



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
PRINCE EDWARD ISLAND



Lecaine, Newson

ANNUAL REPORT 2018-2019

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PRINCE EDWARD ISLAND

MESSAGE FROM THE CHAIR

Dear Members,

The year just ending marks the end of my term as Chair. Thank you to the Board of Directors and members of CPA Prince Edward Island for endorsing my service in this role. It has been a wonderful opportunity to be involved with my esteemed Board colleagues and staff of CPAPEI, in helping to further initiatives which support the profession of accountancy in Prince Edward Island. Important undertakings of the past year will allow us to better protect the public, and support and educate our 760 active members and students. These include such things as the development of a strategic work plan; supporting the work of our Regulatory Advisory Committee in facilitating necessary changes to the Chartered Professional Accountants and Public Accounting Act; the conclusion of a 2-year term as organizational secretariat for the five Atlantic regional CPA bodies, known as the Atlantic Region Forum; and with the other provincial bodies we commenced the challenge of renewing the Collaboration Accord, which defines the governance structure of our profession in Canada. Thanks in particular to Becky Chaisson, Vice-Chair CPAPEI, for her involvement on behalf of CPAPEI in that important work. We have also completed our first comprehensive member survey and are embarking on a research project which will help ensure that we continue to give visibility to the interests of our members, and certify CPAs with the skills that employers require.

Leadership of the profession involves working with various ad hoc and standing committees, both locally and nationally, advocacy with government, with our education partners, and the business community. In the past year these activities involved participating in the Chamber of Commerce Partnership for Growth, facilitating a session with CRA on their services and processes, teaming with the Canadian Bar Association & Law Society of PEI on an overview of PEI's Lobbyists Registration Act, continuing active stewardship of the legislated rights and obligations of public practitioners in PEI, and the regulation of members. Thank you, Tanya O'Brien, CEO for her efforts on these initiatives and all her tireless work on behalf of our members and the public.

CPAPEI supports the recruitment and education of new CPAs in the province at every opportunity, from hosting a presentation for candidates in the Core 1 program, to holding a social gathering at The

Mack Theatre to celebrate our candidates' successes in the Common Final Examination. At our June 7 convocation ceremony this year, we welcomed 22 new members and an additional 3 graduates who will be accepted into membership upon completion of practical experience. Over 100 PEI students are currently enrolled in the CPA education programs. These new members will create careers in work-places that demand unprecedented adaptability and continuous learning. The landscape of traditional accounting is transforming our work, not our 'profession'. We will continue to be the professionals that are known for holding ourselves up with ethical standards and codes of conduct that foster the highest level of trust from the public whose interests we are obligated to put above our own.

At the convocation ceremony this year, we also inducted three deserving members as Fellows of the Chartered Professional Accountants: Daniel Bartlett, FCPA, CA; Blair Dunn, FCPA, CA; and Jane MacAdam, FCPA, CA. Congratulations to these outstanding individuals.

We strive to ensure that our members have access to many valuable professional development opportunities. Last fall, in addition to offering an impressive slate of education seminars on PEI, we helped to offer The ONE national CPA conference in Halifax, which was a great success for our region.

I want to thank each of our Board and committee members for their ongoing service in support of all the initiatives of the organization. It is through the continuing commitment of these volunteers that our many stakeholders are served, and our duty to the public is fulfilled.

I would like to recognize the service of retiring board members Sharon O'Halloran, Kent Thompson and Kate O'Brien. Thanks to each of you for giving your time in support of CPAPEI. I encourage all CPAs to consider becoming involved by volunteering on a committee, on the Board, or as a Financial Literacy presenter. As Prince Edward Island's economy surges forward, the need for the unique skills of CPAs is growing. Encourage employers and young people to recognize the enduring value of the CPA designation. Contact the CPAPEI office to see what opportunities are available for you to engage more broadly with your profession.

Thank you again for this opportunity.

Respectfully,



Lisa Underhay, CPA, CGA
Chair

2018-2019 EXECUTIVE & BOARD OF DIRECTORS



Lisa Underhay, CPA, CGA
Chair
Owner/Manager
Checkone 2 Enterprises Inc



Becky Chaisson, CPA, CMA
Vice Chair
Director, Financial Services
Public Schools Branch



Doug Ezeard, CPA, CA
Secretary-Treasurer
Partner
Arsenault Best Cameron Ellis



Rodney Payne, CPA, CGA
Executive Committee
Partner
Fitzpatrick & Company



David Arsenault, CPA
Member at Large
Property Development Manager
Arsenault Brothers Construction Ltd.



