For the purpose of this document, CPA Ontario refers to the Chartered Professional Accountants of Ontario (registered name of the Institute of Chartered Accountants of Ontario)

CONTINUING PROFESSIONAL DEVELOPMENT (CPD) REQUIREMENTS FOR RETIRED MEMBERS

A Member who is retired shall be exempt from the requirement to complete continuing professional development requirements with some exceptions.

A retired Member who:
- is licensed to practice public accounting; or
- provides any Reliance Services;
must complete the relevant continuing professional development requirements as described below.

Definition of “retired”

For CPD purposes, “retired” means the Member has ceased full-time practice, full-time employment or full-time business activity and the sum of the Member’s age and the total number of years of aggregate membership in CPA Ontario, or CPA Ontario and Recognized Professional Accounting Body equals or exceeds “85”. A “Recognized Professional Accounting Body” means a provincial body that is recognized by the Council pursuant to Regulations 6-1 or 6-2.

Retired Members who are exempt from the requirement to fulfill mandatory CPD

A Member who is retired from full-time practice, full-time employment or full-time business activity is ordinarily exempt from the requirement to fulfill mandatory CPD if the Member
- is not licensed as a public accountant; and
- does not provide any professional services (as defined on page 4) for which the Member is remunerated, or earns $25,000 or less in gross annual revenue from providing professional services on a part-time basis; and
- does not serve on the board or governing body of a reporting issuer that has either market capitalization or total assets of $10,000,000 or more; and
- does not serve on the board or governing body of a public interest entity (as defined on page 5) that has annual gross revenue greater than $100,000;

Retired Members who will be subject to completing mandatory CPD

A retired Member is subject to completing CPD requirements for the annual and three-year CPD reporting periods if the Member is involved in activity where it is reasonable to believe that another party is relying on the Member’s skills as a professional accountant and includes, but is not limited to:
- licensed to practice public accounting: all of the normal annual and triennial CPD hour requirements: 20 hours annually and 120 hours in each three-year reporting period, provided that at least 10 hours of the 20-hour annual requirement and 60 hours of the 120-hour triennial requirement shall be verifiable continuing professional development. The remaining hours may consist of other professional development.
• providing accounting services to the public or other professional services for which the Member’s gross annual revenue from such service(s) exceeds $25,000

• When the gross annual revenue from such professional services is more than $25,000 and does not exceed $75,000: 50% of the normal annual and triennial CPD hour requirements: 10 hours annually and 60 hours in every three-year period, provided that at least 5 hours of the 10-hour annual requirement and at least 30 hours of the 60-hour triennial requirement shall consist of verifiable continuing professional development. The remaining hours may consist of other professional development.

• When the gross annual revenue from such professional services exceeds $75,000: all of the normal annual and triennial CPD hour requirements: 20 hours annually and 120 hours in each three-year reporting period, provided that at least 10 hours of the 20-hour annual requirement and 60 hours of the 120-hour triennial requirement shall be verifiable continuing professional development. The remaining hours may consist of other professional development.

• Serving on the board or governing body of a reporting issuer or a public interest entity and it is reasonable to believe that another party is relying on the Member’s skills as a professional accountant in respect of the Member’s role or responsibilities as a Member of the board or governing body

• When a Member serves on the board or governing body of a reporting issuer that has either market capitalization or total assets of $10,000,000 or more: all of the normal annual and triennial CPD hour requirements: 20 hours annually and 120 hours in each three-year reporting period, provided that at least 10 hours of the 20-hour annual requirement and 60 hours of the 120-hour triennial requirement shall be verifiable continuing professional development. The remaining hours may consist of other professional development.

• When a Member serves on the board or governing body of a public interest entity that has annual gross revenue greater than $100,000, or that is a deposit-taking institution irrespective of the amount of gross annual revenue: 50% of the normal annual and triennial CPD hours requirements: 10 hours annually and 60 hours in every three-year period, provided that at least 5 hours of the 10-hour annual requirement and at least 30 hours of the 60-hour triennial requirement shall consist of verifiable continuing professional development. The remaining hours may consist of other professional development.

