

2020|2021

ANNUAL REPORT



CPA

CHARTERED
PROFESSIONAL
ACCOUNTANTS
NEW BRUNSWICK



VISION, MISSION & VALUES

Here at CPA New Brunswick, our vision is to develop and support the best professional business advisors.

We believe that by enhancing the value of the Canadian CPA designation, we:

- are protecting the public interest
- are attracting and supporting our members, candidates, and students
- are participating in improving the socio-economic condition of New Brunswick

We create trust by:

- acting with integrity
- fostering excellence
- being accountable
- working collaboratively
- being open-minded and nimble

CPA New Brunswick is dedicated to the continuous improvement and building of a high-performing, innovative organization which creates value for members and other stakeholders.

1,331 members attended 48 virtual CPD sessions for a total of 13,387 credited CPD hours - an increase of 131 hours from the 2019-2020 period.



2020-2021 CPA NB BOARD OF DIRECTORS

John Clark, CPA, CA | Chair

Pierre S. Doiron, FCPA, FCGA | Vice-Chair

Janice Leahy, CPA, CA | Secretary

Julie Bernard, FCPA, FCGA | Director

Lee V. Mitchell, CPA, CMA, CISA, CRISC | Director

Stephen Lund, CPA, CA | Director

Tim J. Walker, CPA, CA | Director

Sandy Dalton, CPA, CGA | Director

Donna Bovolaneas, FCPA, FCA | Director

André LaPlante | Public Representative

Jason Alcorn | Public Representative

CPA NB STAFF

Mylène Lapierre, CPA, CA, CFE, EMBA, GradCG | Registrar, President and Chief Executive Officer

Kristen Steeves, CPA, CGA | Senior Manager, Operations

Olamide Lawal, CPA, CGA, CIA | Manager, Regulatory Affairs

Daniel Nawab, CPA, CGA | Coordinator, Regulatory Affairs

Jason Tasse | Manager, Marketing and Digital Communications

Danielle Pieroni | Manager, Business Development and Public Relations

Renée Dupuis-Leon | Manager, Professional Development and Member Events

Louise Godin | Admissions & Compliance Officer

Lynne Pitcher | Executive Assistant

John Thomas | Student Recruitment Advisor, CPA Atlantic School of Business



BOARD CHAIR AND PRESIDENT & CEO REPORT

Dear Members,

It has been quite a remarkable year for CPA New Brunswick. We have forged ahead in executing our strategic goals and priorities, and we are both pleased and proud to report on our accomplishments over the past year as we continue to move forward, expanding our strengths and striving for excellence.

As you will note in the following pages, we have made great strides toward achieving the priorities laid out in our three-year strategic plan, while continuing to fulfill our legislated mandate to protect the public and to provide Chartered Professional Accountants in New Brunswick with a bevy of valuable services, resources and opportunities for growth and development.

New Brunswickers can feel confident by our organization's efforts to educate and regulate the competency and ethical standards of New Brunswick CPAs, which forms the cornerstone of our work to ensure the protection of the public through these measures.

The 2020 Fall CPD Conference, normally held in person over four consecutive days, was swiftly shifted to an all-virtual format featuring 34 online sessions attended by over 500 participants, culminating in a total of 11,695 CPD hours credited to our members toward fulfilling their professional education requirements.

The second phase of a comprehensive review of our governing By-Laws was also completed during the 2020-2021 year and served to address the more technical aspects of the rules and regulations regarding complaints, hearings, professional standards, and election procedures.

44 practices inspections were carried out during the 2020-2021 cycle, and we commend the efforts of our public practices in striving to provide quality service to members of the public. The percentage of inspections requiring no further action, those which submitted an acceptable action plan, or those which only required mandatory professional development courses has improved slightly from 78% in 2019-20 to 80% in 2020-21.

Our free income tax clinic continued to be extremely successful in its second year in a virtual format, with local CPA volunteers assisting vulnerable clients from across New Brunswick in preparing their 2020 income tax returns.

We also worked towards creating partnerships with key members of the provincial government and other like-minded organizations, and also developed relationships with new Affinity partners in a continued effort to offer added value to our members.



This year, 64 candidates from the CPA Professional Education Program successfully completed the 2020 Common Final Examination and were welcomed into the profession, which demonstrates a consistent year over year level of growth, indicating the CPA profession remains a popular and attractive career choice for students and professionals across the province; this is a testament to both our recruitment efforts and the shining example set by all New Brunswick CPAs in their communities and workplaces. We look forward to formally celebrating their accomplishments with all of you in early 2022!

We were also incredibly proud to honour two new CPA Fellows, Christine Hoyt and Luc Morin, both of whom have greatly contributed to the betterment of the profession through their accomplishments, both professional and personal.

We would like to take this opportunity to thank our staff, the members of our Board and committees, practice inspectors, volunteers, and you – our members; none of these accomplishments over the past year would have been possible without your hard work and enormous dedication to our profession.

