

**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
PRINCE EDWARD ISLAND

ANNUAL REPORT 2016-2017



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MESSAGE FROM THE LEADERSHIP

With unification behind us, the Board of Chartered Professional Accountants of Prince Edward Island has turned its focus to building the CPA brand and supporting members while protecting the public and the integrity of the profession.

Even with unification, the profession and issues facing the profession continue to evolve. Some issues the membership should be aware of include the globalization of accounting designations, changing social norms on ethical issues, implementation of artificial intelligence and big data. We will have Gordon Beale, CPA, CA, M.Ed, Vice-President Research, Guidance and Support of CPA Canada give a presentation at a CPD session prior to the AGM Business Meeting to bring members up to date on these important topics.

With that, we would like to thank the many volunteers who give their time to the Board and/or Committees (a complete list can be found on pages 5-6 of the report), without whom the organization cannot operate.

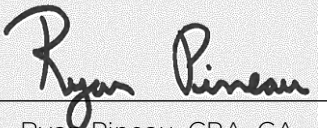
September 21, 2017



Ryan Pineau, CPA, CA  
CHAIRMAN



Tanya O'Brien, CPA, CA  
CHIEF EXECUTIVE OFFICER



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Ryan Pineau, CPA, CA  
CHAIRMAN



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Tanya O'Brien, CPA, CA  
CHIEF EXECUTIVE OFFICER

## EXECUTIVE & BOARD OF DIRECTORS

### Executive:

#### Chairman

Ryan Pineau, CPA, CA  
Partner  
MacPherson Roche Smith

#### Vice Chair

Jean Kimpton, MBA, FCPA, FCMA  
Senior Financial Analyst, Corporate Finance  
Treasury Board Secretariat  
Province of Prince Edward Island

#### Secretary/Treasurer

Doug Ezeard, CPA, CA  
Partner  
Arsenault Best Cameron Ellis

#### Executive Committee

Lisa Underhay, CPA, CGA  
Owner, Manager  
Checkone 2 Enterprises Inc.

### Board - Members at Large:

Becky Chaisson, CPA, CMA  
Coordinator, Financial Services  
English Language School Board

Sharon O'Halloran, CPA, CGA  
Owner,  
Sharon R. O'Halloran C.P.A., Inc.

Denise Lewis-Fleming, CPA, CA  
Executive Director, Health PEI  
Financial Services and Pharmacare

Karen Stanley, CPA, CA  
Senior Budget Analyst, Finance  
Treasury Board Secretariat  
Province of Prince Edward Island

David Mallard, CPA, CA  
Director of Operations  
Rodd Hotels & Resorts

Rodney Payne, CPA, CGA  
Partner  
Fitzpatrick & Company

Kate O'Brien, CPA, CA  
Supervisor, Financial Reporting  
Maritime Electric Company, Limited

### Public Representative:

Shawn Murphy, PC, QC

### Chief Executive Officer:

Tanya O'Brien, CPA, CA

### Administrative Staff:

Leanne Newson, BBA

BOARD OF DIRECTORS  
2016-2017



Back, L to R:  
David Mallard, CPA, CA; Rodney Payne, CPA, CGA; Doug Ezeard,  
CPA, CA; Shawn Murphy, PC, QC; Kate O'Brien, CPA, CA; Ryan  
Pineau, CPA, CA

Front, L to R:  
Lisa Underhay, CPA, CGA; Becky Chaisson, CPA, CMA

Missing from photo:  
Jean Kimpton, MBA, FCPA, FCMA; Denise Lewis-Fleming, CPA,  
CA; Sharon O'Halloran, CPA, CGA; Karen Stanley, CPA, CA

### COMMITTEES

#### CONTINUING PROFESSIONAL DEVELOPMENT

Chair: Kate O'Brien, CPA, CA

Committee Members:

Sandra Callbeck, CPA, CMA

Blair Corkum, CPA, CA

Bobbi Jo Duffy, CPA, CGA

#### DISCIPLINE

Chair: Gordon MacFadyen, CPA, CA

Committee Members:

Alex Robert, CPA, CGA

Bertha Jay, CPA, CMA

#### EDUCATION

CPA Atlantic School of Business  
representatives:

Michael Fitzpatrick, CPA, CA

Lisa Underhay, CPA, CGA

#### FINANCE AND AUDIT

Chair: Doug Ezeard, CPA, CA

Committee Members:

Kristen Dunsford, CPA, CGA

Jackie Ostridge-Phelan, CPA, CA

Ben Parsons, CPA, CMA

#### HUMAN RESOURCES

Chair: Rob Philpott, CPA, CGA

Committee Members:

Becky Chaisson, CPA, CMA

Deidre Smith, CPA, CMA

#### AD-HOC COMMITTEE

##### AWARDS

Chair: Debbie Good, FCPA, FCA, MBA

Committee Members:

Terry Keefe, FCPA, FCMA

Jason MacDonald, FCPA, FCGA

#### INVESTIGATION

Chair: Cleve Myers, FCPA, FCA

Committee Members:

Lindsay Hai, CPA, CMA

Tony Hansen, CPA, CA

#### MARKETING AND MEMBER SERVICES

Chair: David Mallard, CPA, CA

Committee Members:

Jenna Bysterveldt, CPA, CA

Amy MacFarlane, CPA, CA (Financial Literacy Program)

Rachel Murphy, CPA, CMA

Kim O'Connell, CPA, CMA

#### PRACTICE INSPECTION

Chair: Sharon O'Halloran, CPA, CGA

Committee Members:

Michelle Burge, CPA, CA

Mike Fitzpatrick, CPA, CA

Ryan Pineau, CPA, CA

#### PUBLIC PRACTICE AND MEMBERSHIP

Chair: Denise Lewis-Fleming, CPA, CA

Committee Members:

Shane Kelly, CPA, CMA

Lauren McQuaid, CPA, CA

Rodney Payne, CPA, CGA

#### DID YOU KNOW?

The Board of Directors is made up of 6 legacy CAs, 3 legacy CGAs, 2 legacy CMAs and a Public Representative.

## INTRODUCTION

### CPAPEI's Objectives

The objectives of CPAPEI are:

- (a) to protect the public in relation to the services of chartered professional accountants and public accountants;
- (b) to protect and maintain the integrity of the accounting profession;
- (c) to regulate the practice and professional conduct of registrants and licensees in accordance with this Act, the regulations and the bylaws;
- (d) to promote and increase the knowledge, skill and proficiency of students, candidates and members; and
- (e) to provide for the professional association and support of members.

The period covered by this report is April 1, 2016 to March 31, 2017 (the current year).



Within an environment of increasing public and regulatory scrutiny, and the need for businesses and individuals to navigate through continuous change, the protection of the public trust will remain front and centre for the profession in PEI and across Canada.

Supporting our members through education, regulation, and continuous communication regarding changing standards is critical. As is ensuring they meet these changing standards through mandatory professional development, and for those in public practice, regular practice review.

### CPAPEI

CPAPEI's training and regulatory processes ensure that our members meet the required professional standards, and the expectations of Islanders.

The CPA profession also ensures that its standards and processes evolve to reflect the changing nature of business, while supporting and providing appropriate guidance amidst the uncertainty of a global economy.





### PROFILE

#### Characteristics of a Profession

Chartered Professional Accountants (CPAs) are global business leaders who champion best practices, act in the public interest, and deliver real value in this ever-changing global environment. CPAs have the ability to leverage their expertise and ethical fortitude to navigate through disruptive change by anticipating the unexpected, making sense of complexity, and analyzing data to make business decisions that drive success.

The Chartered Professional Accountants of Prince Edward Island (CPAPEI) is the only professional accounting body recognized through provincial legislation. Its mandate is to uphold rigorous professional standards that meet or exceed international accounting and ethics standards. No other accounting organization or body can make this claim, and CPAPEI strives to ensure its members meet or exceed the expectations of both the public and government.

CPAPEI's regulatory processes emphasize integrity and support the ongoing competence of CPA members. CPA members working in public practice are assessed and licensed by CPAPEI to provide services that they are qualified to deliver based on their training and experience.

CPAPEI is also responsible for educating the next generation of professional accountants and attracts the best and brightest - from those just beginning their career, to those looking to enhance it. The CPA certification program provides superior training and experience and is recognized as being among the best in the world.

This expertise puts CPAs at the forefront of business. CPAPEI's members provide input

into many of the significant financial transactions that happen in the province.

The profession supports a vibrant PEI economy by maintaining the competence, reliability, and consistency of the province's business and financial systems.

#### GOVERNED

through peers and the regulatory body, who maintains standards of qualification, attests to the competence of individual members, and safeguards and develops the skills and standards of the profession.

#### OBJECTIVE

offering of services to others and accepting the responsibility of putting the public good above one's own interests.

#### BELIEF

in the duty of exchanging views and contributing to the development of the profession, adding to its knowledge, and sharing advances in knowledge and technique with peers.

#### SPECIALIZED

code of ethical conduct designed principally for the protection of the public.