DEFINITIONS

The definition of “professional services” for this purpose is: “providing of any professional services requiring or benefiting from the expertise of a professional accountant, and includes, without being limited to: services related to analysis, advice, interpretation, consultation, planning and representation in the areas of accounting, assurance, compilation, financial reporting, finance, taxation, business management, business advisory services, information technology, investigative and forensic accounting, insolvency, performance measurement and reporting, valuations, strategy and risk management, governance, management decision-making, and investment; and areas in
which CPA Ontario offers or recognizes a specialist certification or licence.

Note: “professional services” does not include serving on the board or governing body of an entity even if remuneration such as a director’s fee is received for such service.

The determination of whether a retired Member provides professional services for remuneration and is thereby subject to fulfillment of mandatory CPD requires that the Member use his or her professional judgement taking into account the definition of “professional services”. If there is any doubt or uncertainty as to whether the particular services provided by the Member fall within the definition of “professional services”, the Member should comply with the CPD requirements.

<table>
<thead>
<tr>
<th>Aggregate gross annual revenue</th>
<th>Mandatory Continuing Professional Development Requirement</th>
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<tbody>
<tr>
<td>More than $75,000</td>
<td>20 hours annually and 120 hours in each three-year reporting period, provided that at least 10 hours of the 20-hour annual requirement and 60 hours of the 120-hour triennial requirement shall be verifiable continuing professional development. The remaining hours may consist of other professional development.</td>
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<tr>
<td>More than $25,000 and less than or equal to $75,000</td>
<td>10 hours annually, and 60 hours in every three-year period, provided that at least 5 hours of the 10-hour annual requirement and at least 30 hours of the 60-hour triennial requirement shall consist of verifiable continuing professional development. The remaining hours may consist of other professional development.</td>
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“Reporting issuer” for CPD purposes is as defined in Rule of Professional Conduct 204:

“Reporting issuer” means an entity that is deemed to be a reporting issuer under the applicable Canadian provincial or territorial securities legislation, other than an entity that has, in respect of a particular fiscal year, market capitalization and total assets that are each less than $10,000,000. An entity that becomes a reporting issuer by virtue of the market capitalization or total assets becoming $10,000,000 or more in respect of a particular fiscal year shall be considered to be a reporting issuer thenceforward unless and until the entity ceases to have its shares, units or debt quoted, listed or marketed in connection with a recognized stock exchange or the entity has remained under the market capitalization or total assets threshold for a period of two years.

“Market capitalization” in respect of a particular fiscal year means the average market price of all outstanding listed securities and publicly traded debt of the entity measured at the end of each of the first, second and third quarters of the prior fiscal year and the year-end of the second prior fiscal year.
In the case of a period in which an entity makes a public offering:

- the term "market capitalization" refers to the market price of all outstanding listed securities and publicly traded debt measured using the closing price on the day of the public offering; and
- the term "total assets" refers to the amount of total assets presented on the most recent financial statements prepared in accordance with generally accepted accounting principles included in the public offering document.

In the case of a reporting issuer that does not have listed securities or publicly traded debt, the definition of reporting issuer is to be read without reference to market capitalization.

**Determining whether the entity meets the definition of “public interest entity”**

“Public interest entity” for CPD purposes is defined as follows:

<table>
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<tr>
<th><strong>A deposit-taking institution</strong>, irrespective of the amount of the entity’s annual gross revenue.</th>
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OR

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<tr>
<th>An entity that is not a reporting issuer and not a deposit-taking institution that</th>
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- has annual **gross revenue greater than $100,000**, and
- has a **high degree of outside interest** in the entity from **large numbers and diverse classes of stakeholders** (see below on this page for more details), and
- meets the criteria for either Category A or Category B below. |

An entity must meet all three of these criteria in order to be a public interest entity for CPD purposes.

**Category A**: the entity has a **social responsibility because of the nature of its operations** (see page 10 for details)

**Category B**: the **substantial majority of the entity’s stakeholders depend on financial reporting**, as they have no other way of obtaining financial information about the entity (see page 11 for details)

“**High degree of outside interest in the entity from large numbers and diverse classes of stakeholders**” for this purpose means,

- in regard to “high degree of outside interest”, that the organization offers many services or offers services on a large scale to the community in respect of which there is significant and ongoing public reliance;
- in regard to “large numbers”, a quantity that would reasonably be seen as great or significant and conversely would not be a few or a trivial amount;
in regard to “diverse classes”, that the outside stakeholders are two or more distinct or definably different classes or groups each of which is comprised of large numbers of individuals or entities; and

in regard to “stakeholders”, individuals or other entities that are not Members, officers, directors or employees, or related or affiliated entities, of the entity. Examples of stakeholders are:

- financial donors
- funders, including government when government grants or other government funding is received
- Canada Revenue Agency or other tax authorities
- financial institutions that provide external loans or financing
- users of the services provided by the entity.

