



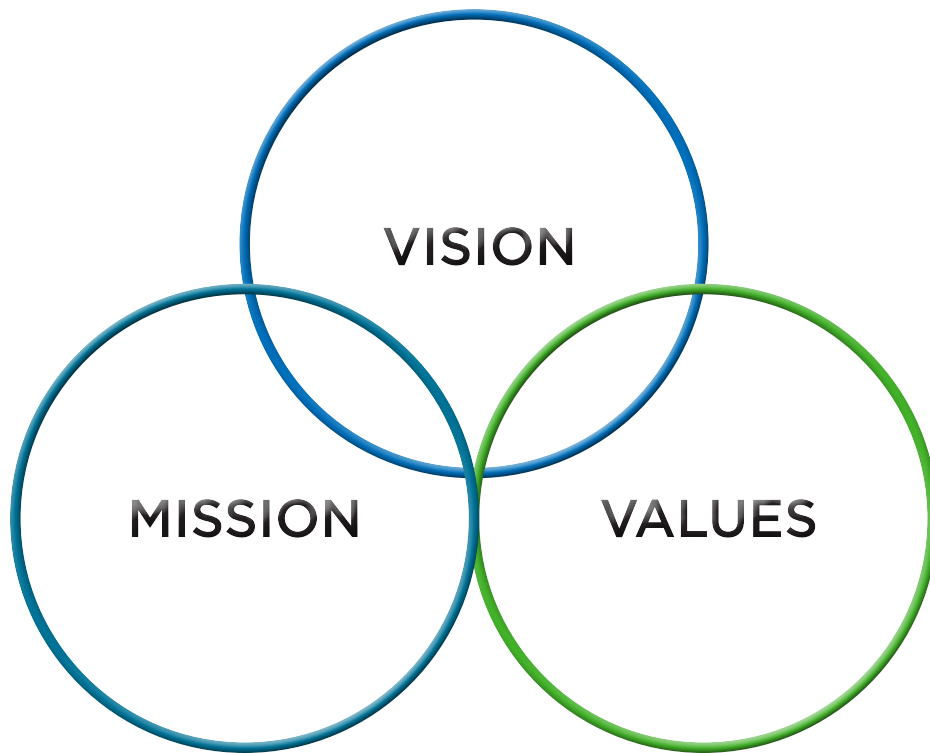
2018/2019

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 | 2018-2019

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Message from the Chair

It has been a privilege and a pleasure to have served as the chair of CPA Newfoundland and Labrador for 2018-2019.

The Association of Chartered Professional Accountants of Newfoundland and Labrador remains strong as we continue to welcome new members to our Association. In February 2019 we had the pleasure of celebrating with 43 new graduates of the education program and welcomed our newest CPAs. Our new members achieved great success with the professional education program and we had a large number of awards to present this year to our new graduates. Looking forward, we currently have 158 candidates enrolled in the professional education program with another 96 students enrolled in preparatory courses to get ready for the professional program. While students work on various completion time-frames, we expect that approximately 50 writers will challenge the common final exam this year.

During the celebration with our newest members, we also had the honour of conveying the Fellowship designation (FCPA) on Paul Hickey as well as the Early Achievement Award on Ashley Power-Stack. We recognize and celebrate their outstanding contribution to the profession, our Association and the community as a whole.

We currently have an active membership of 1,508 members with an additional 379 retired members, for a total membership of 1,887.

With the presentation of the financial statements for our year ended March 31, 2019, I am pleased to report that the Association is in an excellent financial position with a strong base of net assets. The board is focused on ensuring that the Association maintains an appropriate net asset level to retain for the protection and security of the public and Association going forward, while balancing the need to increase the value proposition for the membership.

As an Association, we continue to look at avenues to improve the professional development that we offer to our members. Our goal is to both enrich the skills and

competencies of our members, while at the same time ensuring that our members are ready and able to protect the public interest, so they continue to have faith and trust in our services.



In the coming year, your Association will continue to be focused on maintaining operations and service levels to the membership while looking to the future. We appreciate that we operate in an evolving and fast changing environment, and we continue to assess the landscape of the accounting profession in our ongoing discussions and meetings with CPA Canada and with our colleagues from across the country. We understand that there are new challenges and opportunities arising from technology and globalization and appreciate that the professional development and professional education program will need to evolve continually to prepare our members and future members for the profession of the future.

I 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 and disruption we experience today, we all need to work together to ensure we are protecting the public interest and maintaining the Canadian Ideal of Good Business.

Troy Stanley, CPA, CA
Chair

Message from the CEO

During 2018 – 2019 we focused on continuous improvement in our processes to improve quality and efficiency in our operating processes. We worked extensively with our provincial counterparts and the national profession as we look forward to the future of the profession, seeking opportunities to collaborate with one another to lead the profession into the future.

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



Practice inspection remains a key mechanism in how the profession monitors those providing services to the public, ensuring standards are maintained, providing an opportunity for feedback and guidance through and ensuring the public is well served and protected when utilizing the services of a CPA.

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

Aligned with the ethical decision making for which our members are relied, the profession has updated its Continuing Professional Development (CPD) requirements to ensure a minimum number of hours are achieved in a rolling three-year period specific to the area of Ethics. While, we remain focused on ensuring our Members meet the 120 total hour and 60 verifiable hour threshold for CPD in a rolling three-year period, we have now extended that to include training hours specific to Ethics.

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

Nationally, the team at CPA Newfoundland and Labrador have been involved in all core committees that support the profession, ensuring that the Newfoundland and Labrador voice is included as initiatives are considered on a nationwide scale. Strategically, we continue to monitor and shape the future of the profession, recognizing the significant change we will experience in the years ahead, such as growth in the use of artificial intelligence, the need for data governance and the future of audit.

The future of the profession is bright and filled with opportunities, I look forward to the year ahead as we continue to evolve the profession.

