



## Financial Statements

College of Patent Agents and Trademark  
Agents

December 31, 2024

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# Independent auditor's report

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To the registrants of the  
**College of Patent Agents and Trademark Agents**

## Opinion

We have audited the financial statements of the College of Patent Agents and Trademark Agents ("CPATA"), which comprise the statement of financial position as at December 31, 2024, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of College of Patent Agents and Trademark Agents as at December 31, 2024, and its results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Responsibilities of Management and 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 the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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.

*Doane Grant Thornton LLP*

Halifax, Canada  
March 24, 2025

Chartered Professional Accountants

# College of Patent Agents and Trademark Agents

## Statement of financial position

As at December 31

2024

2023

### Assets

#### Current

Cash and cash equivalents	\$ 1,842,071	\$ 440,537
GST/HST receivable	31,446	28,595
Prepaid expenses	<u>17,496</u>	<u>16,154</u>
	<b>1,891,013</b>	<b>485,286</b>

#### Capital assets (Note 3)

	<u>9,282</u>	<u>5,656</u>
	<b>\$ 1,900,295</b>	<b>\$ 490,942</b>

### Liabilities

#### Current

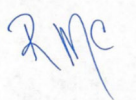
Payables and accruals (Note 5)	<u>\$ 175,011</u>	<u>\$ 198,644</u>
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### Net assets

Unrestricted	-	292,298
Internally restricted	<u>1,725,284</u>	<u>-</u>
	<b>1,725,284</b>	<b>292,298</b>
	<b>\$ 1,900,295</b>	<b>\$ 490,942</b>

Contingent liability (Note 6)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

# College of Patent Agents and Trademark Agents

## Statement of operations

Year ended December 31	2024	2023
<b>Revenues</b>		
License fees	\$ 3,583,148	\$ 1,996,597
Exam fees	178,557	129,200
Application fees	74,399	67,065
Interest Income	63,000	13,663
Regulatory discipline income	5,000	-
	<u>3,904,104</u>	<u>2,206,525</u>
<b>Expenditures</b>		
Amortization	2,667	2,465
Audit fees	23,990	26,400
Bank and credit card charges	77,694	47,490
Board of directors meetings and travel	36,832	42,194
Board of directors remuneration	104,058	119,758
Committee Remuneration:		
• Audit & Risk committee	15,375	17,175
• Discipline and hearing panel committees	38,875	16,825
• Governance committee	8,050	9,300
• Investigation committee	20,625	11,175
• Registration committee	5,600	15,200
Communication and stakeholder relations	20,439	22,450
Exam software	74,992	39,123
Finance and accounting	75,000	91,350
Human resource and recruitment	8,910	18,590
Information technology and website	31,679	23,473
Insurance	52,264	50,884
Legal fees	327,535	379,909
Licensee system software	83,346	49,281
Office and administration	49,604	41,444
Registration and exam support remuneration	128,389	135,715
Registration and program consulting fees	241,700	135,646
Salaries and benefits	921,406	815,717
Staff travel	29,566	26,440
Translation fees	91,462	81,106
	<u>2,470,058</u>	<u>2,219,110</u>
Excess (deficiency) of revenues over expenditures before Loss on disposal of assets	\$ 1,434,046	\$ (12,585)
Loss on disposal of assets	<u>(1,060)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 1,432,986</u>	<u>\$ (12,585)</u>

See accompanying notes to the consolidated financial statements.

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## College of Patent Agents and Trademark Agent Statement of changes in net assets

Year ended December 31

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	<u>Unrestricted</u>	<u>Internally restricted</u>	<b><u>2024 Total</u></b>	<u>2023 Total</u>
Net assets, beginning of year	\$ 292,298	\$ -	<b>\$ 292,298</b>	\$ 304,883
Excess (deficiency) of revenues over expenditures	1,432,986	-	<b>1,432,986</b>	(12,585)
Interfund transfer	<u>(1,725,284)</u>	<u>1,725,284</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 1,725,284</u>	<b><u>\$ 1,725,284</u></b>	<u>\$ 292,298</u>

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See accompanying notes to the consolidated financial statements.