“Social responsibility” for this purpose means the entity makes decisions and takes actions or provides services that will enhance the welfare and interests of society, such as providing essential public services—health services, education services, social services or the like. Examples of the types of entities that would ordinarily be considered as having a social responsibility are:

- charities
- foundations
- hospitals
- medical clinics
- nursing homes
- long-term or chronic care facilities
- health authorities
- publicly funded educational institutions (e.g. a college or university)
- social service agencies
- United Way organizations or other similar organizations
- day care centres
- hostels and shelter centres
- food banks
- religious organizations (churches, synagogues, temples, mosques, etc.) that have divisions or agencies providing social services to the community at large, such as hostels, nursing homes, etc.

Note, however, that in addition to having a social responsibility, an entity must also have a high degree of outside interest in it from large numbers and diverse classes of stakeholders in order to be a public interest entity for CPD purposes.

Exclusions: Some entities that often might be considered to have a social responsibility because of the nature of their operations may be excluded from the definition of “public interest entity” because there is not “a high degree of outside interest in the entity from large numbers and diverse classes of stakeholders”. Such entities ordinarily would include:

- small community, neighborhood or local social groups providing services or activities that are generally restricted to a common group or to a particular defined membership
- sports, recreational, cultural or arts organizations, associations or clubs
- a local or community religious organization (church, synagogue, temple, mosque, etc.)
- a small, local or neighborhood day care centre
- a foundation established by one or a small number of individuals or entities which does not receive any other donations or funding and has not incurred or used any external financing.
By way of illustration, a local or community church that does not offer any social services to the community at large and does not have real estate holdings other than the church property ordinarily would not meet the definition of “public interest entity”. The congregation taken as whole would be a single class of stakeholders and not “large numbers and diverse classes of stakeholders”.

“Stakeholders” for this purpose means individuals or other entities that are not members, officers, directors or employees, or related or affiliated entities, of the entity. Examples of stakeholders are:

- financial donors
- funders, including government when government grants or other government funding is received
- Canada Revenue Agency or other tax authorities
- financial institutions that provide external loans or financing
- users of the services provided by the entity.

“Stakeholders [who] depend on financial reporting, as they have no other way of obtaining financial information about the entity” should be interpreted taking into account that many stakeholders of not-for-profit organizations do not use or receive financial statements at all. Instead, for some not-for-profit entities, other performance measures, such as service statistics for programs, number of volunteer hours, etc. are more useful in assessing the health and viability of the entities. Stakeholders who ordinarily would not use or receive financial statements and who may use other performance measures should be excluded from consideration as outside stakeholders for the purpose of determining whether an entity is a Category B public interest entity.

“Substantial majority” in the phrase “substantial majority of the entity’s stakeholders depend on financial reporting, as they have no other way of obtaining financial information about the entity” means a percentage significantly greater than 50%.

Determining whether there is reliance on the Member’s skills as a professional accountant

The requirements for mandatory CPD for retired Members serving on boards or governing bodies of public interest entities are predicated on whether it is reasonable to believe that another party is relying on the Member’s skills as a professional accountant when the Member serves in such capacity. The determination of whether it is reasonable to believe that another party is relying on the Member’s skills as professional accountant requires that the Member use his or her professional judgement. In the exercise of that judgment, a Member should assess the degree to which the entity and its stakeholders rely on his or skills as a professional accountant in fulfilling that position. In assessing reliance, the Member should consider the risk associated with the entity and the nature of his or her role within the entity. The following are some important factors that would influence that assessment.