#### EXTENSIVE

training and education leading to mastery of a particular intellectual skill.

## GOVERNING DOCUMENTATION

### CPAPEI's Code of Professional Conduct

The national Code of Professional Conduct (Code) includes a Preamble and the Rules of Professional Conduct, both of which have the same legal standing as the Bylaws.

CPAPEI has adopted this Code, with a few modifications to address provincial considerations.

The Code is derived from five principles of ethics that are fundamental to the conduct of all members. They are:

- 1 Professional behaviour;
- 2 Integrity and due care;
- 3 Objectivity;
- 4 Professional competence; and
- 5 Confidentiality.

This Code evolves as national and international standards and best practices continue to change.

CPAPEI's members must act in the public interest. The public relies on sound and fair financial and management reporting, and providing these essential reports is an economic imperative and a critical obligation of the profession.

#### DID YOU KNOW?

CPAPEI's regulatory processes are governed by the *Chartered Professional Accountants Act* ("CPA Act"), Regulations and Bylaws.

These documents and processes are described more fully on CPAPEI's website.

### Protecting Professional Designations

Under the CPA Act, use of the designation "Chartered Professional Accountant" or "professional accountant" is reserved exclusively for CPAPEI's members. A non-member must not use the designation in any manner, imply, suggest, or hold out that they are a professional accountant.

Under the CPA Act, only members of CPAPEI are recognized as having the requisite level of training, education, and proficiency to qualify them to practise as professional accountants in the province.

#### BYLAWS

Any proposed changes to the Bylaws need board approval, and confirmation at a members' meeting (usually the AGM).

The initial set of Bylaws, and minor housekeeping amendments to the Bylaws, were ratified at the 2016 Annual General Meeting.



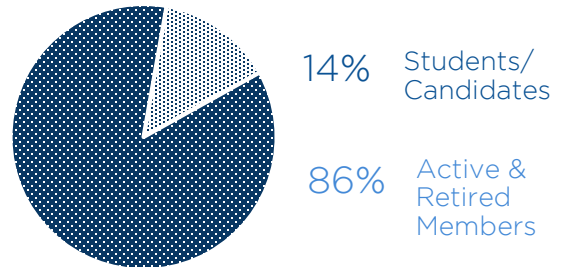
# CHARTERED PROFESSIONAL ACCOUNTANTS OF PRINCE EDWARD ISLAND ANNUAL REPORT 2016-2017

## MEMBERSHIP

At March 31, 2017, CPAPEI had 637 CPA Members and 105 Students/Candidates pursuing an accounting designation in either the Professional Education Program (PEP) or the Pre-Requisite Educational Program (PREP).

Although there appears to be a high number of retirements (21), twelve were as a result of a reclassification of members from a legacy database.

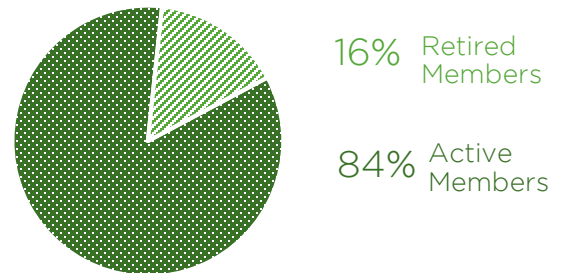
Students/Candidates and Active & Retired Members



## Membership Changes 2016-2017

	Active	Retired	Students/ Candidates
<b>April 1, 2016</b>	<b>545</b>	<b>78</b>	<b>108</b>
New Members	14	0	0
Transfers In	14	0	0
Transfers Out	-11	0	0
Retirements	-21	21	0
Resignations	-3	0	0
Suspensions	0	0	0
Other	0	0	-3
<b>March 31, 2017</b>	<b>538</b>	<b>99</b>	<b>105</b>