Dennis Carver, CPA, CA
Member at Large
Principal
Grant Thornton LLP



Denise Lewis-Fleming, MPA, CPA, CA
Member at Large
Chief Executive Officer
Health PEI



Amy MacFarlane, CPA, CA
Member at Large
Assistant Professor
University of Prince Edward Island



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



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



Kent Thompson, CPA, CMA, MBA
Member at Large
Director of Finance and Food Tourism
Food Island Partnership



Shawn Murphy, PC, QC
Public Representative

Staff:

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

Leanne Newson, BBA
Office Administrator & CPD Coordinator



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COMMITTEES

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: Bertha Jay, CPA, CMA
Alex Robert, FCPA, FCGA

FINANCE AND AUDIT

Chair: Doug Ezeard, CPA, CA
Committee Members: Kristen Dunsford, CPA, CGA
Jackie Ostridge-Phelan, CPA, CA
Ben Parsons, CPA, CMA, MBA

INVESTIGATION

Chair: Cleve Myers, FCPA, FCA
Committee Members: Wayne Beaton, CPA, CA
Tony Hansen, CPA, CA
Lindsay Power, CPA, CMA, MBA

MARKETING AND MEMBER SERVICES

Chair: Kent Thompson, MBA, CPA, CA
Committee Members: Jenna Bysterveldt, CPA, CA
Amy MacFarlane, CPA, CA
(Financial Literacy Program)
Stacey Myers, CPA

PRACTICE INSPECTION

Chair: Dennis Carver, CPA, CA
Committee Members: Peter Baglolle, CPA, CA
Michelle Burge, CPA, CA
Mike Fitzpatrick, CPA, CA
Trevor Kennedy, CPA, CA

PUBLIC PRACTICE AND MEMBERSHIP

Chair: Denise Lewis-Fleming, MPA, CPA, CA
Committee Members: David Arsenault, CPA
Lauren McQuaid, CPA, CA
Rodney Payne, CPA, CGA

AD-HOC COMMITTEES

AWARDS

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

EDUCATION

CPA Atlantic School of Business Representatives:
Michael Fitzpatrick, CPA, CA
Ryan Pineau, CPA, CA

HUMAN RESOURCES

Chair: Rob Philpott, CPA, CGA
Committee Members: Becky Chaisson, CPA, CMA
Deidre Smith, CPA, CMA

NOMINATING COMMITTEE

Chair: Ryan Pineau, CPA, CA
Committee Members: Lane Pineau, CPA, CMA
Sherry Ross, CPA, CGA

REGULATORY ADVISORY COMMITTEE

Interim Chair: Scott Ryan, FCPA, FCMA
Committee Members: Travis Gallant, CPA, CA
George Mason, FCPA, FCMA, FCA
Lisa Underhay, CPA, CGA

NATIONAL COMMITTEES

BOARD OF EXAMINERS Debbie Good, FCPA, FCA
Bill Waterman, CPA, CMA

THE ONE ADVISORY COMMITTEE

Ron Keefe, FCPA, CA

MISSION ~ VISION ~ VALUES




INTRODUCTION

The period covered by this report is April 1, 2018 to March 31, 2019 (the current year).

Self-Regulation

CPA Prince Edward Island is privileged to be a self-regulating profession, established under the Chartered Professional Accountants and Public Accounting Act. With this privilege comes the paramount responsibility to protect the public.

The major duties for self-regulating professions include: creating and running effective education systems; recruiting and educating appropriate candidates; registering and licensing individuals based on prescriptive qualifications; overseeing and enforcing regulations and professional codes of conduct. The performance of these duties is monitored by the Board of CPA Prince Edward Island and updated on a regular basis with the goal of effective regulation.


- 
- ⇒ Self-regulation assures the public that they are dealing with an educated and experienced CPA.
 - ⇒ In addition to high entry-level requirements, all CPAs, whether they work in public practice or industry, are required to keep abreast of current industry standards via career-long, compulsory continuing professional development.
 - ⇒ The performance of specific practice are restricted to qualified CPAs only, and are therefore regulated, which allows Islanders to be confident that people doing this important work are held to strict standards.
 - ⇒ Public accounting firms are subject to regular practice inspections by trained inspectors. These inspections promote high standards of practice while providing the public with assurance that all firms are required to meet the profession's high standards.
 - ⇒ Regulation provides an avenue of recourse, in addition to the civil or criminal court systems, for Islanders who believe a CPA has committed professional misconduct.
 - Access to the provincially mandated complaint and discipline processes is open to all and comes at no cost to the complainant.

