and Bermuda to deliver the CPA education program consisting of the CPA Professional Education Program (CPA PEP) and CPA preparatory courses to students in the region. The Association monitors program delivery on a continuous basis to ensure the CPA ASB is meeting its objectives and providing our aspiring CPA students with an exceptional education program.

CPA ASB is responsible for the recruitment of students throughout the region and training them to become our future members. A key indicator of the future pool of new members is the intake in the Core 1 course. Intake has remained stable for Newfoundland and Labrador with 61 registrations in fiscal 2023 compared to a five-year average intake of 63. Newfoundland and Labrador saw a total of 97 new learners in either the CPA PEP or CPA Preparatory programs in the year, versus a five-year average of 94.

The CPA PEP program was successfully completed by 43 Newfoundland and Labrador candidates in 2022, through successful completion of the Common Final Examination at either our May or September 2022 exam offering. We were delighted to host a convocation in June 2023 celebrating the success of those graduates.

While we continue delivery and recruitment of students into the current education program, efforts are ongoing to reevaluate the program to ensure it is ready for the profession of the future. The profession has adopted a new competency map and has now launched a new multi-year certification project to ensure our profession is ready for our role in the future economy, ensuring our students are trained to the roles of the future and our current members are provided resources to support their continued development and maintain their position as trusted advisors and leaders.

### *Professional Development*

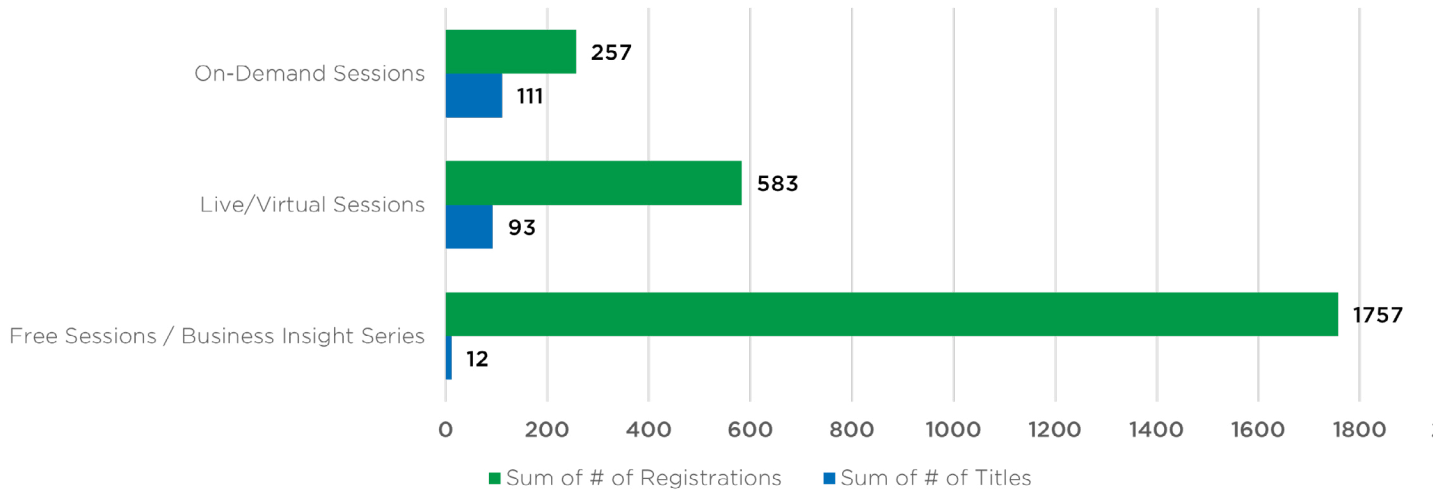
The professional development program delivered by CPA Newfoundland and Labrador is a partnership with the other Atlantic provinces with respect to delivery and a partnership of all Canadian CPA provincial bodies with respect to development of the core curriculum. The collaboration amongst the provincial bodies as it relates to professional development ensures all provinces are able to assist members in maintaining the core competencies required for them to succeed. Course material covers a broad range of competency areas to allow members to align their learning to the roles they serve in their organizations. The curriculum is maintained and enhanced annually to align to the needs today and for the future. In addition, CPA Newfoundland and Labrador leverages trusted providers to augment the profession developed content to ensure efficiency and ease of access for our members.

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. These professional development opportunities were delivered through various forms of online delivery rather than in-class sessions. Through a partnership with our colleagues in Atlantic Canada, we were able to offer a significant line-up of courses in virtual settings, which provided greater flexibility and improved access.



