



# **Chartered Professional Accountants of Prince Edward Island**

## **Financial Statements**

**March 31, 2025**

# Chartered Professional Accountants of Prince Edward Island

March 31, 2025

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## **Independent Practitioner's Audit Engagement Report**

**To the Board of Directors of Chartered Professional Accountants of Prince Edward Island:**

### **Report on the Audit of the Financial Statements**

#### **Opinion**

We have audited the financial statements of Chartered Professional Accountants of Prince Edward Island, ("CPAPEI"), which comprise the Statement of Financial Position as at March 31, 2025 and the Statement of Operations and Unrestricted Net Assets and the Statement of Cash Flows for the year then ended, and the 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 the Entity as at March 31, 2025 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organization.

#### **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 Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements, our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Entity, cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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

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



As part of an audit in accordance with Canadian Generally Accepted Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Entity's business activities within the Entity to express an opinion on the financial statements.

We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. 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.

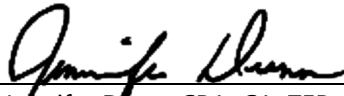
*Keough, O'Brien, Shea*


**Keough, O'Brien, Shea Chartered Professional Accountants**

August 15, 2025

**Chartered Professional Accountants of Prince Edward Island**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2025**

	2025	2024
<b>ASSETS</b>		
<small>Note</small>		
<b>CURRENT</b>		
Cash and Cash Equivalents	3. \$ <b>613,812</b>	\$ 489,149
Accounts Receivable	<b>13,060</b>	28,152
Harmonized Sales Tax Receivable	<b>10,035</b>	17,863
Interest Receivable	<b>12,143</b>	16,731
Prepaid Expenses	<b>10,421</b>	15,014
	<b>659,471</b>	566,909
<b>CAPITAL ASSETS</b>	4. <b>161,379</b>	203,478
	<b>\$ 820,850</b>	\$ 770,387
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Payables and Accruals	\$ <b>34,648</b>	\$ 38,817
Unearned Revenue	5. <b>163,519</b>	124,537
	<b>198,167</b>	163,354
<b>EQUITY</b>		
Restricted Net Assets	6. <b>190,000</b>	190,000
Unrestricted Net Assets	<b>432,683</b>	417,033
	<b>\$ 820,850</b>	\$ 770,387

  
 \_\_\_\_\_  
 Jennifer Dunn, CPA, CA, TEP  
 Chair

  
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 Kristen MacDonald, CPA, CGA  
 Treasurer

August 19, 2025  
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 Date

The accompanying notes are an integral part of these financial statements.

**Chartered Professional Accountants of Prince Edward Island**  
**STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS**  
**For The 12 Months Ended March 31, 2025**

	Note	2025	2024	Unaudited Budget 2025
<b>REVENUES</b>				
Members' fees				
Provincial		\$ 316,408	\$ 315,546	\$ 311,370
CPA Canada	7.	226,292	229,059	227,200
Practitioners		18,600	15,200	15,000
Professional Corporations		6,000	5,085	4,485
Admission Fees		9,000	5,450	3,600
		<u>576,300</u>	<u>570,340</u>	<u>561,655</u>
Less remitted to CPA Canada	7.	<u>(226,292)</u>	<u>(229,059)</u>	<u>(227,200)</u>
		<b>350,008</b>	<b>341,281</b>	<b>334,455</b>
Self-Funding Activities	9.	170,538	129,382	123,000
Interest Income		16,831	15,525	14,000
Other Income		26,015	31,545	14,800
		<u>563,392</u>	<u>517,733</u>	<u>486,255</u>
<b>EXPENSES</b>				
Amortization		42,099	7,016	42,000
Atlantic Regional Forum		2,545	-	2,000
Awards		-	327	-
Board Meetings		512	718	2,000
Convocation		13,792	12,362	14,000
Credit Card Discount Fee		13,566	6,999	8,000
Discipline and Investigation		17,390	11,645	15,000
Financial Literacy		1,241	1,623	1,000
Information Technology		51,301	16,327	20,000
Insurance		3,867	2,410	4,300
Member Meetings		9,386	7,715	10,500
Office and Administration		8,753	10,714	8,500
Other Committees		253	1,064	1,200
Prizes		3,000	3,000	3,000
Professional Fees		20,188	11,324	12,000
Public Relations		8,109	21,772	6,000
Rent		2,973	7,445	13,000
Salaries and Benefits	8.	245,924	230,935	250,000
Self-Funding Activities	9.	86,908	75,465	75,000
Share of CPA Canada Profession Expense		2,020	2,990	6,000
Sponsorship		2,000	2,000	2,875
Strategic Initiatives		-	14,266	15,000
Telephone		1,960	1,750	2,000
Travel		9,955	1,140	8,000
		<u>547,742</u>	<u>451,007</u>	<u>521,375</u>
<b>INCOME FROM OPERATIONS</b>		<u>\$ 15,650</u>	<u>\$ 66,726</u>	<u>\$ (35,120)</u>
<b>UNRESTRICTED NET ASSETS</b>				
<b>BEGINNING OF YEAR</b>		417,033	410,307	
Restricted Assets	6.	-	(60,000)	
<b>END OF YEAR</b>		<u>\$ 432,683</u>	<u>\$ 417,033</u>	