Jason Hillyard, CPA, CGA
Chief Executive Officer

2018-19 Board of Directors

Chair



Troy Stanley, CPA, CA

Vice Chair



Rob Hull, CPA, CA

Secretary/Treasurer



Jason Silver, FCPA, FCA

Directors



Steve Bragg, CPA, CA



Colin Corcoran, CPA, CMA



Pauline Downer, FCPA, FCA



Lynn Healey, CPA, CA



Terry Hutchings, FCPA, FCGA



Kealey Martin, CPA, CMA



Trevor McCormick, FCPA, FCGA



Neil Pittman, FCPA, FCMA



Beth Porter, CPA, CA

Public Representatives



Tom Cooper



Wayne Miles



Derek Sullivan

CPA Newfoundland and Labrador Committees

COMMITTEES OF THE BOARD

COMPLAINTS AUTHORIZATION

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

HUMAN RESOURCES

Troy Stanley, Chair
Rob Hull
Jason Silver

DISCIPLINE ADVISORY

Troy Stanley, Chair
Tom Cooper
Rob Hull
Beth Porter
Jason Silver

MEMBERSHIP & LICENSING

Derek Sullivan, Chair
Tom Cooper
Lynn Healey
Terry Hutchings

BOARD ADVISORY COMMITTEES

AUDIT & INVESTMENT

Jason Silver, Chair
Pauline Downer
Terry Hutchings
Kealey Martin

GOVERNANCE & NOMINATING

Lynn Healey, Chair
Neil Pittman
Jason Silver

MEMBER RECOGNITION

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

REGULATORY ADVISORY

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

STRATEGIC PLANNING

Tom Cooper, Chair
Colin Corcoran
Ken Kelly
Kealey Martin
Jason Silver

MANAGEMENT COMMITTEES

GOVERNMENT RELATIONS

Colin Corcoran
Debra Feltham
Chris Humby
Ken Kelly
Steve Power
James Reid
Phil Sceviour
Troy Stanley

OFFICE PRACTICE INSPECTION

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

OTHER

DISCIPLINARY PANEL

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

Christian Hurley
Mark Hynes
Thomas Kendall
Lana Littlejohn
Glenn Mifflin
Kelsey Montgomery
Douglas Munn
Todd Organ

Donald Powell
Philip Quinlan
Wilbur Rice
Greg Roberts
Brenda Rose
Brian Whiteway

Representatives on National Boards/Committees

CONTINUING PROFESSIONAL DEVELOPMENT STANDING COMMITTEE

Kim Mayo

COUNCIL OF CHAIRS

Troy Stanley

Rob Hull

COUNCIL OF CHIEF EXECUTIVES

Jason Hillyard

NATIONAL CONDUCT AND DISCIPLINE STANDING COMMITTEE

Kathryn Mercer-Oliver

PUBLIC PRACTICE ADVISORY SERVICES SUB-COMMITTEE

Kim Mayo

PRACTICE INSPECTION PROGRAM STANDING COMMITTEE

Kim Mayo

PROFESSIONAL LEARNING AND DEVELOPMENT PROGRAMS COMMITTEE

Nancy Ollerhead

PROFESSIONAL LEARNING AND DEVELOPMENT STRATEGY COMMITTEE

Jason Hillyard

Representatives on Regional Boards/Committees

ATLANTIC REGIONAL FORUM

Jason Hillyard

Rob Hull

Troy Stanley

ATLANTIC SCHOOL OF BUSINESS

Pauline Downer, Director

Beth Porter, Vice Chair

Welcome to New Members

BY EXAMINATION

Kaitlin Bursey
Krista Burton
Victoria Cave
Jessica Cole
Sean Conway
Julie Critch
Laura Critch
Sarah Croft
Brian Drover
Michael Duff
Adam Dumaresq
Sarah Emberley
Ryan England
Craig Farewell
Jennifer Friesen
Renée Gallant
Omkar Jagtap
Margaret Kenny

Karly King
Kayla Langer
James Lanning
Yayu Li
Matthew March
Shaylene McGuire
Hilary Mercer
Monica Moody
Joshua Moreau
Andrew Nash
Sheena Nicolle
Emily Payne
Steve Pinsent
Matthew Power
Prithvi Raghu
Alicia Reid
Sarah Reynolds
Jo-Anne Ricard

Nicholas Rose
Bradley Rose
Nicole Ryan
Emily Sheppard
John Squire
Sarah Stamp
Krista Stanford
Shane Stuckless
Allan Sweeney
Susan Tobin
Stuart Wallace
Siobhan Welch
Kaili Ye
Ruiqi Zhang