Licensing

Members providing services defined as public accounting must be licensed and their firms registered with, and overseen by, CPAPEI. They are required to carry minimum levels of professional liability insurance and have a practice review.



At March 31, 2019, there were **138** practitioners and partners operating in **29** public practice offices in PEI.



In 2018-2019, there were **35** Professional Corporations registered with CPAPEI.

PROTECTION OF THE PUBLIC

Regulation of Membership

Practice Review

Practice review remains a key mechanism in how the profession monitors those providing services defined as public accounting, ensuring standards are maintained, providing an opportunity for feedback and guidance, and ensuring the public is well served and protected when utilizing the services of a CPA.

Under the harmonized practice review program, the second practice review year of a three year practice review cycle since unification was completed at March 31, 2019. CPAPEI has contracted its practice review to CPA Nova Scotia.

Practice review occurs for every firm engaged in the practice of public accounting a minimum of once every three years, based on a risk-adjusted schedule. The objective of practice review is protection of the public by assessing the compliance with professional standards and by taking appropriate follow-up or remedial action in instances of non-compliance.

The public is further protected by practice review providing an educational experience to members and firms. CPAPEI communicates summary results of these practice reviews to all practitioners for educational purposes.



Practicing units were inspected



Firms met their inspection requirements

Professional Conduct | Complaints

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

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

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.

Two new complaints were received in 2018-2019. Status of complaints:



under review



dismissed/
not accepted



investigation authorized



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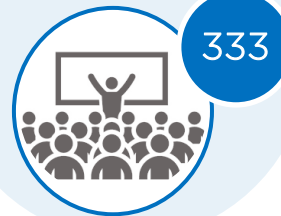
Continuing Professional Development (CPD)

Continuing Professional Development (CPD) helps members develop and maintain professional competence that is relevant to their roles, and is an important element in maintaining public confidence and trust in CPAs. Professional development compliance is an important part of the professional commitment of CPA members. Maintenance of CPD standards is one of CPA Canada's obligations as a member of the International Federation of Accountants (IFAC). The minimum requirement established by CPAPEI is 120 hours every three years, with an annual minimum requirement of 20 hours. The requirement for 4 verifiable hours of professional ethics in a three year rolling cycle was added beginning in calendar 2019.

Professional Ethics CPD is learning that specifically addresses professional ethics matters that are relevant and appropriate to the member, covering a wide range of topics related to ethics and ethical decision making. The four hours do not have to be obtained in one single program, but can be accumulated through ethics components in any number of seminars or courses. The 4 hours are included within the 60 verifiable required over three years.

CPD includes seminars, workshops, courses, and other activities that update the professional knowledge, skills, and values of a CPA.

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.

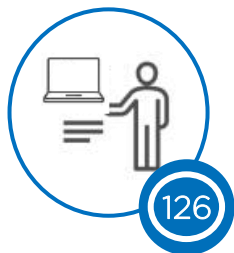


333 participants engaged in our fall in-person CPD seminars

CPD Learning Opportunities 2018-2019



In-Person Seminars



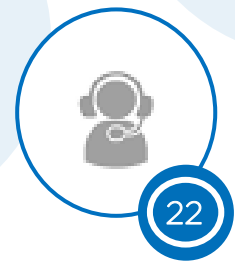
Live Broadcast & K2E Live Webinars



On-Demand Refreshers & Recorded Webinars



e-Learning Courses



AudioWeb Titles



Additionally, CPAPEI offered 11 free professional development sessions throughout the year, with 249 members benefitting from these 19 hours of free CPD training.