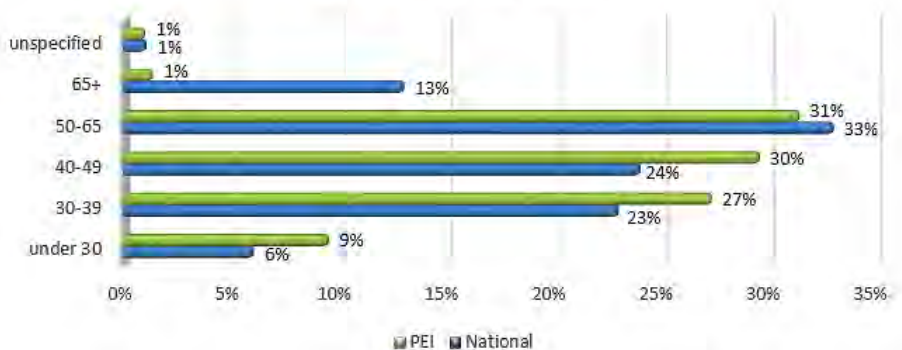
Active and Retired Members



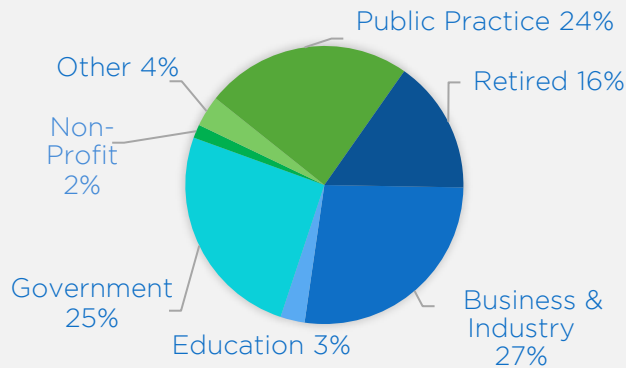
There are 34 Professional Corporations registered with CPAPEI, which includes 3 new professional corporations approved during the period under report.

## Demographics

Age of CPA Active Members at March 31, 2017



### Where CPAPEI Members Work 2016-2017



The majority of CPAPEI's members work outside of public practice, which is consistent with the CPA membership across the country. Members in industry hold diverse roles, with most clustered in leadership positions including executive, or controller roles.

## PROTECTING THE PUBLIC

### Continuing Professional Development (CPD)

CPD helps CPAs to develop and maintain professional competence that is relevant to their roles. Our CPD requirements are consistent with the International Federation of Accountants (IFAC) input based CPD standard of 120 hours every three years, with an annual minimum of 20 hours.

Active members must report compliance with CPD on a calendar year basis and virtually all members comply. Action is taken against members who do not comply with the requirements or the audit process. This action can result in suspension or cancellation of membership within the same calendar year as the reporting deadline.

### CPD Learning Opportunities 2016-2017



In Class



e-Learning



AudioWeb

Additionally, 4 free CPD sessions were held:

- Office of the Taxpayer's Ombudsman
- Climate Change Adaptation
- Professional Code of Conduct
- New Member Information Session

### There were....

206 participants engaged in CPAPEI's fall in-person CPD course offerings in 2016.



### Regulation of Public Practice

#### Practice Review

Members in public practice are required to undergo mandatory practice reviews. These reviews support compliance with professional standards and provide CPAs with guidance and education based on the results.

There were...

**148** practitioners and partners operating in **28** public practice offices in PEI at March 31, 2017.

The majority of practitioners work in small businesses where 86% of the firms are owned by fewer than four professional accountants.



The program is an important part of ensuring that public practitioners maintain the knowledge, skill, and proficiency to provide the highest level of service to their clients, and are aware of and meeting any changing regulatory standards.

Public practice firms are reviewed at least once every 3 years. Where deficiencies are noted, re-inspections may be required and corrective measures put in place.



CPAPEI communicates summary results of these practice reviews to all practitioners for educational purposes.

#### DID YOU KNOW?

Sanctions may be imposed in cases where there are more serious issues.

8 practice reviews were conducted in 2015, with 3 re-inspections undertaken in 2016 to reassess standards that had not been met in the previous review.

2017 is a Practice Inspection year.

### Professional Conduct

#### Complaints

If a complaint is within CPAPEI's jurisdiction, and there are grounds for the complaint, an investigation into the matter is undertaken.

The member has an opportunity to respond to the complaint and it's then reviewed by a committee member to determine whether a formal investigation is warranted. Once the complaint is investigated, the committee will make a recommendation for an order.

#### 5 Complaints Received in 2016-2017



Under review



Complaints dismissed/Not accepted



Investigations authorized

Orders may range from dismissal of the matter to the imposition of a suspension or cancellation of membership. The reasons and outcomes may be posted in the public domain. It's possible for the complainant to appeal a decision of an Investigation Committee to the Supreme Court of Prince Edward Island.

During the year there were no complaints referred to the Disciplinary Committee.

### Education and Qualification

CPA continues working with CPA Atlantic School of Business (CPAASB), who deliver the CPA Professional Education Program (“CPA PEP”), the Prerequisite Education Program (“CPA PREP”), and the Advanced Certificate in Accounting and Finance (“ACAF”) on behalf of CPAPEI.

