

2022 | 2023 ANNUAL REPORT



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
PRINCE EDWARD ISLAND

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Introduction

The period covered by this report is April 1, 2022 to March 31, 2023 (the current year). CPA Prince Edward Island has completed its' 8th year as a unified profession, as our Legislation, the *Chartered Professional Accountants and Public Accounting Act*, was proclaimed April 1, 2015.

As a regulatory body, our primary purpose is to protect the public by adhering to *the Chartered Professional Accountants and Public Accounting Act* of Prince Edward Island (The Act), our regulations and bylaws, as well as international and national standards for the profession.

CPA Prince Edward Island protects the public interest through rigorous educational and certification programs and ensures its members uphold the highest professional and ethics standards.

Mission

CPA Prince Edward Island protects the public, supports members and students, and regulates and strengthens the CPA profession.

Vision

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

Values

In all we do, we will:

- Act first in the interest of the public and second in the interest of the members;
- Be transparent and accountable;
- Show respect at all times;
- Strive for excellence in all activities;
- Uphold the highest standards of professionalism and accountability;
- Act with integrity to earn trust and respect;
- Protect the reputation of the profession.

Protecting the Public

At the core of the CPA profession is our commitment to protecting the public. CPA PEI carries out various regulatory processes to ensure the public is protected as required under The Act. We have established strong self-regulatory processes and continue to work with the other provincial CPA bodies to ensure consistency in this area.

To promote and increase the professional knowledge, skills and proficiency of its members, the CPA profession requires members to complete a minimum amount of continuing professional development (CPD) each year and during any given three-year rolling cycle. In 2022-2023, CPA PEI collaborated with CPA Nova Scotia, Newfoundland and Bermuda to offer 77 online professional development courses.

Firms providing public accounting services are inspected on a three-year risk-adjusted cycle and the inspection process continues to incorporate recommendations of the national Practice Inspection Program Standing Committee. The Act reserves audit, review and compilation engagements, along with certain other services, to be provided only by CPAs. To that end, CPA PEI monitors the provision of these services and if it becomes aware of a non-member providing a reserved service, takes steps to ensure this is remedied.

The professional conduct process covering complaints against and discipline of members, candidates, students and firms is determined by The Act and bylaws.

Our committee members provide ongoing leadership to the profession by ensuring that the high standards of our profession are maintained, and we wish to thank them for their valuable time and effort. This important work could not be done without them.

CPA Prince Edward Island investigates complaints received about members and firms where breaches of the bylaws or rules alleged. Resolutions are achieved by hearing, dismissal, or settlement when a complaint is substantiated; resolutions typically include a reprimand and education to protect the public. In rare instances, there may be a suspension or cancellation of membership. CPAPEI did not receive any complaints in 2022-2023, but did complete an investigation from 2021 that resulted in a suspension of membership.

Leadership Message

This has been a busy year for CPA Prince Edward Island as we continued to adapt to a post-pandemic new normal. We have been able to move to in-person meetings and hosted several well-attended member events such as convocation and the member social. While we are grateful for this, virtual options will continue to be offered when appropriate as we have seen the value this provides to our members in our ability to offer an enhanced PD program and reach members regardless of their location.

This fiscal year marked phase 2 of our strategic plan, for which we developed a 3-year work plan for CPAPEI. Several items came out during the phase 2 work around communication, and we engaged a communications firm for a one-year contract to help address those areas. We continue to focus on our strategic priorities to ensure that the organization continues to protect the public interest and effectively support CPAs with the changing landscape.

CPA Prince Edward Island continues to work closely with CPA Canada, the CPA Atlantic School of Business, and the other provincial and territorial bodies to prepare our profession for the future. With CPA Prince Edward Island represented on numerous national and regional committees, we are involved in decisions that impact Island CPAs as well as the broader profession. Executive members of the CPA PEI Board and CEO continue to be actively involved in the Certification 2.0 project, which will shape the future of CPA education in the country, as well as the Collaboration Accord, to set the vision for the governance of the profession.

CPAPEI continues to have many active committees that carry out important work for the organization and profession on behalf of our 755 members. Thank you to all the dedicated volunteers who serve on these committees; your commitment and leadership are key to the success of our profession.

