



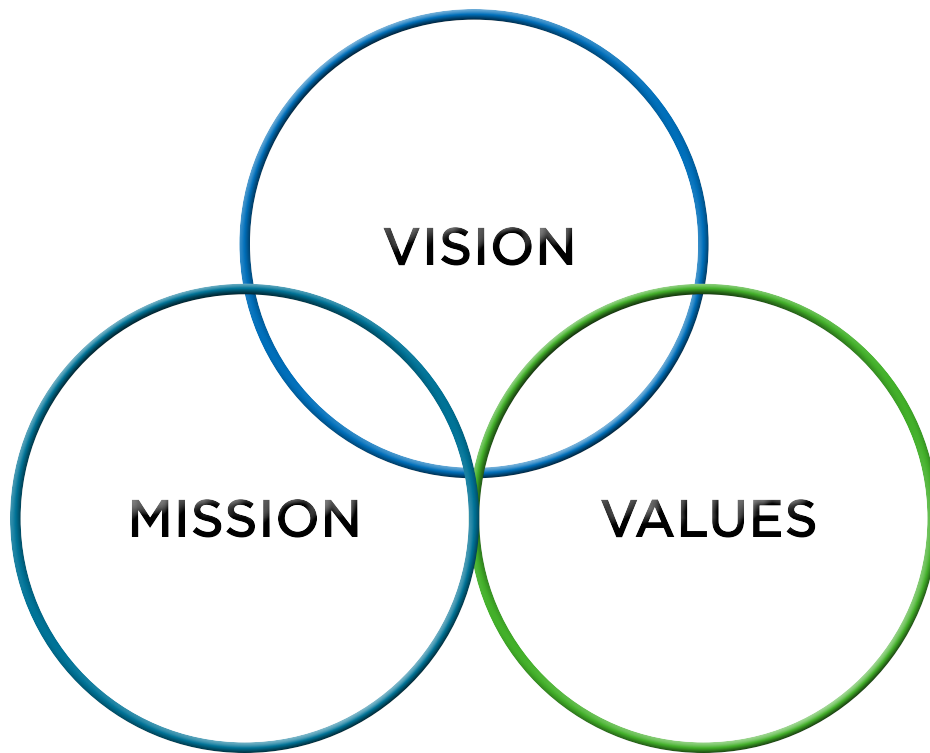
2020/2021

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 | 2020-2021

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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 2020-2021. This last year has certainly brought its share of challenges and uncertainty as we cope with the effects of COVID-19 and the other social and economic issues that have arisen over the last year. I hope that all of our members and their families have been safe and healthy during these unprecedented times.

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 49 new graduates of the education program and welcomed our newest CPAs. Our new members achieved great success with the professional education program and we have a number of awards to present to this year's new graduates. Looking forward, we currently have 219 candidates enrolled in the professional education program with another 97 students enrolled in preparatory courses to get ready for the professional program. While students work on various completion time-frames, we expect that approximately 60 writers will challenge the common final exam this year at either the May or September examinations.

During the year, we also had the honour of conveying the Fellowship designation (FCPA) on Kendra MacDonald. We are delighted to recognize and celebrate her outstanding contribution to the profession and the community as a whole.

We currently have a total active membership of 1,528 members with an additional 411 retired members, representing a total membership of 1,939.

With the presentation of the financial statements for our year ended March 31, 2021, I am pleased to report that the Association continues to have a strong base of net assets. This year the Association continued to experience higher than anticipated disciplinary costs, however due to the pandemic, expenditures in a number of other areas were lower than anticipated, resulting in a surplus for the year. 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. Through collaboration with our Atlantic counterparts this year and the pivot to online delivery, we were able to meet this objective while meeting the unique challenges presented by the pandemic.



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

This has been a year unlike any other, not unlike our Members, we have spent this year pivoting to a new reality, altering the course of our operations and seeking opportunities to gain efficiencies and deliver on our priorities as the world around us continues to shift.

The year began with my active involvement as executive sponsor nationally on a COVID-19 Education Advisory Committee focused on the delivery of core CPA Education components during the pandemic, including Preparatory and Professional Education Program courses and exams as well as the 2020 Common Final Examination (CFE). My role on this committee concluded after the successful delivery of the 2020 CFE to over 9,000 Candidates in individual hotel rooms across the country and Bermuda. This was a testament to the ingenuity of our Members and the profession in pivoting as required, being agents of change and leading our respective businesses into the future.



The pre-certification education model was not the only pivot we would make during this pandemic year, we also moved all our professional development delivery online in partnership with our colleagues in Atlantic Canada. This change to an online format, enabled us to greatly expand our course offerings, reach more members and proceed with more courses than what would ever have been possible under the previous delivery model. While we are all excited to see our Members for in-person training sessions again in the future, we do expect a permanent change in our professional development business model, with the majority of our course offerings being presented online, while in-person sessions are expected to be limited to consolidated periods, anticipated to surround our normal fall conference and augmented from there depending

on in-person demand.

This change in the future direction of our professional development delivery strategy has enabled CPA Newfoundland and Labrador to negotiate the release of our leased training centre space, ultimately allowing for a 50% reduction in our office footprint and lease costs going forward. This change also resulted in a reduced requirement for administrative support, allowing for additional consolidation of duties and the elimination of one administrative role. These changes, coupled with savings resulting from the pandemic, have improved our financial capacity and have helped offset the growing costs resulting from an increase in the volume and complexity of disciplinary matters processed through the association again this year.

CPA Newfoundland and Labrador remains focused on our legislative mandate of protecting the public, ensuring we fulfill our self-regulated profession responsibilities. The Association's operations centre around the delivery of the processes that serve this objective, inclusive of our practice inspection program, regulatory regime, registration requirements and the overall disciplinary processes. The staff at CPA Newfoundland and Labrador are also involved in national committees and initiatives in many of these areas to enable, where appropriate, consistency in the regulatory process across the country.

During the year, I have taken on the role of Co-Chair of the Council of Chief Executives (CCE). The CCE oversees the committees noted above and is the leadership responsible for strategic initiatives that will shape the future of the CPA Profession in Canada and Bermuda. We regularly monitor the landscape of the profession, recognizing the significant change that is coming in the business landscape and the role that our profession can have on elements like Data Governance, Equity, Diversity and Inclusion (EDI), and standards in Environmental, Social and Governance (ESG) reporting.

The future of the profession is bright and filled with opportunities, I look forward to the year ahead and the many opportunities and challenges that will undoubtedly present itself as we exit the COVID-19 pandemic.

