

Annual Report 2019-2020

Celebrating



Years



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS

PRINCE EDWARD ISLAND

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MESSAGE FROM THE CHAIR

Dear Members,

The past year has been a year that we will not soon forget, considering we have faced a world-wide pandemic in addition to several other challenges as a profession. However, as we settle into our new normal, working through the risks these challenges have presented, we have an opportunity for strength and growth personally and professionally.

In addition to the COVID-19 pandemic declared March 11, 2020, there have been a number of national challenges faced by the profession, including technology issues around the national Common Final Exam and a national security breach of some member's data that was experienced by CPA Canada. The profession and CPAPEI have focused time and resources to address these challenges as well as supporting members and students through them.

Over the past number of months, CPAPEI made every effort to provide our members with information that would support them through the pandemic and worked to assist members adapt to the new environment. Your CPAPEI Board continues to meet virtually, and plans have also been made to ensure that we continue to provide professional development opportunities in the new virtual world. Work continues on initiatives which align with CPAPEI's Strategic Plan.

Nationally, progress has been made on the review and renewal of the National Collaboration Accord. We will continue work on this important agreement which sets out the relationship between the provinces, territories, Bermuda and CPA Canada.

This year, due to COVID-19, CPAPEI held a virtual convocation where we recognized our students' and graduates' accomplishments. We were also pleased to recognize member achievements by awarding Chad Heron and Lindsay Power with Early Achievement Awards.

CPAPEI continues to have a number of active committees of the Board which carries out important work for the organization and profession. These committees are key to the success of the profession in our province. I encourage all CPAs to consider becoming involved by volunteering on a committee, the Board, or any other opportunities available to give back to the profession. We need everyone's unique skills in order to grow and become stronger together!

I would like to recognize our retiring Directors, Lisa Underhay and Amy MacFarlane, who have contributed countless hours to the profession along with the many volunteers who contribute their time and energy to the Board, Committees, and the School. Thank you for providing your time and leadership; it is valued and appreciated. 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 would like to end by thanking the membership of CPA Prince Edward Island for allowing me to serve on the Board of Directors of this profession and the other Directors for trusting me to serve as Chair. Working with this group of professionals is a privilege and an honour.

Respectfully,



Becky Chaisson, CPA, CMA

2019-2020 EXECUTIVE & BOARD OF DIRECTORS



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



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



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 Bros. Construction Ltd.



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



Kristen Dunsford, CPA, CGA
Member at Large
Director of Financial Services
City of Summerside



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



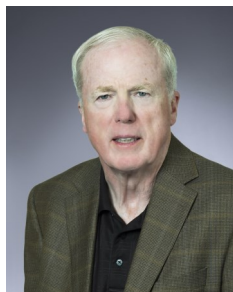
Amy MacFarlane, ICD.D., CPA, CA
Member at Large
Assistant Professor
University of Prince Edward Island



Amy McQuillan, CPA, CMA, MBA
Member at Large
Director of Finance
PEI BioAlliance



Luke Rowledge, CPA, CA
Member at Large
Senior Audit Manager
Office of the Auditor General of PEI



Shawn Murphy, PC, QC
Public Representative

Staff:

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

Leanne Newson, BBA
Administration & Member Services

COMMITTEES

CPA Prince Edward Island 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*
Bertha Jay, CPA, CMA
Scott Messervey, CPA, CA, MPAM

Finance and Audit

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

Human Resources

Blake Crockett, CPA, CA, *Chair*
Becky Chaisson, CPA, CMA
Deidre Smith, CPA, CMA

Investigation

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

Marketing and Member Services

Amy MacFarlane, ICD.D., CPA, CA, *Chair*
Jenna Bysterveldt, CPA, CA
Janell MacDonald, CPA, CA, *Brand Ambassador Program*
Stacey Myers, CPA
Jessica Smith, CPA, *Financial Literacy Program*
Kent Thompson, CPA, CMA, MBA, *Brand Ambassador Program*

Nominating

Ryan Pineau, CPA, CA, *Chair*
Lane Pineau, CPA, CMA
Sherry Ross, CPA, CGA

Practice Inspection

Dennis Carver, CPA, CA, *Chair*
Peter Baglolle, CPA, CA
Michelle Burge, CPA, CA
Michael Fitzpatrick, CPA, CA
Trevor Kennedy, CPA, CA