We recognize that volunteers are a tremendous resource to us. Absent our dedicated member volunteers, we would not be able to contribute to the extensive number of programs and services in our community that we do. Educating the public on the CPA advantage helps to build public trust and gain access to future generations of CPAs. This is key to maintaining a strong profession.

I would like to thank the membership of CPA Prince Edward Island for allowing me to serve on the Board of Directors of this profession and thank the other Directors for trusting me to serve as Chair. I would also like to thank all the members of the Board of Directors who have contributed countless hours to the Board.

A special thank you to retiring Board members Becky Chaisson, Colin Beck, Amy McQuillan, and Ryan Power for their service to the profession.

Also, thank you to the CPA Prince Edward Island staff Tanya O'Brien and Leanne Newson for their hard work and dedication to our organization.

I encourage all members to consider how they can get involved and help support the profession moving forward, whether through joining the Board, a committee or volunteering. We look forward to the opportunities that the upcoming year will present, and we will continue to focus on the protection of the public. Our commitment to protecting the public, growing the profession, and engaging all our members will continue to be at the forefront of all that we do.



Dennis Carver, CPA, CA
Chair



Tanya O'Brien, CPA, CA
Chief Executive Officer

Executive and Board of Directors

Dennis Carver, CPA, CA
Board Chair
Partner
Grant Thornton LLP Charlottetown

Becky Chaisson, CPA, CMA
Past Board Chair
Director of Corporate Services
Public Schools Branch

Kristen Dunsford, CPA, CGA
Secretary/Treasurer
Director of Financial Services
City of Summerside

Jennifer Dunn, CPA, CA, TEP
Executive Committee
Partner, Tax
BDO Canada LLP Charlottetown

Colin Beck, CPA, CFA®
Member at Large
Associate Investment Advisor
Richardson Wealth

Angela MacDonald, CPA, CMA, MBA
Member at Large
President & CEO
Angela MacDonald Consulting

Amy McQuillan, CPA, CMA, MBA
Member at Large
Site Controller
Red Shores Racetrack & Casino

Ryan Power, CPA, CA
Member at Large
Partner
Arsenault Best Cameron Ellis

Luke Rowledge, CPA, CA
Member at Large
Performance Audit Director
Office of the Auditor General of PEI

William Waterman, CPA, CMA, MBA
Member at Large
Assistant Professor
University of Prince Edward Island

Donna MacEwen, KC
Public Representative
Office Lead Partner
McInnes Cooper

Staff

Tanya O'Brien, CPA, CA
Chief Executive Officer &
Registrar

Leanne Newson, BBA
Administration &
Members Services

Committees

Awards

Debbie Good, FCPA, FCA, MBA, Chair
Terry Keefe, FCPA, FCMA
Jason MacDonald, FCPA, FCGA

Continuing Professional Development

Amy McQuillan, CPA, CMA, MBA, Chair
Sandra Callbeck, CPA, CMA
Blair Corkum, CPA, CA
Bobbi Jo Duffy, CPA, CGA

Discipline

Gordon MacFadyen, CPA, CA, Chair
David Abbott, CPA, CA
Scott Messervey, CPA, CA, MPAM
Kimberley Norgaard, CPA, CA

Finance and Audit

Kristen Dunsford, CPA, CGA, Chair
Luke Rowledge, CPA, CA
Jackie Ostridge-Phelan, CPA, CA
Ben Parsons, CPA, CMA, MBA

Human Resources

Blake Crockett, CPA, CA, Chair
Dennis Carver, CPA, CA
Colin Beck, CPA, CFA

Practice Inspection

Ryan Power, CPA, CA Chair
Michelle Burge, FCPA, CA
Michael Fitzpatrick, CPA, CA
Trevor Kennedy, CPA, CA
Rachel Mella, CPA, CA

Investigation

Cleve Myers, FCPA, FCA, Chair
Wayne Beaton, FCPA, FCA
Tony Hansen, CPA, CA
Lindsay Power, CPA, CMA, MBA
David Abbott, CPA, CA
Carl Adams, CPA, CA
Cheryl Paynter, CPA, CA
Bill Waterman, CPA, CMA, MBA
Tara Simmons, CPA, CA
Billy MacDonald, CPA