Jason Hillyard, CPA, CGA
Chief Executive Officer

2020-21 Board of Directors

Chair



Troy Stanley, CPA, CA

Vice Chair



Pauline Downer, FCPA, FCA

Secretary/Treasurer



Colin Sullivan, CPA

Directors



Steve Bragg, CPA, CA



Colin Corcoran, CPA, CMA



Craig Hannam, CPA, CGA



Lynn Healey, CPA, CA



Lana Littlejohn, CPA, CMA



Trevor McCormick, FCPA, FCGA



Neil Pittman, FCPA, FCMA



Beth Porter, CPA, CA

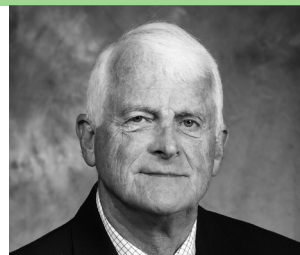


Kerri Riddle, CPA, CA

Public Representatives



Tom Cooper, PhD



Stephen McLean, P. Eng.
(Retired)



Wayne Myles, QC



Derek Sullivan

CPA Newfoundland and Labrador Committees

COMMITTEES OF THE BOARD

COMPLAINTS AUTHORIZATION

Beth Porter, Chair
Pauline Downer, Vice Chair
Trevor McCormick
Stephen McLean
Neil Pittman
Troy Stanley
Derek Sullivan

HUMAN RESOURCES

Troy Stanley, Chair
Pauline Downer
Stephen McLean
Colin Sullivan

DISCIPLINE ADVISORY

Troy Stanley, Chair
Tom Cooper
Pauline Downer
Beth Porter
Colin Sullivan

MEMBERSHIP & LICENSING

Tom Cooper, Chair
Lynn Healey
Kerri Riddle
Derek Sullivan

BOARD ADVISORY COMMITTEES

AUDIT & INVESTMENT

Colin Sullivan, Chair
Pauline Downer
Craig Hannam
Lana Littlejohn

GOVERNANCE & NOMINATING

Lynn Healey, Chair
Lana Littlejohn
Neil Pittman

REGULATORY ADVISORY

Beth Porter, Chair
Lana Littlejohn
Trevor McCormick
Steve Walters

MEMBER RECOGNITION

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

STRATEGIC PLANNING

Tom Cooper, Chair
Ryan Antle
Jennifer Button
Colin Corcoran
Kealey Martin
Jason Silver

MANAGEMENT COMMITTEES

GOVERNMENT RELATIONS

Chris Humby
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
Keith Abbott (in part)
Leslie Batterton (in part)
Peter Collens
Eric Coombs
Frank Dormody
Sharon Dunn (in part)
Sharon Forsey (in part)

Curtis Gagne (in part)
Glenn Mifflin
Kelsie Montgomery
Douglas Munn
Philip Quinlan
Greg Roberts
Brenda Rose
Brian Whiteway

Public Representatives

Elyse Bruce
Todd Doman
Christian Hurley
Thomas Kendall, Q.C.

Representatives on National Boards/Committees

CONTINUING PROFESSIONAL DEVELOPMENT STANDING COMMITTEE

Kim Mayo

COUNCIL OF CHAIRS

Troy Stanley

Pauline Downer

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

PROFESSIONAL LEARNING AND DEVELOPMENT STRATEGY COMMITTEE

Jason Hillyard

REGISTRATION TASK FORCE

Kathryn Mercer-Oliver

Representatives on Regional Boards/Committees

ATLANTIC REGIONAL FORUM

Pauline Downer

Jason Hillyard

Troy Stanley

ATLANTIC SCHOOL OF BUSINESS

Pauline Downer, Director

Beth Porter, Director



TRIBUTE TO ROB HULL

We are saddened by the passing of our colleague and past Board Vice Chair, Rob Hull in February 2021. Rob was an active member of the Association having served on the Board from 2015 until taking a leave of absence for medical reasons in 2019. During his time on the CPA NL Board Rob took on the role of Vice Chair for 2018-19, chaired the Complaints Authorization Committee from 2015 - 2017 and contributed nationally on the Council of Chairs and the Collaboration Accord Task Force. Rob also served on the Board of the Institute of Chartered Accountants of Newfoundland and Labrador from 2013 to 2015 and was an active member of the transitional steering committee responsible for facilitating the transition to Chartered Professional Accountants of Newfoundland and Labrador.

Rob lived his life to the fullest with a positive outlook and an infectious energy. Whether it was a Board meeting or a CPA NL social event, Rob was always there with a smile. He will be forever missed by his CPA NL colleagues and those in our Membership who were fortunate enough to have known him.

Welcome to New Members

BY EXAMINATION

Julián Abadía Sankar
Jafrin Ahmed
Matthew Avery
Denise Bartlett
Nicole Boone
Amy Christopher
Lewis Cook
Hillary Coombs
Jessica Cooper
John Eckert
Tripti Garg
Kayley Gordon
Kathleen Hayse
Kelsea Hayward
John Lawrence

Erica Lee
Michael Lenz
Holly Lewis
Myona Maher
Arizona Making-Leight
Carter Marissen
Kerri-Lynn Morry
Muhammad Munir
Stephanie Oberholster
Patricia Parsons
Aakash Patel
Jared Petten
Courtney Pike
Amanda Power
Tiffany Richards

Chad Russell
Sarah Sellars
Mark Skinner
Jessica Strang
Marisa Stroud
Yueer Sun
Lamya Taher
Ian Thomas
Nicole Verge
Thomas Wall
Brittany Wells
Megan Wells
Rosalind Woolfrey

TRANSFER IN

Kehinde Adeoya (MRA)
Cynthia Amande (MRA)
Stephanie Barr
Leslie Batterton
Carey Blair (affiliate)
Brian Butt
Ellen Fischer
Calen Harrison