Particularly in the wake of this global pandemic, the skills and abilities of our forward-thinking CPAs in future-casting and helping businesses be resilient has never been more important. We are so proud to represent such a broad, innovative, and diverse group of professionals and are extremely excited to continue moving New Brunswick forward with all of you – as we like to say: ‘We are small but mighty’!

Sincerely,



John Clark, CPA, CA
Board Chair



Mylène Lapierre, CPA, CA, CFE, EMBA, GradGC
President & Chief Executive Officer

The Ethics “Virtual” Roadshow (10 repeated sessions in English & 2 repeated sessions in French) provided 1,436 CPD hours in professional ethics to 718 members.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

CPA New Brunswick is a professional organization representing more than 3,000 active and retired members and 300 future CPAs in New Brunswick.

Each provincial CPA organization is a member of the Chartered Professional Accountants of Canada (CPA Canada), which represents more than 220,000 professional accountants across Canada and Bermuda, making it one of the top five accounting designations in the world.

Under the Chartered Professional Accountants Act, CPA New Brunswick is responsible for regulating the professional development of its members, and the protection of the public through its ethical standards and discipline process. CPA New Brunswick is also responsible for the training and certification of CPA candidates.

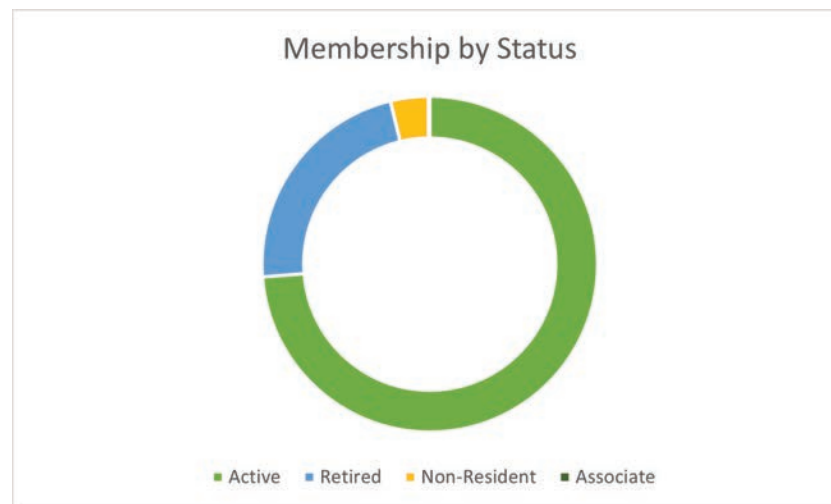


Figure 1: Membership by Status (2,249 Active, 684 Retired, 111 Non-Resident, 4 Associates)

Governance

CPA New Brunswick is governed by a Board of 11 members including two public representatives.

Six committees of the Board assist with governance:

- Audit Committee;
- Finance & Risk Committee;
- Governance Committee;
- Human Resource Committee;
- Member Recognition Committee;
- Nominating Committee.



CPA New Brunswick's regulatory responsibilities are also supported by the Complaints Committee, Hearing Committee, and Practice Inspection Committee.

A three-year strategic plan, including strategies, tactics, and key performance indicators was jointly developed by both the Board of Directors and management with implementation beginning in 2019. The President & CEO provides regular reporting on the success of these initiatives to the Board, explaining the progress towards achieving these end results.

Management Responsibility

Management is responsible for the preparation, presentation, and integrity of CPA New Brunswick's financial statements, and for maintaining and enforcing appropriate accounting and financial reporting principles, policies, and record retention practices. The primary responsibility for CPA New Brunswick's information systems, risk management and internal controls is likewise vested with management and overseen by the Board of Directors.

Management fulfills its financial reporting obligations via quarterly reports to the Board, with support from the Finance & Risk and Audit Committees, including forecasts to year-end, preparation of the annual budget, variance analysis, and publication of the annual report to both the membership and the public.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities with regard to financial reporting and internal controls. The Board carries out this responsibility principally through the Finance & Risk Committee and the Audit Committee. The Audit Committee meets with auditors, both with and without management present, to review the activities of each, as well as to review the financial statements and to report to the Board thereon.

The financial statements are prepared in accordance with Canadian accounting standards for not-forprofit organizations (ASNPO). Management is responsible for maintaining appropriate internal controls to best ensure the preparation of financial statements which are free from material misstatement.

The information contained within this management discussion and analysis report is intended to both complement and supplement the audited financial statements. This report is prepared by internal management and is not audited. Where applicable, the information is consistent with the audited financial statements.

The 2020 Fall Virtual CPD Conference featured 34 online sessions and was attended by 503 unique members. 158.50 CPD hours were offered, and 11,695 hours were credited to members.



2020-21 HIGHLIGHTS

Following is a summary of the more significant events during the past year.

