



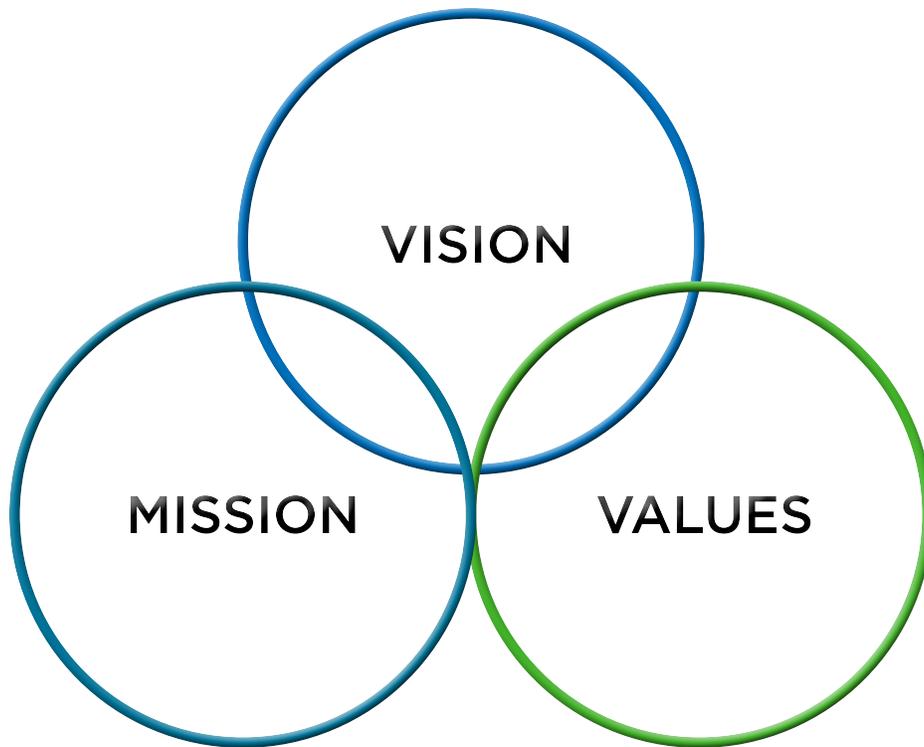
2021/2022

# 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 | 2021-2022

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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 2021-2022. This past year has certainly brought its share of challenges as we move to a post-pandemic normal. Of course social and economic issues have also arisen as a result of world events and our province and our profession have felt the impacts. 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 60 new graduates of the education program and welcomed our newest CPAs. Our new members achieved great success with the professional education program and several awards were presented to this year's new graduates during our first in-person convocation since the onset of the pandemic. The event was a resounding success with over 450 people in attendance to help celebrate this important milestone for our students who completed their program during COVID. It is important to acknowledge the resilience of this group of 109 students who not only were required to deal with the traditional stresses of writing the CFE, but also had to adapt as their educational programs and the delivery of the CFE itself pivoted to new delivery/testing formats because of the pandemic. Looking forward, we currently have 210 candidates enrolled in the professional education program with another 83 students enrolled in preparatory courses to get ready for the professional program. While students work on various completion time frames, we expect that approximately 65 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 both Steve Bragg and Ian Penney. We are delighted to recognize and celebrate their outstanding contributions to the profession and the community as a whole.

We currently have a total active membership of 1,532 members with an additional 438 retired members, representing a total membership of 1,970.

With the presentation of the financial statements for our year ended March 31, 2022, I am pleased to report that the Association continues to have a strong net asset base. This year the Association experienced a surplus for the year which was a result of a number of factors including pandemic savings, lower expenditure for rent as we reduced our leased space and a recovery of discipline costs. While the current year resulted in a surplus, it is important to acknowledge the investment required going forward to support our new member database and business process improvements. These important initiatives will have an impact on future financial results but will ensure we can deliver services to our members in the most efficient manner possible. 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. Last year we began a collaboration with our Atlantic counterparts to offer professional development as we pivoted to online delivery and this collaboration continued during the current year, allowing us to provide greater access to professional development for our members.

An area that I wish to highlight relates to the work of our staff on various National Committees and groups. The participation of our staff on these National Committees and their contribution has been recognized by our peers across the country and as a small province, we should be proud of their dedication not only to our provincial Association but also to our profession as a whole. Our staff have been involved in various National Committees including the Practice Inspection Committee, Member Advisory Services, the Task Force on Other Regulated Services, the Task Force on Registration and the Professional Development Program Committee to name a few. I would be remiss if I did not acknowledge the outstanding contribution of our CEO Jason Hillyard who has just completed a two-year term as Co-Chair of the Council of Chief Executives of the national CPA profession. We can be proud of the valuable efforts of our staff in supporting the development of our profession.

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. We anticipate an increasing role for CPAs in data management/governance and the development of ESG standards.

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 including the economic forecasts as we begin life after COVID, we all need to work together to ensure we are protecting the public interest and maintaining the Canadian Ideal of Good Business.

**Pauline Downer, FCPA, FCA**  
**Chair**

## Message from the CEO

During the past year we have continued to see some of the same challenges from the prior year, but the team at CPA Newfoundland and Labrador has grown accustomed to dealing with unique challenges and has adapted as required throughout the year. As we maintained processes from the prior pandemic year, we continued to seek opportunities to improve efficiencies and deliver on our priorities, albeit in a new reality.

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 center around the delivery of the processes that serve this objective, inclusive of our practice inspection program, professional development, 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.

To better enable our regulatory processes, we implemented a new member database during the year, inclusive of a new member portal and website. The new technology enables better self-service capability and allows for a customized experience depending on a member's circumstances, ensuring that CPA NL has the appropriate supporting documentation and disclosures. The system was in place for the 2022 membership renewal period and included processes for both the renewal and continuing professional development declarations. Looking forward to fiscal 2022/23, we anticipate further enhancements to allow our new graduates to apply for membership directly through the system in a fully integrated manner as well as the member licence renewal for those in public practice.

Virtual delivery of services and virtual collaboration throughout the profession has become a core component of how we work. While it has enabled enhanced support between provincial associations and improved some efficiencies, there are some processes and activities that will benefit from the return to in-person events. In the year ahead, we will see a return to some provincial face-to-face networking and member engagement activities. Already in May 2022 we held our convocation and awards ceremony where we welcomed 450 guests to celebrate the success of our 2020 and 2021 graduates and new FCPA's.

The virtual delivery of the CPA Professional Development program has enabled a significantly enhanced program. In the past we would have offered, on average, 50 in-person sessions per year. As a result of the shift to an Atlantic collaborative and virtual delivery model, we offered approximately 110 live virtual sessions, over 25 profession-built on-demand sessions, and another 59 third-party vendor on-demand courses. In addition, we put off a practitioners' forum and a business and innovation forum, resulting in 770 total registrations across all offerings and nearly 500 full day equivalents in the fiscal 2021/22 year. Going forward, we plan to continue with virtual delivery and augment it with an in-person fall professional development conference with some additional in-person sessions as necessary.