# College of Patent Agents and Trademark Agents

## Statement of cash flows

Year ended December 31	2024	2023
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess (deficiency) of revenues over expenditures	\$ 1,432,986	\$ (12,585)
Amortization	<u>2,667</u>	<u>2,465</u>
	1,435,653	(10,120)
Change in non-cash operating working capital		
Prepaid expenses	(1,342)	12,237
GST/HST receivable/payable	(2,851)	13,695
Payables and accruals	<u>(23,633)</u>	<u>(31,406)</u>
	1,407,827	(15,594)
<b>Investing</b>		
Disposal of capital assets	1,060	1,593
Purchase of capital assets	<u>(7,353)</u>	<u>-</u>
	(6,293)	(1,593)
Net increase (decrease) in cash and cash equivalents	1,401,534	(14,001)
Cash and cash equivalents		
Beginning of year	<u>440,537</u>	<u>454,538</u>
End of year	<u>\$ 1,842,071</u>	<u>\$ 440,537</u>

See accompanying notes to the consolidated financial statements.



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# College of Patent Agents and Trademark Agents

## Notes to the financial statements

December 31, 2024

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### 1. Nature of operations

The College of Patent Agents and Trademark Agents (CPATA) is a not-for-profit organization, established as a statutory body corporate pursuant to the College of Patent Agents and Trademark Agents Act (S.C. (Statutes of Canada) 2018, c. 27, s. 247) on December 13, 2018. CPATA began operations in 2020 and assumed responsibility for regulating the practice of Patent Agents and Trademark Agents in Canada from the Canadian Intellectual Property Office (CIPO) on June 28, 2021.

The purpose of CPATA is to regulate patent and trademark agents in the public interest and to enhance the public's ability to secure intellectual property rights under the Patent Act and the Trademarks Act. CPATA is a registered non-profit under the Income Tax Act and is exempt from income taxes.

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### 2. Summary of significant accounting policies

#### **Basis of accounting**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The significant accounting policies are detailed as follows:

#### **Fund accounting**

CPATA's accounts are maintained in accordance with the principles of fund accounting. This method ensures observance of restrictions on the use of CPATA's resources by maintaining separate accounts for each fund.

The following provides a brief description of each fund:

#### *Unrestricted fund*

Unrestricted net assets are available for future general use of CPATA.

#### *Internally Restricted Fund*

The internally restricted fund consists balances representing an operating reserve, and the professional regulation reserve.

#### *Operating Reserve*

CPATA maintains reserves in accordance with a Financial Reserves Policy adopted for the years beginning January 1, 2024. The policy has been factored into the setting of reserves for the 2024 year. The purpose of the Operating Reserve is to fund unexpected decreases in revenue and/or unforeseen and unavoidable costs during the year.

CPATA's policy is to maintain the aggregate of the Operating Reserve Fund at no less (minimum) than three (3) months (\$725,000), and a target of six (6) months (\$1,450,000) of Operating budgeted expenses.

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# College of Patent Agents and Trademark Agents

## Notes to the financial statements

December 31, 2024

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### 2. Summary of significant accounting policies (continued)

#### *Professional Regulation Reserve*

As is the case for all professional regulators, CPATA's professional regulatory costs, including investigations, complaints, discipline and unauthorized practice matters are an area of budgetary uncertainty. The costs associated with professional regulation will depend on the number of cases received, as well as their complexity. Investigation, hearing and committee costs can increase significantly when there are complex or high-risk issues that must be addressed in the public interest. The reserve is established to offset costs that materially exceed the overall annual budgeted costs of discipline-related cases.