#### CPA Professional Education Program (PEP)

The two-year part-time CPA Professional Education Program (PEP) consists of six modules, which use a blended learning model combining online learning, self-study, classroom learning, and teamwork to develop the competencies expected of Canada’s preeminent professional accountant. There is an evaluation after each module, which candidates must pass before proceeding to the next module. The educational program culminates in a national, multi-day final evaluation, the Common Final Exam (CFE).

The CPA certification program includes two training routes—the pre-approved program route and the experience verification route—for gaining practical experience that meets the requirements and standards of the profession. Pre-approved program positions are offered by offices/organizations that have progressive career paths established to meet the experience requirements of the CPA program and are approved by the profession. The experience verification route is student driven, with the student ensuring they are getting the needed progressive experience, working with a CPA mentor approved by the profession.

The future growth of the profession is through having successful students, and in 2016/17, 12 members were admitted to membership by way of the CPA Common Final Examination (CFE), and 2 through the completion of the CGA legacy program.

#### Preparatory Courses (Formerly the CPA Prerequisite Education Program (CPA PREP))

The CPA preparatory courses are designed for those who have an undergraduate degree in a discipline other than accounting and lack some or all of the prerequisite courses required for admission to CPA PEP.

Delivered on a part-time basis to offer students maximum flexibility and accessibility, the modules are offered through distance or classroom learning, and students complete only those modules they require.

#### CPA Advanced Certificate in Accounting and Finance (ACAF)

The Advanced Certificate in Accounting and Finance (ACAF) program is a nationally recognized certificate issued by CPA Canada for those seeking a career in accounting and finance. It is designed for college diploma holders, individuals currently employed in an accounting function without a recognized credential, internationally trained accountants wanting to work in Canada, and international students enrolled at a Canadian post-secondary institution who are seeking an additional Canadian credential that can be completed online.

The certificate program enables students to upgrade their finance and accounting skills in order to enhance employment prospects, and the full program takes one year, fulltime, to complete. The schedule can be flexible and is based on the student’s needs, and the



# CHARTERED PROFESSIONAL ACCOUNTANTS OF PRINCE EDWARD ISLAND ANNUAL REPORT 2016-2017

certification is comprised of 11 online courses. Awareness and interest in the program is expected to continue to build throughout 2017/18. *At the end of this fiscal year it was decided to move development and delivery of the ACAF program from the CPA profession to the postsecondary market, which is well positioned to deliver and recruit into the program.*

## Education Highlights 2017

CPA Atlantic is also tasked with the recruitment of students/candidates to the program and works in conjunction with CPAPEI and the membership to carry out this function.

## CPA Atlantic Information Sessions Hosted in Prince Edward Island 2016-2017

Session Type	# Sessions
High-school info sessions	5
University/college info sessions	8
Public info sessions	10
Employer info sessions	7
Total sessions	30
Total number of participants	450

## PEI Candidates Registered for PEP

### New registrants

27 new candidates in CPA pre-certification path in 2017

- ✓ 26 for PEP Core 1
- ✓ 1 for MBA/CPA stream



### Total registrants

68 candidates overall took at least one CPA PEP course in 2017

## PEI Students Registered for PREP

### New registrants

21 new students began to take preparatory courses in 2017.

### Total registrants

37 students overall took at least one CPA preparatory course in 2017.

## CFE Success

In 2017, 20 CFE writers achieved success in PEI.



## IN SMALL PRINT TODAY.

David Arseneault, CPA  
Kevin Bernard \*  
Michael Both \*  
Patrick Brazil \*  
Mike Brehaut \*  
Ryan Carr \*

Timothy Cook \*  
Patrick Cullen \*  
Jenna Dominey, CPA  
Alexa Ellis \*  
Paul Gillespie, CPA  
Justin Lank, CPA

Matthew MacInnis, CPA  
Melissa MacLaren \*  
Koreen Mossey, CPA, CGA  
Leah Ann Moyer, CPA, CGA  
Jessie Sampson, CPA  
Tricia Sanderson \*

Kyle Smith \*  
Amanda Strongman \*  
Jing Tan, CPA  
Matthew Vaughan \*

\* As of December 31, 2016, these candidates have completed their education but must complete practical experience to receive their designation.

## THE BIG NAMES OF TOMORROW.

Congratulations to our new graduates. They are equipped with the financial and strategic expertise that today's business world requires. With credentials that are globally recognized and respected, we are proud to promote tomorrow's leaders today.