At the end of the fiscal year, I concluded my two-year term as Co-Chair of the Council of Chief Executives (CCE). The CCE oversees all national collaborative committees 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, we are focused on 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, there is a significant role for us all to play in the economy, the businesses we serve and the communities we live, I hope you will join me and fully embrace it!

**Jason Hillyard, CPA, CGA**  
**Chief Executive Officer**

# 2021-22 Board of Directors

## Chair



Pauline Downer, FCPA, FCA

## Vice Chair



Lana Littlejohn, CPA, CMA

## Secretary/Treasurer



Colin Sullivan, CPA

## Directors



Steve Bragg, FCPA, CA



Craig Hannam, CPA, CGA



Lynn Healey, CPA, CA



Trevor McCormick, FCPA, FCGA



Neil Pittman, FCPA, FCMA



Beth Porter, CPA, CA



Kerri Riddle, CPA, CA



Krista Ryan, CPA, CA



Troy Stanley, CPA, CA

## Public Representatives



Janet L. Bradshaw,  
P. Eng, FEC



Craig Ennis



Lisa Lovelady



Stephen McLean,  
P. Eng. (Retired)

# CPA Newfoundland and Labrador Committees

## COMMITTEES OF THE BOARD

### COMPLAINTS AUTHORIZATION

Beth Porter, Chair  
Pauline Downer, Vice Chair  
Craig Ennis  
Trevor McCormick  
Stephen McLean  
Neil Pittman  
Troy Stanley

### HUMAN RESOURCES

Pauline Downer, Chair  
Lana Littlejohn  
Stephen McLean  
Colin Sullivan

### DISCIPLINE ADVISORY

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

### MEMBERSHIP & LICENSING

Kerri Riddle, Chair  
Janet Bradshaw  
Lynn Healey  
Lisa Lovelady

## BOARD ADVISORY COMMITTEES

### AUDIT & INVESTMENT

Colin Sullivan, Chair  
Pauline Downer  
Craig Hannam  
Craig Ennis

### GOVERNANCE & NOMINATING

Lynn Healey, Chair  
Lana Littlejohn  
Neil Pittman  
Troy Stanley

### 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

Keith Abbott  
Leslie Batteredton  
Peter Collens  
Eric Coombs  
Sharon Dunn  
Sharon Forsey  
Curtis Gagne

Glenn Mifflin  
Kelsie Montgomery  
Douglas Munn  
Philip Quinlan  
Greg Roberts  
Brenda Rose  
Cheryl Whitten

### Public Representatives

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

## Representatives on National Boards/Committees

### CONTINUING PROFESSIONAL DEVELOPMENT STANDING COMMITTEE

Kim Mayo

### COUNCIL OF CHAIRS

Pauline Downer

Lana Littlejohn

### COUNCIL OF CHIEF EXECUTIVES

Jason Hillyard

### NATIONAL CONDUCT AND DISCIPLINE STANDING COMMITTEE

Kathryn Mercer-Oliver

### MEMBER ADVISORY SERVICES GROUP

Kim Mayo

### PRACTICE INSPECTION PROGRAM STANDING COMMITTEE

Kim Mayo

### PROFESSIONAL LEARNING AND DEVELOPMENT PROGRAMS COMMITTEE

Nancy Ollerhead

### REGISTRATION TASK FORCE

Kathryn Mercer-Oliver

## Representatives on Regional Boards/Committees

### ATLANTIC REGIONAL FORUM

Pauline Downer

Jason Hillyard

Lana Littlejohn

### ATLANTIC SCHOOL OF BUSINESS

Pauline Downer, Director

Beth Porter, Director

# Welcome to New Members

## BY EXAMINATION

David Arns  
Donny Bailey  
Emily Bailey  
Xiali Cai  
Timothy Churchill  
Sabrina Coish  
Jody Cooper  
Cara Courtney  
James Davis  
Kent Davis  
Baban Deep  
Mark Diamond  
Matthew Drodge  
Leanne Drover  
Renee Dunphy  
Matthew Dwyer

Kirk Fitzpatrick  
Kathleen Furlong  
Amanda Griffiths  
Krista Hale  
Nickolas Hart  
Jessica Jackman  
Alex Jewell  
Jessica Keeping  
Ashley Kennedy  
Ryan Kenny  
Matthew King  
Kar Khuen (Jason) Leong  
Meghan Long  
Rebecca Luffman  
Keri Mahon  
Akwasí Osei

Emily Penney  
Jordan Penney  
Emily Power  
Megan Power  
Allison Rose  
Danielle Ryan  
Olivia Sawler  
Cory Schuh  
John Snow  
Stephen Squires  
Joshua Taite  
Chelsea Walsh  
Jakob Walsh  
Feng (Jack) Wang  
Tanisha Welcher

## TRANSFER IN

John Alexander  
Charles Bruce  
Peter Edwards  
Michael Falaye  
Travis Ivany  
Igor Kostoutchenko

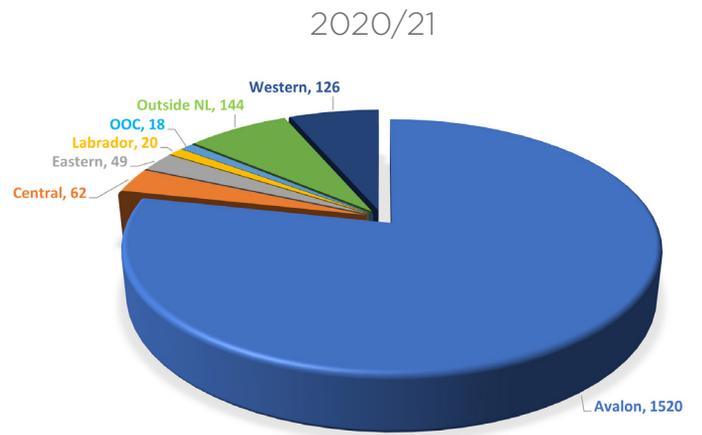
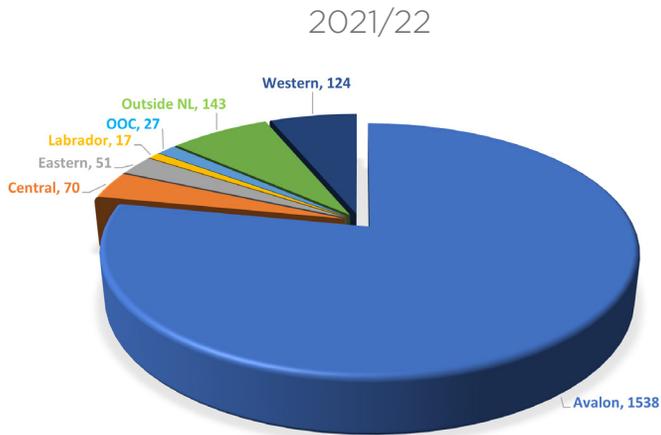
Wanda Leese  
Sievendra Maistry (MRA)  
Jillene Marlowe  
Harry Mortimer  
Gregory Mosher  
Stephanie O'Connor