Marketing and Member Services

Angela MacDonald, CPA, CMA, MBA, Chair
Jenna Bysterveldt, CPA, CA
Stacey Myers, CPA
Jessica Smith, CPA, Financial Literacy Program
Kent Thompson, CPA, CMA, MBA, Brand
Ambassador Program
Colin Beck, CPA, CFA, CPA Ambassador Program

Nominating

Ryan Pineau, CPA, CA, Chair
Lane Pineau, CPA, CMA
Lisa Underhay, CPA, CGA

Public Practice and Membership

Jennifer Dunn, CPA, CA Chair
Lauren Gallant, CPA, CA
Travis Gallant, CPA, CA
Bill Waterman, CPA, CMA, MBA

Regulatory Advisory

Darren Noonan, CPA, CA, Chair
Ryan Innis, CPA, CA
George Mason, FCPA, FCMA, FCA
Scott Ryan, FCPA, FCMA
Lauren Vail, CPA, CA

Representatives on Regional Boards/ Committees

Atlantic Regional Forum

Dennis Carver, CPA, CA
Becky Chaisson, CPA, CMA
Tanya O'Brien, CPA, CA

CPA Atlantic School of Business

Karen Wight, CPA, CA
Tanya O'Brien, CPA, CA

Representatives on National Boards/ Committees

Board of Examiners

Debbie Good, FCPA, FCA, MBA

Council of Chairs

Dennis Carver, CPA, CA
Becky Chaisson, CPA, CMA
Tanya O'Brien, CPA, CA

Council of Chief Executives

CPD Professional Education

Management Committee

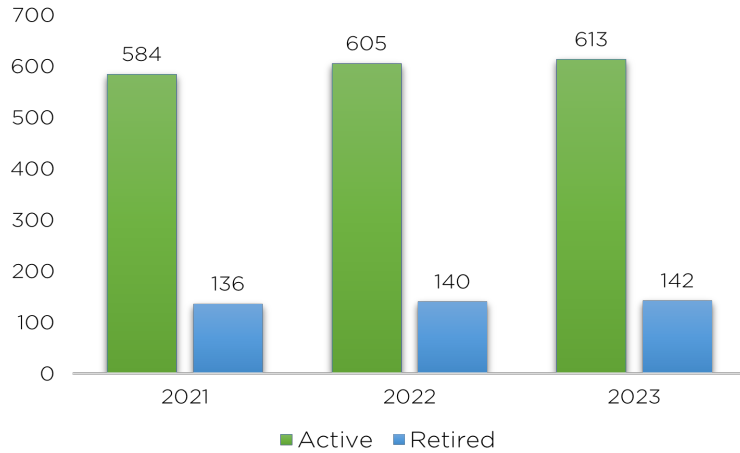
Professional Learning Development
Programs

Tanya O'Brien, CPA, CA

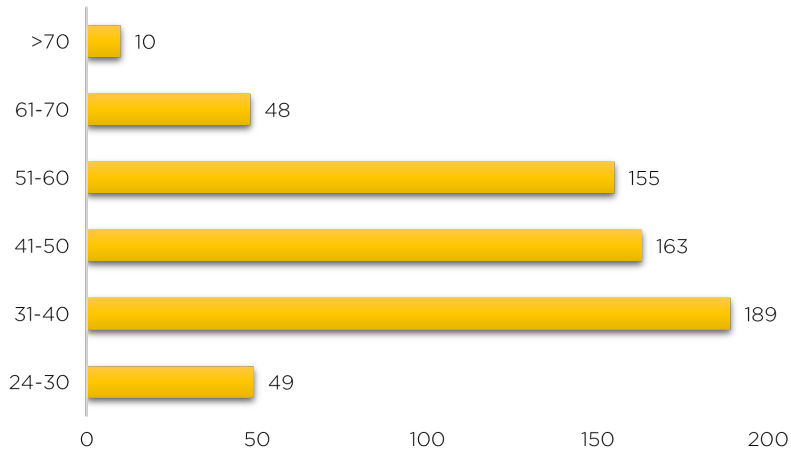
Thank you to all our volunteers!

Key Statistics and Membership Trends

Membership at year end



Active Members by Age Group



Based on the birth dates of all active members.