Public Practice and Membership

Denise Lewis-Fleming, MPA, CPA, CA, *Chair*
David Arsenault, CPA
Lauren McQuaid, CPA, CA
Rodney Payne, CPA, CGA
Ryan Power, CPA, CA

Regulatory Advisory

Scott Ryan, FCPA, FCMA, *Interim Chair*
Michael Fitzpatrick, CPA, CA
Travis Gallant, CPA, CA
George Mason, FCPA, FCMA, FCA
Lisa Underhay, CPA, CGA

Representatives on National Boards/Committees

Board of Examiners

Debbie Good, FCPA, FCA, MBA
Bill Waterman, CPA, CMA

Council of Chairs

Becky Chaisson, CPA, CMA
Tanya O'Brien, CPA, CA
Lisa Underhay, CPA, CGA

CPD Standing

Council of Chief Executives

Professional Learning Development Programs

Tanya O'Brien, CPA, CA

Collaboration Accord Review Task Force (CARTF)

Becky Chaisson, CPA, CMA

Representatives on Regional Boards/Committees

Atlantic Regional Forum

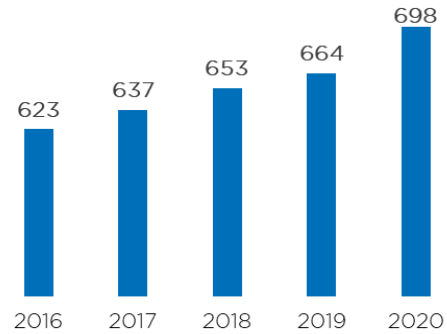
Becky Chaisson, CPA, CMA
Tanya O'Brien, CPA, CA
Lisa Underhay, CPA, CGA

CPA Atlantic School of Business

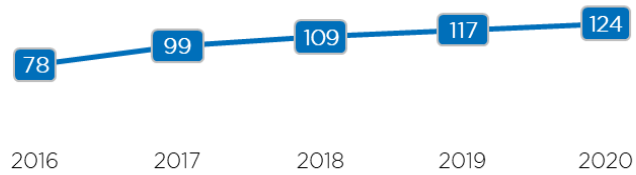
Michael Fitzpatrick, CPA, CA
Ryan Pineau, CPA, CA
Lindsay Power, CPA, CMA, MBA

5 YEARS AS CPA

MEMBERSHIP GROWTH



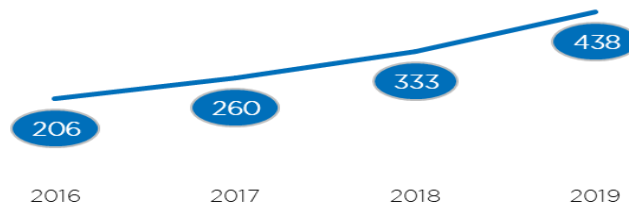
RETIRED MEMBERS



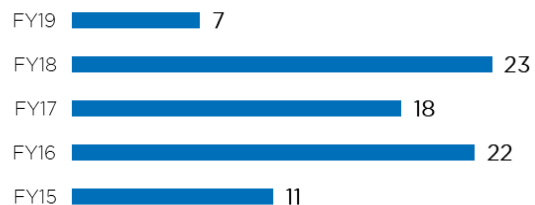
SUCCESSFUL CFE WRITERS



ATTENDANCE AT IN-PERSON CPD SEMINARS



ADMITTED TO MEMBERSHIP BY WAY OF THE COMMON FINAL EXAM SINCE 2015



MISSION ~ VISION ~ VALUES

The Chartered Professional Accountants of Prince Edward Island (CPA Prince Edward Island) is a regulatory body that represents more than 700 members, candidates and students.

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.

Vision

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

Mission

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

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.

STRATEGIC GOALS

Robust, Diverse and Engaged Membership

- ◆ CPA Prince Edward Island surveyed members in spring 2018 in order to gauge current awareness and adjust organizational plans
- ◆ Based on feedback, CPAPEI has moved to a bi-weekly e-news format and improved social media interactions including the addition of Instagram
- ◆ CPAPEI has made a proposal to the Government of Province Edward Island for changes to regulations which would allow for improved access to membership, for those applying through an MRA\MOU, and tiered licensing
- ◆ CPAPEI has trained members in the delivery of the Brand Ambassador program

Public/Member Awareness and Education

- ◆ Members and staff of CPAPEI are active participants in the Community Volunteer Income Tax program recruiting volunteers to prepare tax returns for those eligible for the program
- ◆ Changes to the Rules of Professional Conduct and new Compilation Standards were communicated to members and supporting seminars were offered
- ◆ The number of participants in the professional development in person program increased from 333 to 438 in 2019/20.