Gus Patel  
Craig Arthur Reid  
Krista Torrance  
Matthew Vandekieft  
Jadie Zeng

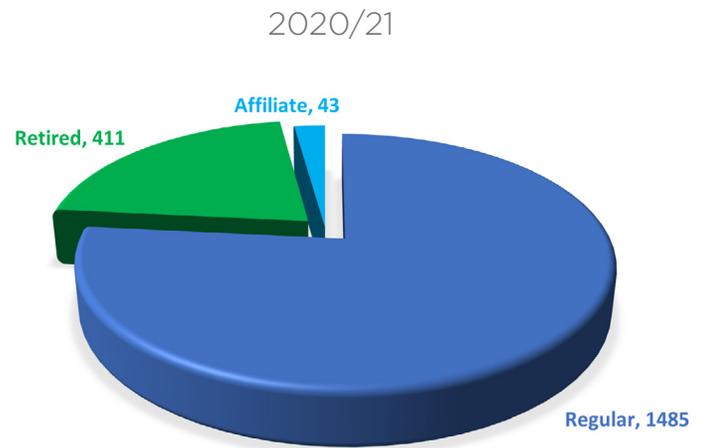
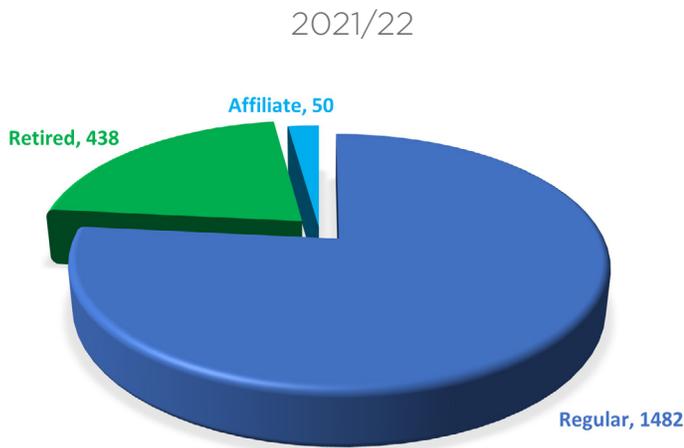
# CPA Member Demographics