Committee Changes

The Audit and Finance Committee was separated into two committees:

- The Audit Committee's purpose is to assist the Board in its oversight of all aspects of the external audit.
- The Finance & Risk Committee's purpose is to review the adequacy and effectiveness of the policies, systems, and practices relied upon to collect and report financial and stewardship activity and to assist the Board in its oversight of:
 - a) the reliability of CPA New Brunswick's accounting, finance, and internal control systems;
 - b) the design and integrity of CPA New Brunswick's internal financial reporting and disclosure processes;
 - c) the performance of CPA New Brunswick's management and the safeguarding of its organizational resources and assets;
 - d) management processes of enterprise risk identification, assessment, and mitigation, and
 - e) CPA New Brunswick's compliance with legal and regulatory requirements.

The benefits which were considered to separate the Audit & Finance Committee into two separate Board committees are:

- Firstly, by separating the two, it reduces the workload on the Audit & Finance Committee, and
- Secondly, establishing two volunteer committees with fiscal oversight responsibilities doubles the number of Board members actively engaged in oversight of the organization's finances.

Global Pandemic

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19).

The duration is still unknown at this time and CPA New Brunswick will continue to adapt in accordance with public health guidelines.

When restrictions were put in place as per public health recommendations, the CPA New Brunswick staff were immediately able to pivot to a fully-remote working environment.

While the physical offices were closed pending the development of an approved COVID-19 response plan, staff and management were able to utilize recent hardware and software implementations to continue operating without interruption.



2020-21 KEY INITIATIVES

In addition to the new initiatives discussed in the Chair and CEO report, other new projects have been undertaken which align with our five identified strategic pillars:

1 | Regulatory Excellence

The Board of CPA NB committed to undertaking a comprehensive review of its governing By-Laws in 2019. Phase 1 was completed in 2019-2020 which addressed the administrative and operational By-Laws (which were adopted by the membership at the September 25, 2020 AGM) while Phase II is to be completed in 2020-2021 and address the more technical aspects of the By-Laws regarding hearing, complaints, standards, election procedure process, and other regulatory By-Laws (which will be presented at the CPA NB 2021 AGM on June 25, 2021).

CPA NB also revised its Complaints & Discipline process to make it more robust and efficient.

2 | Education and Knowledge Stewardship

This past fiscal year was particularly challenging as we navigated the lasting effects of the COVID-19 pandemic. We canceled all in-person events and shifted our focus to online learning opportunities in order to provide our members with the necessary tools needed to meet their continuing professional development requirements.

Given this new reality, we surveyed our members in May of 2020 to determine their updated CPD needs, which made it clear that there was much concern regarding the challenges the pandemic brought to their work and personal lives, and the decision was made to refocus our programming to address those issues. All remaining events were successfully shifted to a virtual format, including a complimentary ethics session, the Annual General Meeting, and the Fall CPD Conference.

3 | Member Relevance

CPA New Brunswick's Virtual Tax Clinic continues to be held up as a provincial example of success. 240 clients applied for help through CPA NB's Virtual Tax Clinic, organized with the help of two Lead Volunteers, eight Clinic Coordinators, and 35 volunteer tax preparers. 22 CPAs also volunteered at 34 community tax clinics across the province this tax season. Some budget was dedicated to a SurveyMonkey subscription to support this virtual format.

A contact list was generated in the fall of 2020, resulting in 616 members being contacted to solicit participation in our renewed Affinity program. We also reached out to other CPA provincial bodies for information on their member benefit programs in order to review best practices. Seven new Affinity partners have been recruited, and we continue to be approached by new businesses that would be interested in participating.



4 | Thought Leadership

A Business Development Strategy was delivered to the President & CEO on October 28, 2020. This strategy continues to be refined as Public Relations was identified as being a high priority. Key audiences have been identified (key provincial government departments), and the business community (initially through the Chambers of Commerce), and a communications agency was retained (Brainworks). CPA NB co-wrote an article with Women in Business NB on Financial Literacy for women entrepreneurs, which appeared in the March Fredericton Chamber of Commerce e-magazine.

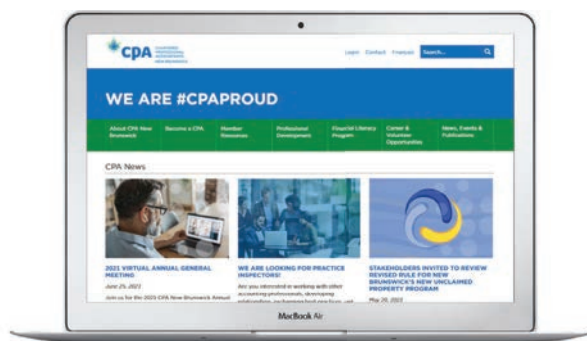
Already executed endeavours include a feature in the January edition of Atlantic Business Magazine (“CPA New Brunswick provides the go-to expertise the whole province needs right now”); a March Auditor General process press release, and several media appearances by the CEO and members (on AG process, tax, etc.).

5 | Operational Effectiveness

New hardware and software were introduced and implemented to enable staff to continue to serve members by working remotely, collaboratively, and efficiently during the early stages of the pandemic shutdowns.

Changes were also adopted to electronic file access and storage, eliminating the need for cold storage and fostering a paperless office environment.

CPA New Brunswick also signed a contract for a new member engagement system, database, and website, which should be fully implemented and operational by early 2022. This should streamline many current processes and also serve as a very interactive, engaging, and active member experience.