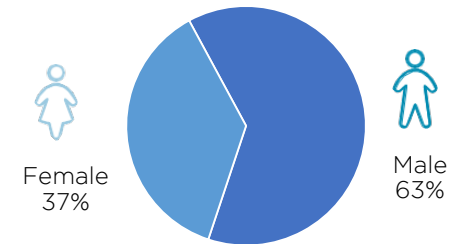
Where Members Live

Prince County	13%
Queens County	72%
Kings County	5%
Outside PEI	11%

Where Members Work

Agriculture & Fishing	3%
Business & Industry	21%
Educational Services	3%
Finance and Insurance	5%
Government	23%
Not-For-Profit	1%
Public Practice	21%
Other	6%
Unemployed	0%
Retired	19%

Active Members by Identified Gender



Based on active members who self-identified upon registration of membership.

Year in Review

Professional Development

Members have continued to request virtual PD and CPA Prince Edward Island has responded by continuing our collaboration with CPA Nova Scotia, CPA Newfoundland and Labrador and CPA Bermuda. Our fall PD season saw 77 live virtual courses offered with 171 participants and 694 total seats sold.

CPAPEI's PD program offers numerous learning opportunities, including courses designed specifically for CPAs by the CPA Profession. These courses are now branded CPAPRO. These courses will help members keep up to date in a variety of business and leadership topics and provide annual updates related to standards, legislation, and regulation. Look for the CPAPRO logo.

To address members' requests for more PD offerings outside the fall season, CPA Prince Edward Island has partnered with Executive Finance to offer On-Demand courses on a flexible basis, and we offer the CPAPRO On-Demand courses.

Complimentary sessions for members were hosted to ensure members remain up to date and are able to meet their professional development requirements. These sessions included career related sessions in conjunction with CPA Alberta and current topics such as "What is causing inflation", "Business and Sustainability" and "Demystifying CSQM 1".

Recruiting

Recruiting to the profession is a key focus of CPA Prince Edward Island and to that end, CPA Prince Edward Island has initiated a CPA Ambassador program. This program is meant to have members promote the CPA career path to potential candidates. Thank you to the volunteers who have presented 6 sessions at Post Secondary institutions.

As part of our recruiting initiatives, we have expanded to high schools. In collaboration with the CPA Atlantic School of Business, there were 15 high school presentations in 9 high schools across PEI.

2023 CPA Convocation and Awards Ceremony

This year we returned to our pre-covid Convocation and Awards Ceremony format with cocktails and hors d'oeuvres and in person speeches. 13 graduates were welcomed to the stage and a Fellow Award was presented to Denise Lewis Fleming.

A special invitation was extended to previous Fellow Awardees and 15 were in attendance to celebrate with Denise.



Back: Brolin Turner, Dominique Ryan, Evan Morrison, Colin Koughan, Jacob Deighan, Rachel Sentner Front: Zach Sanayie, Jasmin Myers, Hani Mayaleh, Vicky Liang, Kuan Ma Missing from photo: Shawna Corrigan, Susanna Westerkamp



Back: Cleve Myers, Blair Dunn, Gerard Fitzpatrick, Kevin Ladner, Patrick McSweeney, Ron Herbert, Phil MacDougall, Ray Heuser Front: Greg Peters, Debbie Good, David Bruce, Denise Lewis Fleming, Terry Moorehead, John Potter, Terry Keefe In attendance/missing from photo: Alex Robert



Keynote Remarks delivered by Richard Olfert, FCPA, FCA, CMC, ICD.D Chair, CPA Canada Board of Directors

Community Volunteer Income Tax Program (CVITP)

CPA Prince Edward Island participates in the Canada Revenue Agency Community Volunteer Income Tax Program by organizing a clinic at the Charlottetown Learning Centre, utilizing CPA and non-CPA volunteers. This year was busier than ever. There were 12 volunteers and 275 returns filed for those needing assistance.

Financial Literacy

During the year, CPA members presented 8 financial literacy sessions to 250 session participants on a variety of topic areas including entrepreneur, new Canadians and those learning life skills. The value of these sessions and the learnings they provide to Islanders was highlighted by the Minister of Finance, Jill Burridge, when she spoke at convocation.

Social Media

To reach a broader audience, a social media consultant was retained to manage social media for the period. This allowed for additional posts and engagement with members on social media including Instagram and LinkedIn.