TOTAL MEMBERSHIP - 1,970

## MEMBERS BY REGION

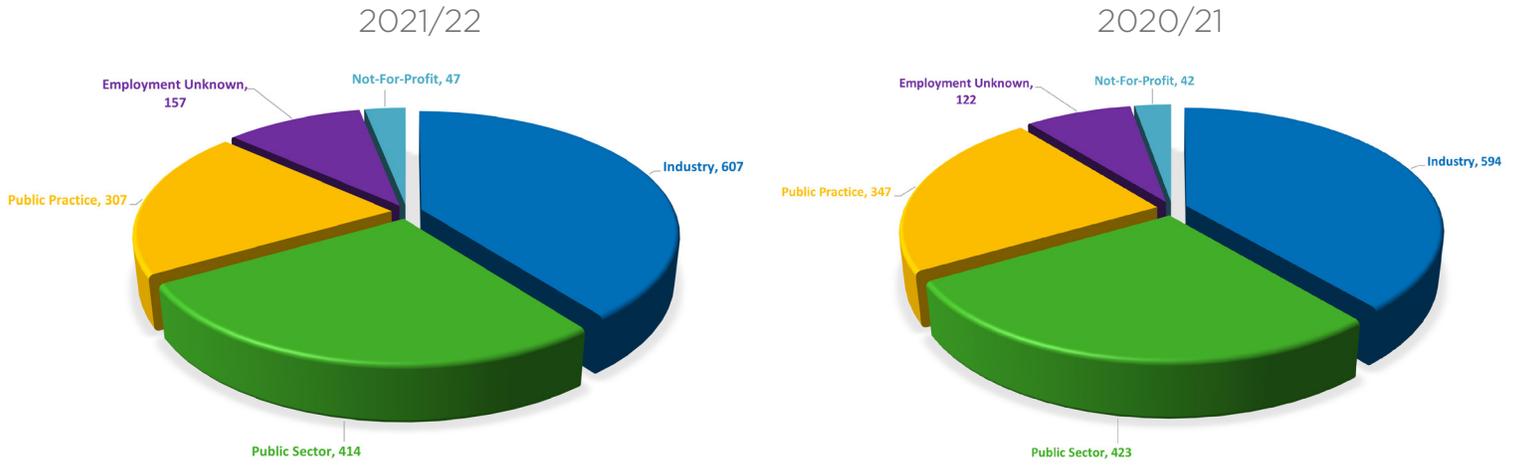


## MEMBERS BY STATUS

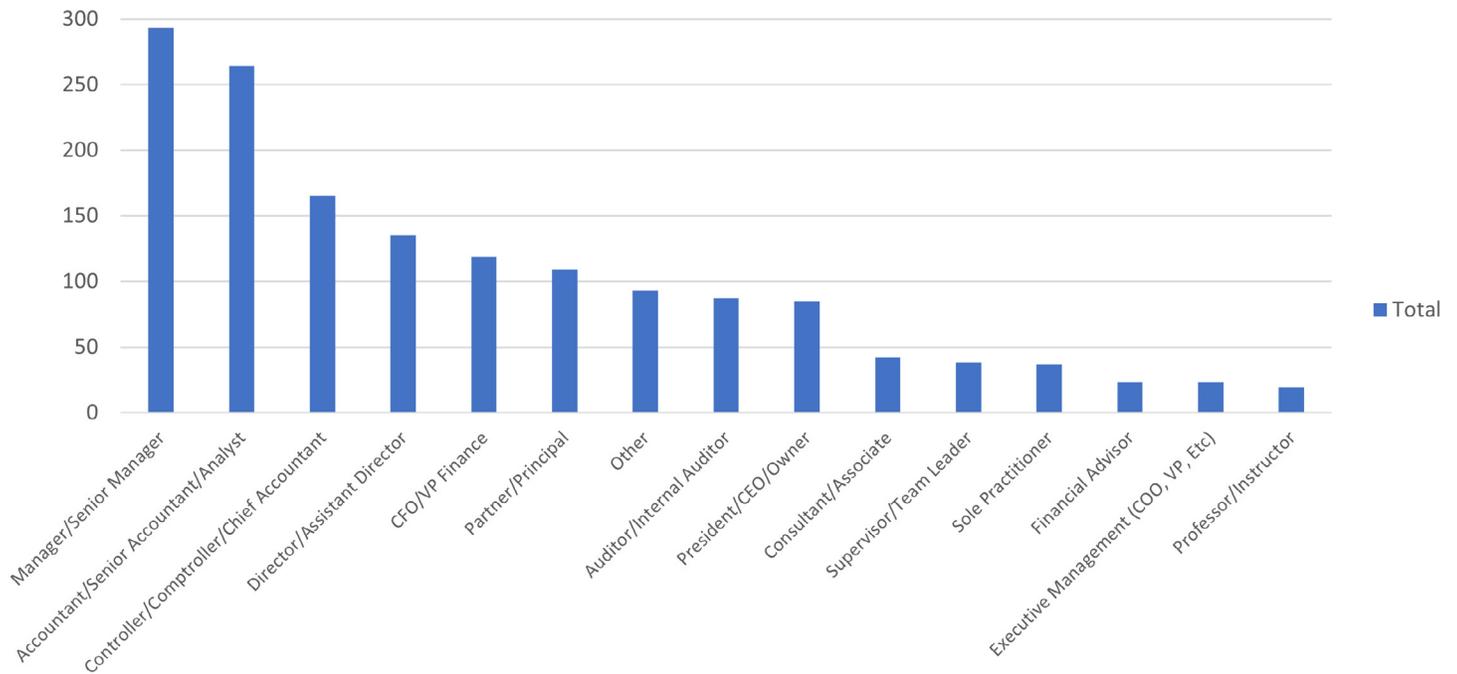


# NON-RETIRED MEMBERS - 1,532

## NON-RETIRED MEMBERS BY SECTOR



## NON-RETIRED MEMBERS BY POSITION TYPE



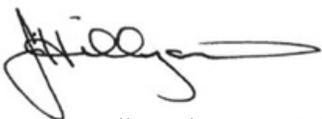
# Statement of Management Responsibility

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 1,970 members and 291 students registered in either our preparatory courses or the professional education program.

## GOVERNANCE

Under *The Chartered Professional Accountants and Public Accountants Act, 2014*, the Board of CPA Newfoundland and Labrador is governed by 16 individuals, twelve CPA members appointed by the membership and four public representatives appointed by the Minister of Digital Government and Service NL. To assist with governance, there are four Committees of the Board - Human Resources, Complaints Authorization, Membership & Licensing and Discipline Advisory. In addition to Committees of the Board, there are five Board Advisory Committees - Audit & Investment, Governance & Nominating, Member Recognition, Regulatory Advisory and Strategic Planning. There are two Management Committees - Office Practice Inspection and Government Relations. Other special or advisory committees may be established from time to time.

The Board utilizes a Policy Governance model in governing the affairs of CPA Newfoundland and Labrador. The Board reviews its' Ends, Executive Limitations, Governance Process and Board-CEO Linkage policies on an annual basis.

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, and 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 2021-22 the Board maintained membership fees and accepted a budget surplus of \$45,750.

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, 2022, CPA Newfoundland and Labrador's net assets were \$1,387,502. 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, 2022, the Association realized \$211,782 in cash from operating activities and utilized \$193,653 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

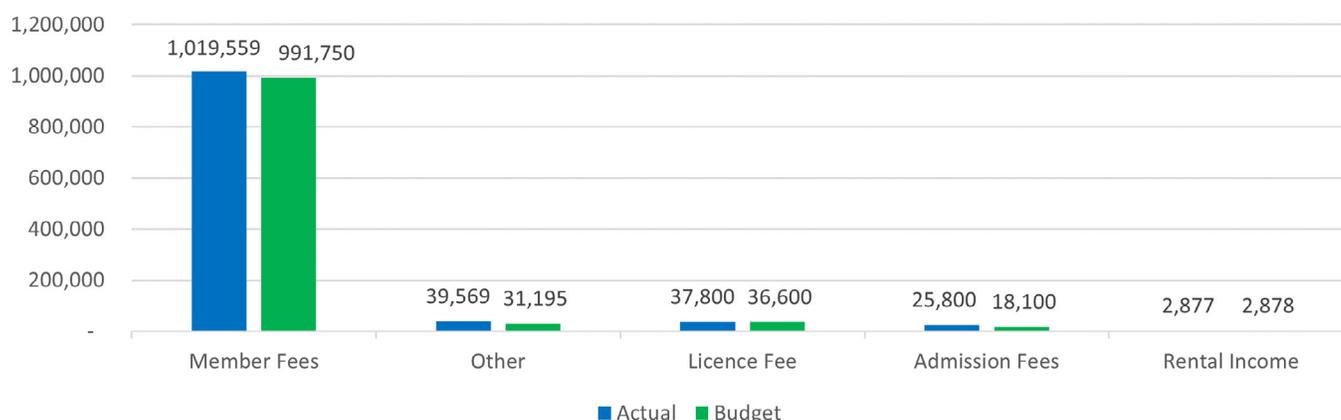
Revenue from membership fees for the year ended March 31, 2022, was \$1,019,559; an increase over the prior year due to an increase in membership as new members for the year exceeded the number of members retiring or resigning from membership. Member fees were over budget by \$27,809 due to the increase in new members, 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 \$25,800, an increase over budget of \$7,700, also related to the timing of new graduates being admitted to membership.

The Association also generated revenue of \$37,800 from the issuance of public accountant licenses, a slight decrease from the prior year as the impact of by-law changes affecting qualifications for licensure continued to be felt. However, new licences issued in the year resulted in total licence fee revenue slightly above budget.

Rental income was less than the prior year but consistent with budget as the training centre space was released in the fall of 2020 and is no longer available for rental.

Other revenues totaled \$39,569 and included interest on financial holdings, website advertising, administrative fees, sponsorships, and post designation public accounting (PDPA) course and exam fees. This category was \$8,374 over budget driven mainly by an increase in the Affinity programs and website advertising.

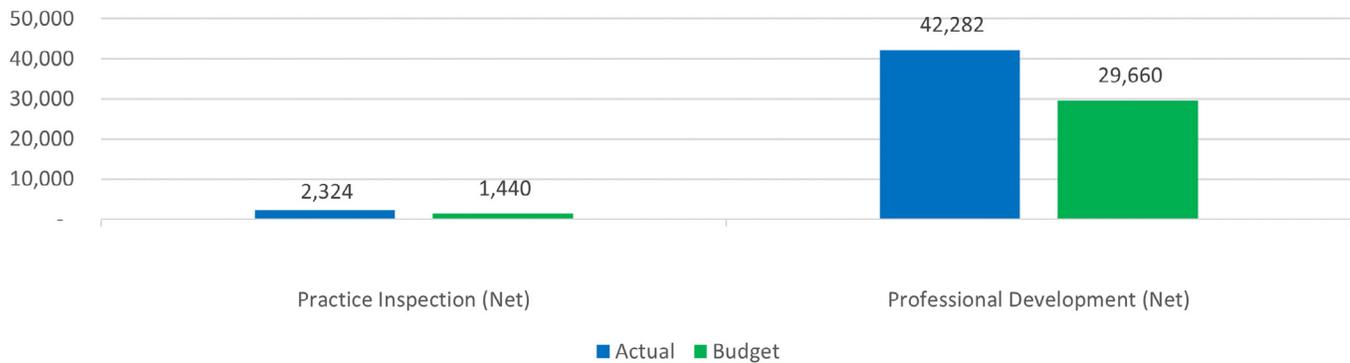
### Revenue Overview - Actual vs Budget



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 \$2,324 is slightly over the budget of \$1,440. Practice inspection is not intended to contribute to the general operations; however, we continue to aim to achieve a self-funded position. A small contribution can be expected depending on the amount of travel and training costs incurred. Pandemic restrictions have limited travel in recent years and no new inspectors were hired in the current year, limiting the need to incur training costs.