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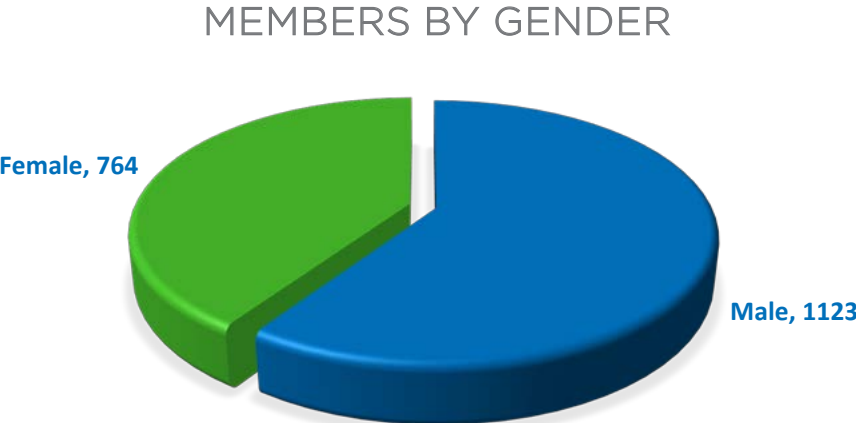
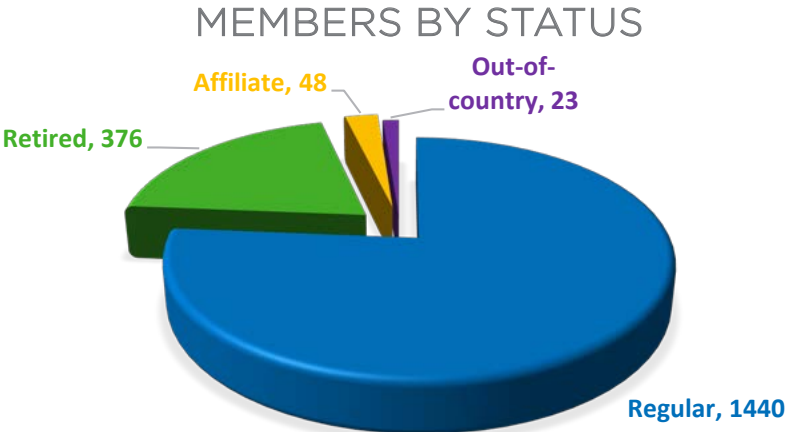
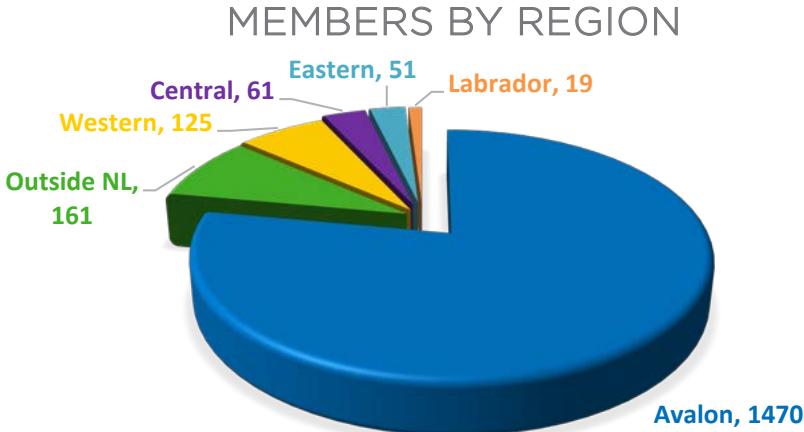
Daniel Andrew (MRA)
Marelize Barber (affiliate)
Paul Greeley (affiliate)
Melissa Hardy

Susan McIsaac (affiliate)
Desirée Paulsen (affiliate)
Marion Penney
Jill Stairs (affiliate)