Recognized Thought Leader

- ◆ Supported CPA Canada in their call for an overhaul of the Income Tax system
- ◆ In partnership with UPEI, are working to deliver a survey to employers on the need for CPA skills in the marketplace
- ◆ CPAPEI is working with high schools across PEI to deliver financial literacy sessions and sessions on becoming a CPA to high school students

Improve Organizational Effectiveness

- ◆ Attendance at all regional and national meetings. Representation on the Collaboration Accord Review Task Force
- ◆ Adapted to COVID-19 requirements and provided supports for members
- ◆ Moved professional development to a virtual offering and collaborated with colleagues in Atlantic provinces

INTRODUCTION

The period covered by this report is April 1, 2019 to March 31, 2020 (the current year).

CPA Prince Edward Island celebrated its fifth year as a unified profession, as our Legislation, the *Chartered Professional Accountants and Public Accounting Act*, was proclaimed April 1, 2015.

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 educated and experienced CPAs.
- ◆ In addition to high entry-level requirements, all CPAs 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 the people doing this important work are held to strict standards.
- ◆ Public accounting firms are subject to regular practice inspections. 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.

Governance

Under the *Chartered Professional Accountants and Public Accounting Act, 2015*, the Board of CPA Prince Edward Island is governed by 12 individuals; eleven CPA members appointed by the membership and one public representative appointed by the Province of Prince Edward Island.

To assist with governance, there are six Standing Committees of the Board: Public Practice and Membership; Investigation; Discipline; Marketing and Member Services; Finance and Audit; and Continuing Professional Development. In addition to Standing Committees, there are five Board Advisory Committees: Awards; Human Resources; Nominating; Practice Inspection and Regulatory. Other special or advisory committees may be established from time to time. As well as managing the unique issues affecting CPAs, the organization works in partnership with the other provincial bodies of Chartered Professional Accountants and the Chartered Professional Accountants of Canada (CPA Canada) to develop national policies for critical profession-wide functions such as public trust, strategic planning for the profession, education and qualification, standard setting, branding and communications.

PROTECTION OF THE PUBLIC

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.

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.

Under the harmonized practice review program, the third practice review year of a three year practice review cycle since unification was completed at March 31, 2020.

There were no new inspections, but rather a focus on reinspections of any firm not meeting professional standards during prior inspections. There were three firms reinspected in 2019. CPAPEI has contracted its practice review to CPA Nova Scotia.



Reinspections completed in 2019-2020

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.

Three new complaints were received in 2019-2020. Status of complaints:



Investigations Authorized/Outstanding



Resolved

Continuing Professional Development (CPD)

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. 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.

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.

CPD Learning Opportunities 2019-2020



In-Person Seminars



Live Broadcast Webinars



On-Demand Refreshers & Recorded Webinars



e-Learning Courses



AudioWeb Titles

MEMBERSHIP

At March 31, 2020, CPAPEI had **698** CPA Members and **94** Students/Candidates pursuing an accounting designation in either the Professional Education Program (PEP) or the Pre-Requisite Educational Program (PREP).

