



**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
NEWFOUNDLAND  
AND LABRADOR

# ANNUAL REPORT

## 2023/2024

**Address :**

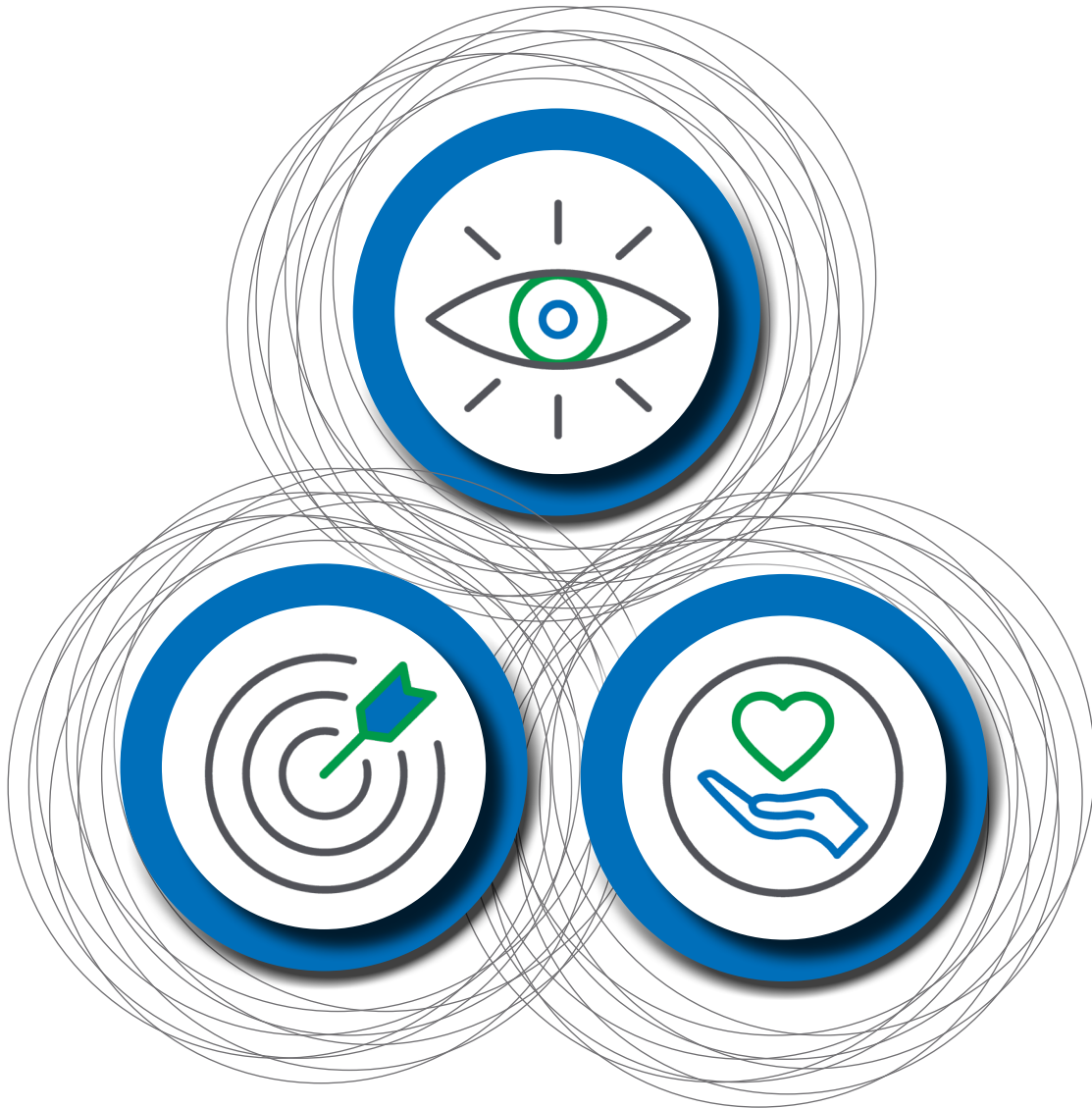
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St. John's, NL A1B 2X5

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## VISION

The Canadian CPA is the pre-eminent, globally respected business and accounting designation.



## MISSION

CPA Newfoundland and Labrador enhances the influence, relevance and value of the Canadian CPA profession by protecting the public, supporting its members and students, and contributing to economic and social development.

## VALUES

The profession is built on a number of key pillars, including integrity, excellence, trust & respect, accountability and professionalism. As an organization we also strive to maintain these core values in our day to day operations.

# Annual Report | 2023-2024

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# Message from the Chair & CEO

## Dear Members,

We are delighted to present our CPA Newfoundland and Labrador annual report for the year ended March 31st, 2024.

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

CPA Newfoundland and Labrador remains focused on our legislative mandate of protecting the public; ensuring we fulfill our responsibilities as a self-regulated profession. The Association's operations center around the delivery of the processes that serve this objective, through our conduct and discipline processes, practice inspection program, licensing and registrations requirements and monitoring member compliance with professional development and professional liability insurance requirements.

Where appropriate, the profession aims for national consistency of the regulatory processes. To enable this consistency the staff at CPA Newfoundland and Labrador are involved in national committees and initiatives in many of these areas. While the existing form of the national "collaboration accord" is changing, we are actively participating with the provincial CPA regulators and CPA Canada to establish the best path forward for the profession in response to those changes.

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 41 new graduates from the education program and we were delighted to celebrate their success at the annual convocation in June. We currently have over 300 candidates and students enrolled in the professional education program and preparatory courses, and we look forward to welcoming them to the profession in the coming years.

With the presentation of the financial statements for our year ended March 31, 2024, we are pleased to report that the Association continues to have a strong net asset base. This year the Association experienced a surplus which was a result of several factors, the most significant of which were lower than budgeted expenditures on disciplinary matters, lower salary costs due to a temporary vacancy beyond what was budgeted, lower member database costs due to more work being completed in house without vendor support and reduced national activity resulting in less travel and less national committee funding. While the current year resulted in a surplus, it is important to acknowledge that disciplinary costs can vary significantly from year to year, and we will continue to budget based on a rolling five-year average cost. In addition, as we work through

a new approach to national collaboration, we anticipate that costs to support that collaboration will return to pre-2024 levels.

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

In the coming year, the Association will continue to be forward thinking while maintaining our focus on operations and service levels to the membership. We appreciate that we operate in an evolving and fast-changing environment. We will continue to assess the landscape of the accounting profession as we plan for the future. We anticipate an increasing role for CPAs in data management/governance and the development of ESG standards. In line with this expectation, our staff worked with the CPA Education Foundation and Memorial University's Faculty of Business Administration to launch the CPA Education Foundation Data Analytics Case Competition in the Fall of 2023.

With a rapidly changing environment comes new challenges and opportunities and we recognize that our professional development and professional education programs will need to continue to evolve to prepare our members and students for the profession of the future, in that light, CPA Newfoundland and Labrador has added a new Learning Management System (LMS) to enable a more streamlined approach to professional development and improve the member experience.