STRATEGIC PLANNING

During the year, the Board of CPA Prince Edward Island undertook a strategic planning exercise which resulted in the following strategic priorities:

Robust, Diverse and Engaged Membership

- Increase the membership's awareness of the role of CPAPEI.
- Membership reflects the diversity of the PEI population.
- Expand the work of CPAPEI through increased membership participation in committees and activities.
- CPA is the most sought-after business designation. awareness

Recognized Thought Leader

- CPAPEI is a point of contact for opinion, information, and input on topics of CPA concern
- CPAPEI is consulted on key policy issues
- Provide information and analysis to the public on emerging social and economic issues

Public/Member Awareness and Education

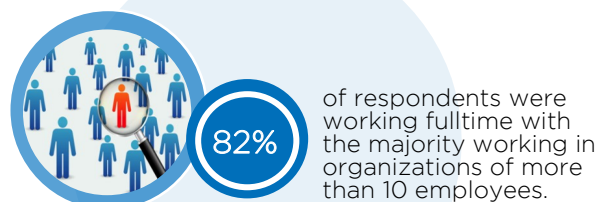
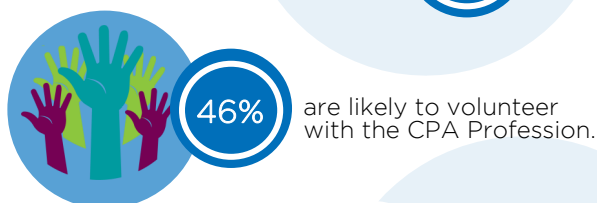
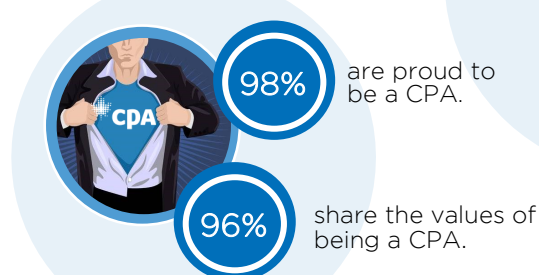
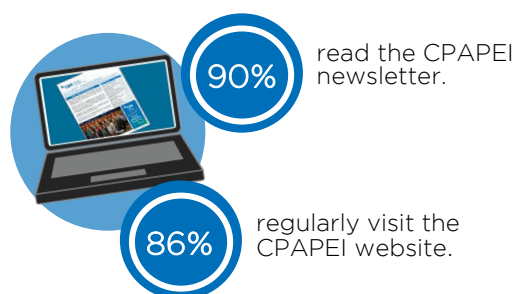
- Increase public awareness of the role of CPAPEI in protecting the public and other roles and responsibilities of CPA professionals
- Increase member awareness of the role and responsibilities of a CPA Professional
- Employers recognize the value of the CPA designation and understand the benefits of hiring a CPA

Foster Organizational Effectiveness

- To improve organizational effectiveness

As part of this strategic planning exercise, a member survey was undertaken.

The survey feedback provided the board with member insight. Of those responding:



MEMBERSHIP

At March 31, 2019, CPAEI had **664** CPA Members and **105** Students/Candidates pursuing an accounting designation in either the Professional Education Program (PEP) or the Pre-Requisite Educational Program (PREP).

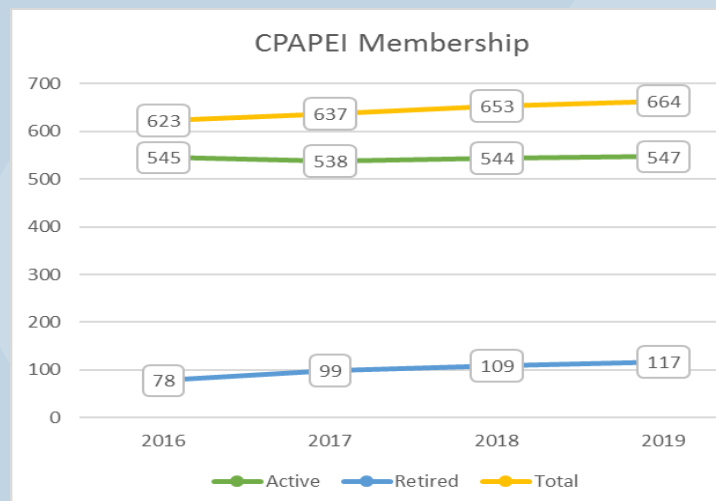
Member dues are sent out in late March, and payment is required by May 31. In order to make payment easier for members, we have set up PayPal through our member portal. This has allowed for the faster collection of dues.