Member Management Project

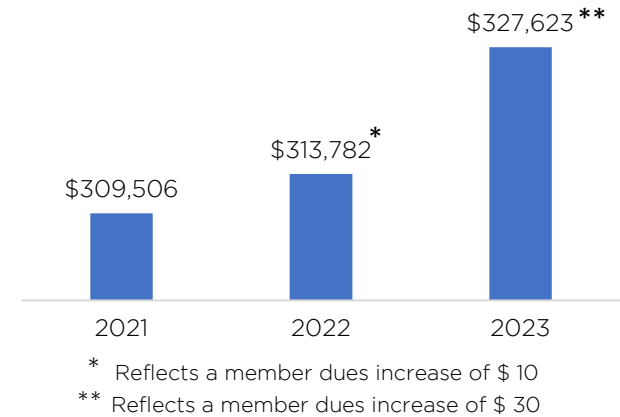
As has been noted in past financial updates, CPA Prince Edward Island is preparing for a significant transformation in the services to members provided by the Member Management System. Members will experience a modern system which provides them and CPA Prince Edward Island with better regulatory data. This will include an overhaul of the web site. This is not a small undertaking for an organization this size and the needs analysis was completed in this fiscal year. Design is planned for over the summer months with implementation this fall/early winter, in time for our next dues renewal cycle.

Financial Reporting

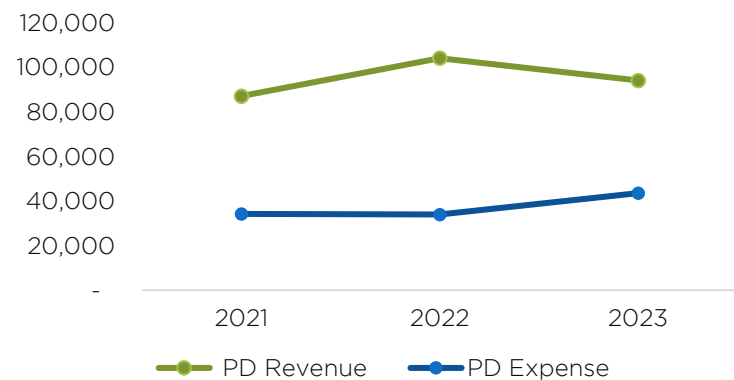
Management Discussion and Analysis

March 31, 2023 ended with business and organizations having returned to “new” normal operations. For fiscal 2023, public health measures having been lifted, operations have resumed at what will likely be the new normal going forward including virtual offerings of professional development, hybrid events and meetings and less travel.

Revenue from all membership fees for the year ended March 31, 2023, was \$327,623; an increase over the prior year mainly due to an increase in membership fees as well as new members for the year exceeding the number of members retiring or resigning from membership. Member fees were over budget by \$15,653 due to the increase in new members and the timing of new graduates being admitted to membership.



In addition to the revenues highlighted above, CPA Prince Edward Island has two key self-funded activities which include the professional development program and the practice inspection program. The practice inspection program is not intended to contribute to general operations; and in 2023 it was an off-cycle year so there was no practice inspection (therefore self-funding revenue and self-funding expenses are below budget). The contribution to operations from the Professional Development program was under budget by \$6,505. Throughout 2022-23 the entire CPD program continued to be run virtually with a variety of courses offered through live-broadcasts and on-demand platforms. CPA Prince Edward Island continued its partnership with CPA Nova Scotia, CPA Newfoundland and Labrador, and CPA Bermuda, allowing our members to take advantage of a broader range of course options. With more instructors adapting to online offerings, there was more pressure on course margins. Overall, total registration was above budget, while delivery costs increased resulting in a decreased contribution from Professional Development. As in the past, indirect costs are not allocated to the professional development program and there



is an expectation that Professional Development will yield a contribution to offset a portion of the indirect costs incurred. Other revenue consists of miscellaneous, sponsorships and convocation ticket sales. All were above budget and increased over 2022.

The Atlantic Regional Forum agreed to review the CPA Atlantic School of Business governance in relation to provincial governance to ensure the school is meeting CPAPEI's legislative requirements. We shared the cost of the review with our provincial partners, but this left CPAPEI over budget by \$6,189.

Convocation for 2021 Common Final Exam candidates was held in a modified format due to public health restrictions in June 2022 resulting in costs less than budget by \$5,115.