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



CHAIR  
Lana Littlejohn, CPA, CMA



CEO  
Jason Hillyard, CPA, CGA

# 2023-24 Board of Directors

## Chair



Lana Littlejohn, CPA, CMA

## Vice Chair



Lynn Healey, CPA, CA

## Secretary/Treasurer



Colin Sullivan, CPA

## Directors



Steve Bragg, FCPA, CA



Jennifer Button, CPA, CA



Pauline Downer, FCPA, FCA



Anthony Keeping, CPA, CA



Trevor McCormick, FCPA, FCGA



Beth Porter, CPA, CA



Ashley Power-Stack, CPA, CMA



Krista Ryan, CPA, CA



Troy Stanley, CPA, CA

## Public Representatives



Janet L. Bradshaw



Justin Caines



Craig Ennis



Lisa Lovelady

# CPA Newfoundland and Labrador Committees

## COMMITTEES OF THE BOARD

### COMPLAINTS AUTHORIZATION

Beth Porter, Chair  
Pauline Downer, Vice Chair  
Jennifer Button  
Justin Caines  
Craig Ennis  
Trevor McCormick

### HUMAN RESOURCES

Lana Littlejohn, Chair  
Craig Ennis  
Lynn Healey  
Colin Sullivan

### DISCIPLINE ADVISORY

Lana Littlejohn, Chair  
Janet Bradshaw  
Lynn Healey  
Beth Porter  
Colin Sullivan

### MEMBERSHIP & LICENSING

Ashley Power-Stack, Chair  
Janet Bradshaw  
Anthony Keeping  
Lisa Lovelady

## BOARD ADVISORY COMMITTEES

### AUDIT & INVESTMENT

Colin Sullivan, Chair  
Pauline Downer  
Craig Ennis

### GOVERNANCE & NOMINATING

Troy Stanley, Chair  
Janet Bradshaw  
Lynn Healey  
Lana Littlejohn  
Ashley Power-Stack

### STRATEGIC PLANNING

Tom Cooper, Chair  
Ryan Antle  
Jennifer Button  
Craig Ennis  
Kealey Martin  
Krista Ryan

### MEMBER RECOGNITION

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

### REGULATORY ADVISORY

Beth Porter, Chair  
Lana Littlejohn  
Trevor McCormick  
Steve Walters

## MANAGEMENT COMMITTEES

### GOVERNMENT RELATIONS

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

### OFFICE PRACTICE INSPECTION

Fred Earle, Chair  
Deanne Babstock-Moret  
Jesse Devilla  
Katie Hoskins  
Morris Pinsent  
Bonnie Scott  
Byron Smith  
Andrea White

## OTHER

### DISCIPLINARY PANEL

Keith Abbott  
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  
David Eaton, K.C.  
Brian Peach  
Jaqueline Penney, K.C.

## Representatives on National Boards & Committees

### CONTINUING PROFESSIONAL DEVELOPMENT STANDING COMMITTEE

Kim Mayo

### COUNCIL OF CHAIRS

Lynn Healey

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

Lynn Healey

Jason Hillyard

Lana Littlejohn

### ATLANTIC SCHOOL OF BUSINESS

Pauline Downer, Director

Jason Hillyard, Director

# Welcome to New Members

## BY EXAMINATION

Chelsea Barnes  
Victoria Boland  
Michelle Budden  
Adam Bursey  
Brian Butler  
Jeannine Callahan  
Kendra Carrigan  
Melanie Chafe  
Stephen Chislett  
Jane Cleary  
Andrew Collins  
Moirra Cooper  
Jennifer Delaney  
Matthew Densmore  
Kendra Dyke  
Alicia Ellis

John Farrell  
Luke Fowlow  
Brandon Grainger  
Cortney Green  
Madison Gregory  
Juan Grillo Pena  
Brittany Harnum  
Amy Hartery  
Cody Harvey  
Andrew Hicks  
Dawson Hicks  
Andrew Hynd  
Jacob Kennedy  
Michael Kennedy  
Sahil Khanna  
Chelsea Lawrence

Tai Le  
Haisheng Li  
Andrew Lynch  
Shelly Maskara  
Taylor McDonald  
Kelsi Mullins  
Jenna Murphy  
Spencer Noseworthy  
Cecilia Oxford  
Katelyn Parsons  
Robin Philpott  
Kriti Puri  
Krista Riddle  
Lauren Rowsell  
Shawn Ryan  
Bradley Short

Andrew Simmons  
Stacy Snow  
Michael Stone  
Katherine Stoodley  
Leah Sweeney  
Nathaniel Tipple  
Yujiao (Joy) Wang  
Jeannie Weir  
Gillian White  
Nathan Yetman  
Liwan Zhang

## TRANSFER IN/AFFILIATE

Pamela Achenbach  
Tony Babin  
Hajra Bajwa  
Ivan Baliello  
Bevin Champion

Erich Otto Ehinger  
Ross Foley  
Walter Gomez  
Jacob Greene  
Maxime Lessard

Jeremy Mallais  
Heather McGhie  
Clarissa McMahon  
Jacklyn Mercer  
Erika Noel

Sara Smith (MRA)  
Jason Swallow  
Nicholas Tomec  
David Yuill

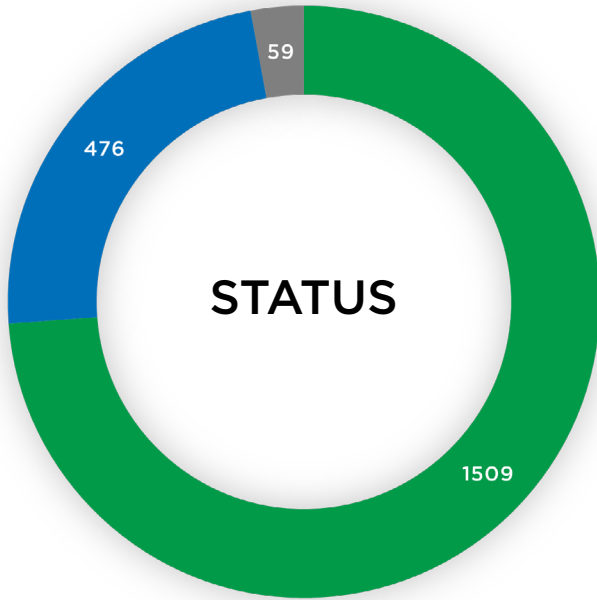
## ANNUAL EVENTS



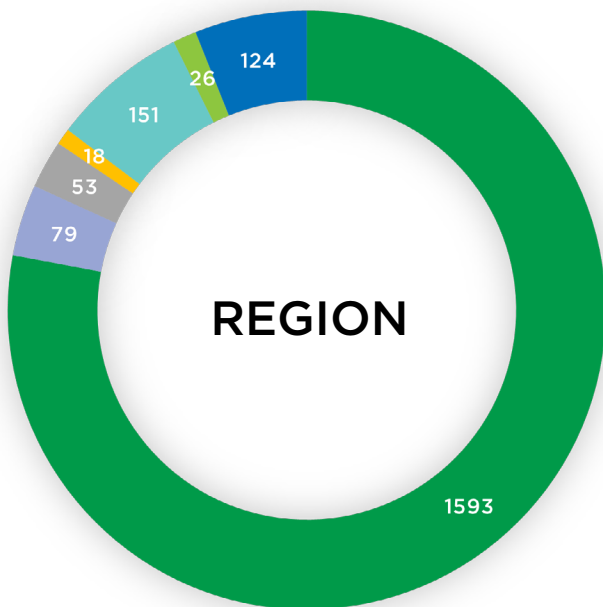
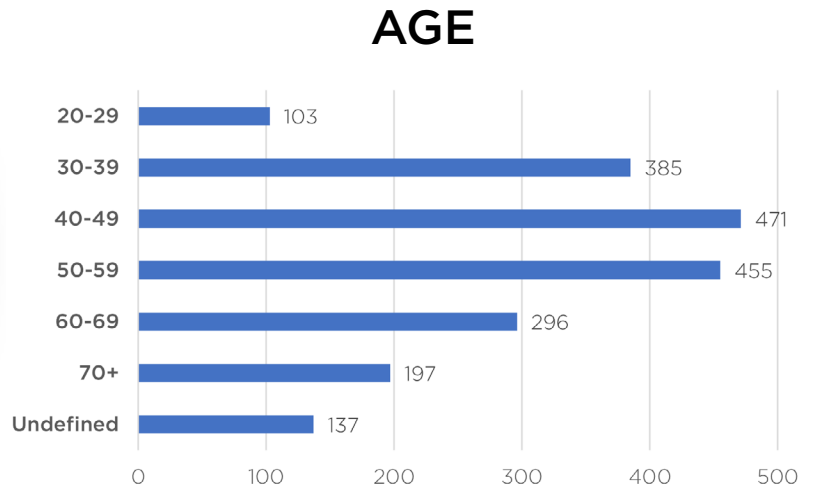