Membership Changes 2018-2019

	Active	Retired	Students/ Candidates
April 1, 2018	544	109	91
New Members	14	0	0
Transfers In	9	0	0
Transfers Out	-8	0	0
Retirements	-14	14	0
Resignations	-3	0	0
Suspensions	0	0	0
Readmissions	0	0	0
Deceased	0	-1	0
Other ¹	5	-5	0
Other ²	0	0	14
March 31, 2019	547	117	105

¹ Retired members returned to active status

² net change includes those who have completed the program and become members, plus new registrations



EDUCATION AND QUALIFICATION

CPA Prince Edward Island continues working with CPA Atlantic School of Business (CPAASB), who delivers the CPA Professional Education Program (CPA PEP), and the Prerequisite Education program (CPA PREP). CPAASB is also tasked with the recruitment of students/candidates to the program and works in conjunction with CPAEI and the membership to carry out this function.



New Recruiter

In 2018 the CPA Atlantic School of Business hired a new recruiter for PEI & New Brunswick, John Thomas.



Education by the numbers for PEI

Registered CPA mentors	74
CPA preparatory students	36
CPA PEP candidates	69
Number of local workshops	8
Number of local exams	65
Information sessions	31

Education Highlights 2018-2019

The CPA Competency Map: Qualifications for the Canadian CPA designation

The CPA Competency Map lays the foundation for the CPA certification program, including education, accreditation, examinations, and practical experience requirements, and describes the knowledge, skills and proficiency levels you must achieve to become a Canadian CPA. Effective January 1, 2019, the 2019 CPA Competency Map is the first major update to the original 2013 CPA Competency Map and Knowledge Supplement.

The 2019 CPA Competency Map still describes in detail the two types of competencies — technical and enabling — that employers in public practice, industry, and government require of accounting professionals.

The main changes to the 2019 CPA Competency Map are the:

- ⇒ incorporation of data analytics and information systems (DAIS) competencies in each of the six technical competency areas
- ⇒ revision to the taxation competency area

Delivering sufficient and appropriately skilled CPAs to meet market demand

The school continued working with its national and provincial partners to evolve the CPA programs: The CPA Professional Education Program (PEP) and the CPA preparatory courses.

These programs were heavily promoted on postsecondary campuses and through work force information sessions. Employer events also figured prominently in recruitment efforts, as educational sessions were held with Career Connect Employers and firms providing information regarding the certification program and training pathways.

Interest in the CPA profession continued to be strong. Outreach to potential candidates and preparatory students took place on social media on Facebook, through the recruitment blog and e-newsletters.



25 CFE writers achieved success on the 2018 Common Final Exam.

Kelli Bulger
Brodie Carter
Ling Chen
Lucas Currie
Mark Darrach
Adam Devries
Emily Finkle Hammer
John Grant
John Grimmer
Lan Guo
Katherine Koughan
William MacDonald
Heather MacEwen

Peter MacSwain
Rie MacVicar
Spencer Mayne
Courtney Murphy
Evan Myers
Haley Perry
Tyler Ranahan
Sophie Sauer
Kyle Schrader
Jessica Smith
Alexis Spencer
Tianyi Yu

Average
number of
successful
writers over 3
years: 21



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MARKETING AND MEMBER SERVICES

Affinity Programs

CPA Prince Edward Island, in partnership with CPA Ontario, offers members comprehensive insurance coverage. Through partnerships with TD and The Personal, we offer members preferred home and auto rates. More than **120** members are using our insurance Affinity programs.

Branding

CPAs aren't just pencil pushers. We don't just sit behind desks all day staring at spreadsheets. And while we can do your taxes, we can also do so much more. CPA ingenuity is everywhere; in every industry and every role. We are the visionaries, strategists and advisors who advance business and society, reshaping every landscape we live in and work in.



CPAPEI Member Chad Heron, CPA, Vice President of COWS Inc., was selected to participate in the campaign. His video is available on our YouTube channel.

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 under professional opportunities.



Demand for CPAs appeared to be strong, with more than 40 job posts socialized during the current year.

Communications

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. In addition to sending 4 e-newsletters during the year, CPAPEI continued to engage with members and the public through Facebook and Twitter.



90
Communications
50,586
Recipients



193
Posts
51,458
Impressions



150
Posts
68,900
Impressions

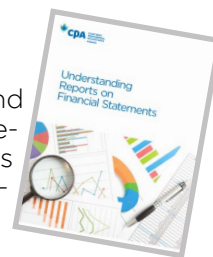


9,493
Users
66,182
Page Views



Financial Literacy

As part of our commitment to increased public awareness, CPA Prince Edward Island printed copies of a CPA Canada publication entitled "Understanding Financial Statements". Copies were distributed to banks and other users of financial statements across the province, with information on the role of CPA Prince Edward Island and our members in the province.