CPATA's policy is to maintain the aggregate of the Professional Regulation Reserve Fund at a target amount which represents the estimated costs for a very complex (i.e. once in ten year) discipline matter and includes such costs as legal fees, hearing and investigation costs, committee and panel remuneration, translation fees, etc. Currently this target estimate is \$750,000. The College budgets costs for discipline related cases each year. CPATA is planning on reviewing the reserve threshold and best practices to see if adjustments may be required over the next year.

#### **Financial instruments**

##### *Initial measurement*

CPATA's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred. Financial instruments consist of cash and cash equivalents, payables and accruals.

##### *Subsequent measurement*

At each reporting date, CPATA measures its financial assets and liabilities at fair value or amortized cost (less impairment in the case of financial assets). The financial instruments measured at amortized cost are cash and cash equivalents, payables and accruals. Investments are carried at fair value.

For financial assets measured at cost or amortized cost, CPATA regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and CPATA determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

It is management's opinion that CPATA is not exposed to significant interest, currency or credit risks arising from these financial instruments. CPATA's main financial instrument risk exposure is detailed as follows:

##### *Liquidity risk*

Liquidity risk is the risk that CPATA will be unable to fulfill its obligations on a timely basis or at a reasonable cost. CPATA manages its liquidity risk by monitoring its operating requirements. CPATA prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

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# College of Patent Agents and Trademark Agents

## Notes to the financial statements

December 31, 2024

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### 2. Summary of significant accounting policies (continued)

#### Cash and cash equivalents

Cash and cash equivalents include balances on deposit with financial institutions. Also included are short-term redeemable Guaranteed Investment Certificates (G.I.C.).

#### Capital assets

Capital assets are recorded at cost. Repairs and maintenance costs are charged to expense. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to CPATA's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are amortized using the following methods and rates:

Computer hardware	30%	declining balance
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#### Revenues

CPATA follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

License fees are recognized as revenue over the period of licensure which is the calendar year.

Exam fees are recognized as revenue over the period in which the exams are written.

#### Use of estimates

The preparation of the financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Items subject to significant management estimates include useful lives of capital assets.

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### 3. Capital assets

	<u>2024</u>		<u>2023</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Computer hardware	\$ 15,739	\$ 6,457	\$ 9,282
			\$ 5,656

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# College of Patent Agents and Trademark Agents

## Notes to the financial statements

December 31, 2024

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### 4. Credit facility

CPATA has an authorized revolving demand facility with RBC in the amount of \$500,000 (2023 - \$500,000). This facility bears interest at the prime rate plus 2.5% per annum. Interest is payable monthly, in arrears, on the same day each month as determined by RBC. During 2024 CPATA had not drawn any funds (2023 - \$Nil) against the facility and as of December 31, 2024, the balance outstanding was \$Nil (2023 - \$Nil).

Security for the borrowing and all other obligations of CPATA are secured by:

- i. a general security agreement constituting a first ranking security interest in all personal property of the Borrower; and
- ii. an Irrevocable guarantee in the amount of \$1,000,000 signed by His Majesty the King in Right of Canada, as represented by the Minister of Innovation, Science and Industry, supported by an opinion letter.

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### 5. Payables and accruals

	<u>2024</u>	<u>2023</u>
Accounts payable	\$ 85,517	\$ 101,262
Accrued liabilities	24,075	24,272
Credit card payable	6,275	1,110
Committee remuneration payable	50,000	72,000
Payroll liabilities	7,988	-
Agent application deposits	1,156	-
	<u>\$ 175,011</u>	<u>\$ 198,644</u>

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### 6. Contingent Liabilities

CPATA may be party to claims as both a plaintiff or defendant. CPATA's management believes it has valid defenses and/or liability insurance against all actions currently outstanding against CPATA. Accordingly, no amount has been recorded in the financial statements with respect to the potential losses relating to litigation. A loss, should one occur, will be charged to operations in the year in which such loss is determined.

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### 7. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2024 financial statements.