# Member Demographics

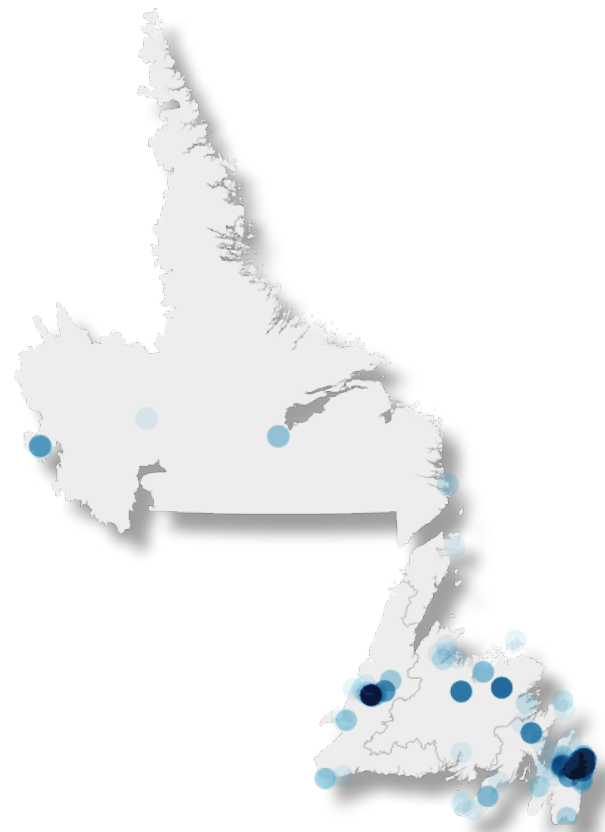
TOTAL MEMBERSHIP - 2,044



■ Regular ■ Retired ■ Affiliate



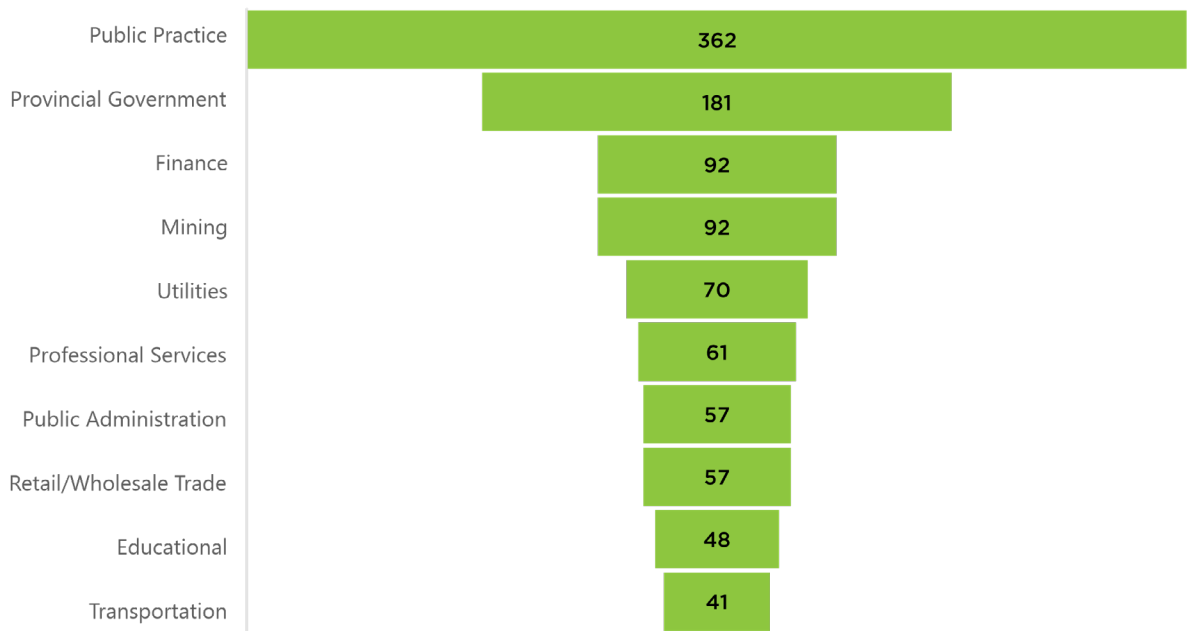
■ AVALON ■ CENTRAL ■ EASTERN  
 ■ LABRADOR ■ NATIONAL ■ OOC ■ WESTERN



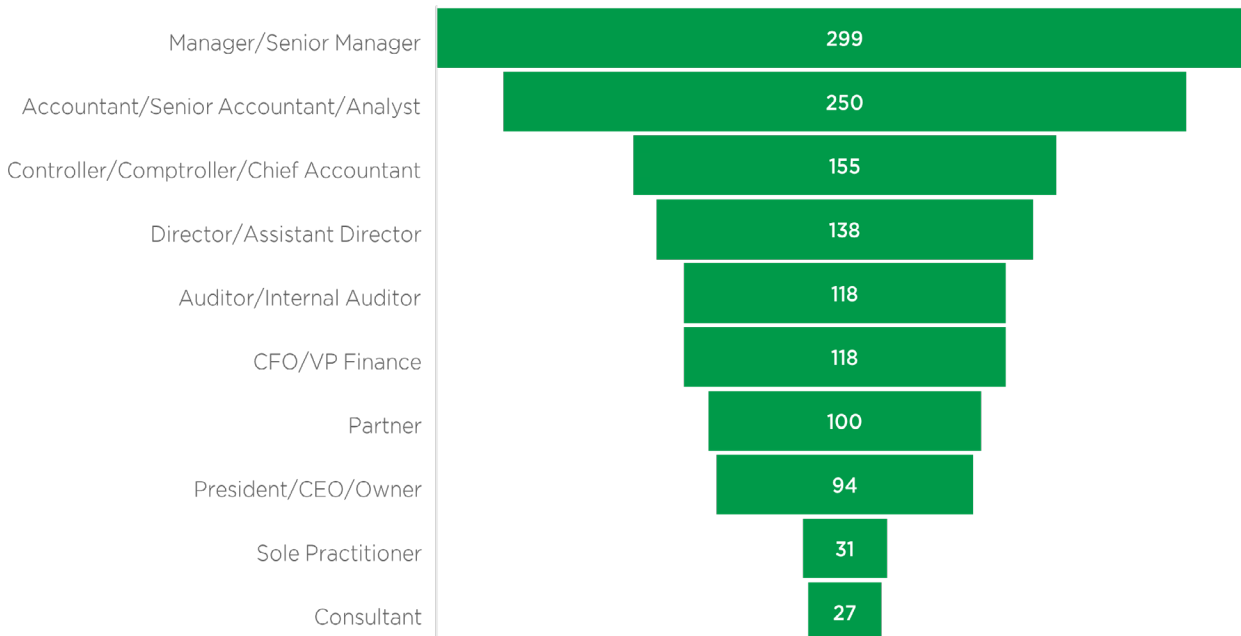
# Member Demographics

NON-RETIRED MEMBERS - 1,568

## TOP 10 SECTORS FOR CPAs



## TOP 10 TITLES FOR CPAs



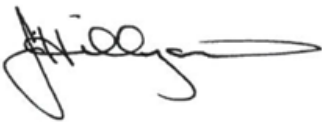
# Statement of Management Responsibility

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

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

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

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



Jason Hillyard, CPA, CGA  
Chief Executive Officer

# Management Discussion & Analysis

## MISSION

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

The Association of Chartered Professional Accountants of Newfoundland and Labrador is an incorporated self-regulatory professional body. CPA Newfoundland and Labrador has 2,044 members and 333 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.

## 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 2023-24 the Board increased membership fees by \$25 and accepted a budget surplus of \$46,882. Maintaining fees at the 2022-23 level would have resulted in a budget deficit for 2023-24. The Board accepted the budget surplus of \$46,882 for 2023-24 to minimize the need for inflationary increases in the near term as costs continue to rise.

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

## ACCOUNTING DISCLOSURES

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

## FINANCIAL POSITION AND LIQUIDITY

At March 31, 2024, CPA Newfoundland and Labrador's total net assets were \$1,797,357 and unrestricted net assets were \$1,235,357. This complies with the Board's net asset policy which requires that unrestricted net assets not fall below the total annual membership fees for the year. Annual membership fees for 2023-24 were \$1,072,300.

For the period ended March 31, 2024, the Association realized \$309,914 in cash from operating activities and utilized \$403,744 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 invest cash in excess of short-term needs. In addition to its short-term investments included in cash and cash equivalents, the Association held \$810,000 in longer term Guaranteed Investment Certificates maturing in September of 2025.