- Whether other Members of the body look to the Member for financial guidance.
- Bearing in mind that Members who serve on boards and other governing bodies of not-for-profit entities are held, in law, to a higher standard than other Members of the board or governing body in respect of accounting and finance matters due to their professional training and knowledge, the level of accountability to which the Member would be held by the entity and its stakeholders if something went wrong financially.
- Whether other Members of the board or governing body may be considered to have sophisticated knowledge in respect of accounting and finance matters. Particular
consideration should be given to whether there are other Members on the board or governing body to whom other Members of the board or governing body would be more likely to look to for financial guidance.

- Whether the Member prepares or “signs off” on financial statements, information returns or other government filings, grant applications or other similar documents. A particular consideration is whether it is reasonable to believe that the Members designation is a factor that the organization or users of the information consider to be important to the accuracy or reliability of the information.

Taking these various factors into consideration, it ordinarily would be reasonable to believe that other persons are relying on the skills of a professional accountant serving on the board or governing body of a public interest entity when the Member is the chair of the board or serves on an audit committee, a finance committee, an investment committee or a risk management committee. If there is any doubt or uncertainty as to whether there is reliance on the Member’s skills as a professional accountant because of the particular roles or responsibilities of the Member, the Member should comply with the CPD requirements.

Where a retired Member claims that he or she is not subject to fulfillment of the CPD requirements and the registrar of the Institute determines the CPD requirements prescribed in Regulation 4-5 are applicable to the Member, the Member may apply in writing to have the matter reviewed by the Membership Committee. The committee shall make a final determination in respect of the matter and there shall be no further review.

NATURE AND CONTENT OF THE CPD TO BE COMPLETED

A Member is required to undertake continuing professional development that is relevant and appropriate to the Member’s work and professional responsibilities. A Member providing professional services should undertake a program of CPD that is relevant and appropriate to the nature of the professional services that he or she provides. A Member who does not provide any accounting, taxation or compilation services or other services that require the Member to have up-to-date knowledge of accounting and/or taxation is not required to complete CPD related to those areas.

The content of the Member’s CPD activity must contribute to the Member’s personal professional development and the activity shall:

- be quantifiable, meaning that it must be specifically identifiable and be able to be expressed in terms of a specific time requirement;
- be directly related to the competencies needed to carry on the Member’s employment or practice;
- be relevant to the Member’s current professional needs and/or long-term career interests; and
- contain significant intellectual or practical content.

Verifiable continuing professional development

“Verifiable continuing professional development” means that the learning can be objectively verified by a competent source and may include:

- participation in courses, conferences and seminars;
- organized employer-based in-house training sessions;
- research or study projects in areas that expand the professional knowledge of the Member and that result in presentations, reports or similar documentation;
- research, including reading professional literature or journals for specific application in a professional role;
- participation and work on technical committees;
- published professional writing or academic work;
- writing technical articles, papers or books;
- teaching a course or a continuing professional development session in an area that is relevant to a professional role;
- participation as a speaker in conferences, briefing sessions or discussion groups;
- formal study such as leading to a degree or diploma;
- pre-professional re-examination or formal testing;
- self-study involving successful completion of an examination or leading to a designation.

The Member must retain evidence satisfactory to the Institute that the content and completion of the activities meet the criteria of this definition and produce such evidence as required from time to time.

**Unverifiable continuing professional development**

“Unverifiable continuing professional development” means independent and informal learning activities and may include:
- on-the-job training for new software, systems, procedures or techniques for application in a professional role;
- self-study that does not involve an examination or other objective certification of completion, such as conference reference material or self-study by electronic media or device;
- casual reading of professional journals or magazines that is not part of research for a specific application in a professional role.

The Member must retain evidence satisfactory to the Institute that the content and completion of the activities meet the criteria of this definition and produce such evidence as required from time to time.

**Free Institute CPD offerings for some retired Members**

A retired Members is eligible to register for up to three full-day CPA Ontario CPD courses each year without being required to pay the registration fee if he or she
- is not licensed as a public accountant;
- does not provide any professional services for which he or she is remunerated; and
- does not receive remuneration, such as directors’ fees, for serving on the board or governing body of a reporting issuer or public interest entity.

**Questions?**

If you have any questions regarding the CPD requirements for retired Members please contact Customer Service at customerservice@cpaontario.ca or by telephone at (416) 962-1841 or toll free at 1-800-387-0735.