Volunteering

We had **9** members actively volunteering in the Canada Revenue Service CVITP, preparing over **170** returns during the 2019 tax season, for individuals who qualified for the program.

Recognition Awards



The title of Fellow formally recognizes those members whose career achievements and/or contributions to the community have earned them distinction and brought honour to the profession.

This year, three members were awarded their Fellow designation: (L to R:) **Blair Dunn, FCPA, CA**, Partner, Grant Thornton; **Jane MacAdam, FCPA, CA**, Auditor General, Province of Prince Edward Island; and **Daniel Bartlett, FCPA, CA**, Vice President, Finance and Administration, Northumberland and Bay Ferries Limited



CPAPEI Graduate Awards

Each year during our Convocation and Awards ceremony, CPAPEI presents two awards to candidates who have completed their education.

CPA Prince Edward Island Award of Achievement
CPA Prince Edward Island Leadership Award

Alexis Spencer
Adam Devries

Post-Secondary Student Awards

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

Awards given at UPEI:

CPAPEI Prize for the Highest Aggregate
CPAPEI Prize for Leadership
CPAPEI Prize for Intermediate Accounting
The Albert M. Ferris Award

Kylee Wallace
Damilola Emmanuel
Matthew Downey
Yuena Zhang

Award given at Holland College:

CPAPEI Award in Accounting

Capri LaPierre



CPA Canada Foresight

After months of in-person roundtables and online conversations, Phase 1 of CPA Canada Foresight: Reimagining the Profession is complete. Learn how the findings will create a new strategic direction for the profession over the next 10 years.

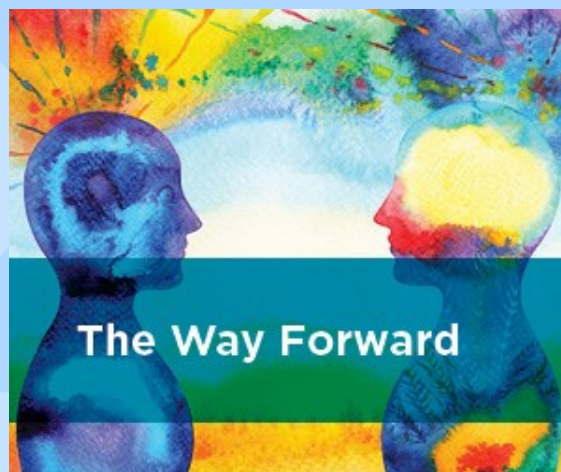
There's an urgent case for the accounting profession to embrace change or risk falling behind, losing relevance, and being replaced by competitors.

How does the profession find new ways to measure value beyond financials, harness the power of vast quantities of data to make decisions, and establish new models of governance while continuously equipping CPAs with both core and soft skills?

THE WAY FORWARD

These questions and many more are explored in *The Way Forward*, a report that presents insights from CPA Canada Foresight: Reimagining the Profession – a six-month consultation process that included in-person roundtables and a digital conversation with over 1,200 members and stakeholders.

Throughout the consultation process, Foresight participants weighed in to create scenarios to identify future directions of the profession in the areas of external reporting, audit and assurance, tax, financial management, and strategy, risk and governance, and employment opportunities and skill sets needed for CPAs to remain industry leaders. The scenarios were refined over a series of cross-Canada workshops and through our digital conversation platform. The insights from these discussions led to the development of *The Way Forward*. The report can be viewed on the [CPA Canada website](#).



Atlantic Region Forum

CPA Prince Edward Island completed its 2-year term chairing the Atlantic Region Forum at March 31, 2019.

Operating within the spirit of the national Collaboration Accord, the Atlantic Regional Forum (the "ARF") aggregates the leadership of the four provincial bodies and Bermuda of the Chartered Professional Accountants which form the Atlantic region of the CPA profession in Canada. The ARF is the vehicle by which regional responsibilities to the profession can be met. The ARF also acts as the governance forum for action on joint projects and programs, and a forum for inter-provincial collaboration and dialogue on issues facing the profession.

The current Chairs, Vice Chairs and Chief Executive Officers of each Atlantic CPA body represent their body for the time that they hold office. In addition, the Atlantic representatives appointed to the CPA Canada Board serve as ex officio members of the ARF. It is recognized that on occasion, it may be necessary for the Chair to delegate the representative role to another officer of their Institute.