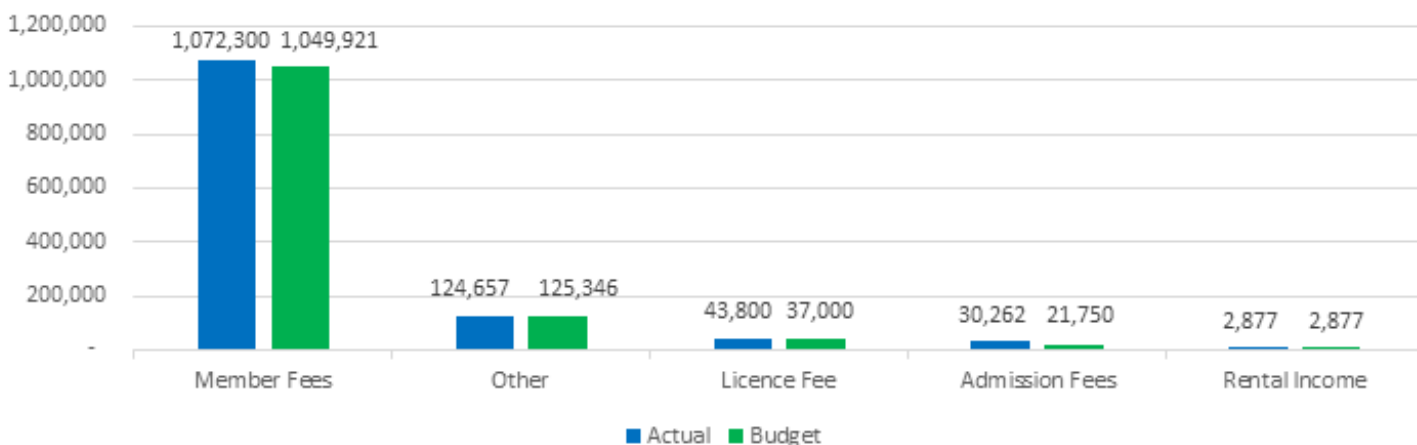
## RESULTS OF OPERATIONS

Revenue from membership fees for the year ended March 31, 2024, was \$1,072,300; an increase over the prior year of \$55,941 and over budget by \$22,379. The variance in member fees is due to the number of new members exceeding retirements for the year. Admission fees for the year were \$30,262, over budget by \$8,512, this is consistent with the overall increase in new members as well as an increase in new professional corporation, licence and compilation registration applications during the year.

The Association also generated revenue of \$43,800 from the issuance of public accountant licenses. This was an increase of \$6,800 over budget due to a new fee for compilation registration that had not been budgeted, as well as an increase in the number of new licences issued during the year. Licence fee revenue was \$32,025 higher than the prior year due to a change in the licence year from a calendar year to a fiscal year basis in 2022-23, resulting in licences only being renewed for a 3-month stub period in that year.

Other revenues totaled \$124,657 and included convocation ticket sales, interest on financial holdings, website advertising, administrative fees, sponsorships, and post designation public accounting (PDPA) course and exam fees. This is consistent with a budget of \$125,346. The decrease of \$12,274 over the prior year is largely attributed to a decrease in convocation revenue due to lower attendance and a decrease in revenue from Affinity programs. The decrease was somewhat offset by an increase in interest revenue due to improved interest rates and an increase in principal invested.

Revenue Overview - Actual vs Budget

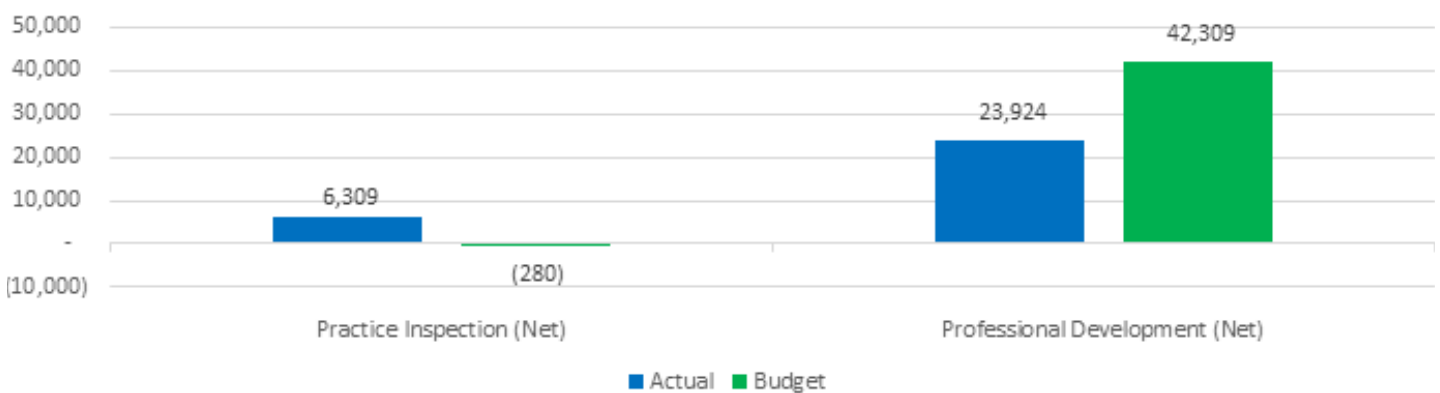


In addition to the revenues highlighted above, the Association has two key self-funded activities which include the professional development program and the practice inspection program. The practice inspection program contribution of \$6,309 is over the budget of \$(280). Practice inspection is not intended to contribute to general operations and we continue to aim to achieve a self-funded position. A small contribution can be expected depending on the amount of travel and training costs incurred. More inspections are being completed virtually minimizing the cost of travel, and training costs have been lower than anticipated because of the use of experienced inspectors.

