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Independent Auditor's Report

To the members of
The Institute of Chartered Accountants of Prince Edward Island

We have audited the accompanying financial statements of The Institute of Chartered Accountants of Prince Edward Island, which comprise the statement of financial position as at March 31, 2015, and the statements of operations and unrestricted net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Institute of Chartered Accountants of Prince Edward Island as at March 31, 2015, 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.

Chartered Accountants

Summerside, Prince Edward Island
September 17, 2015

THE INSTITUTE OF CHARTERED ACCOUNTANTS
OF PRINCE EDWARD ISLAND
STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2015

| | 2015 | 2014 |
|----------------------------------------------|-------------------|-------------------|
| REVENUES | | |
| Members' fees | | |
| Provincial | \$ 138,939 | \$ 133,470 |
| CPA Canada (Note 3) | 124,856 | 114,837 |
| Practitioners | 7,367 | 10,708 |
| Professional corporations | 1,892 | 2,881 |
| Admission | 2,092 | 3,554 |
| | <u>275,146</u> | <u>265,450</u> |
| Less remitted to CPA Canada (Note 3) | <u>(124,856)</u> | <u>(114,837)</u> |
| | 150,290 | 150,613 |
| Self-funding activities (Note 6) | 81,039 | 76,588 |
| Interest income | 3,118 | 3,490 |
| Other Income | 7,543 | - |
| | <u>241,990</u> | <u>230,691</u> |
| EXPENSES | | |
| Salaries and benefits | 74,261 | 40,077 |
| Self-funding activities (Note 6) | 64,174 | 44,605 |
| Rent | 13,422 | 8,625 |
| Public relations | 10,657 | 17,256 |
| Office | 10,319 | 10,290 |
| Levies by CPA Canada (Note 3) | 8,829 | 9,904 |
| Convocation, net of recoveries | 8,263 | 4,169 |
| Professional fees | 7,858 | 3,002 |
| Other committees | 6,802 | 857 |
| Insurance | 2,812 | 2,384 |
| Annual general meeting, net of recoveries | 2,783 | 5,754 |
| Telephone | 1,926 | 2,520 |
| Prizes | 1,846 | 1,538 |
| Atlantic Region Officers Group | 1,200 | 963 |
| Unification costs | 765 | 7,433 |
| Uniform final reception, net of recoveries | 696 | 1,580 |
| Council meetings | 182 | 820 |
| Executive director's fee | - | 54,729 |
| | <u>216,795</u> | <u>216,506</u> |
| INCOME FROM OPERATIONS | 25,195 | 14,185 |
| UNRESTRICTED NET ASSETS | | |
| BEGINNING OF YEAR | 186,271 | 174,086 |
| Assets Unrestricted During the Year (Note 5) | <u>500</u> | <u>(2,000)</u> |
| END OF YEAR | <u>\$ 211,966</u> | <u>\$ 186,271</u> |

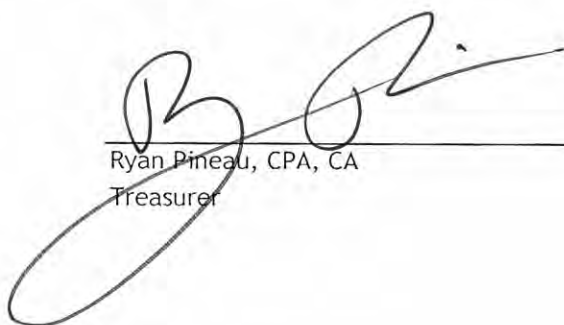
THE INSTITUTE OF CHARTERED ACCOUNTANTS
OF PRINCE EDWARD ISLAND
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

| | 2015 | 2014 |
|---------------------------------|------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash and cash equivalents | \$ 154,213 | \$ 184,328 |
| Accounts receivable | 3,931 | 5,520 |
| Harmonized sales tax receivable | 8,862 | 7,362 |
| Joint Venture (Note 4) | 46,459 | 13,506 |
| Prepaid expense | - | 683 |
| | 213,465 | 211,399 |
| CAPITAL ASSETS | 1 | 1 |
| | \$ 213,466 | \$ 211,400 |
| LIABILITIES | | |
| CURRENT | | |
| Payables and accruals | \$ - | \$ 20,735 |
| Unearned revenue | - | 2,394 |
| | - | 23,129 |
| EQUITY | | |
| RESTRICTED NET ASSETS (Note 5) | 1,500 | 2,000 |
| UNRESTRICTED NET ASSETS | 211,966 | 186,271 |
| | \$ 213,466 | \$ 211,400 |

ON BEHALF OF COUNCIL



 Chris Gallant, CPA, CA
 Chair



 Ryan Pineau, CPA, CA
 Treasurer

THE INSTITUTE OF CHARTERED ACCOUNTANTS
OF PRINCE EDWARD ISLAND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2015

| | 2015 | 2014 |
|--------------------------------------------------|------------|------------|
| OPERATING ACTIVITIES | | |
| Income from operations | \$ 25,195 | \$ 14,185 |
| Change in non-cash working capital items | | |
| Accounts receivable | 1,589 | 45,895 |
| Goods and services tax receivable | (1,500) | (4,911) |
| Joint venture receivable | (32,953) | (13,506) |
| Prepaid expense | 683 | (683) |
| Payables and accruals | (20,735) | (39,598) |
| Unearned revenue | (2,394) | 2,394 |
| | (30,115) | 3,776 |
| Net cash provided (used) in operating activities | (30,115) | 3,776 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (30,115) | 3,776 |
| CASH AND CASH EQUIVALENTS | | |
| BALANCE, BEGINNING OF YEAR | 184,328 | 180,552 |
| BALANCE, END OF YEAR | \$ 154,213 | \$ 184,328 |