Member Statistics for the Year Ended March 31

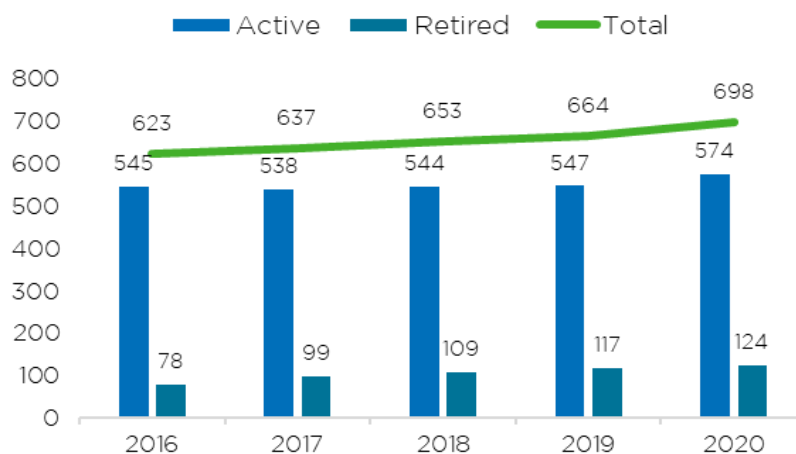
Membership Changes During the Period

	Active	Retired	Students/ Candidates
Membership at beginning of the year	547	117	105
Admitted during the period by:			
Examination	26	0	0
Affiliation and Transfer in	14	0	0
Readmissions/Reinstatements ¹	0	0	0
Decrease in membership			
Deceased	-1	0	0
Resignations	-3	0	0
Retirements	-7	7	0
Transferred Out	-2	0	0
Other ²	<u>0</u>	<u>0</u>	<u>-11</u>
Membership at the end of the year	574	124	94

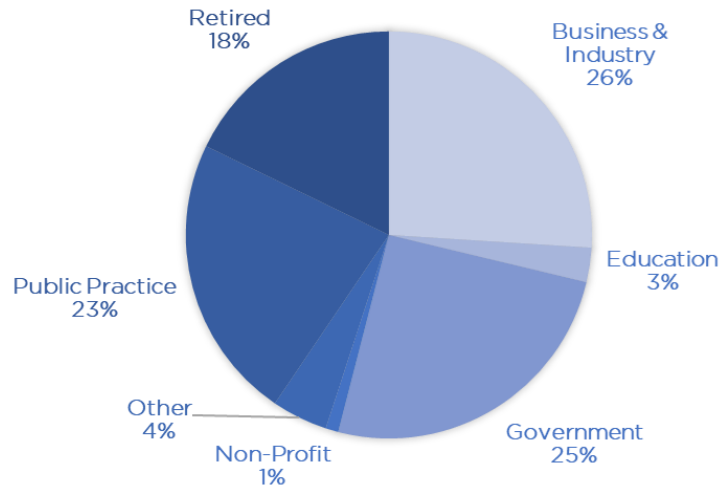
¹Retired members returned to active status

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

CPAPEI Membership 5 year comparison



Where CPAPEI Members Work



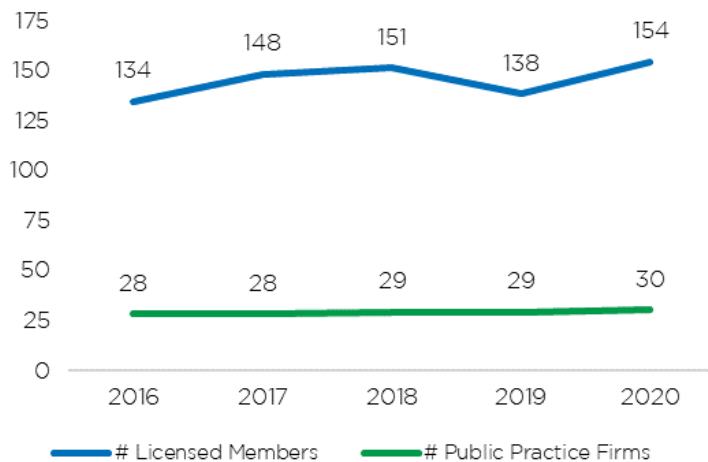
Licensing

Any person who is practicing public accounting or holding themselves out to be a public accountant as defined in the *Chartered Professional Accountants and Public Accounting Act* is required to hold a license and have their firm registered with CPA Prince Edward Island. They are required to carry minimum levels of professional liability insurance and are subject to practice review.

All members licensed to practice public accounting must renew their license annually with CPAPEI by March 31.

A licensee who applies to renew his or her license to practice public accounting shall satisfy the Board that they have completed 1,250 chargeable hours of practice as a public accountant within the immediately preceding five years. The hours may be prorated for a licensee who has been practicing public accounting for less than five years.

Licensed Members in Public Practice



Even though we have had a 15% growth over 5 years in the number of members holding a license, the percentage of members licensed has remained consistent at approximately 25%

35

Professional Corporations were registered with CPAPEI in 2019-2020.