## PD STATISTICS

April 2022 - March 2023



### Top Three Courses (by Registrations)

- Audit Engagements - Application of CAS 315 - 41 registrations
- Income Tax - Update 2022 - 41 registrations
- ASPE - Update 2022 - 21 registrations

## GIVING BACK TO OUR COMMUNITY

CPA Newfoundland and Labrador plays an active role in the organization and administration of the annual volunteer income tax clinics for seniors and low income individuals. Through a combination of virtual and in-person delivery, over 250 tax returns were completed in our volunteer income tax clinics this year.

CPAs in the province have also embraced the CPA Canada financial literacy program. There are a significant number of our members that have signed up to facilitate the program, which is designed to reach school age children, college and university students, as well as members of the public with the goal of improving financial literacy.

We also continued the annual tradition of the CPAs multiplying kindness event, where our members provided support to a local food bank, the homeless community and the VOXM Happy Tree, a testament to the generosity of our membership.

## DIGITAL PROCESS IMPROVEMENTS

Following up on the implementation of the new member database in 2022, this year we realigned our licence renewal, professional corporation renewal and our continuing professional development reporting processes to coincide with the annual membership renewal. This alignment has enabled members to complete all of their regulatory requirements for the Association at the same time, eliminating the need for multiple reporting deadlines. The renewal process went very well this year, and we are optimistic that it will be easier still in future renewal periods as our members become more familiar with the system.

This year, we also implemented a member admission process within the member portal. This new admission process allows our new graduates to apply for admission in an automated fashion, capturing all critical

declarations, recommendations and supporting documentation digitally, readily available for future use and decision-making as those new members apply for membership changes in the future.

## **THE YEAR AHEAD**

During the upcoming fiscal year, I will join the CPA Atlantic School of Business Board of Directors. There are several initiatives underway within the profession surrounding education and this will be a primary focus area for me throughout the year. As a Director of CPA ASB, I will be closer to the decision-making processes and will work to improve alignment between our provincial, regional and national initiatives in this area. I will continue to work with CPA ASB on 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.

We will deliver and monitor the discipline process to ensure that, as a profession, we maintain the public trust. The practice inspection program remains a strategic priority and we will ensure 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 continuing professional development requirements, and our new member portal will help keep our members informed as to their position relative to the requirements. Through regular communication and our focus on providing alternate professional development opportunities we hope to improve access to the professional development our members need to enable them to maintain the high level of competency that the public expects.

We will continue to roll out additional member portal functionality and streamline processes through our new member database. One focus area this year will be adding a stand-alone retirement form within the portal, so that those retiring from the profession can complete the necessary reporting to the Association during the year, rather than only being able to do it during the renewal period.

In my role at CPA Newfoundland and Labrador, as well as my involvement in regional and national initiatives, it is paramount that we maintain the reputation of the profession, deliver the resources our members have grown to expect, as well as enhance the profile of the profession, ultimately improving member pride and engagement. This is a strategic focus for the organization both provincially and nationally in the year ahead.

Jason Hillyard, CPA, CGA  
Chief Executive Officer  
July 26th, 2023

## Independent Auditors' Report

**Location:**

27 Bremigens Blvd.  
Paradise, NL  
A1L 4A2

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

**Mailing address:**

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

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

### Opinion

We have audited the financial statements of Association of Chartered Professional Accountants of Newfoundland and Labrador, which comprise the statement of financial position as at March 31, 2023, and the statements of operations, net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, 2023, 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.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing these financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.



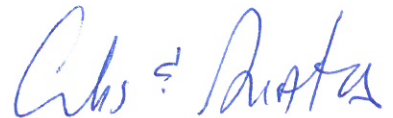
## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Paradise, Newfoundland and Labrador  
June 16, 2023

**Coombs & Associates**  
Chartered Professional Accountants

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Financial Position  
March 31, 2023

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,267,560	\$ 1,907,156
Short term investments	800,000	-
Accounts receivable (Note 2)	112,095	74,951
Prepays	42,120	30,558
	<b>2,221,775</b>	<b>2,012,665</b>
Long term investments (Note 3)	410,000	110,000
Property and equipment (Note 4)	147,924	168,491
	<b>\$ 2,779,699</b>	<b>\$ 2,291,156</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 370,783	\$ 478,833
HST payable	120,868	57,152
Deferred revenue	777,034	367,669
	<b>\$ 1,268,685</b>	<b>\$ 903,654</b>
<b>Net assets</b>		
Restricted (Note 8)	322,000	322,000
Unrestricted	1,189,014	1,065,502
	<b>1,511,014</b>	<b>1,387,502</b>
	<b>\$ 2,779,699</b>	<b>\$ 2,291,156</b>