The accompanying notes are an integral part of these financial statements.

**Chartered Professional Accountants of Prince Edward Island**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended March 31, 2025**

	2025	2024
<b>OPERATING ACTIVITIES</b>		
Income from Operations	\$ 15,650	\$ 66,726
Items Not Affecting Cash		
Amortization of capital assets including software	42,099	7,016
	57,749	73,742
Change in Non-Cash Working Capital Items:		
Accounts Receivable	15,092	(7,711)
Harmonized Sales Tax Receivable	7,827	(9,712)
Interest Receivable	4,588	1,414
Prepaid Expense	4,593	(5,279)
Payables and Accruals	(4,169)	1,815
Unearned Revenue	38,982	(13,676)
	66,913	(33,149)
Net Cash Provided (Used) in Operating Activities	66,913	(33,149)
Investing Activities		
Purchase of capital items	-	(210,494)
	-	(210,494)
NET CHANGE IN CASH AND CASH EQUIVALENTS	124,663	(169,901)
CASH AND CASH EQUIVALENTS		
BALANCE, BEGINNING OF YEAR	489,149	659,050
BALANCE, END OF YEAR	\$ 613,812	\$ 489,149

The accompanying notes are an integral part of these financial statements.

**Chartered Professional Accountants of Prince Edward Island**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**March 31, 2025**

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**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. 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**

Property and equipment with a purchase price of \$2,000 or less will be expensed as incurred. Any property and equipment greater than \$2,000 will be capitalized at cost. Depreciation will be provided for using the straight-line method over the estimated useful life as follows for the major classes of assets:

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

**Software Service**

When a software element in a cloud-computing arrangement does not meet the definition of an intangible asset and the related recognition criteria it is a software service. The subscription fee paid to access the software that is allocated to the software service is expensed as incurred.

Expenditures on implementation activities that are directly attributable to preparing the software service for its intended use are capitalized and amortized on a straight-line basis over the expected period of access to the software service as follows:

**Implementation costs related to cloud-computing arrangements – 5 years**

Expenditures on implementation activities that are not directly attributable to preparing the software service for its intended use are expensed as incurred.

When the implementation activities capitalized in a software service arrangement no longer contributes to the organization's ability to provide goods and services, or the value of future economic benefits or service potential of the asset is less than its net carrying amount, the excess of its net carrying amount over its fair value or

**Chartered Professional Accountants of Prince Edward Island**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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replacement cost is recognized as an expense in the statement of operations.

**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**

The organization considers any contract creating a financial asset or liability instrument as a financial instrument, except in limited circumstances. The organization accounts for the following as financial instruments:

<b>Financial instrument</b>	<b>Subsequent measurement</b>
Cash and cash equivalents	Cost
Trade and other receivables	Cost
Payables and accruals	Cost

A financial asset or liability is recognized when the organization becomes party to contractual provisions of the instrument.