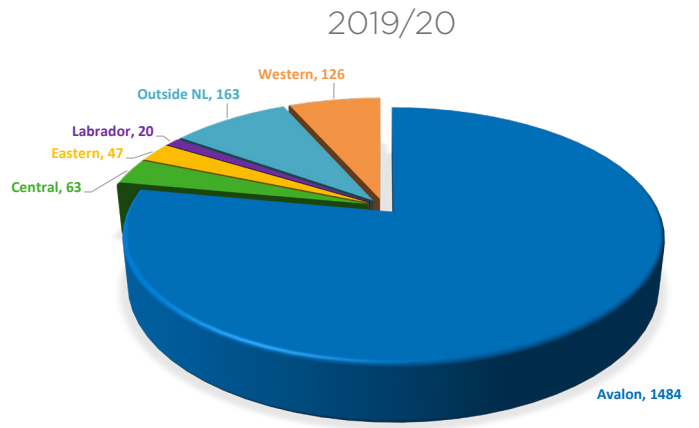
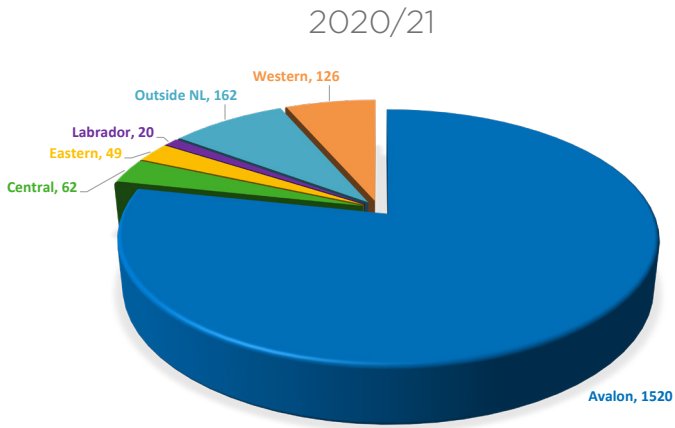
Loan Hong (MRA)
Jacqueline Kudla
Lexton Lee
Kent Legge
Malcolm MacDonald (affiliate)
Whitney Matchet
Ilse Minnaar (MRA)
Ogbomah Osiami (MRA)

Adebola Owodunni (MRA)
Alina Poiskova (MRA)
Stephen Rudkowski (affiliate)
Tarah Schulz (MRA)
Christopher Trenaman (affiliate)
Julianne Vogt
Deborah Walker
Jean Walker

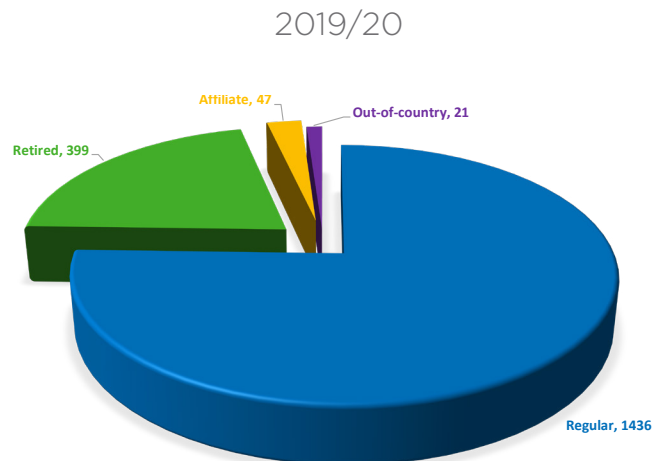
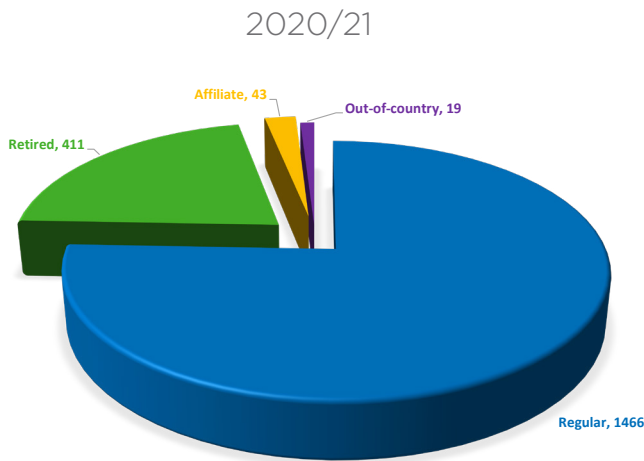
CPA Member Demographics