The contribution to operations from the Professional Development program was over budget by \$12,622. Throughout 2021-22 the entire CPD program continued to be run virtually with a variety of courses offered through live-broadcasts and on-demand platforms. The Association continued its partnership with CPA Nova Scotia, CPA PEI, and CPA Bermuda, allowing our members to avail of a broader range of course options. With increased availability and lower costs associated with the virtual offerings, the margins on courses are higher than in-class sessions. Overall, total registration was consistent with budget, but the delivery model continued to result in lower cost per participant resulting in the positive contribution from Professional Development. As in the past, indirect costs are not allocated to the professional development program and there is an expectation that Professional Development will yield a contribution to offset a portion of the indirect costs incurred by the Association.

## Self-Funding Activities Overview - Actual vs Budget



Also, impacting revenue this year was a receipt of \$50,000 in fines and cost recovery related to discipline orders.

The overall increase in revenue, together with a positive variance in expenses of approximately \$13,000 resulted in an excess of revenue over expenditures of \$183,766, compared to a budget surplus of \$45,750 and prior year surplus of \$53,735.

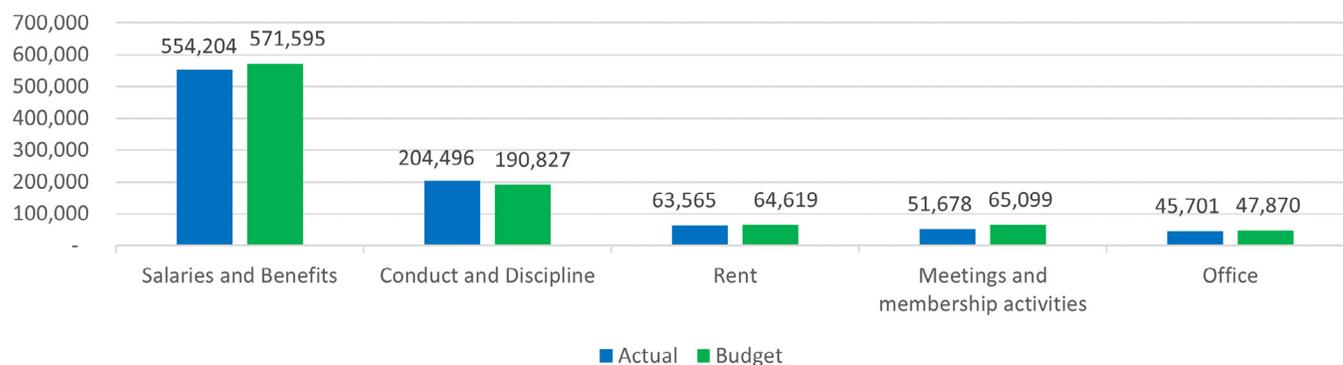
The positive variance in expenses comes from a number of areas, many of which continue to be directly attributed to the impacts of the pandemic on operations.

Despite the positive variance in many areas, depreciation, practice inspection and IT related costs had negative variances. The increase in depreciation is related to the purchase of a new member database system, the final cost of which was over budget. Depreciation is taken on a 3-year straight line basis, with 50% in year one. While practice inspection costs increased, this is offset by a corresponding increase in revenue from practice inspection. As noted above, the contribution from the Practice Inspection program was only slightly above budget. Information technology costs are indirectly related to the new database and include annual licences and support.

Conduct and discipline showed a negative budget variance of \$13,669 but was \$36,248 less than the prior year. 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 \$17,391 due mainly to an increase in the amount of Director time allocated to Practice Inspection and continued drawdown on accumulated vacation time. Salaries were also \$31,120 less than the prior year due to a change in staff complement in the prior year, the full impact of which was not seen until 2021-22. Positive budget variances were seen in almost all other expenditures due to curtailment of activities as a result of provincial and national pandemic restrictions. Convocation for 2022, normally taking place in February, was delayed until May 2022 so no costs were incurred in the 2021-22 fiscal year; the implementation of the new member database resulted in member fees being paid later than in the past, as a result bank service charges related to credit card payments were lower; Board, committee and National meetings continued to be conducted virtually; and travel for provincial and national initiatives did not take place.

## Top 5 Expenses Overview - Actual vs Budget



In 2021-22 CPA Newfoundland and Labrador 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, while admissions outpaced retirements in fiscal 2021-22, our aging demographics impacted the 2022-23 renewal cycle with retirements keeping pace with new admissions resulting in a flat membership base. Members in our Regular membership category decreased by three in comparison to the prior year, while affiliate members increased by seven, and retirements increased by 27.

We continue to see a strong market for CPAs in the province as evident from job opportunities posted on our website. In 2020-21 there were 64 job postings compared to 28 in the prior year.

To meet the demand for CPA's and to provide more flexibility for students and employers, the profession is now providing two opportunities to write the Common Final Examination - in September and May. This year we were delighted to welcome 60 new graduates to the profession.

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

### RISK IN RESPECT OF FINANCIAL INSTRUMENTS

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

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

- Credit risk arises from the potential that a counter party will fail to perform its obligations. It is management's opinion that the Association is not exposed to significant credit risk as its accounts receivable arise mainly from transactions with parties such as members and firms.
- Currency risk is the risk to the Association's revenues and expenses that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the Association is not exposed to any currency risk as it has no material transactions in foreign currencies.

- The Association's investments in cash equivalents and fixed income investments are subject to market risks as the value of these investments will change with market fluctuations. Based on the nature of the Association's investments, it is management's opinion that the Association is not exposed to significant fair value market risk.

## OPERATIONAL RISK

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

As a self-regulatory body, the Association recognizes the need to ensure it can continue to provide self-regulatory activities such as on-going discipline activities and practice inspection. Such activities do not come without a substantial cost representing an operational risk for the organization. By maintaining total net assets in excess of annual membership fees and working with support and combined resources of the other provinces and the national body, the Board is taking conscious efforts to mitigate this risk. The Board has a policy to maintain a restricted net assets balance of a minimum of one and a half times the actual five-year average conduct and discipline costs and not to exceed two times those costs. For 2021-22 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 significant membership size enables CPA Canada to play a strategic role in influencing accounting and taxation standards both nationally and internationally.

CPA Canada supports the work of the provinces and provides unique offerings to the membership. The profession represents over 225,000 CPAs in Canada and abroad and is one of the world's largest national accounting bodies. This significant membership size enables CPA Canada to play a strategic role in influencing accounting and taxation standards both nationally and internationally.