## Commitments (Note 5)

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, 2023

	2023	2022
<b>Revenue</b>		
Membership fees	\$ 1,016,359	\$ 1,019,559
Self-funding activities (Note 7)	255,028	244,706
Other revenue	136,931	39,581
Admission and application fees	24,500	25,800
License fee revenue	11,775	37,800
Discipline fine and cost recovery	10,081	50,941
Rental income	2,877	2,877
	<b>1,457,551</b>	<b>1,421,264</b>
<b>Operating expenses</b>		
Salaries and benefits	589,441	554,204
Self-fundings activities (Note 7)	194,521	200,100
Conduct and discipline	115,094	204,496
Meetings and membership activities	112,186	51,678
Depreciation	76,074	37,112
Office	74,379	45,701
Rent	62,977	63,565
Interest and bank charges	43,892	24,975
National initiatives	26,483	14,919
Insurance	22,572	20,894
Professional fees	15,439	16,193
Advertising, promotion and communications	981	3,661
	<b>1,334,039</b>	<b>1,237,498</b>
Excess of revenue over expenditures for the year	<b>\$ 123,512</b>	<b>\$ 183,766</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, 2023

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	<u>Restricted</u>			
	(note 8)	Unrestricted	2023	2022
Net assets, beginning of year	\$ 322,000	\$ 1,065,502	\$ 1,387,502	\$ 1,203,736
Excess of revenue over expenditures for the year	-	123,512	123,512	183,766
<b>Net assets, end of year</b>	<b>\$ 322,000</b>	<b>\$ 1,189,014</b>	<b>\$ 1,511,014</b>	<b>\$ 1,387,502</b>

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See accompanying notes

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Cash Flows  
For the Year Ended March 31, 2023

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue over expenditures	\$ 123,512	\$ 183,766
<b>Item not affecting cash:</b>		
Depreciation	76,074	37,112
	<b>199,586</b>	<b>220,878</b>
<b>Change in non-cash working capital:</b>		
Accounts receivable	(37,144)	(4,019)
Prepays	(11,562)	(9,847)
Accounts payable and accrued liabilities	(44,334)	159,486
Deferred revenue	409,365	(154,716)
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>515,911</b>	<b>211,782</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(55,507)	(193,653)
Purchase of long-term investment	(400,000)	-
Redemption of long-term investment	100,000	-
<b>NET CASH FROM INVESTING ACTIVITIES</b>	<b>(355,507)</b>	<b>(193,653)</b>
<b>Net increase in cash and cash equivalents</b>	<b>160,404</b>	<b>18,129</b>
Cash and cash equivalents at beginning of year	1,907,156	1,889,027
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,067,560</b>	<b>\$ 1,907,156</b>
<b>Cash and cash equivalents comprised of:</b>		
Cash and cash equivalents	\$ 1,267,560	\$ 1,907,156
Short term investments	800,000	-
	<b>\$ 2,067,560</b>	<b>\$ 1,907,156</b>

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2023

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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 and short-term investments

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

Short-term investments consist of investments with maturities from 3 months to one year and bear interest at rates from 1.8% to 2.8%.

### Cost recoveries and fines

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

### Property and equipment

Property 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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### 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.

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2023

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## 1. Significant Accounting Policies (continued)

### Deferred revenue

Deferred revenue consists of membership fees, licence fees and Professional Corporation fees collected in advance for the 2023-24 membership year, as well as any professional development revenue for courses that did not occur until the subsequent year, and contract payments received related to the subsequent 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, investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

### Revenue recognition

The association follows the deferral method of revenue recognition. Membership fees, licence fees and other practitioner assessments are recognized in the year to which they relate. Practice inspection revenue is recognized when the inspection is substantially complete and collection is reasonably assured. Course and activity revenue are recognized when the event is presented. Admission and application fees are recognized when the application is made. All other revenues are recorded in the period to which they relate.

### 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, 2023

## 2. Accounts receivable

Accounts receivable consists of the following:

	2023	2022
Trade	\$ 67,839	\$ 57,513
Due from CPA Canada	-	17,438
Due from CPA Atlantic School of Business	44,256	-
	<b>112,095</b>	74,951
Allowance for doubtful accounts	-	-
	<b>\$ 112,095</b>	<b>\$ 74,951</b>

## 3. Long term investments

Long term investments consist of Bank of Montreal Guaranteed Investment Certificates bearing interest at 3.4% and maturing in June 2024.