TOTAL MEMBERSHIP - 1,939

MEMBERS BY REGION

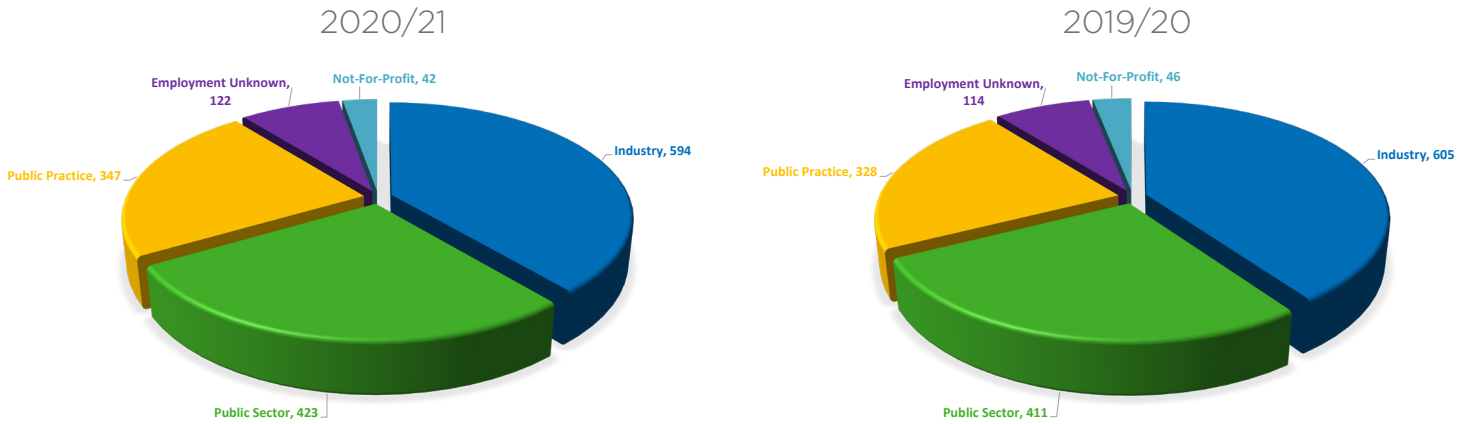


MEMBERS BY STATUS

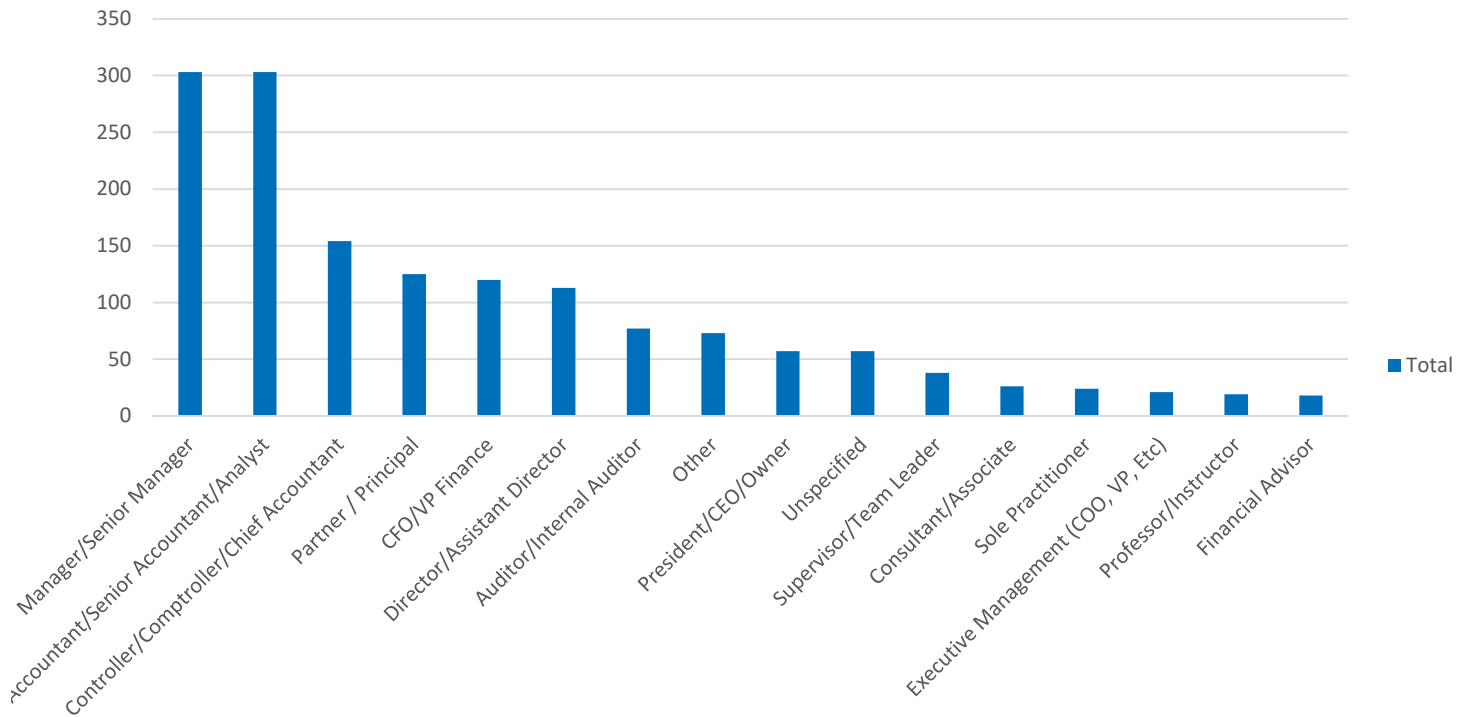


NON-RETIRED MEMBERS - 1,528

NON-RETIRED MEMBERS BY SECTOR



NON-RETIRED MEMBERS BY POSITION TYPE



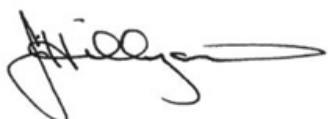
Statement of Management Responsibility

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 1,939 members and 316 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 active 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.

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 2020-21 the Board approved an increase in membership fees of \$30 and accepted a \$51,425 budget deficiency to be funded through accumulated net assets.

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 (ASNFPs).

FINANCIAL POSITION AND LIQUIDITY

At March 31, 2021, CPA Newfoundland and Labrador's net assets were \$1,203,736. 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, 2021, the Association realized \$36,473 in cash from operating activities and utilized \$8,134 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.

RESULTS OF OPERATIONS

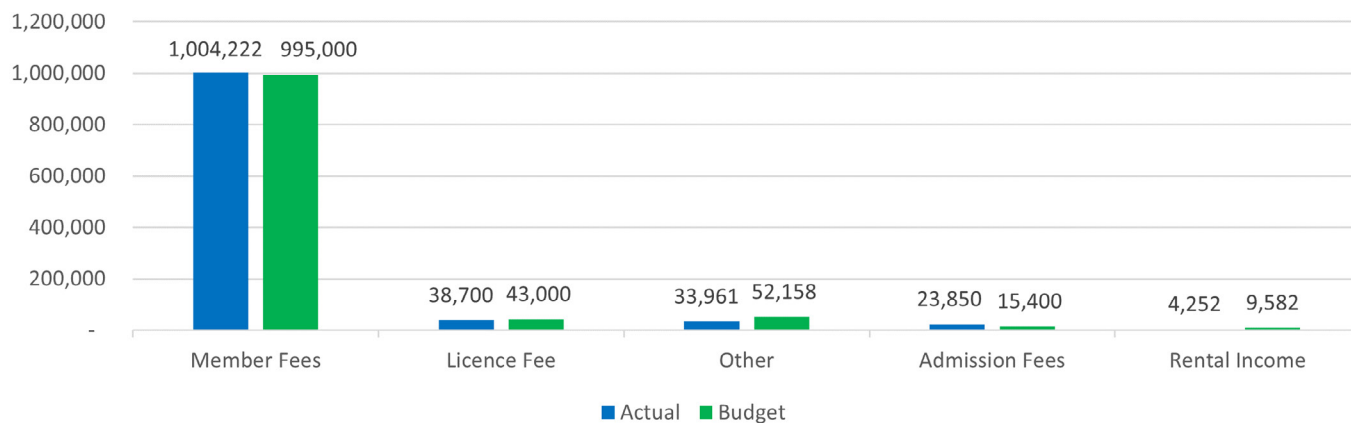
Revenue from membership fees for the year ended March 31, 2021 was \$1,004,222; an increase over the prior year due to an increase in the annual membership fees. Member fees were over budget by \$9,222 due to the timing of new graduates being admitted to membership and a continuing trend of increases in the number of members providing service to the public. Admission fees for the year were \$23,850, an increase over budget of \$8,450, also related to the timing of new graduates being admitted to membership

The Association also generated revenue of \$38,700, from the issuance of public accountant licenses, an increase over the prior year due to a fee increase but \$4,300 under budget due to by-law changes which resulted in a number of members ineligible to renew their licences for 2021.

Rental income was \$5,000 less than budget due to pandemic restrictions and the subsequent decision to downsize CPA NL's office footprint. The training centre space was released in the fall of 2020 and is no longer available for rental.