Tina Wake
Hilda Wheeldon
Yanling (Julia) Zhang

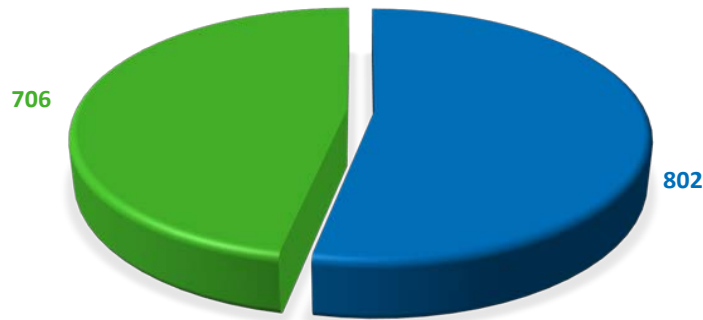
CPA Member Demographics

Total Membership – 1,887

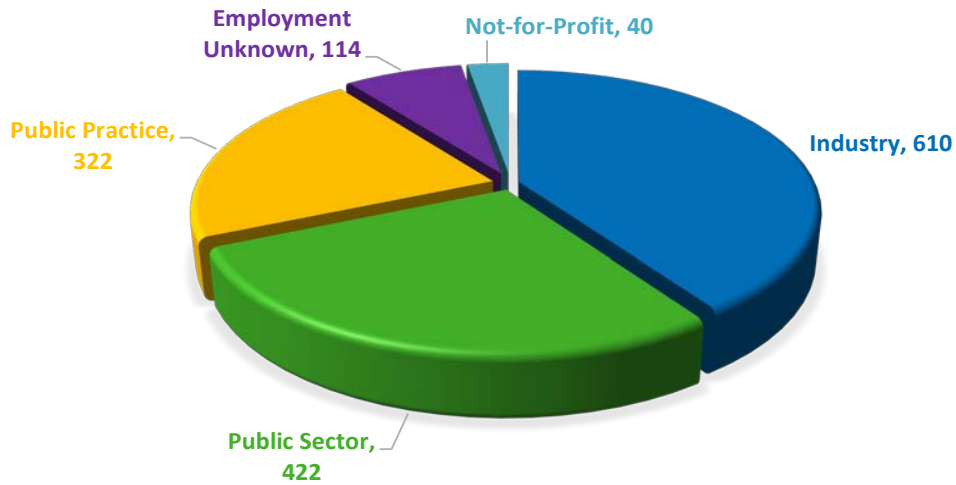


Non-Retired Members – 1,508

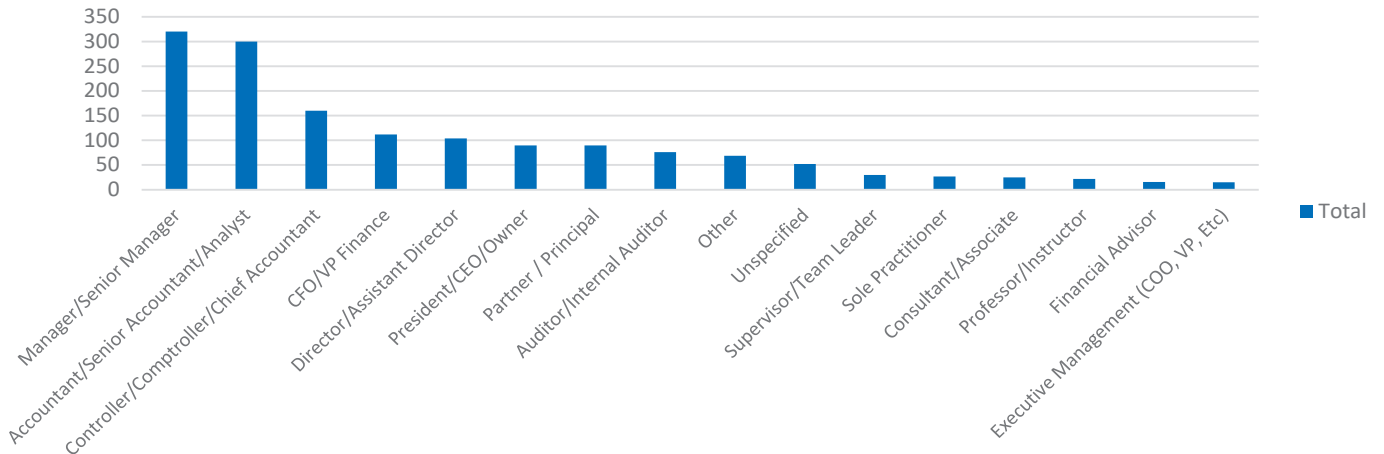
NON-RETIRED MEMBERS BY GENDER



NON-RETIRED MEMBERS BY SECTOR



NON-RETIRED MEMBERS BY POSITION TYPE



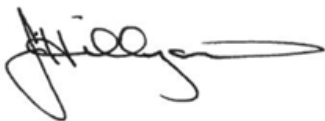
Statement of Management Responsibility

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

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

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

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



Jason Hillyard, CPA, CGA
Chief Executive Officer

Management Discussion & Analysis

MISSION

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

The Association of Chartered Professional Accountants of Newfoundland and Labrador is an incorporated self-regulatory professional body. CPA Newfoundland and Labrador has 1,887 members and 254 students registered in either our preparatory courses or the professional education program.

GOVERNANCE

Under *The Chartered Professional Accountants and Public Accountants Act, 2014*, the Board of CPA Newfoundland and Labrador is governed by 16 individuals, twelve CPA members appointed by the membership and four public representatives appointed by the Minister of Service Newfoundland and Labrador. To assist with governance, there are 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 also two Management Committees - Government Relations and Office Practice Inspection. 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 annually and has approved minor changes during the year.

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, branding and communications.

FINANCIAL PERFORMANCE

An annual budget, which includes capital requirements, is prepared by management and reviewed by the Board. The Association's annual budget is prepared on a break-even basis. The Board assesses the merits of the planned strategic initiatives with the budgeted cost, before setting membership fees at a level that facilitates a break-even budget position. For 2018-19 the Board approved membership fees consistent with the prior year and the budget presented maintained a break-even position.

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

ACCOUNTING DISCLOSURES

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

FINANCIAL POSITION AND LIQUIDITY

At March 31, 2019, CPA Newfoundland and Labrador's net assets were \$1,287,992. 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, 2019, the Association generated cash from operating activities of \$205,759. Management believes that cash, cash equivalents and investments, as well as anticipated cash flow from operations, are sufficient to meet its working capital and capital expenditure requirements.

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

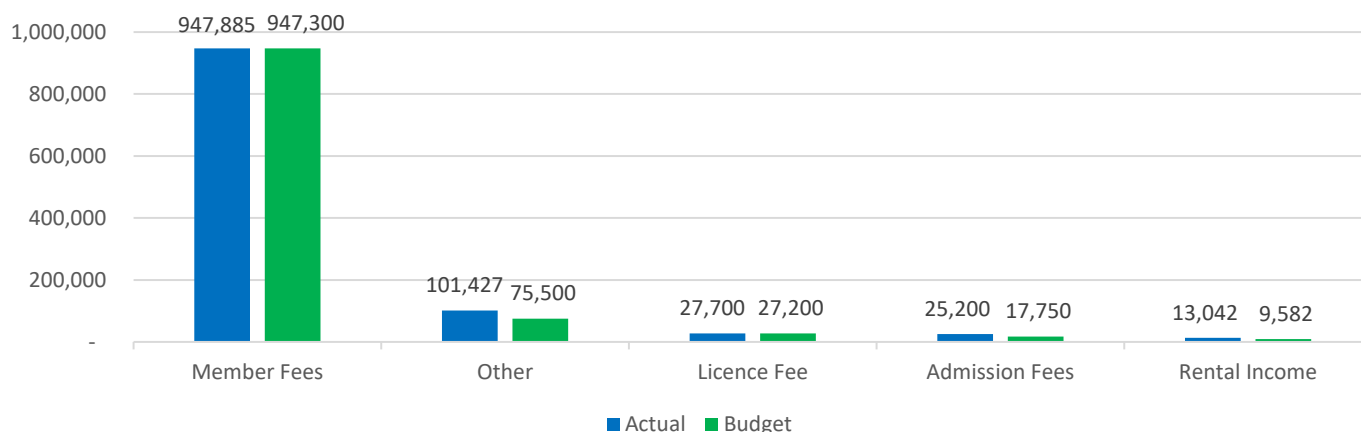
RESULTS OF OPERATIONS

Revenue from membership fees for the year ended March 31, 2019 was \$947,885, consistent with a budget of \$947,300. The Association also generated revenue of \$27,700 from the issuance of public accountant licenses which was slightly over budget due to a higher retention rate versus that budgeted.

For 2018/19 we decreased our rental income budget by \$5,000 due to the loss of a key rental client, however, we were able to increase rentals to other parties, resulting in rental income exceeding budget by \$3,460. Admission fees were higher in the year due to the timing of students becoming members exceeding our expectations.

Other revenues totaled \$101,427 and included interest on financial holdings, convocation revenue, website advertising, administrative fees, sponsorships, post designation public accounting (PDPA) course and exam fees as well as a share of revenue from CPA Canada’s The One Conference which was hosted in partnership with the Atlantic Provinces. This category exceeded budget largely as a result of interest on BMO Select Investments performing better than anticipated, additional affinity administrative fees, and the CPA Newfoundland and Labrador share of The One revenue exceeded the budget. The CEO’s role as a chair of a national committee concluded this year and as such the \$20,000 administration support from CPA Canada was also discontinued.