[www.cpapei.ca](http://www.cpapei.ca)

### Marketing and Member Services

#### Career Support

CPA Prince Edward Island provides an online job board highlighting careers and volunteer opportunities targeted to professional accountants in Prince Edward Island. This job board is available on our website:

[cpapei.ca/en/members/professional-opportunities](http://cpapei.ca/en/members/professional-opportunities).

#### News & Publications

CPAPEI publishes a quarterly electronic newsletter to keep its membership updated on changes in the profession, significant happenings within the membership, upcoming events and other relevant areas of interest to the profession.

#### Convocation and Awards

CPAPEI held its inaugural Convocation and Awards Ceremony at the Florence Simmons Performance Hall. 22 Candidates who successfully completed their education program were recognized and the first FCPA was awarded to Kevin Ladner, FCPA, CA.

### Community

Networking opportunities include Annual CPD member sessions, an Annual Golf event, the opportunity to serve on CPA Committees, and participate in Member Socials.

CPAPEI and its members give back to the community through the active role we play in the CPA Canada Financial Literacy Program.

CPA Canada is working to address the growing social problem of financial literacy in Canada.

We have the opportunity to become a fundamental driver of the economic health of individual Canadians, their businesses and the broader economy.

Our mission is to deliver unbiased objective financial literacy education and information to improve the overall state of financial literacy in Canada.

Playing an active role in your professional community is a great way to support your fellow CPAs and the public interest.

## CPAs - MAKING A DIFFERENCE IN THEIR COMMUNITIES



Scott Ryan, FCPA, FCMA  
Volunteer Captain, Station 2, Charlottetown Fire Department



Jennifer Dunn, CPA, CA  
Volunteer, Canadian Mental Health Association



David Dunphy, CPA, CA  
Mayor, Stratford, PE



Cheryl Cassidy, CPA, CMA, MBA  
Financial Officer, Queen Elizabeth Hospital Foundation



Ron Keeffe, CPA, CA  
Volunteer, Island Advance  
Greater Charlottetown Area Chamber of Commerce



To learn more about how our CPAs are making a difference, visit [cpapei.ca](http://cpapei.ca)



### Awards

CPAPEI offers several post-secondary awards to UPEI and Holland College students.

The awards given at UPEI are:

- *Chartered Professional Accountants of PEI Prize for the Highest Aggregate*, awarded to the student with highest aggregate in the final two years in the accounting program who is entering the CPA profession: Awarded to Clayton Smith, Freetown, PEI.
- *Chartered Professional Accountants of PEI Prize for Leadership*, awarded to a graduating student who maintains an average of at least 75% in the final two years in the accounting program, is actively involved in the University community at political or committee level, is considered a team player and assists others in achieving their goals: Awarded to Clayton Smith, Freetown, PEI.
- *Chartered Professional Accountants of PEI Prize for Intermediate Accounting*, awarded to the student with the highest combined average in Accounting 301 and 302: Awarded to Clayton Smith, Freetown, PEI.
- *The Albert M. Ferris Award*, awarded to a student entering third year in the Accounting Specialization, who had a high academic achievement in Accounting 202, demonstrates leadership, professionalism, team building and mentorship of his or her peers and intends to pursue a career as a Chartered Professional Accountant. Preference given to international students: Awarded to Nafisat Ibrahim, Lagos, Nigeria.
- *Society of Management Accountants of Prince Edward Island Legacy Award*, granted to the graduating student with the highest average mark in Cost Accounting, currently Accounting 411 & 412: Awarded to Nick Parker, Windsor, NS.

The award presented at Holland College is:

- *The Chartered Professional Accountants Association of PEI scholarship*, awarded to Prince Edward Island student in their second year of the Holland College Accounting Technology program, based on their achievement in the Accounting Technology program: Awarded to Matthew Herbert, Summerside, PE.

FINANCIAL REPORTING



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Fax: (902) 436-0960  
www.bdo.ca

BDO Canada LLP  
107 Walker Avenue  
PO Box 1347 Summerside, PE C1N 4K2

## Independent Auditor's Report

To the members of  
Chartered Professional Accountants of Prince Edward Island

We have audited the accompanying financial statements of Chartered Professional Accountants of Prince Edward Island, which comprise the statement of financial position as at March 31, 2017, 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 Chartered Professional Accountants of Prince Edward Island as at March 31, 2017, 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 Professional Accountants