Other revenues totaled \$33,961 and included interest on financial holdings, website advertising, administrative fees, sponsorships, post designation public accounting (PDPA) course and exam fees. This category was \$18,197 under budget due to low interest rates impacting return on investments as well as a decision to waive the fee for late payment of annual dues and late filing of CPD. CPA NL opted to waive these fees this year, which were budgeted at \$10,000, due to the pandemic. In the prior year, other income also included gross revenue from convocation. Due to the provincial restrictions on gathering sizes there was no convocation in the 2020-21 fiscal year.

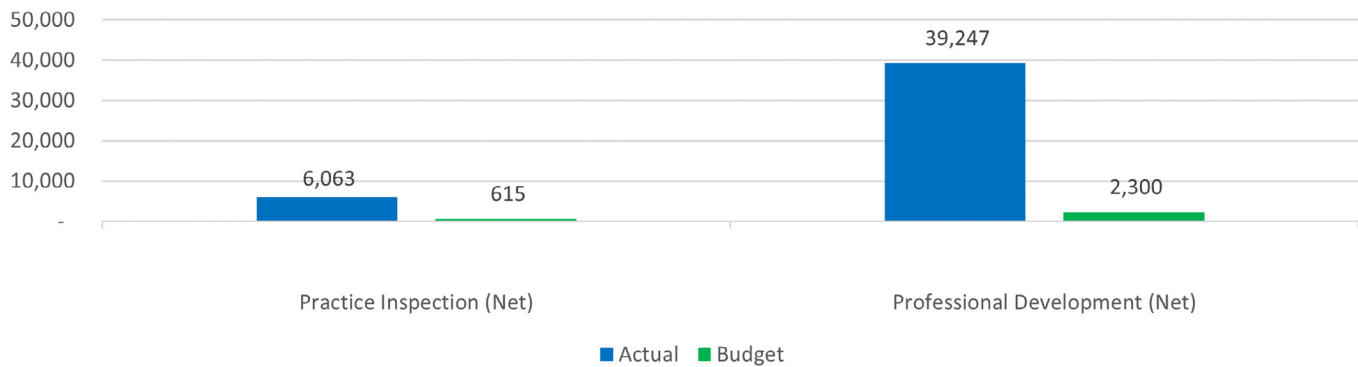
Revenue Overview - Actual vs Budget



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 \$6,063 was \$5,448 over the budgeted contribution of \$615. Due to COVID-19 practice inspections were completed remotely wherever possible resulting in less travel costs. As well, a larger number of inspections were completed by the Director, with no new contract inspectors requiring training in the year. 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 over budget by \$36,947. The professional development program was significantly impacted by the pandemic restrictions and CPA NL had to quickly pivot to ensure members continued to receive relevant, affordable CPD. Throughout 2020-21 the entire CPD program was run virtually with a variety of courses offered through live-broadcasts and on-demand platforms. CPA NL partnered with CPA Nova Scotia, CPA PEI and Bermuda, allowing our members to avail of a broader range of course options. With increased availability and higher participation associated with the virtual offerings, the margins on courses were higher than our local in-class sessions. Overall, total registration was below budget and individual course fees remained consistent but the lower cost per participant resulted in the positive contribution from CPD. As in the past, indirect costs are not allocated to the professional development program and there is an expectation that CPD will yield a contribution to offset a portion of the indirect costs incurred by the Association.

Self-Funding Activities Overview - Actual vs Budget



While revenues were approximately \$18,500 under budget the biggest impact on operations for the year was a positive budget variance in total expenses of approximately \$124,000. This positive variance comes from numerous areas, many of which can be directly attributed to the impacts of the pandemic on operations.

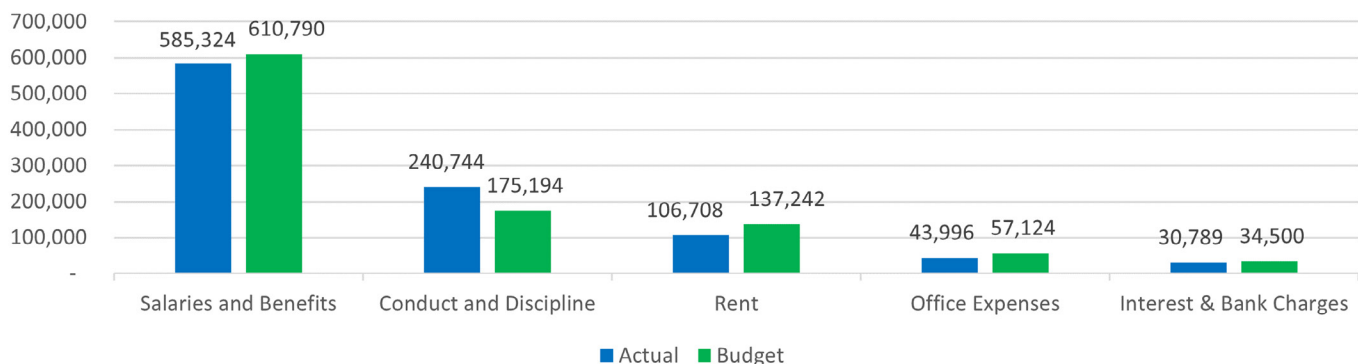
Despite the positive variance in many areas, conduct and discipline showed a negative budget variance of \$65,550. Given the nature of this expense, it is difficult to budget as it is not possible to determine the timing, nature and complexity of disciplinary matters in any given year. The annual budget 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 the discipline hearing.

Salaries and benefits were under budget for the year by \$25,466. Due to the uncertain impact on operations, CPA NL staff did not receive the budgeted salary increase for 2020-21. Also contributing to the positive budget variance was an increase in Director time allocated to practice inspection, federal government wage subsidy and a drawdown of accumulated vacation accrual as staff were directed to use up accumulated vacation.

There was a positive budget variance in rent of \$30,534 due to the release of the training centre space in the fall of 2020, resulting in an approximately 50% reduction in the monthly rent.

Positive budget variances were seen in almost all other areas as well due to curtailment of activities due to provincial and national pandemic restrictions. Member events, including convocation, were cancelled; Board and committee meetings were conducted virtually; and travel for provincial and national initiatives did not take place.