Revenue Overview - Actual vs Budget



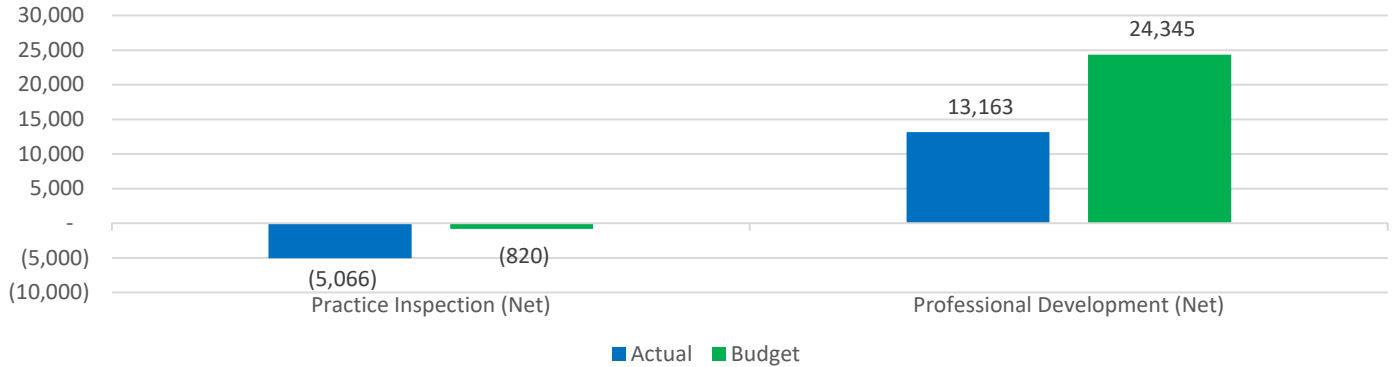
In addition to the revenues highlighted above, the Association has two key self-funded activities which include the professional development program as well as the practice inspection program. The practice inspection program contribution was approximately \$4,200 below budget due to the timing of inspections and training required for two new contract inspectors. Practice inspection is not intended to contribute to the general operations; however, we continue to aim to achieve a self-funded position.

The contribution to operations from the professional development program was below budget by \$11,000. This is the result of a decrease in overall registrations combined with an increase in instructor fees and other related costs. Course fees remained unchanged.

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

To help ensure our professional development program is relevant for our members, we have completed a member survey and are leveraging feedback from that survey in our course selection for 2019/20. In addition changes have been made to our professional development passports to help make CPA professional development courses more attractive and affordable for our membership in the coming year, with the goal of attracting more of our members to the CPA professional development program.

Self-Funding Activities Overview - Actual vs Budget

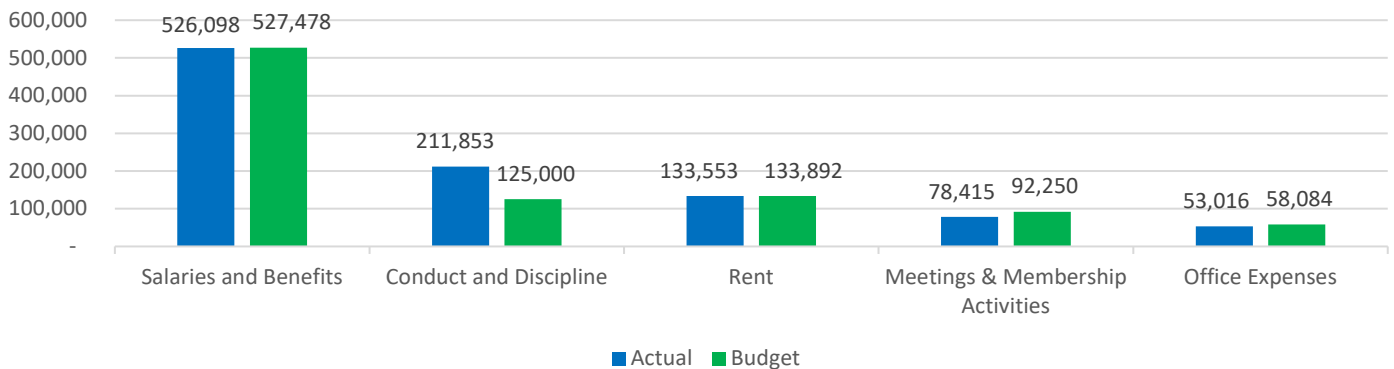


Total revenues had a positive variance of \$29,575, but this was offset by a negative variance in total expenses of \$51,877 resulting in a current year deficit of \$19,908 compared to a budget surplus of \$2,394.

Conduct and discipline was the single largest negative variance in expenses. This cost is very difficult to budget and as a result of the timing of disciplinary matters and investigation costs associated with them the actual cost exceeded budget for the year by \$86,800.

This negative variance was offset by positive variances in travel, staff PD, professional fees, and regulatory committee fees totalling \$24,700. Expenses related to national initiatives were also \$6,400 less than budget, these expenses represent costs associated with the CPA Newfoundland and Labrador participation in national committees and initiatives, including branding and promotion of the profession.

Top 5 Expenses Overview - Actual vs Budget



In 2018-19 CPA Newfoundland and Labrador operated with a complement of 7 staff, with contractors providing additional support for professional development, practice inspection and professional conduct investigations. The Association benefits greatly from the support of many CPAs and public representatives who generously volunteer their time and expertise to the profession.

RISKS AND RISK MANAGEMENT

ECONOMIC ENVIRONMENT

The economic environment in the province of Newfoundland and Labrador was slow again in 2018-19. Overall the Association has maintained a stable base of members in the active regular status (non-retired), with only two more members transitioning to retired status or moving outside the province during the year versus the number of new members who joined the Association.

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

RISK IN RESPECT OF FINANCIAL INSTRUMENTS

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

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

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

OPERATIONAL RISK

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

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

PROGRESS ON PRIORITIES

NATIONAL COLLABORATION

CPA Newfoundland and Labrador continues to work collaboratively across provincial borders with its provincial counterparts, the Atlantic school and the national body. This collaboration enables the Association to deliver on its mandate of supporting its membership with the resources required to meet the changing needs of the public and ensuring the public remains protected.

CPA Canada supports the work of the provinces and provides unique offerings to the membership. The profession represents over 210,000 CPAs in Canada and abroad, is one of the world's largest national accounting bodies and as a result carries a strong influential voice. With this significant membership size, CPA

Canada has a significant role to play in influencing accounting and taxation standards on both the national and international stage.