54,875 users visited the CPA New Brunswick website in 2020-2021, for a total of 170,141 unique page views.



2020-21 FINANCIAL PERFORMANCE

The audited financial statements are included in this annual report.

CPA New Brunswick is financially sound, with net assets of \$2,856,622. It has sufficient cash and investments to meet its short to longer term needs and enable the development of strategic plans which will continue to maintain a financially sustainable organization.

Member fees are billed annually and are due by March 31, which result in higher levels of cash and deferred revenue at that time. Prior year-end receivables were exceptionally high, as many members paid their annual fees after the initial deadline. A goodwill extension was provided in order to allow our members some leeway due to the pandemic, which also impacted payables as CPA New Brunswick collects national fees on CPA Canada's behalf.

Results from operations over the past year are in excess of revenue over expenditures of \$468,108 compared to the anticipated budget deficit of \$92,129. The following factors contributed to this variance:

- Cancellation of two Convocation events;
- The implementation expenses of the new member engagement platform will only occur in the next fiscal period;
- Following public health guidelines, in-person meetings and events were for the most part held virtually this past year, so the actual expenses were much lower than previously budgeted. Also, we were unable to proceed with some initiatives which were planned and budgeted for, such as member recognition events and some public relations initiatives.

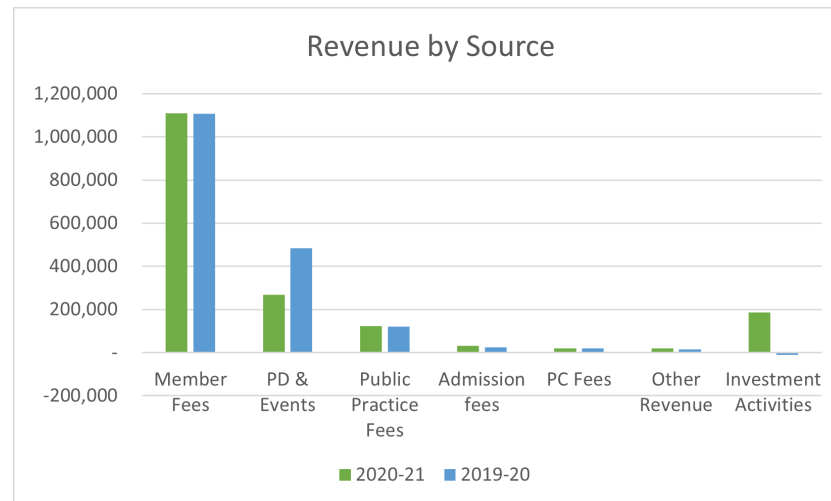


Figure 2: Revenue by Source



Annual membership fees are the primary source of revenue for the organization (see Figure 2). Current annual membership fees are very comparable to the previous year. It appears the current trend is for our total membership number to remain relatively stable as the number of new members being admitted into the organization are equivalent to the number of members choosing to retire or resign.

The professional development & events revenue was lower than the previous year, as the Fall CPD Conference pricing model was much lower due to sessions being held virtually, and with fewer expenses such as travel, lodging, food and beverage, and audio-visual costs.

Investment activities generated revenue of \$185,131 in the current year in comparison with the net deficit from last year, which occurred due to the year-end of March 31 being 7 days after the lowest point of the market due to the global pandemic.

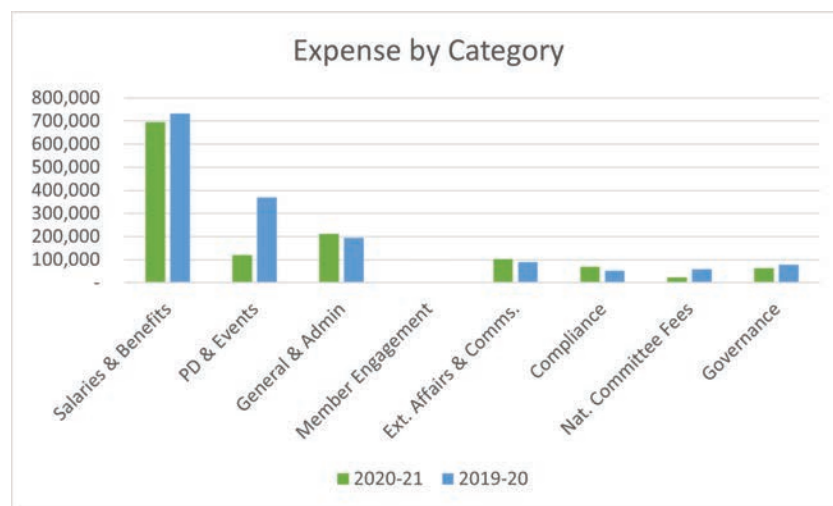


Figure 3: Expense by Category

Due to travel limitations during the pandemic, member engagement, national committee fees and governance expenses were much lower (see Figure 3) than the previous year as in-person events and meetings were limited over the past year.