### 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 60 Newfoundland and Labrador Candidates in 2021, through successful completion of the Common Final Examination at either our May or September 2021 exam offering. We were delighted to host a convocation in May 2022 celebrating the success of both the 2021 and 2020 graduates.

### 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
- Reimagining the Profession
- Revolutionizing the Learning Continuum
- Smart Regulation
- Enhancing Trust and Reputation
- Shape the Profession in a Digital Future

### PROTECT THE PUBLIC

CPA Newfoundland and Labrador's mission and legislative environment centres around our commitment to protect the public. The Association is a self-regulatory body and is responsible to ensure its membership remains in compliance with the Act, Regulations, By-laws, and the Rules of Professional Conduct. The components of the regulatory framework are there to ensure that our members conduct themselves in a professional manner with the protection of the public at the utmost importance.

CPA Newfoundland and Labrador has implemented several 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 CPAs in public practice. CPAs 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 2021-22, the CAC received 7 new allegations. Of these 7 allegations, 3 continue to be processed by the CAC, 2 resulted in a caution to the member, and 2 were referred to the Disciplinary Panel for a hearing.

Along with the 2 complaints referred for a hearing in 2021-22, hearings into 2 complaints from previous years are ongoing. In addition, hearings into 3 complaints from previous years were concluded in 2021-22, resulting in findings of guilt with respect to the members involved. The outcomes of these hearings are published on the CPA Newfoundland and Labrador website.

### *Practice Inspection*

CPA Newfoundland and Labrador utilizes a nationally harmonized practice inspection program in performing its practice inspections. The harmonized approach aims for consistency in practice inspection within the province and across the country. All practice inspectors are trained in the application of the harmonized program. To ensure consistent application of the harmonized program across Canada, a Practice Inspection Standing Committee, of which the Director, Professional Services and Operations is a part, meets on a regular basis to monitor practice inspection results.

Throughout 2021-22 inspections were completed by the Director, Professional Services and Operations, and four contract inspectors. During the year, CPA Newfoundland and Labrador collaborated with CPA Nova Scotia (CPA NS) to share practice inspection resources, as a result two contract inspectors from Nova Scotia performed inspections of CPA Newfoundland and Labrador firms and the Director performed inspections of CPA NS firms. 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 2021-22 inspection year there were 115 firms that had reported they were in the practice of public accounting, 40 of which were subject to inspection or reinspection in the 2021-22 inspection year. This consisted of practices offering a full range of assurance services as well as compilation only practices. Of the 40 inspections, 20 have been completed and 5 have been deferred due to an extenuating circumstance. The remaining 15 inspections are scheduled for completion by August 31, 2022. The practice inspection program transitioned to remote inspection in the spring of 2020 due to COVID restrictions. Throughout the 2021-22 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 the standards are substantially met but some assurance is required that certain matters identified will be addressed on a timely basis, the practice inspection committee may recommend prescribed professional development courses, submission of an action plan, or inspection on a shortened inspection cycle.

In total there have been 36 inspections completed since the last annual report: 20 for the 2021-22 inspection year to date and 16 for the 2020-21 inspection year. Five of these inspections did not meet the requirements of the practice inspection program, resulting in one requirement to engage a monitor and four firms being subject to a full or partial reinspection. Nine inspections were considered to meet the standards, but certain actions were required by the firm to ensure the requirements of the practice inspection program continue to be met, and the remaining 22 inspections required no further action.

## REIMAGINING THE PROFESSION

As a profession we are regularly self-evaluating the role of the profession in the economy and how we support the businesses and the communities we serve. The CPA Foresight work helps the profession maintain a pulse on the potential impacts the changing global environment will have on our organization and helps us establish priorities to stay the course.

The Competency Map 2.0 (CM2.0) project was established to ensure our profession is ready for our role in the future economy, ensuring our students are trained to the roles of the future and our current members are provided resources to support their continued development and maintain their position as trusted advisors and leaders.

The national professional development program established through a partnership of the provincial CPA organizations develops core curriculum to assist members in maintaining the core competencies required for them to succeed. Course material covers a broad range of competency areas to allow members to align their learning to the roles they serve in their organizations. The curriculum is maintained and enhanced annually to align to the needs today and for the future.

## REVOLUTIONIZING THE LEARNING CONTINUUM

The goal of revolutionizing the learning continuum 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 the 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 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 CPA Atlantic School of Business is meeting its objectives and providing our aspiring CPA students with an exceptional

education program.

In 2021-22, I served as the Executive Sponsor for a remote proctoring pilot program which was successfully held in Atlantic Canada, supported by CPA Canada and the CPA Atlantic School of Business. This remote proctoring pilot for our introductory preparatory courses, was established as a proof of concept for flexible delivery of our programming with the goal of further expanding its reach in the upcoming year.

Through collaboration with our provincial counterparts and CPA Canada, we have introduced a new competency map for the profession. CM2.0 focuses on responding to the changing world around us and reimagining the skills and competencies that will equip new CPAs with the critical knowledge, analytical skills, and ethical mindset that CPAs are already known for, while ensuring we remain on the leading edge and future ready. We are at the early stages of implementing the changes contemplated in CM2.0 into our programming and curriculum.

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

## **SMART REGULATION**

The strategic priority surrounding smart regulation is to ensure that as a profession we constantly maintain our regulatory processes to effectively protect the public. To assist in achieving this goal, the staff at CPA Newfoundland and Labrador are active participants in the national committees that have been established to support the work of the profession.

As CEO of CPA Newfoundland and Labrador, I was fortunate to have the support of the CPA Newfoundland and Labrador Board to continue as co-chair of the Council of Chief Executives (CCE) for a second year which concluded at the end of fiscal 2021/22. The CCE oversees the management of the profession nationally and has established several committees to focus on the core components of the profession. The Director, Professional Services and Operations is a member of the Practice Inspection Program Standing Committee, Member Advisory Services Group, Other Regulated Services Task Force 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 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.

## **ENHANCING TRUST AND REPUTATION**

Enhancing trust and reputation requires the profession to demonstrate to the public what CPAs do, how we offer value and protect and benefit society at large. It also requires that our members recognize the significant roles we collectively play in the economy and the community.

Through our national work, we continue to deliver a national brand campaign which builds awareness of the profession and the role that we play in society. The 2021 brand campaign "Lean on us, lead with us" presents CPAs as the trusted advisors Canadians turn to for help during uncertain times, this type of campaign helps highlight the profession for their financial expertise and integrity and establish the role we serve to support our communities.

Through the work of CPA Canada, the profession is playing a significant role in the development of international standards for Environmental, Social and Governance (ESG) reporting, which will establish the professions' role in the development of and assurance over standards and integrity to support CPAs.

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 communications. We are fortunate to be able to leverage thought leadership reports from CPA Canada and larger provincial organizations for the benefit of our members.