Top 5 Expenses Overview - Actual vs Budget



In 2020-21 CPA Newfoundland and Labrador reduced its full-time staff by 1 and operated with a complement of 6 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, already lagging in previous years, was greatly impacted by the global economic crisis created by the COVID-19 pandemic. 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, ultimately outpacing retirements, and transfers out of the province. Members in our Regular membership category increased by 30 in comparison to the prior year, while affiliate members and out of country members decreased by four and two respectively, and retirements increased by twelve.

Despite the pandemic we continued to see a strong market for CPAs in the province as positions were regularly posted and our members were transitioning between employers. The profession was able to pivot the delivery of the CPA pre-certification education programs to meet the pandemic restrictions and we were able to successfully administer the CFE and welcome 49 new graduates to the profession. COVID-19 did threaten our revenue during the year, however, we were able to make appropriate adjustments to our expenditures to ensure there was no negative impact on the financial results of CPA NL for 2020-21. As re-opening plans emerge on a provincial, national, and global level, CPA NL is optimistic that we will continue to maintain our member base and meet 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 plan 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 the self-regulatory activities such as on-going discipline activities. Such activities do not come without a substantial cost representing an operational risk for the organization. By maintaining 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. In 2019-20 the Board adopted a policy to maintain internally restricted net assets to cover conduct and discipline costs in excess of the annual budget. The restricted net assets balance is to be maintained at 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 2020-21 we continue to maintain restricted net assets in accordance with the policy.

PROGRESS ON PRIORITIES

NATIONAL COLLABORATION

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

CPA Canada supports the work of the provinces and provides unique offerings to the membership. The profession represents over 220,000 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 49 Newfoundland and Labrador Candidates in 2020. Unfortunately, due to the COVID-19 pandemic, we were not able to celebrate in person in February 2021 as planned, however we do look forward to celebrating with them soon. We did take the opportunity to publish videos celebrating the success of our graduates and the outstanding contribution of our newest Fellow of the CPA profession.

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

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

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

Discipline

The discipline activities of the Association are carried out by the Registrar, the Complaints Authorization Committee (CAC) and the Disciplinary Panel. The Registrar is responsible for receiving all allegations made against a member or student of the Association. Also, the Registrar or the Board may, on its own motion, make an allegation when information regarding a member's conduct comes to the attention of the Association. Some allegations may be resolved by the Registrar if the circumstances are appropriate and both parties consent.

If the allegation is not appropriate for resolution by the Registrar, the allegation must be referred to the CAC. The primary mandate of the CAC is to review all allegations which have been referred to it by the Registrar and determine whether there are reasonable grounds to believe the member has engaged in conduct deserving of sanction. If such a determination is made, the allegation constitutes a complaint and the CAC may instruct the Registrar to file the complaint against the member and refer it to the Disciplinary Panel. An Adjudication Tribunal is selected from the Disciplinary Panel to conduct a hearing and decide whether the member is guilty. If the member is found guilty, the Adjudication Tribunal is also responsible for determining the appropriate sanctions.

During 2020-2021, the CAC received 1 new allegation and continued to process 5 from previous years. Of these 6 allegations, 4 were dismissed, 1 resulted in a caution to the member, and 1 was referred to the Disciplinary Panel for a hearing.

Along with the 1 complaint referred for a hearing in 2020-2021, hearings into 4 complaints from previous years are ongoing. In addition, hearings into 2 complaints from previous years were concluded in 2020-2021, resulting in findings of guilt with respect to the members involved. The outcomes of these hearings are published on the CPA NL 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 2020-21 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 2020-21 inspection year there were 130 firms that had reported they were in the practice of public accounting, 45 of which were subject to inspection or reinspection in the 2020-21 inspection year. This consisted of practices offering a full range of assurance services as well as compilation only practices.

Of the initial 45 selected for inspection or reinspection in the 2020-21 inspection year, 5 were not required to be inspected as the members ceased to practice public accounting prior to inspection or were new to practice and had not yet completed engagements related to inspectable services. Of the remaining 40 inspections, 21 have been completed and 1 has been deferred due to an extenuating circumstance. The remaining 18 inspections are scheduled for completion by August 31, 2021. The practice inspection program transitioned to remote inspection in the spring of 2020 due to COVID restrictions. Throughout the 2020-21 inspection cycle we have continued with remote inspection wherever possible.

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 standards are met but there are certain areas of non-compliance with the standards that should be addressed the firm may need to take a specific course of action to ensure the requirements of the practice inspection program continue to be met. 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 46 inspections completed since the last annual report: 21 for the 2020-21 inspection year to date and 25 for the 2019-20 inspection year. Twelve of these inspections did not meet the requirements of the practice inspection program, resulting in one allegation to the Registrar and eleven 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 27 inspections required no further action.

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 2020, a Focus on Findings communication was published highlighting the common findings from the previous year's inspections and providing relevant reference sources for practitioners.

BE A LEADER IN ACCOUNTING AND BUSINESS EDUCATION

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

The members of the Association provide support to the Chartered Professional Accountants' Education Foundation of Newfoundland and Labrador, Inc. (the Foundation). As a result of this support the Foundation is then able to execute on its mission to promote professional excellence in accounting education by supporting the development of academia and providing support to students in their pursuit of the designation. The Foundation has entered into agreements with Memorial University Faculty of Business Administration in St. John's as well as Memorial University Grenfell Campus worth \$250,000 over five years as a direct result of the generous support of CPA's in the province. Payments under this agreement commenced in May 2019.

The Foundation continues to offer scholarships supporting the children and grandchildren of CPAs in pursuit of a business-related degree, as well as its support for Memorial University to facilitate a competency-based accounting education at the undergraduate and graduate levels, focusing on the application of knowledge in the workplace, thus ensuring students from Newfoundland and Labrador are well prepared for the education program that lies ahead. The Foundation continues to fund 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.

As a result of the pandemic, the Association shifted its professional development opportunities to various forms of online delivery rather than our typical in-class sessions. Through a partnership with our colleagues in Atlantic Canada, we were able to offer an expanded line-up of courses in a virtual setting, which provided greater flexibility regarding timing for popular courses and improved access for those not in the St. John's geographical area. The Association continued its support for Member's professional development by offering several free virtual sessions, these free sessions had over 800 registrations.

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 the brand campaign profiles businesses and individual CPAs who have responded with innovation and resiliency to the challenges facing the economy in 2020. Through print stories, video and digital channels, it demonstrates the many ways that CPAs' unique blend of education, skills and experience positions them to be leaders as Canada returns to life in a post-pandemic era.

In Newfoundland and Labrador we have welcomed 49 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.