EDUCATION AND QUALIFICATION

Education Program

The CPA education program is delivered by the CPA Atlantic School of Business. Entrants typically have a university degree and are required to have or obtain prerequisite courses for entrance into the Professional (PEP) program.

PEP consists of Core 1 and 2, two electives chosen by the candidate, and two Capstone courses to be completed before the candidate completes the Common Final Exam. This typically takes twenty four months, however, there are pathways to shorten or

lengthen the timing, depending on a candidate's priorities.

All courses are available online, so there is no travel involved, and many of the workshops and exams have transitioned online to accommodate COVID-19 guidelines. The Common Final Exam is still an in-person exam, with accommodations for public health requirements.

Practical Experience

To earn the CPA designation, candidates must complete relevant practical experience through one of two routes. Organizations looking to train CPAs may either be pre-approved by the profession, or hire a candidate who submits reports to the profession on their skills progress for approval.

Practical experience can be gained in both non-public accounting positions (industry) and public accounting positions.

Organizations hiring or employing CPAs should consider the benefits of training CPAs in their organizations, including:

- ◆ creating a more skilled workforce;
- ◆ providing a reward for employees looking to upgrade their skills;
- ◆ assisting in retaining employees; and
- ◆ training specific to their industry.

Market Demand: Delivering Sufficient and Appropriately Skilled CPAs to Meet Market Demand

Market demand for CPAs remains high, and with a tight labor market, employers find it challenging to recruit the talent they require. As CPAPEI is the only educator of professional accountants, attracting quality people to the profession and meeting demand is critical.

In order to highlight the opportunities to gain practical experience, CPAPEI, in partnership with the CPA Atlantic School of Business, held a CPA Career Marketplace in the fall of 2019. The speed-interview style event was attended by 14 local employers, including ADL, Canada Revenue Agency, and Arsenault Bros. Construction Ltd., all looking to hire and train CPA candidates.

CPAPEI also partnered with the CPA Atlantic School of Business to deliver a presentation to employers outlining the competitive advantage to hiring and/or training a CPA.

CPAPEI continues to provide an online job board highlighting careers and volunteer opportunities targeted to professional accountants in Prince Edward Island. We also share these opportunities through our social media platforms.

Closing the Gap from CPA Studies to CPA Membership

The CPA Atlantic School makes it a high priority to encourage and support candidates in finalizing their CPA practical experience so as to shorten the gap between a successful CFE and membership certification.

Cohort	March 31, 2020	March 31, 2019
CFE 2016 writers	100% complete	100% complete
CFE 2017 writers	94% complete	83% complete
CFE 2018 writers	92% complete	24% complete
CFE 2019 writers	41% complete	

As part of our recruitment of future CPA's, CPAPEI targeted high schools by making contact with teachers across PEI and matching the high school with a CPA member in the area to present "Becoming a CPA". There was great uptake by teachers and members.



17 CFE writers achieved success on the 2019 Common Final Exam.

Jonathon Adams
Sara Gallant
Hayley Ireson
Kate Kinsman
Jesse Knox
Chiyun Li

Heather MacKay
Mark Matheson
Morgan McKenna
Krista Lee Oliver
William Poirier
Michelle Pokrzywa

Sarah Sauchenko
Clayton Smith
Nicholas Somers
Sarah Walker
Harrison Wood

CPA Canada National Honour Roll

CPAPEI is proud to recognize a CFE writer who made the National Honour Roll for being in the top 1% of the 6,283 CFE passers in Canada.

Congratulations to Clayton Smith, CPA.