External affairs and communications expenses were higher than the previous year, as despite the obstacles we did move forward on some of our key initiatives as outlined above.



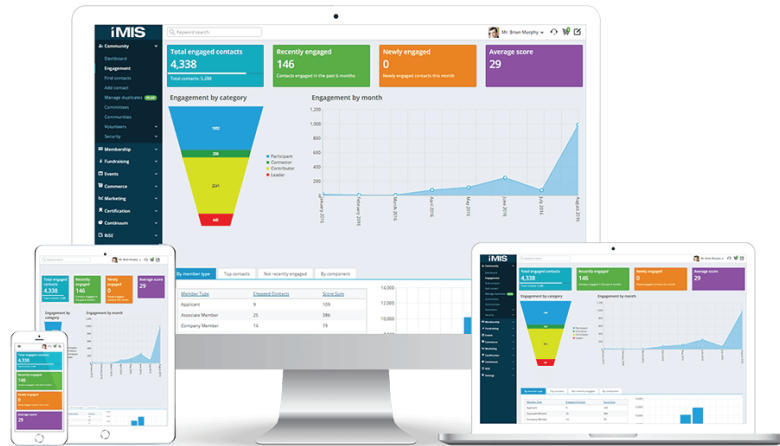
2021-2022 OUTLOOK

CPA New Brunswick will continue its efforts in fostering excellence and the ideals of good business by remaining transparent, relevant, and adaptable to change.

We will work with our members, local and provincial governments, organizations, and other stakeholders to advocate for and uphold our profession's reputation, value, and standards.

Amongst other things, in 2021-2022 CPA New Brunswick will:

- introduce the iMIS Engagement Management System (EMS)[™] — fusing database management and web publishing into a single system — leading to operational efficiencies, revenue growth, and continuous performance improvement. This will include a brand-new CPA NB website and interactive member experience portal.
- launch an exciting new brand campaign called “Moving Forward” to promote the CPA profession across New Brunswick.
- lead a pilot project to develop a remote proctoring initiative for the CPA Common Final Examination (CFE) with its Atlantic peers.
- help develop educational partnerships to further enhance the equity of our members and to aid in the recruitment of new candidates.



In 2021, CPA New Brunswick will be launching iMIS, a purpose-built EMS to meet the most important challenge facing organizations and non-profits: Engagement.



FINANCIAL STATEMENTS

CHARTERED PROFESSIONAL ACCOUNTANTS OF NEW BRUNSWICK

Financial Statements

Year Ended March 31, 2021



CHARTERED PROFESSIONAL ACCOUNTANTS OF NEW BRUNSWICK
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Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of Chartered Professional Accountants of New Brunswick

Opinion

We have audited the financial statements of Chartered Professional Accountants of New Brunswick (the Organization), which comprise the statement of financial position as at March 31, 2021, and the statements of changes in net assets, revenues and expenditures and cash flow 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 the Organization as at March 31, 2021, and the results of its operations and its cash flow 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance 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 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 relating 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.

(continues)



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, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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.

Fredericton, New Brunswick
June 4, 2021

Teed Saunders Doyle

CHARTERED PROFESSIONAL ACCOUNTANTS



CHARTERED PROFESSIONAL ACCOUNTANTS OF NEW BRUNSWICK

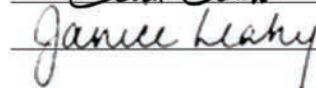
Statement of Financial Position

March 31, 2021

	2021	2020
ASSETS		
CURRENT		
Cash and cash equivalents <i>(Note 4)</i>	\$ 2,973,735	\$ 2,644,180
Accounts receivable	152,372	439,149
Inventory	6,440	11,389
Prepaid expenses	84,537	53,189
	<u>3,217,084</u>	<u>3,147,907</u>
TANGIBLE CAPITAL ASSETS <i>(Note 5)</i>	49,284	57,845
LONG TERM INVESTMENTS <i>(Note 6)</i>	1,209,706	1,037,109
	<u>\$ 4,476,074</u>	<u>\$ 4,242,861</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 192,043	\$ 378,159
Harmonized sales tax payable	169,718	188,482
Employee deductions payable	-	1,749
Deferred revenue <i>(Note 7)</i>	1,250,552	1,276,438
Current portion of obligations under capital lease <i>(Note 8)</i>	2,379	2,379
	<u>1,614,692</u>	<u>1,847,207</u>
OBLIGATIONS UNDER CAPITAL LEASE <i>(Note 8)</i>	4,760	7,140
	<u>1,619,452</u>	<u>1,854,347</u>
NET ASSETS		
Invested in tangible capital assets	49,284	57,845
Unrestricted	2,623,486	2,126,557
Professional conduct reserve <i>(Note 9)</i>	183,852	204,112
	<u>2,856,622</u>	<u>2,388,514</u>
	<u>\$ 4,476,074</u>	<u>\$ 4,242,861</u>
CONTINGENT LIABILITY <i>(Note 12)</i>		
COMMITMENTS <i>(Note 10)</i>		