## 4. Property and equipment

Property and equipment consists of the following:

	Cost	Accumulated Depreciation	2023 Net Book Value	2022 Net Book Value
Office furniture and equipment	\$ 42,164	37,170	\$ 4,994	\$ 3,682
Computer hardware and software	279,552	136,622	142,930	164,809
	<b>\$ 321,716</b>	<b>173,792</b>	<b>\$ 147,924</b>	<b>\$ 168,491</b>

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2023

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## 5. 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, to allow the Foundation to meet any mutually agreed upon financial commitments. Prior to accepting or initiating any financial commitments which will require future funding from the Association, the Foundation must seek approval from the CPA NL Board.

The Foundation has entered into two agreements providing annual funding of \$250,000 over a five-year period which commenced May 1, 2019. The funding will be paid in equal annual instalments as follows:

Memorial University of Newfoundland Faculty of Business Administration	\$ 37,500
Memorial University of Newfoundland Grenfell Campus	\$ 12,500

### Office premises

The Association operates under a ten-year rental lease which expires December 31, 2024. The annual commitments for the next two years under the terms of this rental are as follows:

2024	\$ 59,137
2025	\$ 44,353

### Equipment Leases

The Association leases a postage machine. The annual commitments under the terms of this lease are:

2024	\$ 683
2025	\$ 683
2026	\$ 683

## 6. Employee future benefits

The Association provides benefits to all employees through participation in a multi-employer defined contribution pension 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 \$42,869 (2022 - \$38,459).

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2023

## 7. Self-funding activities

	2023	2022
<b>Revenue</b>		
Practice inspection	\$ 71,662	\$ 72,809
Professional development	183,366	171,897
	<b>255,028</b>	<b>244,706</b>
<b>Direct costs</b>		
Practice inspection	65,775	70,485
Professional development	128,746	129,615
	<b>194,521</b>	<b>200,100</b>
Net revenue from self-funding activities	\$ 60,507	\$ 44,606

## 8. Restricted net assets

To minimize the effect of fluctuating costs associated with conduct and discipline, the Board has adopted a restricted net asset policy. The policy stipulates that a minimum restricted net asset balance be maintained equal to one and a half times the annual conduct and discipline budget, but not to exceed two times the annual conduct and discipline budget, with the budget determined on a rolling five year average of conduct and discipline costs. For 2022-23 the restricted net asset balance is calculated in the range of \$298,000 to \$398,000.

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2023

## 9. 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, 2023 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

	April 30, 2022	April 30, 2021
Total assets	\$ 191,767	\$ 203,862
Net assets	\$ 179,127	\$ 193,410
Total revenue	\$ 54,427	\$ 53,455
Total expense	(68,710)	(69,935)
	\$ (14,283)	\$ (16,480)

## 10. Risk management

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

### Liquidity risk

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

### Credit risk

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

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

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2023

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## 11. 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, 2023 the Association collected \$578,658 (2022 – \$580,389) 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 2023 amounted to \$34,619 (2022 – \$24,794).

At March 31, 2023 payables and accruals included \$199,982 (2022 - \$203,455) due to CPA Canada for membership fees, costs to be billed back to the provinces under the Accord, and share of Education deficit (note 12). The balance owing for membership fees represents fees paid in advance for the 2023-24 membership year.

#### 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, 2023, CPA ASB owes the Association \$42,233 related to their administration of the education programs (see note 12). In 2022 there was a surplus in the education programs and the Association owed CPA ASB \$11,515.

CPA ASB rents office and meeting space from the Association. \$2,877 (2022 - \$2,877) has been recorded in these financial statements as rental revenue from CPA ASB.

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

To meet its commitment to the Foundation (note 5), the Association collects revenue for the Foundation through its annual membership fees. During the year, \$51,940 was collected and paid or payable to the Foundation (2021 - \$52,220).

At March 31, 2023, the Association also owed the Foundation \$32,260 for fees collected from members in advance for the 2023-24 membership year (2022 - \$18,270).



# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2023

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## 12. Education surplus (deficit)

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 deficit from the Professional Education Programs, preparatory courses and related evaluations. CPA NL's share of this deficit was \$35,831 (2022 – net surplus \$17,438). Since CPA ASB administers these programs for CPA NL the operating deficit is to be covered by them and is included in receivables at year end. Also included in receivables is CPA ASB's share of translation costs of \$8,402 (2022 - \$5,911) paid by CPA NL throughout the year.



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