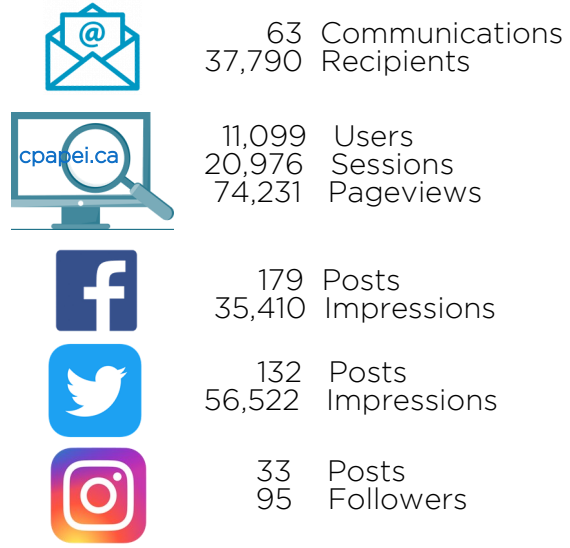


MARKETING AND MEMBER SERVICES

Communications and Social Media Engagement

In January 2020, CPAPEI moved from publishing a quarterly electronic newsletter to a bi-weekly e-news format, in order to provide more timely information to members. This proved to be beneficial during COVID-19, as information and programs were evolving and changing quickly, and it was paramount that members have access to up-to-date information and resources.

As part of our objective to engage with members, we increased our use of social media during the year, adding Instagram to our social media platforms.



Brand Ambassador Program: We are all Brand Ambassadors

CPA Prince Edward Island offered a new opportunity for members to participate in a professional development workshop which allows members to learn about the CPA Competencies and share their professional and personal CPA experiences. The Brand Ambassador Training is a workshop developed by the profession for the profession so

that members can be conscious of what sets CPAs apart and validate the brand's values, attributes and competencies.

Members are encouraged to share their stories and connect with other members to learn from one another.

COVID-19 Resources

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). CPA Prince Edward Island responded by enabling its employees to work remotely. New software was implemented to enable staff to continue to work collaboratively. CPAPEI was in the process of securing new office space due to the expiration of the office space lease at April 30, 2020. Since permanent office space was not secured, staff have continued to work from home.

During this challenging time CPAPEI monitored announcements from the provincial and federal governments and CPA Canada related to the pandemic. To assist members in navigating through this difficult period, CPAPEI shared a wealth of information and resources on our website and e-news to help members better understand and assess the financial reporting, income tax, and practice management implications of COVID-19.

Financial Literacy

CPAs in the province have embraced the CPA Canada financial literacy program. There are a significant number of our members that have signed up to facilitate the program, which is designed to reach school age children, college and university students, as well as members of the public with the goal of improving financial literacy.

While COVID-19 had a significant impact on the 2020 community volunteer income tax clinics, a small team of dedicated members worked to find an alternate way to ensure that those relying on the volunteer tax clinics had their tax returns completed and filed within the extended filing period.

Recognition Awards

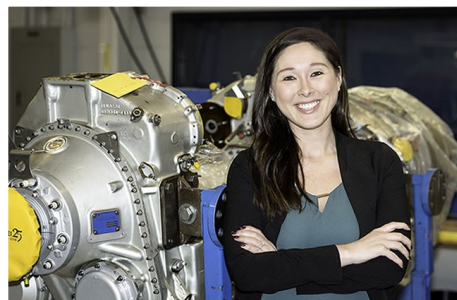
Early Achievement Awards

We are proud to announce that two members have been selected to receive CPA Prince Edward Island 2019 Early Achievement Awards.

Chad Heron, CPA, CA, Vice President of COWS Inc., and Lindsay Power, CPA, CMA, MBA, Senior Finance Manager at StandardAero are the 2019 Early Achievement Award Recipients.

Please join us in congratulating both Chad and Lindsay on this exciting achievement!

The Early Achievement Award celebrates members who distinguish themselves early in their CPA career through professional achievement and volunteer service, with an emphasis on professional accomplishment.



The CPA Atlantic School of Business Award of Excellence award recognizes candidates who excel academically in both the CPA Professional Education Program and the CPA Common Final Examination. Congratulations to the four Prince Edward Island recipients for 2019-2020:

Hayley Ireson, CPA

Michelle Pokrzywa, CPA

Kate Kinsman, CPA

Clayton Smith, CPA

CPAPEI Graduate Awards are typically presented each year during our Convocation and Awards ceremony to candidates who have completed their education. This year, due to the pandemic, CPAPEI staff delivered the awards while respecting social distancing protocols.

CPAPEI Graduate Achievement Award: Clayton Smith, CPA

CPAPEI Graduate Leadership Award: Kate Kinsman, CPA

Post-Secondary Student Awards

CPAPEI sponsors several post-secondary awards for UPEI and Holland College students.