Major accomplishments during these two years included:

- ⇒ the external review of the CPA Atlantic School of Business;
- ⇒ participation in a labour market study for Atlantic Canada/Bermuda by the Conference Board of Canada; and
- ⇒ a review of the CPA Atlantic School of Business By-Laws.

The ONE National Conference 2018

CPA Prince Edward Island staff cohosted The ONE National Conference in Halifax October 1-2, 2018. The conference theme was “Sustainability through adaptability”

With globalization, new technologies and the rise of significant environmental, social and political issues, business leaders are facing change and uncertainty. It’s critical that Canadian CPAs are able to adapt and help organizations stay ahead of the curve.

Adaptability is also crucial if organizations are to become more sustainable and develop innovative strategies for long-term profitability. The ONE speakers addressed these issues, providing tools, tactics and resources to help CPAs navigate change.



With over 1,100 attendees, it was a very successful event and a pleasure to cohost this event with the other Atlantic provinces and national body. Several PEI members in attendance stopped by our booth.



FINANCIALS

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

Opinion

We have audited the accompanying financial statements of Chartered Professional Accountants of Prince Edward Island (CPAPEI), which comprise the statement of financial position as at March 31, 2019, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CPAPEI as at March 31, 2019, and its results of 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 CPAPEI in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing CPAPEI'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 CPAPEI or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CPAPEI'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 CPAPEI'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 CPAPEI'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 CPAPEI to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Summerside, Prince Edward Island
August 22, 2019

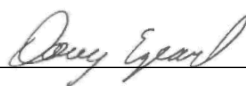
Chartered Professional Accountants of Prince Edward Island
STATEMENT OF FINANCIAL POSITION
As at March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 443,810	\$ 390,327
Accounts receivable	55,428	99,064
Harmonized sales tax receivable	2,193	-
Interest receivable	1,059	906
Prepaid expense	4,866	6,015
	507,356	496,312
CAPITAL ASSETS	1	1
	\$ 507,357	\$ 496,313
LIABILITIES		
CURRENT		
Payables and accruals	\$ 47,052	\$ 85,349
Payroll remittances payable	5,344	4,590
Harmonized sales tax payable	-	786
Unearned revenue	74,537	26,011
	126,933	116,736
EQUITY		
UNRESTRICTED NET ASSETS	380,424	379,577
	\$ 507,357	\$ 496,313

ON BEHALF OF THE BOARD



 Lisa Underhay, CPA, CGA
 Chair



 Doug Ezeard, CPA, CA
 Treasurer



Chartered Professional Accountants of Prince Edward Island
STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS
For the Year Ended March 31, 2019

	Unaudited Budget	2019	2018
REVENUES			
Members' fees			
Provincial	\$ 246,820	\$ 246,071	\$ 242,577
CPA Canada (Note 3)	202,400	204,940	191,854
Practitioners	15,000	15,600	16,090
Professional corporations	3,680	4,395	3,995
Admission	2,700	2,000	3,765
	<u>470,600</u>	<u>473,006</u>	<u>458,281</u>
Less remitted to CPA Canada (Note 3)	<u>(202,400)</u>	<u>(204,940)</u>	<u>(191,854)</u>
	268,200	268,066	266,427
Self-funding activities (Note 5)	117,500	113,343	118,374
Interest income	1,500	2,913	1,828
Other Income	15,500	21,783	5,339
	<u>402,700</u>	<u>406,105</u>	<u>391,968</u>
EXPENSES			
Atlantic region forum	4,000	559	1,690
Board meetings	3,000	2,712	3,474
Convocation, net of recoveries	9,000	9,747	-
CPA Atlantic School of Business review	-	-	1,498
Credit card discount fee	7,000	12,217	6,733
Discipline/Investigation	-	7,500	-
Equipment	1,500	240	1,606
Financial literacy	1,000	553	295
Information technology	3,500	5,493	2,804
Insurance	3,000	2,253	2,516
Member meetings, net of recoveries	5,000	3,493	5,162
Office and administration	12,500	9,117	9,789
Other committees	1,500	1,397	1,322
Prizes	3,500	3,000	2,500
Professional fees	10,000	6,462	7,550
Public relations	15,400	17,489	14,526
Rent	18,500	17,537	17,052
Salaries and benefits (Note 4)	171,000	180,839	169,594
Self-funding activities (Note 5)	103,000	88,113	102,486
Share of CPA Canada education expenses (Note 3)	-	(585)	1,677
Share of CPA Canada profession expenses (Note 3)	14,875	13,533	13,943
Strategic Plan	3,500	15,826	-
Telephone	2,500	2,378	2,289
Travel	4,500	5,385	4,641
	<u>397,775</u>	<u>405,258</u>	<u>373,147</u>
INCOME FROM OPERATIONS	4,925	847	18,821
UNRESTRICTED NET ASSETS			
BEGINNING OF YEAR	-	379,577	360,256
Assets unrestricted during the year	-	-	500
END OF YEAR	<u>\$ 4,925</u>	<u>\$ 380,424</u>	<u>\$ 379,577</u>