During the early stages of the pandemic, the staff at CPA NL consolidated a number of helpful links related to COVID-19 programs and supports in a central space on our website for ease of access by our Membership, we also leveraged our virtual meeting software to help coordinate a forum for information sharing amongst practitioners and we launched a firm newsletter to improve our firm communications and the dissemination of critical information to our members providing services to the public. 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. While COVID-19 had a significant impact on the 2020 volunteer tax clinics again this year, our volunteers worked with CPA NL staff to ensure the tax returns for those relying on this service was able to be completed virtually. 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.

Our physical touch points with our membership were limited this year, however we were able to facilitate our annual general meeting in a virtual format and we provided two free professional development courses the week of the annual general meeting as a means of giving back to our Membership. In addition, we leveraged the support of our professional development vendors to offer a number of additional free sessions throughout the year. While virtual, we were able to continue the tradition of the CPAs multiplying kindness event, where our members provided support to the food bank, the homeless community and the Happy Tree, a testament to the generosity of our Membership.

To recognize the significant contributions of our members to their businesses and the community, CPA Newfoundland and Labrador actively seeks members to recognize through receipt of the Fellow of the CPA profession (FCPA) distinction as well as our Early Achievement Award which is tailored to those members who are within the first ten years of their CPA careers. This year we were delighted to recognize a new Fellow of the profession, we published a video to honour the achievement and we look forward to celebrating in person when public health measures allow.

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

Each year CPA Newfoundland and Labrador consolidates feedback from the membership for inclusion in a pre-budget submission to the Minister of Finance. The process was unique this year as the budget was initially delayed and the timing was somewhat fluid, as a result a small group of our members instead met with the Minister of Finance and provided verbal feedback based on previous submissions where they remained relevant in light of the current economic and pandemic environment. The key themes of this feedback included the need to return to a balanced budget and emphasis on expense management. We also offered our assistance in future consultations when the government's focus returns to the provincial budget. We were pleased to continue to be included in the pre-budget lock-in to review the budget documents early and as a result we were able to provide our early reaction of the budget to our Membership.

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 is co-chair of the Council of Chief Executives which oversees the management of the profession nationally, and he also participates on the Professional Learning and Development Strategy Committee; the Director, Professional Services and Operations is a member of the Practice Inspection Program Standing Committee, Member Advisory Services Group, and the Continuing Professional Development Standing Committee; the Director, Regulatory Affairs and Registrar is a member of the Conduct and Discipline Standing Committee, and the Registration Task Force; and the Professional Development Leader sits on the 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 at least 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 and senior leaders 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 and better understand changes in our membership from year to year and make appropriate strategic decisions as required to minimize any negative impact changes in our membership may have.

As a result of COVID-19 processes continued in a virtual setting throughout the fiscal year. This included the CPA NL Board and committee meetings, weekly Small Practices meetings, Atlantic regional meetings and national committee meetings. While this was done as a reaction to the pandemic, it was an education on how well these things can work virtually, while there will certainly remain a need for in-person gatherings, we will carry forward what we have learned through this process as a means to provide greater efficiency in operations going forward.

As a result of the pandemic, the profession shifted to a virtual professional development offering. While our Members undoubtedly will want to see the return of some in-person professional development offerings, we did take this opportunity to reconsider our future operating model as it relates to professional development. By working collaboratively with our Atlantic counterparts on the virtual offering, we were able to provide a broader course offering and improved access to our programs. In addition, given our in-person offerings are expected to be reduced going forward and more reliance on virtual delivery, we were able to negotiate the release of the training centre space during the year which improved our financial performance. While we will have an increased need to rent space for disciplinary processes and other Association events going forward, we do expect this will be more than offset by the annual lease savings.

THE YEAR AHEAD

We will continue to focus on member communications in the year ahead as we seek opportunities to broadcast information and shorter information sessions to our membership via video collaboration. We anticipate being able to re-establish some face-to-face events during the year and we look forward to meeting with our Membership again. We will continue to work with our provincial colleagues and service providers to ensure our members have access to relevant and affordable professional development in a virtual setting. As always, we will continue to seek opportunities to enhance our service delivery, refine our processes, implement new efficiencies, and to improve member value and build member pride in the profession.

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 requirements of our continuing professional development policy, and will provide regular communication to our members to ensure they are aware of their position relative to the policy. Through regular communication and our focus on providing alternate professional development opportunities 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 are working with several other CPA Provincial organizations on the implementation of a new member database. While it will take some time to fully scope and implement this system, we do anticipate that once all phases of the implementation are complete, it will enable increased automation in our processes and provide for a better member experience when interacting with the Association. We are in the early stages of this initiative and look forward to sharing more information with our stakeholders as we move along this significant journey.

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

In my role at CPA Newfoundland and Labrador as well as 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, as well as enhance the profile of the profession, ultimately enhancing member pride and engagement. This is a strategic focus for the organization both provincially and nationally in the year ahead.

Jason Hillyard, CPA, CGA
Chief Executive Officer
July 8th, 2021



CPA

**CHARTERED
PROFESSIONAL
ACCOUNTANTS
NEWFOUNDLAND
AND LABRADOR**

Independent Auditors' Report

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, 2021, 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, 2021, 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.

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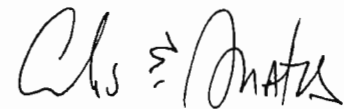
Auditor's Responsibilities for the Audit of the Financial Statements

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 18, 2021

Coombs & Associates
Chartered Professional Accountants

Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Financial Position
March 31, 2021

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 989,027	\$ 1,055,556
Short term investments	900,000	805,132
Accounts receivable (Note 2)	70,932	91,319
Prepays	20,711	22,494
	1,980,670	1,974,501
Long term investments (Note 3)	110,000	110,000
Property and equipment (Note 4)	11,950	9,567
	\$ 2,102,620	\$ 2,094,068
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 294,637	\$ 238,721
HST payable	81,862	84,997
Deferred revenue	522,385	620,349
	\$ 898,884	\$ 944,067
Net assets		
Restricted (Note 8)	322,000	272,000
Unrestricted	881,736	878,001
	1,203,736	1,150,001
	\$ 2,102,620	\$ 2,094,068