The contribution to operations from the Professional Development program was under budget by \$18,385. The entire 2023-24 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 these courses remain higher than in-class sessions. However, registrations were lower than anticipated and certain allocated costs increased due to inflation. Additionally, late in 2023-24 a learning management system was implemented, a portion of the costs of which are included as a direct cost of the CPD program. This was not included in the 2023-24 budget. Many indirect costs are not allocated to the professional development program and there is an expectation that Professional Development will yield a contribution to offset a portion of the indirect costs incurred by the Association.

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



The Association recognized \$17,500 in fines and cost recovery related to discipline orders during the year, compared to \$10,081 in fiscal 2023. Cost recoveries and fines resulting from discipline orders are recognized in the year received and are not budgeted.

The overall increase in revenue, together with a positive variance in expenses of approximately \$197,000 resulted in an excess of revenue over expenditures of \$286,343, compared to a budget surplus of \$46,883 and prior year surplus of \$123,512.

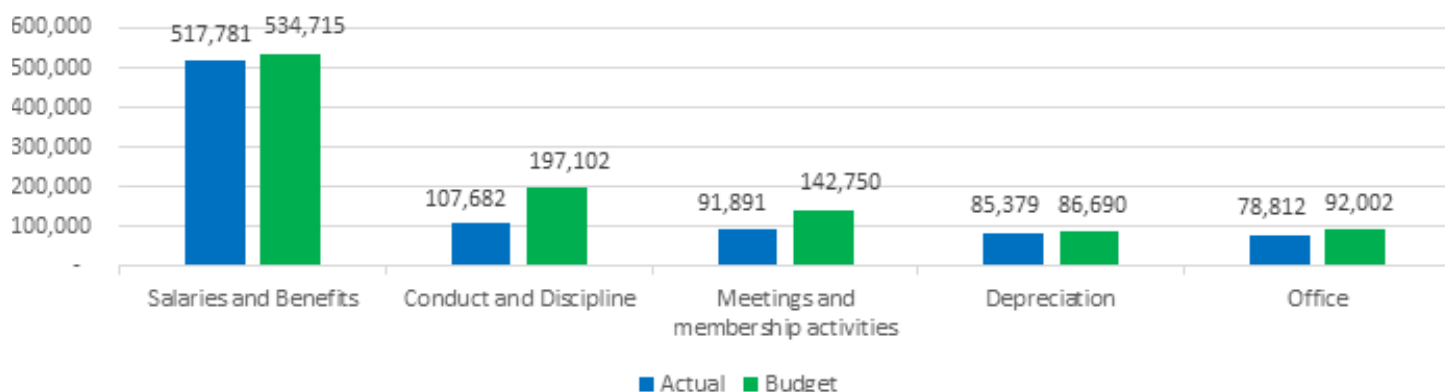
The positive variance in expenses comes from a number of areas, the most significant of which are salaries and benefits, conduct and discipline, national initiatives and IT costs. While professional development costs were under budget, this was more than offset by a reduction in related revenue, with a net negative variance of \$18,385 as noted above.

Conduct and discipline showed a positive budget variance of \$89,420 and a year over year positive variance of \$7,412. Given the nature of this expense, it is difficult to budget as it is not possible to determine the timing, nature, and complexity of disciplinary matters in any given year. The annual budget is based on a rolling 5-year average of conduct and discipline costs. Included in conduct and discipline costs are Association legal fees, investigation costs and tribunal costs, which include legal fees, transcription services and other costs related to a discipline hearing.

National initiatives are the provincial share of certain initiatives completed collectively by CPA Canada and the Provincial, Territorial and Bermudian CPA bodies (PTBs) via the Council of Chief Executives (CCE). The budget is developed by the CCE and CPA Canada processes financial transactions throughout the year based on the budget with an adjustment at year end to reflect the actual spend. These costs were \$25,181 under budget for the year, mainly in the area of branding as many initiatives were curtailed during the year.

Salaries and benefits were \$16,934 below budget due to the fact that we were operating without the full staff complement for a portion of the year.

### Top 5 Expenses Overview - Actual vs Budget



In 2023-24 CPA Newfoundland and Labrador operated primarily with a complement of 5 staff, with contractors providing additional support for professional development, practice inspection and professional conduct investigations. The Association benefits greatly from the support of many CPAs and public representatives who generously volunteer their time and expertise to the profession.

## RISKS AND RISK MANAGEMENT

### ECONOMIC ENVIRONMENT

The economic environment in the province of Newfoundland and Labrador remains positive and is expected to have one of the highest growth rates amongst Canadian provinces in 2024. 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. Admissions outpaced retirements in fiscal 2023-24 and that trend continued through the 2024-25 renewal cycle resulting in an increase of 26 regular members year over year, affiliate members increased by nine and retirements increased by 19.

We continue to see a strong market for CPAs in the province as evident from job opportunities posted on our website and the regular touch points from employers seeking CPAs. In 2023-24 there were 43 job postings down from 51 in the prior year.

To meet the demand for CPA's and to provide more flexibility for students and employers, the profession is providing two opportunities to write the Common Final Examination - in September and May. This year we were delighted to welcome 41 new graduates to the profession.

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

### RISK IN RESPECT OF FINANCIAL INSTRUMENTS

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

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

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

## **OPERATIONAL RISK**

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

As a self-regulatory body, the Association recognizes the need to ensure it can continue to provide self-regulatory activities such as on-going discipline activities and practice inspection. Such activities do not come without a substantial cost representing an operational risk for the organization. By maintaining total unrestricted 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 updated its internally restricted net assets policy to require that a balance of a minimum of one and a half times the actual five-year average conduct and discipline costs be maintained and has added an internally restricted fund to maintain a balance to cover future strategic initiatives. Such initiatives and the balance to be maintained are at the discretion of the Board. For 2023-24 we continue to maintain the required unrestricted net assets, have increased internally restricted net assets for conduct and discipline in accordance with the policy, and have allocated \$150,000 to the internally restricted strategic initiatives fund.