ON BEHALF OF THE BOARD

 Chair

 Secretary

See notes to financial statements



CHARTERED PROFESSIONAL ACCOUNTANTS OF NEW BRUNSWICK

Statement of Changes in Net Assets

Year Ended March 31, 2021

	Invested in Tangible Capital Assets	Unrestricted	Professional conduct reserve	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 57,845	\$ 2,126,557	\$ 204,112	\$ 2,388,514	\$ 2,202,337
Excess of revenue over expenditures	(18,531)	506,899	(20,260)	468,108	186,177
Investment in tangible capital assets	9,970	(9,970)	-	-	-
NET ASSETS - END OF YEAR	\$ 49,284	\$ 2,623,486	\$ 183,852	\$ 2,856,622	\$ 2,388,514



CHARTERED PROFESSIONAL ACCOUNTANTS OF NEW BRUNSWICK

Statement of Revenues and Expenditures

Year Ended March 31, 2021

	2021	2020
REVENUE		
Member fees	\$ 1,109,585	\$ 1,107,516
Professional development and member events	267,159	484,894
Public practice fees	122,700	121,350
Admission fees	31,500	24,750
Professional corporation fees	18,575	19,642
Other	19,642	16,133
	<u>1,569,161</u>	<u>1,774,285</u>
EXPENDITURES		
Salaries and benefits	694,343	731,629
Professional development and events	119,658	368,848
General and administrative	198,616	183,468
Member engagement	867	2,565
External affairs and communications	101,583	89,798
Compliance	50,237	49,142
National committee fees	23,142	59,327
Governance	58,947	78,846
	<u>1,247,393</u>	<u>1,563,623</u>
EXCESS OF REVENUE OVER EXPENDITURES FROM OPERATIONS	<u>321,768</u>	<u>210,662</u>
INVESTMENT INCOME (EXPENSES)		
Investment income	18,060	24,337
Gain (loss) on disposal of investments	26,231	(19,757)
Other income	10,688	30,793
Unrealized gain (loss) on investments	161,986	(61,447)
Unrealized (loss) gain on foreign exchange	(31,834)	16,345
	<u>185,131</u>	<u>(9,729)</u>
	<u>506,899</u>	<u>200,933</u>
OTHER EXPENSES		
Amortization of tangible capital assets	18,531	11,645
Loss on disposal of tangible capital assets	-	426
Professional conduct reserve	20,260	2,685
	<u>38,791</u>	<u>14,756</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 468,108</u>	<u>\$ 186,177</u>



CHARTERED PROFESSIONAL ACCOUNTANTS OF NEW BRUNSWICK

Statement of Cash Flow

Year Ended March 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 468,108	\$ 186,177
Items not affecting cash:		
Amortization	18,531	11,645
Loss on disposal of tangible capital assets	-	426
(Gain) loss on disposal of investments	(26,231)	19,757
Unrealized (gain) loss on investments	(161,986)	61,447
Unrealized loss (gain) on foreign exchange	31,834	(16,345)
	<u>330,256</u>	<u>263,107</u>
Changes in non-cash working capital:		
Accounts receivable	286,776	(220,405)
Inventory	4,949	(398)
Prepaid expenses	(31,348)	(26,289)
Accounts payable	(186,116)	76,328
Harmonized sales tax payable	(18,764)	10,014
Employee deductions payable	(1,749)	(5,405)
Deferred revenue	(25,886)	15,496
	<u>27,862</u>	<u>(150,659)</u>
	<u>358,118</u>	<u>112,448</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(9,970)	(37,982)
Purchase of long term investments	(363,479)	(36,468)
Disposal of long term investments <i>(Note 6)</i>	347,266	413,950
	<u>(26,183)</u>	<u>339,500</u>
FINANCING ACTIVITIES		
Additions of obligations under capital lease	-	11,900
Repayment of obligations under capital lease	(2,380)	(3,571)
	<u>(2,380)</u>	<u>8,329</u>
INCREASE IN CASH	329,555	460,277
CASH - BEGINNING OF YEAR	2,644,180	2,183,903
CASH - END OF YEAR	\$ 2,973,735	\$ 2,644,180



CHARTERED PROFESSIONAL ACCOUNTANTS OF NEW BRUNSWICK

Notes to Financial Statements

Year Ended March 31, 2021

1. PURPOSE OF THE ORGANIZATION

Chartered Professional Accountants of New Brunswick (the "Organization") is a not-for-profit organization incorporated provincially under the Companies Act of New Brunswick. As a registered not-for-profit the Organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization operates to self-regulate its members in order to protect the interest of the public. It is also responsible to oversee the accreditation, education, professional development and member services for its Members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Cash and cash equivalents

The Organization considers cash on hand, short-term deposits and balances with banks, net of overdrafts as cash or cash equivalents. Bank borrowings are considered to be financing activities.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates:

Computer equipment and software	3-4 years
Furniture and fixtures	10 years
Leasehold improvements	10 years
Photocopier (capital lease)	5 years

The Organization regularly reviews its tangible capital assets to eliminate obsolete items.