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. Through a combination of virtual and in-person delivery, over 250 tax returns were completed in our volunteer income tax clinics this year.

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

While our physical touch points with our membership were limited this year, we were able to facilitate our annual general meeting in a virtual format and provide two free professional development courses in conjunction with 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 free sessions throughout the year. We were also able to continue the tradition of the CPAs multiplying kindness event, where our members provided support to a local food bank, the homeless community and the VOXM Happy Tree, a testament to the generosity of our membership.

## **SHAPE THE PROFESSION IN A DIGITAL FUTURE**

During the fiscal year we implemented a new member database which will better enable us to fulfill our regulatory requirements, improve efficiency of recurring activities and establish enhanced controls over our administrative processes which further enhances our effectiveness in protecting the public. Looking ahead, we will continue to enhance how we use the new member database to constantly improve our regulatory processes.

The migration to the new member database also provided an opportunity to refresh our member data, enabling us to better access member demographic and other statistical information to inform our decision making and monitor changes in our membership from year to year.

As a result of COVID-19 the Association continues to operate in primarily a virtual setting. While staff have returned to the office, the CPA Newfoundland and Labrador Board and committee meetings, weekly small practices meetings, Atlantic regional meetings, and National committee meetings continue to be done virtually. We anticipate some return to in-person meetings for the upcoming fiscal year, however, virtual meetings will be utilized to a much larger extent going forward to provide greater efficiency in operations. Similarly, our professional development program has continued in a virtual setting, providing improved access for our members.

## THE YEAR AHEAD

A priority area for the Association for 2022/23 is to roll out additional member portal functionality and streamline processes through our new member database. This will include moving all regulatory processes to align with the member renewal timeline, eliminating the need for multiple interactions and making it more efficient for members and staff. We were fortunate to be able to host the 2022 convocation in-person in May 2022 and we look forward to being able to re-establish more face-to-face events during the year. However, we have learned over the last two years that virtual options are important and we will continue to look for virtual alternatives to promote member engagement.

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 our new member portal will help keep our members informed as to 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.

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 improving member pride and engagement. This is a strategic focus for the organization both provincially and nationally in the year ahead.

Jason Hillyard, CPA, CGA  
Chief Executive Officer  
August 12th, 2022



# CPA

**CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
NEWFOUNDLAND  
AND LABRADOR**

## Independent Auditors' Report

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Paradise, NL  
A1L 4A2

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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, 2022, 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, 2022, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

### Basis for Opinion

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

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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



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

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

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

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

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



Chartered Professional Accountants

Paradise, Newfoundland and Labrador  
August 02, 2022

**Coombs & Associates**  
Chartered Professional Accountants

# Association of Chartered Professional Accountants of Newfoundland and Labrador

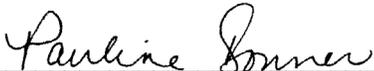
Statement of Financial Position  
March 31, 2022

|  | 2022                | 2021                |
|--|---------------------|---------------------|
| <b>Assets</b>                            |                     |                     |
| <b>Current Assets</b>                    |                     |                     |
| Cash and cash equivalents                | \$ 1,907,156        | \$ 989,027          |
| Short term investments                   | -                   | 900,000             |
| Accounts receivable (Note 2)             | 74,951              | 70,932              |
| Prepays                                  | 30,558              | 20,711              |
|  | <b>2,012,665</b>    | 1,980,670           |
| Long term investments (Note 3)           | 110,000             | 110,000             |
| Property and equipment (Note 4)          | 168,491             | 11,950              |
|  | <b>\$ 2,291,156</b> | <b>\$ 2,102,620</b> |
| <b>Liabilities and Net Assets</b>        |                     |                     |
| <b>Current Liabilities</b>               |                     |                     |
| Accounts payable and accrued liabilities | \$ 478,833          | \$ 294,637          |
| HST payable                              | 57,152              | 81,862              |
| Deferred revenue                         | 367,669             | 522,385             |
|  | <b>\$ 903,654</b>   | <b>\$ 898,884</b>   |
| <b>Net assets</b>                        |                     |                     |
| Restricted (Note 8)                      | 322,000             | 322,000             |
| Unrestricted                             | 1,065,502           | 881,736             |
|  | <b>1,387,502</b>    | 1,203,736           |
|  | <b>\$ 2,291,156</b> | <b>\$ 2,102,620</b> |

## Commitments (Note 5)

Approved on Behalf of the Board:

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

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

See accompanying notes to the financial statements

# Association of Chartered Professional Accountants of Newfoundland and Labrador

## Statement of Operations

For the Year Ended March 31, 2022

|  | 2022              | 2021             |
|--|-------------------|------------------|
| <b>Revenue</b>                                   |                   |                  |
| Membership fees                                  | \$ 1,019,559      | \$ 1,004,222     |
| Self-funding activities (Note 7)                 | 244,706           | 233,623          |
| Discipline fine and cost recovery                | 50,941            | -                |
| Other revenue                                    | 39,569            | 33,961           |
| License fee revenue                              | 37,800            | 38,700           |
| Admission fees                                   | 25,800            | 23,850           |
| Rental income                                    | 2,877             | 4,252            |
| Education surplus (Note 12)                      | 12                | 104              |
|  | <b>1,421,264</b>  | <b>1,338,712</b> |
| <b>Operating expenses</b>                        |                   |                  |
| Salaries and benefits                            | 554,204           | 585,324          |
| Conduct and discipline                           | 204,496           | 240,744          |
| Self-fundings activities (Note 7)                | 200,100           | 188,313          |
| Rent   | 63,565            | 106,708          |
| Meetings and membership activities               | 51,678            | 29,147           |
| Office   | 45,701            | 43,996           |
| Depreciation                                     | 37,112            | 5,751            |
| Interest and bank charges                        | 24,975            | 30,789           |
| Insurance  | 20,894            | 20,585           |
| Professional fees                                | 16,193            | 17,355           |
| National initiatives                             | 14,919            | 15,330           |
| Advertising, promotion and communications        | 3,661             | 929              |
| Bad debt expense                                 | -                 | 6                |
|  | <b>1,237,498</b>  | <b>1,284,977</b> |
| Excess of revenue over expenditures for the year | <b>\$ 183,766</b> | <b>\$ 53,735</b> |

See accompanying notes to the financial statements

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Changes in Net Assets  
For the Year Ended March 31, 2022

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|  | Restricted        |                     | 2022                | 2021                |
|--|-------------------|---------------------|---------------------|---------------------|
|  | (note 8)          | Unrestricted        |                     |                     |
| Net assets, beginning of year                    | \$ 322,000        | \$ 881,736          | \$ 1,203,736        | \$ 1,150,001        |
| Excess of revenue over expenditures for the year | -                 | 183,766             | 183,766             | 53,735              |
| <b>Net assets, end of year</b>                   | <b>\$ 322,000</b> | <b>\$ 1,065,502</b> | <b>\$ 1,387,502</b> | <b>\$ 1,203,736</b> |