## **PROGRESS ON PRIORITIES**

### **PROTECT THE PUBLIC**

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

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

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



### *Discipline*

The discipline activities of the Association are carried out by the Registrar, the Complaints Authorization Committee (CAC) and the Disciplinary Panel. The Registrar is responsible for receiving all allegations made against a member or student of the Association. Also, the Registrar or the Board may, on its own motion, make an allegation when information regarding a member's conduct comes to the attention of the Association. Some allegations may be resolved by the Registrar if the circumstances are appropriate and both parties' consent. If the allegation is not appropriate for resolution by the Registrar, the allegation must be referred to the CAC. The primary mandate of the CAC is to review all allegations which have been referred to it by the Registrar and determine whether there are reasonable grounds to believe the member has engaged in conduct deserving of sanction. If such a determination is made, the allegation constitutes a complaint, and the CAC may counsel or caution the member, or in more serious matters, 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 2023-24 the CAC processed five allegations, one that was ongoing from the previous year and four new allegations that were referred during the year. Of these five allegations, three were dismissed and the remaining two continue to be processed by the CAC.

There were no complaints referred for a hearing in 2023-2024. A hearing into one complaint from previous years is ongoing and hearings into two complaints from previous years were concluded in 2023-2024, resulting in a finding of guilt with respect to the member involved. The outcomes of hearings are published on the CPA Newfoundland and Labrador website.

### *Practice Inspection*

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

Throughout 2023-24 inspections were completed by the Director, Professional Services and Operations, and five contract inspectors. Continuing with the Atlantic collaboration, four of these contract inspectors were from Nova Scotia and New Brunswick. CPA Newfoundland and Labrador and its Atlantic counterparts see many benefits from sharing inspection resources and plan to continue to work collaboratively in this area. Practice inspections are conducted on a risk adjusted cycle, with the standard cycle being once in every three-year period. The total number of members subject to practice inspection throughout the cycle will vary as new members join and members retire from public practice. Throughout the cycle, there are also changes to the level of services members in public practice are offering to their clients. The mandate of practice inspection covers all engagements addressed by standards in the CPA Handbook - Assurance.

At the beginning of the 2023-24 inspection year there were 127 firms that had reported they were in the practice of public accounting, 43 of which were subject to inspection or reinspection in the 2023-24 inspection year. This consisted of practices offering a full range of assurance services as well as compilation only practices. During the inspection cycle, it was confirmed that 6 of these practices no longer provided inspectable services, these practices were advised to contact CPA Newfoundland and Labrador immediately should the practice status change. Of the 37 remaining inspections, 16 have been finalized; 3 have been completed awaiting committee approval and 2 have been deferred due to an extenuating circumstance. The remaining 16 inspections are in progress or scheduled for completion by August 31, 2024.

Throughout 2023-24 CPA Newfoundland and Labrador continued its hybrid approach to practice inspection, with remote inspection continuing to be offered where it is practical to do so.

In determining the action to be taken following an inspection, the Practice Inspection Committee’s considerations may include, but are not limited to:

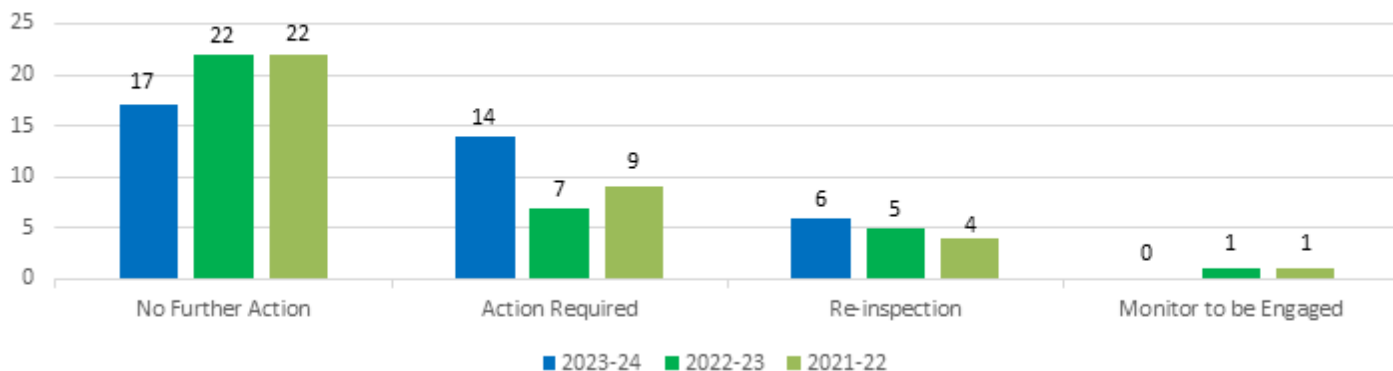
- the degree to which the requirements of the practice inspection program have been met;
- the nature and severity of any identified deficiencies;
- the cooperation of the member/firm;
- the public interest; and
- on a re-inspection, the results of any previous inspections of the member/firm and the response of the member/firm to those inspections.

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

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

In total there have been 37 inspections completed since the last annual report: 16 for the 2023-24 inspection cycle year to date and 21 for the 2022-23 inspection year. Six of these inspections did not meet the requirements of the practice inspection program, resulting in the firms being subject to a full or partial reinspection. Fourteen 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 17 inspections required no further action. As the following table illustrates, the number of firms not meeting the standards of practice has been consistent over the past three years. In 2023-24 the number of firms meeting the standards but requiring some form of corrective action to continue to meet the standards has increased. The introduction of CSRS 4200 for compilation engagements as well as the new Canadian Standards for Quality Management contributed to this increase as firms did not fully implement the changes required under these standards.

### Inspection Results



Annually the practice inspection committee prepares a focus on findings report highlighting common issues found in practice inspection for the year with links to resources available to members to assist in applying the standards. This report was issued in the fall of 2023.

## **EDUCATION**

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

### *Education Foundation*

To support the development of future CPAs in Newfoundland and Labrador the members of the Association provide support to the Education Foundation. Through this support the Education Foundation is able to execute on its mission to promote professional excellence in accounting education by supporting the development of academia and providing support to students in their pursuit of the designation.

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

### *The CPA Program*

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

CPA ASB is responsible for the recruitment of students throughout the region and training them to become our future members. A key indicator of the future pool of new members is the intake in the Core 1 course, which continues to remain stable for Newfoundland and Labrador, with intake for fiscal year 2024 at 66 registrations versus a five-year average of 64. Newfoundland and Labrador saw a total of 111 new learners in either the CPA PEP or CPA Preparatory courses in the year versus a five-year average of 98.

The CPA PEP program and Common Final Examination was successfully completed by 41 Newfoundland and Labrador Candidates at either our May or September 2023 exam offering. We were delighted to host a convocation in June 2024 celebrating the success of those graduates.

While we continue delivery and recruitment of students into the current education program, efforts are ongoing to re-evaluate the program to ensure it is ready for the profession of the future. The profession has adopted a new competency map and has launched a multi-year certification project to ensure our students are trained to succeed in the roles of the CPA of the future.

During the year, I joined the board of the CPA ASB, which has strengthened the connection between the school and the profession and promoted collaboration within the profession as we work toward the development and delivery of the new education program. Working closely with the Board and staff of CPA ASB to understand the challenges and opportunities within the education area enhances our response, ultimately improving our position for the future growth of the profession.