Awards given at UPEI:

CPAPEI Prize for the Highest Aggregate

CPAPEI Leadership Award

CPAPEI Prize for Intermediate Accounting

Society of Management Accountants of PEI Legacy Award

Zach Sanayie

Colin Koughan

Yuena Zhang

Adam Moore

Award given at Holland College:

CPAPEI Award in Accounting

Kurtis Jay

Management responsibility for financial reporting

The accompanying financial statements and all other information contained in this annual report are the responsibility of the management of the Chartered Professional Accountants of Prince Edward Island (CPAPEI). The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and have been approved by the Board of Directors.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of CPAPEI. Management maintains a system of internal accounting controls to provide reasonable assurance that transactions are accurately recorded on a timely basis and are properly approved, resulting in the presentation of reliable financial information. Such information also includes numbers based on management's best estimate and judgment.

The Finance and Audit Committee (the "Committee") reviews the annual financial statements and recommends them to the Board of Directors for its approval. In addition, the Committee meets periodically with management. The Committee reports directly to the Board of Directors and reviews the annual report in its entirety. The accompanying financial statements have been audited by the external auditor, who is engaged by the Board of Directors, on the recommendation of the Committee, and whose appointment was approved by the members at the annual general meeting. The external auditor has access to the Committee, without management present, to discuss the results of the audit.

DATED June 29, 2020



Tanya O'Brien, CPA, CA
Chief Executive Officer

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, 2020, 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, 2020, 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
June 29, 2020

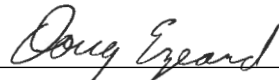
Chartered Professional Accountants of Prince Edward Island
STATEMENT OF FINANCIAL POSITION
As at March 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 446,546	\$ 443,810
Accounts receivable	10,254	55,428
Harmonized sales tax receivable	1,881	2,193
Interest receivable	1,074	1,059
Prepaid expense	<u>3,962</u>	<u>4,866</u>
	463,717	507,356
CAPITAL ASSETS	<u>1</u>	<u>1</u>
	<u>\$ 463,718</u>	<u>\$ 507,357</u>
LIABILITIES		
CURRENT		
Payables and accruals	\$ 19,289	\$ 47,052
Payroll remittances payable	5,486	5,344
Unearned revenue	<u>46,295</u>	<u>74,537</u>
	71,070	126,933
EQUITY		
UNRESTRICTED NET ASSETS	<u>392,648</u>	<u>380,424</u>
	<u>\$ 463,718</u>	<u>\$ 507,357</u>

ON BEHALF OF THE BOARD



 Becky Chaisson, CPA, CMA
 Chair



 Doug Ezard, CPA, CA
 Treasurer

Chartered Professional Accountants of Prince Edward Island
STATEMENT OF OPERATIONS AND UNRESTRICTED NET ASSETS
For the Year Ended March 31, 2020

	Unaudited Budget	2020	2019
REVENUES			
Members' fees			
Provincial	\$ 254,950	266,246	\$ 246,071
CPA Canada (Note 3)	202,000	213,042	204,940
Practitioners	15,000	15,800	15,600
Professional corporations	3,680	4,080	4,395
Admission	3,900	11,200	2,000
	<u>479,530</u>	<u>510,368</u>	<u>473,006</u>
Less remitted to CPA Canada (Note 3)	<u>(202,000)</u>	<u>(213,042)</u>	<u>(204,940)</u>
	277,530	297,326	268,066
Self-funding activities (Note 5)	109,000	104,125	113,343
Interest income	2,000	2,781	2,913
Other Income	7,500	13,051	21,783
	<u>396,030</u>	<u>417,283</u>	<u>406,105</u>
EXPENSES			
Atlantic region forum	2,000	203	559
Board meetings	3,000	2,689	2,712
Convocation, net of recoveries	10,250	10,585	9,747
Credit card discount fee	10,500	12,317	12,217
Discipline and Investigation	-	5,008	7,500
Equipment	1,500	842	240
Financial literacy	-	805	553
Information technology	5,500	3,182	5,493
Insurance	3,000	2,285	2,253
Member meetings, net of recoveries	4,500	7,929	3,493
Office and administration	9,000	8,819	9,117
Other committees	1,500	2,128	1,397
Prizes	3,000	3,000	3,000
Professional fees	9,500	7,657	6,462
Public relations	15,500	15,409	17,489
Rent	18,500	17,965	17,537
Salaries and benefits (Note 4)	188,000	196,623	180,839
Self-funding activities (Note 5)	84,000	74,405	88,113
Share of CPA Canada Profession expenses (Note 3)	16,000	14,189	13,533
Share of CPA Canada other expenses (Note 3)	-	5,472	(585)
Strategic Initiatives	10,000	6,842	-
Strategic plan	-	-	15,826
Telephone	2,500	2,292	2,378
Travel	4,500	4,413	5,385
	<u>402,250</u>	<u>405,059</u>	<u>405,258</u>
INCOME FROM OPERATIONS	<u>\$ (6,220)</u>	12,224	847
UNRESTRICTED NET ASSETS			
BEGINNING OF YEAR		<u>380,424</u>	<u>379,577</u>
END OF YEAR		<u>\$ 392,648</u>	<u>\$ 380,424</u>