THE INSTITUTE OF CHARTERED ACCOUNTANTS
OF PRINCE EDWARD ISLAND
Notes to the Financial Statements
March 31, 2015

1. Nature of Operations

The Institute of Chartered Accountants of Prince Edward Island (ICAPEI) is a self-governing professional organization incorporated in 1921, which operates under the Public Accounting and Auditing Act of 2005. The membership has approved a set of By-Laws and the Institute operates as a not-for-profit organization under the Income Tax Act and is not subject to either federal or provincial income taxes. Effective April 1, 2015, ICAPEI's legislation is repealed and the organization ceases to exist and the operations are replaced by the Chartered Professional Accountants of Prince Edward Island.

2. Summary of Significant Accounting Policies

These financial statements have been prepared using Canadian accounting standards for not-for-profit organizations (ASNPO). Significant accounting policies are described below.

Use of estimates

The preparation of financial statements in accordance with ASNPO 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. Actual results could differ from those estimates.

Revenue Recognition

Members' fees and other revenues are recognized in the year to which they relate.

Contributed services

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

Capital assets

Capital assets are recorded as an expense in the year of acquisition and carried at a nominal sum on the balance sheet.

Cost recoveries

Cost recoveries resulting from Discipline Committee orders are recognized when received.

Cash and cash equivalents

Cash and cash equivalents are composed of funds held on hand and in the bank account.

Investments

Investments in joint ventures are accounted for using the proportionate consolidation method.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired.

THE INSTITUTE OF CHARTERED ACCOUNTANTS
OF PRINCE EDWARD ISLAND
Notes to the Financial Statements
March 31, 2015

3. Related Parties

Governance of the profession and its members is shared among the Canadian Institute of Chartered Accountants (the "CICA") and individual provincial, territorial and Bermuda Institutes in accordance with a protocol agreement.

The National portion of annual member fees is collected by the Institute and remitted to CPA Canada (2015 - \$124,856), (2014 - \$114,837). Costs of inter-provincial education services and the Profession's National Strategic Plan (2015 - \$8,829; 2014 - \$9,904) administered by the CPA Canada on behalf of the Institute are fully recovered from the Institute.

On January 28, 2014, ICAPEI entered into a joint venture with the Society of Management Accountants of Prince Edward Island (CMA PEI) and the Certified General Accountants of Prince Edward Island (CGA PEI) for the purposes of carrying out the Unification Proposal of June 2013. Under the joint venture agreement, the organizations were managed by a joint venture Board known as the Oversight Committee. All revenue and expenses of ICAPEI other than interest revenue of \$2,798 flowed through the joint venture. The investment in the joint venture is further detailed in Note 4.

These transactions are in normal course of operations and are measured at the exchange amount (the amount of consideration established and agreed to by the related parties).

4. Joint Venture

All revenue and expenses of the three organizations are allocated on a proportionate share of members' bases and ICAPEI's share is reflected within each revenue and expense line item. The net equity position of ICAPEI in the joint venture is made up of their proportionate share of the following:

| | <u>2015</u> |
|-----------------------------------------|-----------------|
| Cash | \$85,221 |
| Accounts receivable | 39,626 |
| Prepaid expense | 1,562 |
| Loan to CPA Atlantic School of Business | 15,828 |
| Trade payables and accrued liabilities | (34,525) |
| Deferred revenue | (24,714) |
| Owing to CGA PEI | (15,321) |
| Owing to CMA PEI | <u>(21,218)</u> |
| Equity in Joint Venture | <u>\$46,459</u> |

THE INSTITUTE OF CHARTERED ACCOUNTANTS
OF PRINCE EDWARD ISLAND
Notes to the Financial Statements
March 31, 2015

5. **Restricted Assets**

Council restricted \$2,000 for the payment of the A. M. Ferris UPEI Award based on a commitment made to U.P.E.I. in Albert Ferris' honour. During the year, \$500 was released from restriction and paid out.

6. **Self-Funding Activities**

| | <u>2015</u> | <u>2014</u> |
|--------------------------|------------------|------------------|
| <i>Revenues</i> | | |
| Professional development | \$ 41,754 | \$ 40,745 |
| Practice Inspection | 22,431 | - |
| Uniform final evaluation | 13,128 | 33,791 |
| Awards Dinner | 2,105 | - |
| Golf day | <u>1,621</u> | <u>2,052</u> |
| | <u>\$ 81,039</u> | <u>\$ 76,588</u> |
| <i>Direct Costs</i> | | |
| Professional development | 26,438 | 21,866 |
| Practice Inspection | 22,431 | - |
| Uniform final evaluation | 8,663 | 20,794 |
| Awards Dinner | 4,936 | - |
| Golf day | <u>1,706</u> | <u>1,945</u> |
| | <u>\$ 64,174</u> | <u>\$ 44,605</u> |

7. **Subsequent Event**

On April 1, 2015, pursuant to the Chartered Professional Accountants and Public Accounting Act, section 84, ICAPEI was dissolved and any assets or liabilities were transferred to CPA PEI. All agreements entered into by ICAPEI were assigned to CPA PEI and all operations carried on by ICAPEI will be carried on by CPA PEI.