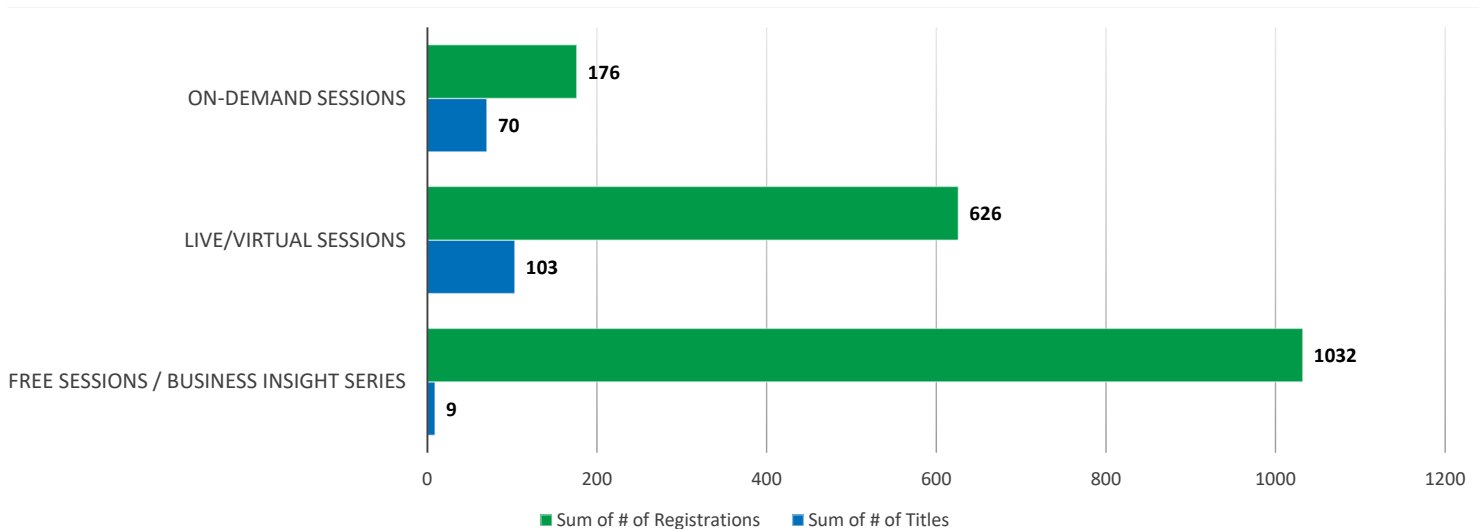
## Professional Development

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

This year we partnered with CPA Canada and the Atlantic CPA organizations to host the CPA Canada One conference in Halifax. In addition, 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. Through a partnership with our colleagues in Atlantic Canada, we were able to offer a significant line-up of courses in virtual settings, which provided greater flexibility and improved access.

### PD STATISTICS

April 2023 - March 2024



### Top Three Courses (by Registrations)

Income Tax - Update 2023 - 55 registrations

Audits - Update 2023 - 22 registrations

Professional Ethics in Uncertain Times - 20 registrations

## GIVING BACK TO OUR COMMUNITY

CPA Newfoundland and Labrador plays an active role in the organization and administration of the annual volunteer income tax clinics for seniors and low-income individuals. Through a combination of virtual and in-person delivery, approximately 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.

Again, this year we were also able to continue the tradition of the CPAs multiplying kindness event, where our members provided support to local food banks, a testament to the generosity of our membership.

## **DIGITAL PROCESS IMPROVEMENTS**

This year, we implemented a member retirement process within the member portal. This new process allows our members to apply for retirement status in an automated fashion, capturing all critical declarations, and authorizations. In addition, we commenced implementation of a new learning management system (LMS), which will enable members purchasing professional development courses a platform for immediate and seamless access to the material. This new LMS went live in April 2024.

## **THE YEAR AHEAD**

The way in which the Provincial, Territorial and Bermudian (PTBs) CPA organizations and CPA Canada collaborate with each other is subject to significant change in the year ahead as CPA Ontario and CPA Quebec are set to exit the national collaboration accord. As regulators, the PTBs continue to have a number of areas in which continued collaboration is helpful to meet our mandate of protection of the public and ensure continued mobility of our members from one province to another. We are actively working with our colleagues at the PTBs to establish new processes and agreements related to how we collaborate going forward. In addition, CPA Canada is reconsidering its role in the profession's eco-system and we will support CPA Canada as it transitions to ensure continued strength of our national profession and value for our members.

There is a multi-year project in progress related to the new CPA education program. Together with my PTB colleagues, and with my relatively new role on the CPA ASB board, I am heavily focused on the successful development of the new CPA education program and growth of the CPA profession in the province. As a Director of CPA ASB, I will be closer to the decision-making processes and will work to improve alignment between our provincial, regional and national initiatives in this area. I will continue to work with CPA ASB on recruiting new students into the program to maintain an adequate flow of candidates to meet demand and replace the number of members retiring from the profession each year.

We will deliver and monitor the discipline process to ensure that as a profession we maintain the public trust. The practice inspection program remains a strategic priority and we will ensure we continue to meet the rigorous policies we have established to inspect our members on a regular schedule. We will remain focused on ensuring our members meet the requirements of our continuing professional development policy, and our 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.

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, 2024

## 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, 2024, 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, 2024, 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.

#### Location:

27 Bremigens Blvd.  
Paradise, NL  
A1L 4A2

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

#### Mailing address:

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

## 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 14, 2024

**Coombs & Associates**  
Chartered Professional Accountants

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Financial Position  
March 31, 2024

	2024	2023
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,273,730	\$ 1,267,560
Short term investments	700,000	800,000
Accounts receivable (Note 2)	105,825	112,095
Prepays	61,255	42,120
	<b>2,140,810</b>	<b>2,221,775</b>
Long term investments (Note 3)	810,000	410,000
Property and equipment (Note 4)	66,289	147,924
	<b>\$ 3,017,099</b>	<b>\$ 2,779,699</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	\$ 365,686	\$ 370,783
HST payable	128,637	120,868
Deferred revenue	725,419	777,034
	<b>\$ 1,219,742</b>	<b>\$ 1,268,685</b>
<b>Net assets</b>		
Restricted (Note 8)	562,000	322,000
Unrestricted	1,235,357	1,189,014
	<b>1,797,357</b>	<b>1,511,014</b>
	<b>\$ 3,017,099</b>	<b>\$ 2,779,699</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, 2024

	2024	2023
<b>Revenue</b>		
Membership fees	\$ 1,072,300	\$ 1,016,359
Self-funding activities (Note 7)	218,373	255,028
Other revenue	124,657	136,931
Admission and application fees	30,262	24,500
License fee revenue	43,800	11,775
Discipline fine and cost recovery	17,500	10,081
Rental income	2,877	2,877
	<b>1,509,769</b>	<b>1,457,551</b>
<b>Operating expenses</b>		
Salaries and benefits	517,781	589,441
Self-fundings activities (Note 7)	188,140	194,521
Conduct and discipline	107,682	115,094
Meetings and membership activities	91,891	112,186
Depreciation	85,379	76,074
Office	78,812	74,379
Rent	62,977	62,977
Interest and bank charges	38,997	43,892
Insurance	24,770	22,572
Professional fees	13,208	15,439
National initiatives	8,626	26,483
Advertising, promotion and communications	5,163	981
	<b>1,223,426</b>	<b>1,334,039</b>
Excess of revenue over expenditures for the year	<b>\$ 286,343</b>	<b>\$ 123,512</b>

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Statement of Changes in Net Assets  
For the Year Ended March 31, 2024