Chartered Professional Accountants of Prince Edward Island
STATEMENT OF CASH FLOWS
For the Year Ended March 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Income from operations	\$ 12,224	\$ 847
Change in non-cash working capital items		
Accounts receivable	45,175	43,636
Harmonized sales tax receivable	312	(2,979)
Interest receivable	(15)	(153)
Prepaid expense	904	1,149
Payables and accruals	(27,764)	(38,297)
Payroll remittance payable	142	754
Unearned revenue	(28,242)	48,526
	(9,488)	52,636
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,736	53,483
CASH AND CASH EQUIVALENTS		
BALANCE, BEGINNING OF YEAR	443,810	390,327
BALANCE, END OF YEAR	\$ 446,546	\$ 443,810

Chartered Professional Accountants of Prince Edward Island
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2020

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, 2020

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 \$213,042 for 2019/2020 (\$204,940 for 2018/2019).

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 2019/2020 was \$14,189 (\$13,533 for 2018/2019).

Costs of other 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 2019/2020 was \$5,472 (\$585 for 2018/2019).

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 the year was \$11,646 and is included in salaries and benefits (\$9,984 for 2018/2019).

5. Self-Funding Activities

	<u>2020</u>	<u>2019</u>
<i>Revenues</i>		
Professional Development	\$ 85,014	\$ 81,582
Practice Inspection	19,111	30,000
Golf day	-	1,761
	<u>\$ 104,125</u>	<u>\$ 113,343</u>
<i>Direct Costs</i>		
Professional Development	\$ 55,294	\$ 55,768
Practice Inspection	19,111	30,000
Post Designation Public Accounting	-	220
Golf day	-	2,125
	<u>\$ 74,405</u>	<u>\$ 88,113</u>

6. Subsequent Events

On January 30, 2020, the World Health Organization announced a global health emergency because of COVID-19. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The Government of Prince Edward Island has enacted emergency measures to combat the spread of the virus. These measures include the implementation of travel bans, self-imposed quarantine periods and social distancing. As a result, the Organization has had to move all events and professional development courses to virtual settings. Although there have been limited interruptions to its service and the disruption from the virus is expected to be temporary, given the dynamic natures of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated as this time.

Chartered Professional Accountants of Prince Edward Island
BUDGET FOR THE YEAR ENDED
March 31, 2021

	Budget 2020/2021
Revenue	
Provincial fees	\$ 299,105
National fees	215,200
Interest income	2,000
Miscellaneous	3,000
Professional development	80,000
Practice inspection	27,000
Golf day	2,000
Sponsorships	6,500
Convocation	3,750
	638,555
Less: National Fees	(215,200)
Net Revenue	423,355
Expenses	
Atlantic region forum	2,000
Annual general meeting	3,000
Board meetings	3,000
CFE prizes	1,000
Convocation	14,000
Credit card discount fees	11,500
Golf day	2,000
Equipment	1,500
Financial Literacy	500
Insurance	3,000
Investigation	6,000
Information technology	5,000
Legal & Audit	9,500
Share of CPA Canada profession expenses	16,000
Office and administration	8,000
Other committees	2,500
Practice inspection	27,000
Prizes	2,000
Professional development	55,000
Public relations	15,500
Rent	18,500
Salaries and benefits	194,000
Social\candidate reception	5,000
Strategic initiatives	10,000
Telephone	2,500
Travel	4,500
	422,500
Total Expenses	422,500
Net Income	\$ 855

Chartered Professional Accountants of Prince Edward Island

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