*BDO Canada LLP*

Summerside, Prince Edward Island  
August 24, 2017

# CHARTERED PROFESSIONAL ACCOUNTANTS OF PRINCE EDWARD ISLAND


## ANNUAL REPORT 2016-2017

### Chartered Professional Accountants Of Prince Edward Island STATEMENT OF FINANCIAL POSITION As at March 31, 2017

	2017	2016
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 352,502	\$ 357,188
Accounts receivable	6,198	53,944
Harmonized sales tax receivable	5,333	3,482
Interest receivable	1,313	1,467
Prepaid expense	7,871	4,424
Loan to CPA Atlantic School of Business	15,828	15,828
	389,045	436,333
<b>CAPITAL ASSETS</b>	1	1
	\$ 389,046	\$ 436,334
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Payables and accruals	\$ 20,027	\$ 67,862
Payroll remittances payable	4,318	5,693
Unearned revenue	3,945	11,491
	28,290	85,046
<b>EQUITY</b>		
RESTRICTED NET ASSETS (Note 4)	500	1,000
UNRESTRICTED NET ASSETS	360,256	350,288
	\$ 389,046	\$ 436,334

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_  
 Ryan Pineau, CPA, CA  
 Chair

  
 \_\_\_\_\_  
 Doug Ezard, CPA, CA  
 Treasurer

# CHARTERED PROFESSIONAL ACCOUNTANTS OF PRINCE EDWARD ISLAND

## ANNUAL REPORT 2016-2017

### Chartered Professional Accountants Of Prince Edward Island

#### STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS For the Year Ended March 31, 2017

	Unaudited Budget	2017	2016
<b>REVENUES</b>			
<b>Members' fees</b>			
Provincial	\$ 233,140	\$ 233,352	\$ 235,027
CPA Canada (Note 3)	197,220	189,928	191,181
Practitioners	12,750	13,005	12,320
Professional corporations	3,220	4,195	3,220
Admission	2,235	2,600	2,825
	<u>448,565</u>	<u>443,080</u>	<u>444,573</u>
Less remitted to CPA Canada (Note 3)	<u>(197,220)</u>	<u>(189,928)</u>	<u>(191,181)</u>
	251,345	253,152	253,392
Self-funding activities (Note 6)	65,500	82,906	123,190
Interest income	1,500	2,231	2,444
Other Income	-	656	386
	<u>318,345</u>	<u>338,945</u>	<u>379,412</u>
<b>EXPENSES</b>			
Atlantic region forum	1,000	1,376	-
Awards	3,000	2,500	2,500
Board meetings	3,000	2,178	1,864
Convocation, net of recoveries	12,000	10,390	7,109
Equipment	1,000	-	4,975
Financial literacy	3,000	90	-
Information technology	4,000	2,897	9,850
Insurance	4,000	3,313	4,003
Member meeting, net of recoveries	9,000	1,418	3,918
Office and administration	12,000	9,047	12,484
Other committees	2,000	967	2,771
Professional fees	9,500	7,432	10,205
Public relations and social activities	13,000	14,654	13,008
Rent	17,000	16,808	16,350
Salaries and benefits (Note 5)	145,900	156,835	138,609
Self-funding activities (Note 6)	53,000	68,922	98,617
Share of CPA Canada education expenses (Note 3)	-	6,422	7,500
Share of CPA Canada profession expenses (Note 3)	14,875	12,633	13,025
Telephone	4,000	2,622	2,711
Travel	7,000	8,973	1,598
	<u>318,275</u>	<u>329,477</u>	<u>351,097</u>
<b>INCOME FROM OPERATIONS</b>	<b>70</b>	<b>9,468</b>	<b>28,315</b>
<b>UNRESTRICTED NET ASSETS</b>			
BEGINNING OF YEAR	350,288	350,288	321,473
Assets unrestricted during the year (Note 4)	-	500	500
END OF YEAR	<u>\$ 350,358</u>	<u>\$ 360,256</u>	<u>\$ 350,288</u>

# CHARTERED PROFESSIONAL ACCOUNTANTS OF PRINCE EDWARD ISLAND

## ANNUAL REPORT 2016-2017

Chartered Professional Accountants  
Of Prince Edward Island  
STATEMENT OF CASH FLOWS  
For the Year Ended March 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Income from operations	\$ 9,468	\$ 28,315
Change in non-cash working capital items		
Accounts receivable	47,746	(14,318)
Harmonized sales tax receivable	(1,851)	8,026
Interest receivable	154	2,463
Prepaid expense	(3,447)	(2,862)
Payables and accruals	(47,835)	36,813
Payroll remittance payable	(1,375)	2,216
Unearned revenue	(7,546)	(13,222)
Net cash provided (used) in operating activities	(14,154)	19,116
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,686)	47,431
CASH AND CASH EQUIVALENTS BALANCE, BEGINNING OF YEAR	357,188	309,757
BALANCE, END OF YEAR	\$ 352,502	\$ 357,188

Chartered Professional Accountants  
Of Prince Edward Island  
NOTES TO THE FINANCIAL STATEMENTS  
March 31, 2017

1. Nature of Operations  
Chartered Professional Accountants of Prince Edward Island (CPAPEI) is a self-governing professional organization incorporated in 2015, which operates under the Chartered Professional Accountants of Prince Edward Island Act of 2015. The Board has approved a set of By-Laws and the organization operates as a not-for-profit under the Income Tax Act and is not subject to either federal or provincial income taxes.
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

CPAPEI 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, in the bank account and in Guaranteed Investment Certificates.