Chartered Professional Accountants Of Prince Edward Island
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Income from operations	<u>\$ 847</u>	<u>\$ 18,821</u>
Change in non-cash working capital items		
Accounts receivable	43,636	(92,866)
Harmonized sales tax receivable	(2,979)	6,119
Interest receivable	(153)	407
Prepaid expense	1,149	1,856
Repayment of loan	-	15,828
Payables and accruals	(38,297)	65,322
Payroll remittance payable	754	272
Unearned revenue	<u>48,526</u>	<u>22,066</u>
Net cash provided (used) in operating activities	<u>52,636</u>	<u>19,004</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	53,483	37,825
CASH AND CASH EQUIVALENTS		
BALANCE, BEGINNING OF YEAR	<u>390,327</u>	<u>352,502</u>
BALANCE, END OF YEAR	<u>\$ 443,810</u>	<u>\$ 390,327</u>

Chartered Professional Accountants of Prince Edward Island
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

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.

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 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.

Chartered Professional Accountants of Prince Edward Island
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2019

3. Related Parties

The National portion of annual member fees is collected by CPAPEI and remitted to Chartered Professional Accountants of Canada (CPA Canada). This amounted to \$204,940 for 2018/2019 (\$191,854 for 2017/2018).

Costs of inter-provincial education services and national administration administered by CPA Canada are charged back to the provinces based on share of membership. CPAPEI's share of this for 2018/2019 was \$(585) (\$1,677 for 2017/2018).

Governance of the profession and its' members is shared among CPA Canada and individual provincial, territorial and Bermuda organizations in accordance with a protocol agreement. CPAPEI's share of this for 2018/2019 was \$13,533 (\$13,943 for 2017/2018).

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. Defined Contribution Plan

The Organization enrolled in CPA Canada's defined contribution pension plan. The total pension expense for 2018/2019 was \$9,894 and is included in salaries and benefits (\$8,782 for 2017/2018).

5. Self-Funding Activities

	<u>2019</u>	<u>2018</u>
<i>Revenues</i>		
Professional Development	\$ 81,582	\$ 77,925
Practice Inspection	30,000	36,889
Post Designation Public Accounting	-	2,000
Golf day	<u>1,761</u>	<u>1,560</u>
	<u>\$ 113,343</u>	<u>\$ 118,374</u>
 <i>Direct Costs</i>		
Professional Development	\$ 55,768	\$ 63,807
Practice Inspection	30,000	36,889
Post Designation Public Accounting	220	140
Golf day	<u>2,125</u>	<u>1,650</u>
	<u>\$ 88,113</u>	<u>\$ 102,486</u>



Chartered Professional Accountants of Prince Edward Island
BUDGET FOR THE YEAR ENDED
March 31, 2020

Budget 2019/2020

Revenue

Provincial fees	\$	277,530
National fees		202,000
Interest income		2,000
Other income		1,000
Professional development		80,000
Practice inspection		27,000
Golf day		2,000
Sponsorships		6,500
Convocation		3,750
		601,780
Less: National Fees		(202,000)
Net Revenue		399,780

Expenses

Atlantic region forum		2,000
Annual general meeting		1,000
Board meetings		3,000
CFE prizes		1,000
Convocation		14,000
Credit card discount fees		10,500
Golf day		2,000
Equipment		1,500
Insurance		3,000
Information technology		5,500
Share of CPA Canada profession expenses		16,000
Office and administration		9,000
Other committees		1,500
Practice inspection		27,000
Prizes UPEI		2,000
Professional development		55,000
Professional fees		9,500
Public relations		15,500
Rent		18,500
Salaries and benefits		188,000
Social\candidate reception		3,500
Strategic initiatives		10,000
Telephone		2,500
Travel		4,500
		406,000
	\$	(6,220)



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