(continues)



CHARTERED PROFESSIONAL ACCOUNTANTS OF NEW BRUNSWICK

Notes to Financial Statements

Year Ended March 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

The Organization considers any contracts a financial asset, liability, or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments:

1. Cash and cash equivalents
2. Trade and other receivables
3. Payables and accruals
4. Long term investments

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

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Organization subsequently measures its financial assets and financial liabilities, other than investments which are measured at fair value, at cost or amortized cost less any reduction for impairment.

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled, or expires.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contribution and membership dues are recognized as revenue on a deferred basis equally over the period covered by the dues when received or receivable if the amount to be received can be reasonably estimated and collections is reasonably assured.

Member activity fees are recognized when the particular activity is held and fees are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned. Realized gains (losses) on the sale of portfolio investments are calculated using the original cost of related investments. Unrealized gains (losses) on portfolio investments are calculated as the in-year change in excess (deficiency) of fair value over original cost of portfolio investments held.

Contributed services

The operations of the Organization depend on the contribution of time by many members. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

(continues)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant estimates include allowances for doubtful accounts and useful lives of tangible capital assets. Actual results could differ from these estimates.

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of March 31, 2021.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization is exposed to credit risk from members. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. In the opinion of management, the credit risk exposure is low.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

(c) Currency risk

Currency risk is the risk to the Organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Organization is exposed to foreign currency exchange risk on long term investments held in U.S. dollars. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk.

(d) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its cash and cash equivalents and fixed income security investments.

(e) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investment in quoted shares.



CHARTERED PROFESSIONAL ACCOUNTANTS OF NEW BRUNSWICK

Notes to Financial Statements

Year Ended March 31, 2021

4. CASH AND CASH EQUIVALENTS

	<u>2021</u>		<u>2020</u>	
Cash	\$	2,973,735	\$	2,244,180
Cash equivalents		-		400,000
	\$	<u>2,973,735</u>	\$	<u>2,644,180</u>

Cash equivalents consist of short term investments that are highly liquid instruments and are measured at market value.

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment and software	\$ 49,141	\$ 16,493	\$ 32,648	\$ 36,032
Furniture and fixtures	31,866	17,234	14,632	19,159
Leasehold improvements	6,500	4,496	2,004	2,654
	<u>\$ 87,507</u>	<u>\$ 38,223</u>	<u>\$ 49,284</u>	<u>\$ 57,845</u>

The following asset included above is held under capital lease:

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Photocopier	\$ 11,900	\$ 4,761	\$ 7,139	\$ 9,520

6. LONG TERM INVESTMENTS

	<u>2021</u>		<u>2020</u>	
Cash	\$	22,165	\$	30,735
Fixed income securities		383,213		332,898
Equity investments		538,678		449,870
Mutual funds		256,928		214,204
Foreign securities and other		8,722		9,402
	\$	<u>1,209,706</u>	\$	<u>1,037,109</u>

As at March 31, 2021, the market value of investments includes accumulated unrealized gains of \$117,358 (2020 - unrealized losses \$44,628).



CHARTERED PROFESSIONAL ACCOUNTANTS OF NEW BRUNSWICK

Notes to Financial Statements

Year Ended March 31, 2021

7. DEFERRED REVENUE

	<u>2021</u>	<u>2020</u>
Member fees	\$ 1,228,462	\$ 1,236,363
Other	22,090	40,075
	<u>\$ 1,250,552</u>	<u>\$ 1,276,438</u>

8. OBLIGATIONS UNDER CAPITAL LEASE

The Organization has entered into a five year lease agreement with Office Interiors for a photocopier. The Organization considers the lease to be a capital lease. The lease is paid in quarterly payments of \$595 and matures on May 31, 2024. The balance remaining as of March 31, 2021 was \$7,139.

9. NET ASSETS - PROFESSIONAL CONDUCT RESERVE

The Organization has one large professional conduct complaint that is ongoing. Management currently estimates that costs of \$225,000 will be incurred. Costs incurred related to this complaint will be expensed as incurred and properly taken into account in determining net income for the applicable period. For 2021, hearing costs of \$20,260 (2020 - \$2,685) were incurred leaving the balance of the reserve of \$183,852 (2020 - \$204,112) ending March 31, 2021.

10. COMMITMENTS

The Organization leases premises located at 860 Main Street, Suite 602, Moncton, New Brunswick. The lease, which is being accounted for as an operating lease, has future minimum payments over the next four years approximately as follows:

2022	\$ 66,306
2023	66,306
2024	66,306
2025	<u>5,526</u>
	<u>\$ 204,444</u>



11. RELATED PARTY

(a) Chartered Professional Accountants of Canada (CPA Canada)

CPA New Brunswick has an agreement with CPA Canada to work together to achieve a common mission and vision, to administer their affairs in accordance with agreed principles, and to act in the spirit of utmost faith and trust to best serve the interests of the CPA profession and the public. Provincial bodies which govern Chartered Professional Accountants across Canada, such as CPA New Brunswick, fund the operations of CPA Canada through sharing national committee costs, marketing expenses, and collecting national member fees on its behalf.