**Employee Future Benefits**

The organization has a 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.

<b>3. Cash and Cash Equivalents</b>	<u>2025</u>	<u>2024</u>
Cash and cash equivalents consist of:		
Funds held in checking account and petty cash:	\$313,812	\$164,149
GIC from Oaken (6.00%), maturing December 2024:	-	100,000
GIC from Oaken (2.90%), maturing February 2025:	-	75,000
GIC from Oaken (5.25%), maturing February 2025:	-	75,000
GIC from Oaken (3.75%), maturing February 2026:	75,000	-
GIC from Oaken (4.4%), maturing August 2026:	150,000	-
GIC from Oaken (3.2%), maturing March 2027:	<u>75,000</u>	<u>75,000</u>
	<u>\$ 613,812</u>	<u>\$489,149</u>

**4. Capital Assets**

	Cost	Accumulated Amortization	<u>2025</u>	<u>2024</u>
Software Service	\$ 210,494	\$ 49,115	\$ 161,379	\$ 203,478

**5. Unearned Revenue**

	<u>2025</u>	<u>2024</u>
Deferred member dues	\$ 153,102	\$109,120
Other	<u>10,417</u>	<u>15,417</u>
	<u>\$ 163,519</u>	<u>\$ 124,537</u>

**Chartered Professional Accountants of Prince Edward Island**  
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**6. Restricted Assets**

Restricted Net Assets reports resources that have been internally appropriated by the Board of Directors. The purpose of this fund is to update membership database software and carry out strategic initiatives. This internally restricted amount is not available to be used for other purposes without the approval of the Board of Directors.

	<u>2025</u>	<u>2024</u>
Opening restricted net assets	\$ 190,000	\$ 130,000
Funds used during the year	-	-
Restricted funds added during the year	<u>-</u>	<u>60,000</u>
	<u>\$ 190,000</u>	<u>\$ 190,000</u>

**7. Related Party Transactions**

**Chartered Professional Accountants of Canada**

CPA Canada is the national organization which supports CPA accounting bodies in Canada. In Prince Edward Island, all members of CPAPEI are also members of CPA Canada. The National portion of annual member fees is collected by CPAPEI and remitted to CPA Canada. This amounted to \$226,292 for 2024/2025; (\$229,059 for 2023/2024).

Governance of the profession and its' members is shared among CPA Canada and individual provincial, territorial and Bermuda organizations in accordance with the Collaboration Accord. CPAPEI's share of this for 2024/2025 was \$2,020; (\$2,965 for 2023/2024).

CPA Ontario and CPA Quebec withdrew from the Collaboration Accord on December 20, 2024. This changed how the profession governs itself but will not have a direct economic impact on CPA Prince Edward Island.

**Chartered Professional Accountants Atlantic School of Business Association**

CPA Prince Edward Island has entered into an agreement with Chartered Professional Accountants Atlantic School of Business Association (CPA ASB) to administer the CPA education programs for Prince Edward Island. At March 31, 2025, CPA ASB owes CPAPEI \$ 5,371 (2024 – (\$ 6,208)) related to the administration of the education programs.

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).

**8. Defined Contribution Plan**

The Organization enrolled in CPA Canada's defined contribution pension plan. The total pension expense for the year was \$16,551 and is included in salaries and benefits (\$14,630 for 2023/2024).

**Chartered Professional Accountants of Prince Edward Island**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**9. Self-Funding Activities**

	<u>2025</u>	<u>2024</u>
<i>Revenues</i>		
Professional Development	\$ 133,953	\$ 93,695
Practice Inspection	35,285	31,582
Post Designation Public Accounting	<u>1,300</u>	<u>4,105</u>
	<u>\$ 170,538</u>	<u>\$ 129,382</u>
<i>Direct Costs</i>		
Professional Development	51,279	41,265
Practice Inspection	35,285	31,582
Post Designation Public Accounting	<u>344</u>	<u>2,618</u>
	<u>\$ 86,908</u>	<u>\$ 75,465</u>