Discipline and Investigation showed a positive budget variance of \$22,550 and was \$34,701 less than the prior year as a result of a recovery of expenses related to an investigation. 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 an average of past conduct and discipline costs updated for what is known at the time of budgeting. Included in conduct and discipline costs are CPA Prince Edward Island legal fees, investigation costs, which include legal fees and other costs related to a discipline hearing.

Information Technology includes the licenses for a new member management system. The discovery phase of the new member management system was completed, and the design and implementation will follow in fiscal 2024. The costs for discovery are included in strategic initiatives.

Communications and engagement with members are a priority of the Board and a communications plan using a marketing firm was budgeted for under public relations. Thus, the spending is up over 2022 but in line with the budget.

Salaries and benefits were higher than the previous year by \$10,588 due mainly to cost of living increases.

Net Assets

The increase in total Net Assets of CPA Prince Edward Island reflects the net surplus generated by the organization in 2022/23. In 2022/23, the Board internally restricted amounts for a new membership management system in the amount of \$40,000 (2022 - \$50,000).

Net assets continue to be held for the protection of the public, which would be those resources held to offset unexpected costs in the event of a significant disciplinary case that could not be absorbed within the operational budget and for operational costs needed to meet any unexpected financial risk CPA Prince Edward Island may encounter in the near future. Total assets restricted for the membership management system are \$120,000 with an additional \$10,000 restricted for strategic initiatives.

Risks and Risk Management

Economic Environment

The economic environment in Prince Edward Island remains relatively strong. Prince Edward Island continues to lead the country in key areas such as population growth, retail and wholesale trade and employment. However, there are increased pressures with continued increases in interest rates and inflation. Overall, CPA Prince Edward Island was fortunate to have a steady flow of graduates becoming members, as well as members transferring to the province this year, with admissions outpacing retirements in fiscal 2022-23. Our aging demographics could see retirements begin to outpace new members and create a decline in memberships, particularly as we see less entrants into the CPA program. Fiscal 2022 saw the lowest number of first time CFE writers at 13, compared with a five-year average of 22 writers. We continue to see a strong market for CPAs in the province as evident from job opportunities posted on our website - 65 versus 51 the previous year and this may have contributed, along with hybrid work environments, to the 10 new members that transferred in or became affiliate members. This year we were delighted to celebrate 13 candidates who were successful on the CFE. 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

CPA Prince Edward Island'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. CPA Prince Edward Island 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 CPA Prince Edward Island 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 CPA Prince Edward Island'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 CPA Prince Edward Island is not exposed to any currency risk as it has no material transactions in foreign currencies.

CPA Prince Edward Island'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 CPA Prince Edward Island's investments, it is management's opinion that CPA Prince Edward Island is not exposed to significant fair value market risk.

Operational Risk

CPA Prince Edward Island operates with limited staff resources and relies heavily on its volunteers to achieve the strategic priorities of the Board. This represents a risk that CPA Prince Edward Island may not be able to achieve all objectives should positions become vacant or they are unable to recruit sufficient volunteers. To mitigate this risk the Board ensures that it has a broad base of volunteers as well as an active and engaged Board. As a self-regulatory body, CPA Prince Edward Island recognizes the need to ensure it can continue to provide self-regulatory activities such as on-going discipline activities and practice inspection. Such activities do not come without a substantial cost representing an operational risk for the organization. By maintaining total net assets in excess of annual membership fees and working with support and combined resources of the other provinces and the national body, the Board is taking conscious efforts to mitigate this risk.



Financial Statements

Chartered Professional Accountants of Prince Edward Island

March 31, 2023

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Independent Practitioner’s Audit Engagement Report

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

Opinion

We have audited the Financial Statements of Chartered Professional Accountants of Prince Edward Island (the “organization”), which comprise the Statement of Financial Position as at March 31, 2023, and the Statements of Operations, Changes in 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 Chartered Professional Accountants of Prince Edward Island as at March 31, 2023, 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 The Board 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 organization’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 organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 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, determine 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 determine 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 entities or business activities within the organization 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.

The engagement partner on the audit resulting in this Independent Auditor's Report is Jeff Keough.