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, 2021

	2021	2020
Revenue		
Membership fees	\$ 1,004,222	\$ 941,036
Self-funding activities (Note 7)	233,623	257,803
License fee revenue	38,700	28,200
Other revenue	33,961	100,554
Admission fees	23,850	21,400
Rental income	4,252	8,603
Education surplus (Note 12)	104	-
Foreign qualification recognition funding	-	25,300
Discipline fine and cost recovery	-	6,876
	1,338,712	1,389,772
Operating expenses		
Salaries and benefits	585,324	573,688
Conduct and discipline	240,744	259,754
Self-funding activities (Note 7)	188,313	251,861
Rent	106,708	134,950
Office	43,996	53,439
Interest and bank charges	30,789	51,955
Meetings and membership activities	29,147	80,718
Insurance	20,585	20,585
Professional fees	17,355	9,974
National initiatives	15,330	38,303
Depreciation	5,751	5,321
Advertising, promotion and communications	929	7,667
Bad debt expense	6	94
Foreign qualification recognition expense	-	25,300
Travel expenses	-	9,766
Education Costs (Note 12)	-	4,388
	1,284,977	1,527,763
Excess of revenue over expenditures (expenditures over revenue) for the year	\$ 53,735	\$ (137,991)

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, 2021

	Restricted			
	(note 8)	Unrestricted	2021	2020
Net assets, beginning of year	\$ 272,000	\$ 878,001	\$ 1,150,001	\$ 1,287,992
Excess of revenue over expenditures (expenditures over revenue) for the year	-	53,735	53,735	(137,991)
Transfer to restricted fund	50,000	(50,000)	-	-
Net assets, end of year	\$ 322,000	\$ 881,736	\$ 1,203,736	\$ 1,150,001

See accompanying notes

Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Cash Flows
For the Year Ended March 31, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenditures (expenditures over revenue for the year)	\$ 53,735	\$ (137,991)
Item not affecting cash:		
Depreciation	5,751	5,321
	59,486	(132,670)
Change in non-cash working capital:		
Accounts receivable	20,387	(24,259)
Prepays	1,783	10,671
Accounts payable and accrued liabilities	52,781	(118,753)
Deferred revenue	(97,964)	(32,876)
TOTAL CASH FLOWS (USED BY) FROM OPERATING ACTIVITIES	36,473	(297,887)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(8,134)	(4,207)
Change in long term investments	-	395,132
NET CASH FROM INVESTING ACTIVITIES	(8,134)	390,925
Net increase in cash and cash equivalents	28,339	93,038
Cash and cash equivalents at beginning of year	1,860,688	1,767,650
Cash and cash equivalents at end of year	\$ 1,889,027	\$ 1,860,688
Cash and cash equivalents comprised of:		
Cash and cash equivalents	\$ 989,027	\$ 1,055,556
Short term investments	900,000	805,132
	\$ 1,889,027	\$ 1,860,688

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2021

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 .75% to 1.55%.

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:

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, 2021

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 2021-22 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, 2021

2. Accounts receivable

Accounts receivable consists of the following:

	2021	2020
Trade	\$ 39,294	\$ 75,569
Due from CPA Atlantic School of Business	-	307
Due from CPA Canada	31,638	16,415
	70,932	92,291
Allowance for doubtful accounts	-	(972)
	\$ 70,932	\$ 91,319

3. Long term investments

Long term investments consist of Bank of Montreal Guaranteed Investment Certificates bearing interest at rates from .75% to 1.5% and maturities of 1-2 years.

4. Property and equipment

Property and equipment consists of the following:

	Cost	Accumulated Depreciation	2021 Net Book Value	2020 Net Book Value
Office furniture and equipment	\$ 39,097	33,822	\$ 5,275	\$ 4,619
Computer hardware and software	33,459	26,784	6,675	4,948
	\$ 72,556	60,606	\$ 11,950	\$ 9,567

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2021

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 four years under the terms of this rental are as follows:

2022	\$ 59,137
2023	\$ 59,137
2024	\$ 59,137
2025	\$ 44,353

Equipment Leases

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

2022	\$ 683
2023	\$ 683
2024	\$ 683
2025	\$ 683
2026	\$ 683

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2021

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 \$37,981 (2020 - \$38,784).

7. Self-funding activities

	2021	2020
Revenue		
Practice inspection	\$ 65,013	\$ 61,201
Professional development	168,610	196,602
	233,623	257,803
Direct costs		
Practice inspection	58,950	60,677
Professional development	129,363	191,184
	188,313	251,861
Net revenue from self-funding activities	\$ 45,310	\$ 5,942

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 2020-21 the restricted net asset balance is calculated in the range of \$263,000 to \$350,000.

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2021

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, 2020 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

	April 30, 2020	April 30, 2019
Total assets	\$ 213,439	\$ 219,582
Net assets	\$ 209,890	\$ 214,302
<hr/>		
Total revenue	\$ 79,536	\$ 77,649
Total expense	(83,948)	(71,090)
	\$ (4,412)	\$ 6,559

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, 2021

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, 2021 the Association collected \$572,881 (2020 – \$570,731) 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 2021 amounted to \$19,568 (2020 – \$44,625).

At March 31, 2021 payables and accruals included \$79,560 (2020 - \$49,337) 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, 2021, the Association owes CPA ASB \$27,296 (2020 – \$8,749) related to their administration of the education programs.

CPA ASB rents office and meeting space from the Association. \$4,252 (2020 - \$5,331) has been recorded in these financial statements as rental revenue from CPA ASB. At March 31, 2021 CPA ASB owes \$0 (2020 - \$307) 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, \$51,100 was collected and paid or payable to the Foundation (2020 - \$51,380).

At March 31, 2021, the Association owed the Foundation \$26,355 for fees collected from members in advance for the 2021 - 22 membership year (2020 - \$30,625).

Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements
For the Year Ended March 31, 2021

12. Education surplus (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 \$31,638 (2020 - \$14,843). Since CPA ASB administers these programs for CPA NL the operating surplus is to be transferred to them and is included in liabilities at year end, net of CPA ASB's share of translation costs of \$4,237 (2020 - \$6,208) paid by CPANL throughout the year.

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 surplus (costs) for these programs was \$104 (2020 - (\$114)).

In 2020, CPA Canada incurred incremental costs related to the 2019 Common Final Examination. CPA NL's share of these incremental cost in 2020 was \$4,274. No such costs were incurred in 2021.

13. COVID-19

On March 11, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a pandemic, the global economic impact of which continues to be significant. Throughout 2020-21 CPANL followed the recommendations of the Chief Medical Officer of Health for Newfoundland and Labrador and implemented polices to ensure the health and safety of its members and staff, including the ability to work remotely as required.

The financial impacts of COVID-19 for 2020-21 have been reflected in these financial statements. The on-going pandemic may continue to have an impact on future operations, however, the extent of the impact will depend future developments, which cannot reasonably be predicted at this time.



CPA

CHARTERED
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