	Internally Restricted (note 8)	Unrestricted	2024	2023
Net assets, beginning of year	\$ 322,000	\$ 1,189,014	\$ 1,511,014	\$ 1,387,502
Excess of revenue over expenditures for the year	-	286,343	286,343	123,512
Fund transfers	240,000	(240,000)	-	-
<b>Net assets, end of year</b>	<b>\$ 562,000</b>	<b>\$ 1,235,357</b>	<b>\$ 1,797,357</b>	<b>\$ 1,511,014</b>

# Association of Chartered Professional Accountants of Newfoundland and Labrador

## Statement of Cash Flows

For the Year Ended March 31, 2024

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Excess of revenue over expenditures	\$ 286,343	\$ 123,512
<b>Item not affecting cash:</b>		
Depreciation	85,379	76,074
	<b>371,722</b>	<b>199,586</b>
<b>Change in non-cash working capital:</b>		
Accounts receivable	6,270	(37,144)
Prepays	(19,135)	(11,562)
Accounts payable and accrued liabilities	2,672	(44,334)
Deferred revenue	(51,615)	409,365
<b>TOTAL CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>309,914</b>	<b>515,911</b>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(3,744)	(55,507)
Purchase of long-term investment	(800,000)	(400,000)
Redemption of long-term investment	400,000	100,000
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(403,744)</b>	<b>(355,507)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(93,830)</b>	<b>160,404</b>
Cash and cash equivalents at beginning of year	2,067,560	1,907,156
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,973,730</b>	<b>\$ 2,067,560</b>
<b>Cash and cash equivalents comprised of:</b>		
Cash and cash equivalents	\$ 1,273,730	\$ 1,267,560
Short term investments	700,000	800,000
	<b>\$ 1,973,730</b>	<b>\$ 2,067,560</b>

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2024

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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 3.4% to 3.5%.

### Cost recoveries and fines

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

### Property and equipment

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

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

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# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2024

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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, licence fees and Professional Corporation fees collected in advance for the upcoming membership year, as well as any professional development revenue for courses that did not occur until the subsequent year, and contract payments received related to the subsequent year.

### Presentation of controlled entity

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

### Financial instruments

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

### Revenue recognition

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

### Use of estimates

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

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2024

## 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

## 2. Accounts receivable

Accounts receivable consists of the following:

	2024	2023
Trade	\$ 84,362	\$ 67,839
Due from CPA Canada	4,946	-
Due from CPA Atlantic School of Business	16,517	44,256
	<b>105,825</b>	112,095
Allowance for doubtful accounts	-	-
	<b>\$ 105,825</b>	<b>\$ 112,095</b>

## 3. Long term investments

Long term investments consist of Bank of Montreal Guaranteed Investment Certificates bearing interest at 5.45% and maturing in September 2025.

## 4. Property and equipment

Property and equipment consists of the following:

	Cost	Accumulated Depreciation	2024 Net Book Value	2023 Net Book Value
Office furniture and equipment	\$ 11,417	7,277	\$ 4,140	\$ 4,994
Computer hardware and software	254,379	192,230	62,149	142,930
	<b>\$ 265,765</b>	<b>199,507</b>	<b>\$ 66,289</b>	<b>\$ 147,924</b>

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2024

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## 5. Commitments

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

The Association 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 entered into two agreements providing annual funding of \$250,000 over a five-year period which commenced May 1, 2019. The funding was paid in equal annual instalments as follows; with the final payment under the agreement having been paid in 2023.

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

The Foundation is currently working with Memorial University to reach a new funding agreement for consideration by the CPA NL Board.

### Office premises

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

2025	\$ 44,353
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### Equipment Leases

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

2025	\$ 683
2026	\$ 683

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2024

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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 \$35,959 (2023 - \$42,869).

## 7. Self-funding activities

	2024	2023
<b>Revenue</b>		
Practice inspection	\$ 68,073	\$ 71,662
Professional development	150,300	183,366
	<b>218,373</b>	255,028
<b>Direct costs</b>		
Practice inspection	61,764	65,775
Professional development	126,376	128,746
	<b>188,140</b>	194,521
Net revenue from self-funding activities	\$ 30,233	\$ 60,507



# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2024

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## 8. Net Asset Policy

### Unrestricted Net Assets

To maintain and support CPA NL's self-regulating and operational activities, the Board has adopted a net asset policy designed to mitigate revenue and cost fluctuations from year to year and to maintain operations in the event of unforeseen business and economic circumstances. This policy stipulates that CPA NL maintain a minimum unrestricted net asset reserve equal to the annual provincial membership fees for CPA NL members.

### Internally Restricted Net Assets

#### *Conduct and Discipline*

To minimize the effect of fluctuating costs associated with conduct and discipline, the Board has adopted an internally restricted net asset policy that stipulates that a minimum internally restricted net asset reserve be maintained equal to one and one half times the annual conduct and discipline budget, but never to exceed \$500,000. For 2023-24, the minimum reserve is calculated at \$296,000. The Board has allocated \$90,000 of the 2023-24 surplus to this reserve for a total reserve of \$412,000.

#### *Strategic Initiatives*

During 2023-24, the Board also recognized the need to maintain budget stability in the face of a changing profession. The Board adopted an internally restricted net asset policy that stipulates funds be allocated to a strategic initiative fund for purposes of future strategic initiatives as determined by the Board. The Board has allocated \$150,000 of the 2023-24 surplus to the strategic initiative fund.

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2024

## 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, 2024 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

	April 30, 2023	April 30, 2022
Total assets	\$ 171,221	\$ 191,767
Net assets	\$ 160,243	\$ 179,127
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Total revenue	\$ 54,668	\$ 54,427
Total expense	(73,552)	(68,710)
	\$ (18,884)	\$ (14,283)

## 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, 2024

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## 10. Risk management (continued)

### 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.

The Association collects member fees on behalf of CPA Canada. For the year ending March 31, 2023 the Association collected \$587,167 (2023 – \$578,658) 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 2024 amounted to \$13,251 (2023 – \$34,619).

At March 31, 2024 payables and accruals included \$196,586 (2023 - \$199,982) due to CPA Canada for membership fees, costs to be billed back to the provinces under the Accord, and its share of Education deficit (note 12). The balance owing for membership fees represents fees paid in advance for the 2024-25 membership year.

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

Net costs associated with the CPA education programs are covered 100% by the provincial accounting bodies. The Association has entered into an agreement with CPA ASB to administer the CPA education programs for Newfoundland and Labrador and as such the related costs are billed back to them.

At March 31, 2024, CPA ASB owes the Association \$16,517 (2023 – \$44,256) related to their administration of the education programs.

CPA ASB rents office and meeting space from the Association and \$2,877 (2023 - \$2,877) has been recorded in these financial statements as rental revenue from CPA ASB.

# Association of Chartered Professional Accountants of Newfoundland and Labrador

Notes to the Financial Statements  
For the Year Ended March 31, 2024

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## 11. Related party transactions (continued)

### 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, \$52,465 was collected and paid or payable to the Foundation (2023 - \$51,940).

At March 31, 2024, the Association also owed the Foundation \$34,020 for fees collected from members in advance for the 2024-25 membership year (2023 - \$32,260)

### Other Provincial Accounting Bodies

CPA NL has entered into arrangements with other provincial accounting bodies for services related to continuing professional development, practice inspection, and information technology. Included in accounts payable at year end are amounts owing in relation to these services as follows:

CPA Nova Scotia	\$28,931 (2023 - \$6,373)
CPA Alberta	\$16,896 (2023 - \$16,528)
CPA Manitoba	\$1,100 (2023 - nil)





**CPA**

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