Keough, O'Brien, Shea

Keough, O'Brien, Shea, Chartered Professional Accountants
Charlottetown, PE
August 29, 2023

Chartered Professional Accountants of Prince Edward Island
STATEMENT OF FINANCIAL POSITION
As at March 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash and Cash Equivalents	\$ 659,050	\$ 658,667
Accounts Receivable	20,441	57,294
Harmonized Sales Tax Receivable	8,150	5,863
Interest Receivable	18,145	13,965
Prepaid Expenses	9,735	9,825
	715,521	745,614
CAPITAL ASSETS	1	1
	\$ 715,522	\$ 745,615
LIABILITIES		
CURRENT		
Payables and Accruals	\$ 37,002	\$ 113,994
Payroll Remittances Payable	-	7,238
Unearned Revenue (Note 3)	138,213	132,028
	175,215	253,260
NET ASSETS		
RESTRICTED NET ASSETS (Note 4)	130,000	90,000
UNRESTRICTED NET ASSETS	410,307	402,355
	\$ 715,522	\$ 745,615

ON BEHALF OF THE BOARD



 Dennis Carver, CPA, CA
 Chair



 Kristen Dunsford, CPA, CGA
 Treasurer

Chartered Professional Accountants of Prince Edward Island
STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS
For The 12 Months Ended March 31, 2023

	<u>Unaudited Budget</u>	<u>2023</u>	<u>2022</u>
REVENUES			
Members' fees			
Provincial	\$ 289,600	\$ 301,368	\$ 283,652
CPA Canada (Note 5)	220,000	224,236	220,285
Practitioners	15,000	16,000	15,500
Professional Corporations	4,370	4,655	4,485
Admission Fees	3,000	5,600	10,145
	<u>531,970</u>	<u>551,859</u>	<u>534,067</u>
Less remitted to CPA Canada (Note 5)	<u>(220,000)</u>	<u>(224,236)</u>	<u>(220,285)</u>
	311,970	327,623	313,782
Self-Funding Activities (Note 7)	123,750	96,362	150,792
Interest Income	9,000	12,057	9,211
Other Income	11,800	18,838	13,456
	<u>456,520</u>	<u>454,880</u>	<u>487,241</u>
EXPENSES			
Atlantic Region Forum	500	6,689	-
Awards For Members	-	327	-
Board Meetings	2,000	2,786	764
Convocation	16,000	10,885	8,465
Credit Card Discount Fee	7,000	12,636	8,211
Discipline and Investigation	30,000	7,450	42,151
Equipment	1,500	1,473	-
Financial Literacy	500	1,321	-
Information Technology	15,000	6,970	205
Insurance	2,500	2,242	2,235
Member Meetings	6,000	8,753	7,426
Member Rebate	-	(485)	4,417
Office and Administration	8,000	8,686	7,348

Other Committees	1,200	398	1,590
Prizes	3,000	3,000	3,000
Professional Fees	11,000	9,537	9,380
Public Relations	20,000	17,878	9,936
Rent	26,000	17,483	2,384
Salaries and Benefits (Note 6)	210,900	220,386	209,798
Self-Funding Activities (Note 7)	63,000	44,690	80,560
Share of CPA Canada Profession Expenses (Note 5)	16,000	8,524	7,389
Share of CPA Canada Other Expenses	-	-	(4)
Sponsorship	2,800	1,400	-
Strategic Initiatives	10,000	11,792	21,076
Telephone	2,500	1,929	1,844
Travel	500	181	126
	<u>455,900</u>	<u>406,931</u>	<u>428,301</u>
INCOME FROM OPERATIONS	<u>\$ 620</u>	<u>\$ 47,949</u>	<u>\$ 58,940</u>
UNRESTRICTED NET ASSETS			
BEGINNING OF YEAR		402,358	393,418
Restricted Assets (Note 4)		(40,000)	(50,000)
END OF YEAR		<u>\$ 410,307</u>	<u>\$ 402,358</u>

Chartered Professional Accountants of Prince Edward Island
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Income from Operations	\$ 47,949	\$ 58,940
Change in Non-Cash Working Capital Items		
Accounts Receivable	36,854	1,049
Harmonized Sales Tax Receivable	(2,286)	3,734
Interest Receivable	(4,180)	(4,396)
Prepaid Expense	90	(6,307)
Payables and Accruals	(76,992)	(18,124)
Payroll Remittance Payable	(7,238)	(1,252)
Unearned Revenue	6,186	31,641
Net Cash Provided (Used) in Operating Activities	<u>(47,566)</u>	<u>6,345</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	383	65,285
CASH AND CASH EQUIVALENTS		
BALANCE, BEGINNING OF PERIOD	<u>658,667</u>	<u>593,382</u>
BALANCE, END OF PERIOD	<u><u>659,050</u></u>	<u><u>658,667</u></u>