The Organization remitted to CPA Canada fees totaling \$128,625 for the 2020-2021 year after March 31, 2020. Fees for 2021-2022 year collected on behalf of CPA Canada, in the amount of \$822,400, were remitted prior to March 31, 2021 and the remaining balance of \$29,650 is included in current accounts payable. These fees collected and remitted to CPA Canada by CPA New Brunswick on their behalf are not reflected in the Statement of Operations.

(b) Chartered Professional Accountants Atlantic School of Business (CPA ASB)

CPA New Brunswick has entered into an agreement whereby the CPA ASB recruits and registers students into the CPA professional education program and administers that program. The CPA ASB is incorporated under the Nova Scotia Societies Act as a not-for-profit organization and is a certified educational institution under the Income Tax Act. It is governed by a separate board appointed by the provincial CPA bodies in Atlantic Canada and Bermuda.

12. CONTINGENT LIABILITY

The Organization is involved in and potentially subject to various claims by third parties arising out of the normal course and conduct of its business including, but not limited to, professional conduct liability, labour and employment standards, regulatory and possibly environmental claims. In addition, the Organization is involved in and potentially subject to regular audits from federal and provincial tax authorities relating to capital and commodity taxes and as a result of these audits may receive assessments and reassessments.

Although such matters cannot be predicted with certainty, management currently considers the Organization's exposure to such claims and litigation, to the extent not covered by insurance policies or otherwise provided for, not to be material to these financial statements

13. EMPLOYEE FUTURE BENEFITS

The Organization provides benefits to all employees through participation in a multi-employer defined contribution plan. The assets of the plan are held separately from those of the Organization in an independently administered fund. Contributions accrued and expensed by the Organization during the period totaled \$25,053 (2020 - \$24,434).

14. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.



2020-2021 CPA NEW BRUNSWICK COMMITTEES

Governance Committee

Jason Alcorn, Public Representative | Chair
John Clark, CPA, CA
Lee Mitchell, CPA, CMA
André LaPlante, Public Representative
Janice Leahy, CPA, CA
Pierre Doiron, FCPA, FCGA
Donna Bovolaneas, FCPA, FCA
Mylène Lapierre, CPA, CA | ex officio

Human Resource Committee

Stephen Lund, CPA, CA | Chair
Julie Bernard, FCPA, FCGA
Lee Mitchell, CPA, CMA
André Laplante, Public Representative
Jason Alcorn, Public Representative
Mylène Lapierre, CPA, CA | ex officio

Audit Committee

Julie Bernard, FCPA, FCGA | Chair
Donna Bovolaneas, FCPA, FCA
Sandy Dalton, CPA, CGA

Finance & Risk Committee

Tim J. Walker, CPA, CA | Chair
Sandy Dalton, CPA, CGA
Stephen Lund, CPA, CA
Lee Mitchell, CPA, CMA
Mylène Lapierre, CPA, CA | ex officio

Complaints Committee

David Ross, FCPA, FCA | Chair

Practice Inspection Committee

Janice Leahy, CPA, CA | Chair
Blair Northcott, CPA, CA
Lucie Nadeau, CPA, CA
Peter Spacek, CPA, CA
Carol LeBlanc, CPA, CMA
Sean Greene, CPA, CA
Olamide Lawal, CPA, CGA | CPA NB Staff Member
Daniel Nawab, CPA, CGA | CPA NB Staff Member

Hearing Committee

Paul-Émile Légère, CPA, CA | Chair

Member Recognition Committee

Pierre Doiron, FCPA, FCGA | Chair
Al Walker, FCPA, CA
Paul Berry, FCPA, FCMA
Darrell Stewart, FCPA, FCGA
Trudy Dryden, FCPA, FCGA
Paul Bérubé, FCPA, CA
Trisha Fournier-Hoyt, FCPA, FCGA
Donna Bovolaneas, FCPA, FCA
Mylène Lapierre, CPA, CA | ex officio

Nominating Committee

John Clark, CPA, CA | Chair
Christine Hoyt, FCPA, CMA
Terry LeBlanc, FCPA, FCGA
Stacey Stewart, CPA, CMA
Mylène Lapierre, CPA, CA | ex officio



2020 FELLOWSHIP RECIPIENTS

The Board of Directors of CPA New Brunswick formally recognizes those members who have rendered exceptional services to the profession or whose achievements in their careers or in the community have earned them distinction and brought honour to the profession by the awarding of the title Fellow of CPA New Brunswick (FCPA).

The service and accomplishments of the individual throughout his/her career, not simply his/her career as a CPA, are taken into account in determining eligibility.

We are proud to announce that **Christine Hoyt, FCPA, CMA** and **Luc Morin, FCPA, CA** have been selected to receive Fellowship, this year.

Please join us in congratulating our newest fellows on this momentous professional achievement!



Christine Hoyt
FCPA, CMA



Luc Morin
FCPA, CA

64 candidates in the CPA Professional Education Program successfully completed the 2020 Common Final Examination (CFE).





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