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See accompanying notes

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Cash Flows  
For the Year Ended March 31, 2022

|   | 2022                | 2021                |
|---|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                |                     |                     |
| Excess of revenue over expenditures                         | \$ 183,766          | \$ 53,735           |
| <b>Item not affecting cash:</b>                             |                     |                     |
| Depreciation  | 37,112              | 5,751               |
|   | <b>220,878</b>      | <b>59,486</b>       |
| <b>Change in non-cash working capital:</b>                  |                     |                     |
| Accounts receivable   | (4,019)             | 20,387              |
| Prepays   | (9,847)             | 1,783               |
| Accounts payable and accrued liabilities                    | 159,486             | 52,781              |
| Deferred revenue  | (154,716)           | (97,964)            |
| <b>TOTAL CASH FLOWS (USED BY) FROM OPERATING ACTIVITIES</b> | <b>211,782</b>      | <b>36,473</b>       |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                |                     |                     |
| Purchase of property and equipment                          | (193,653)           | (8,134)             |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                   | <b>(193,653)</b>    | <b>(8,134)</b>      |
| <b>Net increase in cash and cash equivalents</b>            | <b>18,129</b>       | <b>28,339</b>       |
| Cash and cash equivalents at beginning of year              | 1,889,027           | 1,860,688           |
| <b>Cash and cash equivalents at end of year</b>             | <b>\$ 1,907,156</b> | <b>\$ 1,889,027</b> |
| <b>Cash and cash equivalents comprised of:</b>              |                     |                     |
| Cash and cash equivalents                                   | \$ 1,907,156        | \$ 989,027          |
| Short term investments                                      | -                   | 900,000             |
|   | <b>\$ 1,907,156</b> | <b>\$ 1,889,027</b> |

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2022

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## 1. Significant Accounting Policies

### Nature of business

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

### Basis of accounting

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

### Cash and cash equivalents and short-term investments

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

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

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# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2022

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## 1. Significant Accounting Policies (continued)

### Impairment of long-lived assets

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

### Deferred revenue

Deferred revenue consists of membership fees collected in advance for the 2022-23 membership year, as well as professional development revenue for courses that did not occur until the subsequent year.

### Presentation of controlled entity

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

### Financial instruments

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

### Revenue recognition

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.

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# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2022

## 2. Accounts receivable

Accounts receivable consists of the following:

|                                 | 2022             | 2021      |
|---------------------------------|------------------|-----------|
| Trade                           | \$ 57,513        | \$ 39,294 |
| Due from CPA Canada             | 17,438           | 31,638    |
|                                 | <b>74,951</b>    | 70,932    |
| Allowance for doubtful accounts | -                | -         |
|                                 | <b>\$ 74,951</b> | \$ 70,932 |

## 3. Long term investments

Long term investments consist of Bank of Montreal Guaranteed Investment Certificates bearing interest at rates from .75% to 1.65% and maturities of 1-2 years.

## 4. Property and equipment

Property and equipment consists of the following:

|                                | Cost              | Accumulated<br>Depreciation | 2022<br>Net Book<br>Value | 2021<br>Net Book<br>Value |
|--------------------------------|-------------------|-----------------------------|---------------------------|---------------------------|
| Office furniture and equipment | \$ 39,097         | 35,415                      | \$ 3,682                  | \$ 5,275                  |
| Computer hardware and software | 227,111           | 62,302                      | 164,809                   | 6,675                     |
|                                | <b>\$ 266,208</b> | <b>97,717</b>               | <b>\$ 168,491</b>         | <b>\$ 11,950</b>          |

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2022

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## 5. Commitments

### Agreement with Chartered Professional Accountants Education Foundation of Newfoundland and Labrador, Inc. (the "Foundation")

The Association has signed a memorandum of agreement with the Foundation whereby the Association shall provide dedicated funding, in an amount determined by the CPA NL Board annually, to allow the Foundation to meet any mutually agreed upon financial commitments. Prior to accepting or initiating any financial commitments which will require future funding from the Association, the Foundation must seek approval from the CPA NL Board.

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

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

### Office premises

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

|      |           |
|------|-----------|
| 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:

|      |        |
|------|--------|
| 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, 2022

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## 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 \$38,459 (2021 - \$37,981).

## 7. Self-funding activities

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|  | 2022           | 2021      |
|--|----------------|-----------|
| <b>Revenue</b>                           |                |           |
| Practice inspection                      | \$ 72,809      | \$ 65,013 |
| Professional development                 | 171,897        | 168,610   |
|  | <b>244,706</b> | 233,623   |
| <b>Direct costs</b>                      |                |           |
| Practice inspection                      | 70,485         | 58,950    |
| Professional development                 | 129,615        | 129,363   |
|  | <b>200,100</b> | 188,313   |
| Net revenue from self-funding activities | \$ 44,606      | \$ 45,310 |

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## 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 2021-22 the restricted net asset balance is calculated in the range of \$286,000 to \$382,000.

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2022

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## 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, 2021 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

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|               | April 30,<br>2021 | April 30,<br>2020 |
|---------------|-------------------|-------------------|
| Total assets  | \$ 203,862        | \$ 213,439        |
| Net assets    | \$ 193,410        | \$ 209,890        |
| <hr/>         |                   |                   |
| Total revenue | \$ 53,455         | \$ 79,536         |
| Total expense | (69,935)          | (83,948)          |
|               | \$ (16,480)       | \$ (4,412)        |

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## 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, 2022

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## 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, 2022 the Association collected \$580,389 (2021 – \$572,881) 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 2022 amounted to \$24,794 (2021 – \$19,568).

At March 31, 2022 payables and accruals included \$203,455 (2021 - \$79,560) due to CPA Canada for membership fees and costs to be billed back to the provinces under the Accord. The balance owing for membership fees represents fees paid in advance for the 2022-23 membership year.

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

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

At March 31, 2022, the Association owes CPA ASB \$11,515 (2021– \$27,296) related to their administration of the education programs.

CPA ASB rents office and meeting space from the Association. \$2,877 (2021 - \$4,252) has been recorded in these financial statements as rental revenue from CPA ASB.

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

To meet its commitment to the Foundation (note 5), the Association collects revenue for the Foundation through its annual membership fees. During the year, \$52,220 was collected and paid or payable to the Foundation (2021 - \$51,100).

At March 31, 2022, the Association owed the Foundation \$18,270 for fees collected from members in advance for the 2022-23 membership year (2021 - \$26,355).

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# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2022

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## 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 \$17,438 (2021 - \$31,638). 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 \$5,911 (2021 - \$4,237) 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 for these programs was \$12 (2021 – \$104).

## 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 2021-22 CPANL followed the recommendations of the Chief Medical Officer of Health for Newfoundland and Labrador and implemented policies to ensure the health and safety of its members and staff, including the ability to work remotely as required.

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  
PROFESSIONAL  
ACCOUNTANTS  
NEWFOUNDLAND  
AND LABRADOR

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