Chartered Professional Accountants of Prince Edward Island
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2023

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

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

Cash and Cash Equivalents

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

Chartered Professional Accountants of Prince Edward Island
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2023

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:

Financial instrument	Subsequent measurement
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.

3. Unearned Revenue

Unearned revenue consists of:

	<u>2023</u>	<u>2022</u>
Deferred member dues	\$ 116,320	\$132,028
Other	<u>21,893</u>	-
	<u>\$ 138,213</u>	<u>\$ 132,028</u>

Chartered Professional Accountants of Prince Edward Island
 NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2023

4. 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>2023</u>	<u>2022</u>
Opening restricted net assets	\$ 90,000	\$ 40,000
Funds used during the year	-	-
Restricted funds added during the year	<u>40,000</u>	<u>50,000</u>
	<u>\$ 130,000</u>	<u>\$ 90,000</u>

5. 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 \$224,236 for 2022/2023; (\$220,885 for 2021/2022).

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 2022/2023 was \$8,524; (\$7,389 for 2021/2022).

Subsequent to year end, CPA Ontario and CPA Quebec provided notice that they will be withdrawing from the Collaboration Accord in 18 months, as required by the agreement. CPAPEI has not quantified the potential effect on the future financial performance, as the effect is not yet known.

Chartered Professional Accountants of Prince Edward Island
 NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2023

Chartered Professional Accountants Atlantic School of Business Association

CPAPEI 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, 2023, CPA ASB owes CPAPEI \$16,688 (2022 – (\$4,390)) 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).

6. Defined Contribution Plan

The Organization enrolled in CPA Canada’s defined contribution pension plan. The total pension expense for the year was \$14,131 and is included in salaries and benefits (\$13,118 for 2021/2022).

7. Self-Funding Activities

	<u>2023</u>	<u>2022</u>
<i>Revenues</i>		
Professional Development	\$ 93,962	\$ 103,891
Practice Inspection	-	43,001
Post Designation Public Accounting	<u>2,400</u>	<u>3,900</u>
	<u>\$ 96,362</u>	<u>\$ 150,792</u>
<i>Direct Costs</i>		
Professional Development	43,467	33,909
Practice Inspection	-	43,001
Post Designation Public Accounting	<u>1,223</u>	<u>3,650</u>
	<u>\$ 44,690</u>	<u>\$ 80,560</u>

Chartered Professional Accountants of Prince Edward Island
 BUDGET FOR THE YEAR ENDED
 March 31, 2024

Budget 2023/2024

Revenue

Provincial fees	337,505
National fees	224,800
Interest Income	9,000
Miscellaneous	3,500
Professional development	90,000
Practice Inspection	30,000
PDPA	-
Golf day	-
Sponsorships	10,000
Convocation	<u>3,750</u>
	708,555
Less: National Fees	<u>224,800</u>
Net Revenue	<u><u>483,755</u></u>

Expenses

Atlantic Regional Forum	1,000
Annual General Meeting	5,000
Board Meetings	4,000
Strategic Planning Initiatives	-
CFE Prize	1,000

Convocation	14,000
Credit Card Discount Fees	10,000
Education (PDPA)	-
Golf day	-
Equipment	1,500
Financial Literacy	500
Insurance	2,500
Investigation*	10,000
IT	15,000
Legal and audit	21,000
Levies by CPA Canada	15,000
Office and administration	8,000
Other committees	1,200
Practice inspection	30,000
Prize UPEI, HC	2,000
Professional development	45,000
Public relations	30,000
Rebate to Members	-
Rent	26,000
Social	5,500
Sponsorship	2,890
Strategic Plan	-
Telephone	2,000
Travel	2,500
Wages and benefits	<u>228,000</u>
Total Expenses	<u>483,590</u>
Net Income	<u>\$ 165</u>



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
PRINCE EDWARD ISLAND