EDUCATION

The CPA Professional Education Program (CPA PEP) is the pathway to the profession, delivered through the CPA Atlantic School of Business (CPA ASB). It was successfully completed by 43 Newfoundland and Labrador Candidates in 2018. We were proud to celebrate the graduates' success and the outstanding contribution of our newest Fellows of the profession and our Early Achievement Award recipient at the 2019 Newfoundland and Labrador convocation & awards ceremony in February.

In addition to the CPA PEP, a set of CPA Preparatory courses has been developed to allow non-accounting degree holders, or those individuals who do not have all the necessary prerequisites for entry into the CPA PEP, an opportunity to complete requisites.

FOCUS ON STRATEGIC PRIORITIES

The Association continues to focus on its' strategic priorities by seeking opportunities to implement new and innovative ways to deliver increased value to the membership as we execute against these Strategic Priorities:

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

PROTECT THE PUBLIC

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

The Association is a self-regulatory body and is responsible to ensure its membership remains in compliance with the Act, Regulations, By-laws and the Rules of Professional Conduct. All of these components of the regulatory framework are there to ensure that our members conduct themselves in a professional manner with the protection of the public of the utmost importance.

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

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

Discipline

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

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

During 2018-19, the Complaints Authorization Committee (CAC) received 4 new allegations and continued to process 1 allegation from a previous year. Of these 5 allegations, 1 was dismissed, 3 are still under consideration by the CAC and 1 resulted in a decision to refer the complaint to the Disciplinary Panel for a hearing and to suspend the member pending the outcome of the disciplinary proceedings.

Along with the complaint the CAC referred to the Disciplinary Panel for a hearing in 2018-2019, hearings into 3 complaints from previous years are ongoing. A sanction hearing with respect to 1 complaint from a previous year was completed in March 2019.

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 2018-19 inspections were completed by the Director, Professional Services and Operations and two contract inspectors. 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 three-year cycle commencing in 2018-19 there were 135 firms that has reported they were in the practice of public accounting, 43 of which were subject to inspection or reinspection in the 2018-19 inspection year. This consisted of practices offering a full range of assurance services as well as compilation only practices.

Of the initial 43 selected for inspection in the 2018-19 inspection year, 9 were not required to be inspected as the members ceased to practice public accounting prior to inspection and 1 inspection was deferred. Of the remaining 33 inspections, 22 have been completed and 11 are in progress or scheduled for completion by August 31, 2019.

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 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.

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

Inspections completed in the 2018-19 inspection year to date have resulted in 5 reinspections and 4 requiring action plans and/or prescribed professional development. While the committee did not require any practices to engage the services of a monitor, two firms remain under monitoring from a previous inspection cycle.

In addition to meeting its primary goal of protecting the public, members in public practice also benefit from the program's educational thrust. In the fall of 2018, a Focus on Findings communication was published highlighting the common findings from the previous year's inspections and providing relevant reference sources for practitioners.

BE A LEADER IN ACCOUNTING AND BUSINESS EDUCATION

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

The members of the Association provide support to the Chartered Professional Accountants' Education Foundation of Newfoundland and Labrador, Inc. (the Foundation). As a result of this support the Foundation is then able to execute on its mission to promote professional excellence in accounting education by supporting the development of academia and providing support to students in their pursuit of the designation. During the year, the Foundation entered into new agreements with Memorial University Faculty of Business Administration in St. John's as well as Memorial University Grenfell Campus in Corner Brook worth \$250,000 over the next five years.

The Foundation continues to offer scholarships supporting the children and grandchildren of CPAs in pursuit of a business-related degree as well as funding a bursary to support those students from Newfoundland and Labrador with financial challenges and attending the CPA Atlantic School of Business in their pursuit of the CPA designation.

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

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

In addition to in-class sessions offered in St. John's, the Association held courses in Corner Brook, as well as the annual two-day professional development conference which was held offsite in St. John's in November 2018. The conference was very well attended again this year, with over 200 full-day equivalent registrations over the two days. CPA Newfoundland and Labrador continued its partnership with CPA Ontario to provide a number of live broadcasts. These sessions are delivered live in Ontario but can be accessed by our members anywhere via the internet. The Association continued its support of the Business Insight sessions, offering seven sessions in St. John's and two in Corner Brook. These sessions, which are free to members, were well attended with a total of 308 members participating.

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

Nationally there continues to be a significant effort to build the CPA brand and market the overall profession to help increase recognition and drive demand for the designation. This past year we have introduced the “CPAs not boring” brand campaign. The theme of this year’s national brand campaign aims to debunk the myth of the “boring” accountant. Designed to shift stereotypical views, the campaign illustrates the diversity and sometimes unconventional roles that CPAs play in a variety of industries. Utilizing real-life examples with humour and a strong visual appeal, the campaign leverages television, billboards, social media and digital platforms to showcase CPAs who are breaking the stereotype every day. This has been a very successful campaign as we continue to see improvement in brand recognition.

In Newfoundland and Labrador we have welcomed 43 new professional accountant graduates to the profession this year. We continue to support Memorial University of Newfoundland, a significant source of new CPAs and we continue to work with the CPA Atlantic School of Business to attract both university and workforce candidates into the CPA program.

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

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

To ensure our members have access to relevant information and changes in standards, we maintain our website with the most recent information, and we highlight key developments in our regular e-newsletters and notices. The professional staff at CPA Newfoundland and Labrador continue to meet with our national and provincial counterparts to remain current on changing rules and to ensure we bring the Newfoundland and Labrador perspective.

FOSTER MEMBER PRIDE AND ENGAGEMENT

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

Again this year, the Association maintained touch-points for our members to engage with other members. CPA Newfoundland and Labrador and BDC are co-founders of a young professionals network called LYNK. In March, we were the proud sponsor of a LYNK networking event that brought together young business professionals in the province. We continue to play a very active role in this organization and through generous business sponsors, LYNK has been able to host quarterly networking events. Beyond the young professionals’ network, CPA Newfoundland and Labrador has continued to provide CPA specific networking events, including the annual fall professional development conference, our holiday social, business insight sessions, events in Corner Brook, family events at Lester’s farm and more recently at the Funderdome, and our hallmark event, the annual convocation & awards ceremony.