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.

Employee Future Benefits

The organization has defined contribution pension plan for its employees. The pension costs are charged to operations as contributions are due. Contributions are a defined amount based upon a set percentage of salary.

3. Related Parties  
The National portion of annual member fees is collected by CPA PEI and remitted to CPA Canada. This amounted to \$189,928 for 2016/17 (\$191,181 for 2015/2016).  
Costs of inter-provincial education services and national administration administered by CPA Canada are charged back to the provinces based on share of membership. CPA PEI's share of this for 2016/17 was \$6,422 (\$7,500 for 2015/2016).

# CHARTERED PROFESSIONAL ACCOUNTANTS OF PRINCE EDWARD ISLAND

## ANNUAL REPORT 2016-2017

### Chartered Professional Accountants Of Prince Edward Island NOTES TO THE FINANCIAL STATEMENTS March 31, 2017

3. Related Parties (continued)

Governance of the profession and its members is shared among the Chartered Professional Accountants of Canada (CPA Canada) and individual provincial, territorial and Bermuda organizations in accordance with a protocol agreement. CPA PEI's share of this for 2016/17 was \$12,633 (\$13,025 for 2015/2016).

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

4. Restricted Assets

The Board originally restricted \$2,500 for payment of the A. M. Ferris UPEI Award based on a commitment made to U.P.E.I. in Albert Ferris' honour. Each year \$500 is released towards this award.

5. Defined Contribution Plan

The Organization is enrolled in CPA Canada's defined contribution pension plan. The total pension expense was \$8,032 for 2016/2017 and is included in salaries and benefits (\$1,598 for 2015/2016).

6. Self-Funding Activities

	<u>2017</u>	<u>2016</u>
<i>Revenues</i>		
Professional Development	\$ 80,231	\$ 74,439
Practice Inspection	775	42,869
Uniform final evaluation	0	4,000
Golf day	<u>1,900</u>	<u>1,882</u>
	<u>\$ 82,906</u>	<u>\$ 123,190</u>
<i>Direct Costs</i>		
Professional Development	\$ 65,768	\$ 48,140
Practice Inspection	775	42,869
Uniform final evaluation	0	5,771
Golf day	<u>2,379</u>	<u>1,837</u>
	<u>\$ 68,922</u>	<u>\$ 98,617</u>



BUDGET 2017-2018

# CHARTERED PROFESSIONAL ACCOUNTANTS OF PRINCE EDWARD ISLAND

## ANNUAL REPORT 2016-2017

Chartered Professional Accountants  
Of Prince Edward Island  
BUDGET FOR THE YEAR ENDED  
March 31, 2018

<b>Revenue</b>	
Provincial Fees	\$ 259,347
National Fees	185,820
Interest and Penalties	2,000
Professional Development	80,000
Practice Inspection	40,000
Golf Day	2,500
Sponsorship	10,000
Convocation	3,000
	\$ 582,667
Less: National Fees	185,820
<b>Net Revenue</b>	<b>\$ 396,847</b>
 <b>Expenses</b>	
Atlantic Regional Forum	1,000
Annual General Meeting	4,000
Board Meetings	3,000
CFE and Graduate Prizes	1,000
Convocation/Student Mixer	12,000
CPA ASB Review	2,000
Credit Card Discount Fees	7,000
Equipment	1,500
Financial Literacy program	2,000
Golf day	3,000
Insurance	5,500
IT	4,000
Legal and audit	10,000
Levies by CPA Canada	14,875
Members Luncheon (net of revenue)	-
Office and administration	12,500
Other committees	2,000
Practice inspection	40,000
Prize UPEI and scholarships	2,500
Professional development	65,000
Public relations	12,000
Rent	17,500
Social	3,400
Telephone	4,000
Travel	7,000
Wages and benefits	160,000
	\$ 396,775
	72





**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
PRINCE EDWARD ISLAND

Chartered Professional Accountants of Prince Edward Island

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