To recognize the significant contributions of our members to their businesses and the community, CPA Newfoundland and Labrador is actively seeking members to recognize through receipt of the Fellow of the CPA profession (FCPA) distinction and the Early Achievement Award, which is tailored to those members who are within the first ten years of their CPA careers. This year we recognized one new Fellow and awarded our first Early Achievement Award and had videos curated in their honour.

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

CPA Newfoundland and Labrador facilitated a budget task force with a small number of our members who reviewed feedback from the membership and prepared a written submission to the Minister of Finance. CPA Newfoundland and Labrador met with the Minister of Finance to review the written submission, provide member insight into the provincial budget and to discuss the financial outlook for the province.

The CEO and a representative of the CPA Newfoundland and Labrador budget task force attended the budget lock-up and provided commentary to the membership and the public.

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

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

FOSTER ORGANIZATIONAL EFFECTIVENESS

We actively monitor and cleanse our member database to enable us to pull member demographic information and other statistical information to inform our decision making. A better understanding of changes in our membership from year to year help us make appropriate strategic decisions where minimizing any negative impacts changes in our membership may have.

We are nearing completion on the development of both a firm and member directory that will be published on our website, enabling the public and stakeholders to verify members of CPA Newfoundland and Labrador as well as registered and licenced firms and members.

We have been very active in maximizing our communication processes this year to better reach our membership. We have expanded our reach on social media through Facebook and have tested Facebook live functionality to deliver shorter updates in video format, archived for future reference to enable a broader Membership reach.

The training centre continues to be a resource that we make available to members and non-members for a reasonable rental fee to help offset the cost of having the space available for our own professional development program. We have been successful in attracting some new clients in the past year, which has allowed us to exceed our budget expectations. Also, to ensure we achieve a good return on the lease investment, we have moved all of our St. John's business insight sessions to the training centre enabling us to minimize our expenses while also providing value to our members by offering many of these sessions for free.

THE YEAR AHEAD

A key area of focus in the year ahead will continue within the communications area as we seek opportunities to broadcast information and shorter PD sessions to our membership via video collaboration.

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

We will continue to deliver and monitor the discipline process to ensure that as a profession we maintain the public trust. Practice inspection remains a strategic priority and we will do our best to complete as many inspections as possible outside of our members busiest times, however, ensuring as a profession we continue to meet the rigorous policies we have established to inspect our members on a regular schedule. We will remain focused on ensuring our members meet the requirements of our continuing professional development policy and will also provide regular communication to our members to ensure they are aware of their position relative to the policy. Through a robust professional development course offering we hope to improve access to the necessary professional development for our members and enable them to maintain the high level of competency in their respective professional roles that the public expects, ultimately improving public protection.

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

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

Jason Hillyard, CPA, CGA
Chief Executive Officer
June 20th, 2019

Independent Auditors' Report

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To the Members of
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, 2019, 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, 2019, 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 association 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 association'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 association or to cease operations, or has no realistic alternative to do so.

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



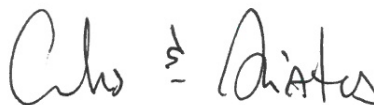
Auditor's Responsibilities for the Audit of the Financial Statements

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 association'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 association'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 association 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

Coombs & Associates
Chartered Professional Accountants

Association of Chartered Professional Accountants of Newfoundland and Labrador

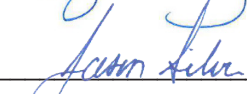
Statement of Financial Position
March 31, 2019

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 949,952	\$ 754,908
Short term investments	817,698	312,451
Accounts receivable (Note 2)	67,060	91,406
Prepays	33,165	34,503
	1,867,875	1,193,268
	-	-
Long term investments (Note 3)	505,132	1,008,523
Property, plant and equipment (Note 4)	10,681	7,094
	\$ 2,383,688	\$ 2,208,885
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 338,701	\$ 303,593
HST payable	103,770	73,442
Deferred revenue	653,225	523,950
	1,095,696	900,985
Net assets		
Restricted (Note 8)	272,000	272,000
Unrestricted	1,015,992	1,035,900
	1,287,992	1,307,900
	\$ 2,383,688	\$ 2,208,885

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, 2019

	2019	2018
Revenue		
Membership fees	\$ 947,885	\$ 955,817
Self-funding activities (Note 7)	221,111	276,402
Other revenue	101,427	89,147
License fee revenue	27,700	29,400
Admission fees	25,200	22,750
Discipline fine and cost recovery	-	20,000
Rental income	13,042	13,894
	1,336,365	1,407,410
Operating expenses		
Salaries and benefits	526,098	507,108
Self-funding activities (Note 7)	213,014	243,330
Conduct and discipline	211,853	158,128
Rent	133,553	133,212
Meetings and membership activities	78,415	82,729
Office	53,016	55,409
National initiatives	38,683	40,797
Interest and bank charges	37,747	35,502
Insurance	20,585	18,447
Travel expenses	13,339	14,684
Advertising, promotion and communications	12,783	23,017
Professional fees	10,574	15,083
Depreciation	5,272	9,108
Board Election	1,138	-
Education Costs (Note 12)	203	5,095
	1,356,273	1,341,649
Excess of (expenditures over revenue) revenue over expenditures before the following:	\$ (19,908)	\$ 65,761
Gain on disposal of investment	-	9,376
Excess of (expenditures over revenue) revenue over expenditures for the year	\$ (19,908)	\$ 75,137

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, 2019

	Restricted (note 8)	Unrestricted	2019	2018
Net assets, beginning of year	\$ 272,000	\$ 1,035,900	\$ 1,307,900	\$ 1,232,763
Excess of (expenditures over revenue) revenue over expenditures for the year	-	(19,908)	(19,908)	75,137
Net assets, end of year	\$ 272,000	\$ 1,015,992	\$ 1,287,992	\$ 1,307,900

Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Cash Flows
For the Year Ended March 31, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of (expenditures over revenue) revenue over expenditures for the year	\$ (19,908)	\$ 75,137
Items not affecting cash:		
Gain on disposal of investment	-	(9,376)
Depreciation	5,272	9,108
	(14,636)	74,869
Change in non-cash working capital:		
Accounts receivable	24,346	(33,036)
Prepays	1,338	(689)
Accounts payable and accrued liabilities	65,436	(1,548)
Deferred revenue	129,275	41,869
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	205,759	81,465
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(8,859)	(1,649)
Change in long term investments	503,391	(458,523)
Proceeds from disposal of investment	-	9,380
Repayment of promissory note	-	47,345
NET CASH USED BY INVESTING ACTIVITIES	494,532	(403,447)
Net increase (decrease) in cash and cash equivalents	700,291	(321,982)
Cash and cash equivalents at beginning of year	1,067,359	1,389,341
Cash and cash equivalents at end of year	\$ 1,767,650	\$ 1,067,359
Cash and cash equivalents comprised of:		
Cash and cash equivalents	949,952	754,908
Short term investments	817,698	312,451
	\$ 1,767,650	\$ 1,067,359

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2019

1. Significant Accounting Policies

Nature of business

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

Basis of accounting

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

Cash and cash equivalents

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

Cost recoveries and fines

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

Property, plant and equipment

Property plant and equipment is recorded at cost. Depreciation is provided for using the straight-line method over the estimated useful lives as follows for the major classes of assets:

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

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2019

1. Significant Accounting Policies (continued)

Impairment of long lived assets

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

Deferred revenue

Deferred revenue consists of membership fees collected in advance for the 2019-20 membership year.

Presentation of controlled entity

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

Financial instruments

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

Revenue recognition

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

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used in the determination of the useful lives of the Association's property, plant and equipment as well as determining any allowance for doubtful receivables. Actual results could differ from those estimates and may have an impact on future periods.

Contributed services

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

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2019

2. Accounts receivable

Accounts receivable consists of the following:

	2019	2018
Trade	\$ 55,094	\$ 45,538
Due from CPA Atlantic School of Business	5,672	9,309
Due from SSF	-	10,787
Due from CPA Canada	7,172	26,650
	67,938	92,284
Allowance for doubtful accounts	(878)	(878)
	\$ 67,060	\$ 91,406

3. Long term investments

Long term investments consists of Bank of Montreal Guaranteed Investment Certificates bearing interest at rates from 1.2% to 5% and maturities of 18 months to 3 years.

4. Property, plant and equipment

Property, plant and equipment consists of the following:

	Cost	Accumulated Depreciation	2019 Net Book Value	2018 Net Book Value
Office furniture and equipment	\$ 33,999	\$ (30,821)	\$ 3,178	\$ 3,340
Computer hardware and software	26,214	(18,711)	7,503	3,754
	\$ 60,213	\$ (49,532)	\$ 10,681	\$ 7,094

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2019

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 made the last payment on its commitment to Memorial University of Newfoundland on May 1, 2018 and entered into two new agreements providing annual funding of \$250,000 over a five year period commencing 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 five years under the terms of this rental are as follows:

2020	\$ 125,236
2021	\$ 127,108
2022	\$ 127,108
2023	\$ 127,108
2024	\$ 127,108

Equipment Leases

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

2020	\$ 2,154
2021	\$ 1,615

Association of Chartered Professional Accountants of Newfoundland and Labrador

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

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 \$35,181 (2018 - \$34,394).

7. Self-funding activities

	2019	2018
Revenue		
Practice inspection	\$ 20,400	\$ 43,575
Professional development	200,711	232,827
	221,111	276,402
Direct costs		
Practice inspection	25,466	44,457
Professional development	187,548	198,873
	213,014	243,330
Net revenue from self-funding activities	\$ 8,097	\$ 33,072

8. Restricted net assets

The predecessor Boards had internally restricted \$272,000 from net assets to be used for litigation fees resulting from any future disciplinary actions. Disciplinary actions for 2019-20 have been funded by current operations and the \$272,000 continues to be internally restricted for future use.

Association of Chartered Professional Accountants of Newfoundland and Labrador

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

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

	April 30, 2018	April 30, 2017
Total assets	\$ 210,994	\$ 196,392
Net assets	\$ 207,743	\$ 191,392
<hr/>		
Total revenue	\$ 78,799	\$ 81,528
Total expense	(62,448)	(66,464)
	\$ 16,351	\$ 15,064

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.

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2019

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.

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, 2019 the Association collected \$573,213 (2018 – \$549,277) 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 2019 amounted to \$44,061 (2018 – \$47,334).

At March 31, 2019 payables and accruals included \$178,987 (2018 - \$124,928) due to CPA Canada for membership fees and costs to be billed back to the provinces under the Accord.

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

The Association has entered into an agreement with CPA ASB to administer the CPA education programs for Newfoundland and Labrador.

At March 31, 2019 the Association owes CPA ASB \$2,404 (2018 - \$20,917) related to their administration of the education programs.

CPA ASB rents office and meeting space from the Association. \$6,336 (2018 - \$6,393) has been recorded in these financial statements as rental revenue from CPA ASB. At March 31, 2018 CPA ASB owes \$115 (2018 - \$2,478) for office and meeting space rental.

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

To meet its commitment to the Foundation (note 7), the Association collects revenue for the Foundation through its annual membership fees. During the year, \$52,115 was collected and paid or payable to the Foundation (2018 - \$51,635).

At March 31, 2019 the Association owed the Foundation \$35,420 for fees collected from members in advance for the 2019-20 membership year (2018 - \$28,875).

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2019

12. Education Costs

Net costs associated with the administration of CPA Canada's education programs are covered 100% by the provincial accounting bodies. During the year CPA Canada realized a net surplus from the Professional Education Programs, preparatory courses and related evaluations. CPA NL's share of this surplus was \$7,172 (2018 - \$27,454). Since CPA ASB administers these programs for CPA NL the operating surplus is to be transferred to them and is included in liabilities at year end.

The Advanced Certificate in Accounting and Finance (ACAF) and Post Designation Public Accounting programs are administered by the province. CPA NL's share of net costs for these programs was \$203 (2018 – \$5,095)



CPA

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