

**THE  
CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION  
OF NEWFOUNDLAND AND LABRADOR**

**Financial Statements**

**Year Ended June 30, 2014**

**THE CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION OF NEWFOUNDLAND AND  
LABRADOR**

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**Year Ended June 30, 2014**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of The Certified General Accountants Association of Newfoundland and Labrador

We have audited the accompanying financial statements of The Certified General Accountants Association of Newfoundland and Labrador, which comprise the statement of financial position as at June 30, 2014 and the statements of revenues and expenditures, fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continues)

Independent Auditor's Report to the Members of The Certified General Accountants Association of Newfoundland and Labrador *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Certified General Accountants Association of Newfoundland and Labrador as at June 30, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for Not for Profit organizations.

St. John's, Newfoundland and Labrador  
October 22, 2014

  
CERTIFIED GENERAL ACCOUNTANTS

**THE CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION OF NEWFOUNDLAND AND  
LABRADOR**

**Statement of Revenues and Expenditures**

**Year Ended June 30, 2014**

	Budget 2014	2014	2013
<b>REVENUE</b>			
Membership fees	\$ 212,770	\$ 206,851	\$ 201,698
Course fees	150,000	147,821	154,377
Student registration fees	43,199	51,920	58,000
Seminar fees	40,980	37,933	33,703
Other education fees	-	24,199	32,475
Peer review fees	7,280	7,800	7,280
Graduation tickets	-	2,450	2,160
	454,229	478,974	489,693
<b>EXPENDITURES</b>			
Salaries and wages	130,663	105,113	97,862
CGA Canada education fees	118,740	71,577	86,641
Direct course expenditures	-	50,660	52,794
Annual conference and professional development	22,150	38,030	23,015
Rental	25,278	30,922	24,626
Office	12,900	14,473	17,527
Bank charges	12,649	14,243	14,035
Travel	26,200	14,186	10,930
Information technology expense	12,685	12,209	12,146
Professional fees	37,250	8,775	20,058
Advertising and promotion	27,410	8,593	10,238
Contract services	-	7,381	24,766
Insurance	4,900	5,123	5,119
Telephone	4,320	3,643	3,909
Scholarships	4,400	3,000	4,600
Gifts	2,125	1,590	1,328
Journal and publications	4,075	1,531	6,090
Bad debts	-	1,006	2,532
Amortization	1,421	394	1,421
Memberships	250	185	179
Chapter grants	1,500	-	-
	448,916	392,634	419,816
<b>INCOME FROM OPERATIONS</b>	5,313	86,340	69,877
<b>OTHER INCOME</b>			
Loss on disposal of assets	-	(2,987)	-
Interest income	2,280	6,918	525
CPA merger expense (Note 4)	(7,000)	(34,061)	(17,641)
	(4,720)	(30,130)	(17,116)
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	\$ 593	\$ 56,210	\$ 52,761

The accompanying notes are an integral part of these financial statements

**THE CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION OF NEWFOUNDLAND AND  
LABRADOR**

**Statement of Financial Position**

**June 30, 2014**

	<i>June 30</i> <b>2014</b>	<i>June 30</i> <b>2013</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 107,957	\$ 63,929
Term deposits	277,079	270,395
Receivables	66,950	57,364
Prepaid expenses	5,146	2,125
	<b>457,132</b>	<b>393,813</b>
PROPERTY AND EQUIPMENT <i>(Note 5)</i>	1,578	4,958
INTANGIBLE ASSETS <i>(Net of accumulated amortization) (Note 6)</i>	4	4
CPA UNIFICATION FUND <i>(Note 7)</i>	100,000	100,000
	<b>\$ 558,714</b>	<b>\$ 498,775</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>CURRENT</b>		
Payables and accruals	\$ 48,387	\$ 48,019
Harmonized sales tax payable	9,539	6,178
	<b>57,926</b>	<b>54,197</b>
<b>FUND BALANCES</b>	<b>500,788</b>	<b>444,578</b>
	<b>\$ 558,714</b>	<b>\$ 498,775</b>

On behalf of the Association

\_\_\_\_\_ Governor

\_\_\_\_\_ Governor

The accompanying notes are an integral part of these financial statements

**THE CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION OF NEWFOUNDLAND AND  
LABRADOR**

**Statement of changes in Fund Balances**

**Year Ended June 30, 2014**

	2013 Balance	Excess of Revenues over Expenditures	Contributions	Withdrawals	2014 Balance
General Fund	\$ 214,537	\$ 56,210	\$ -	\$ -	\$ 270,747
Discipline Fund	72,000	-	-	-	72,000
Scholarship Fund (Note 8)	4,600	-	-	-	4,600
Capital Fund	5,000	-	-	-	5,000
Education Fund (Note 9)	48,441	-	-	-	48,441
CPA Unification Fund	100,000	-	-	-	100,000
	<b>\$ 444,578</b>	<b>\$ 56,210</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,788</b>

	2012 Balance	Net Income	Contributions	Withdrawals	2013 Balance
General Fund	\$ 272,776	\$ 52,761	\$ -	\$ (111,000)	\$ 214,537
Discipline Fund	61,000	-	11,000	-	72,000
Scholarship Fund	4,600	-	-	-	4,600
Capital Fund	5,000	-	-	-	5,000
Education Fund	48,441	-	-	-	48,441
CPA Unification Fund	-	-	100,000	-	100,000
	<b>\$ 391,817</b>	<b>\$ 52,761</b>	<b>\$ 111,000</b>	<b>\$ (111,000)</b>	<b>\$ 444,578</b>

The accompanying notes are an integral part of these financial statements

**THE CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION OF NEWFOUNDLAND AND  
LABRADOR**

**Statement of Cash Flows  
Year Ended June 30, 2014**

	2014	2013
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 56,210	\$ 52,761
Items not affecting cash:		
Amortization of property, plant and equipment	394	1,421
Loss on disposal of assets	2,987	-
	<b>59,591</b>	<b>54,182</b>
Changes in non-cash working capital:		
Receivables	(9,586)	2,827
Payables and accruals	367	(7,162)
Prepaid expenses	(3,021)	13,935
Harmonized sales tax	3,361	(441)
	<b>(8,879)</b>	<b>9,159</b>
Cash flow from operating activities	<b>50,712</b>	<b>63,341</b>
<b>INVESTING ACTIVITY</b>		
Investment in CPA Unification Fund (Note 7)	-	(100,000)
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>50,712</b>	<b>(36,659)</b>
Cash - beginning of year	334,324	370,983
<b>CASH - END OF YEAR</b>	<b>\$ 385,036</b>	<b>\$ 334,324</b>

The accompanying notes are an integral part of these financial statements



**THE CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION OF NEWFOUNDLAND AND  
LABRADOR**

**Notes to Financial Statements**

**June 30, 2014**

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1. NATURE OF OPERATIONS

The Certified General Accountants Association of Newfoundland and Labrador (CGA NL) is a self-governing body of professional accountants incorporated under the Certified General Accountants Act, 2008, Chapter C- 6.1.

CGA NL is affiliated directly with the national body, CGA Canada.

The Association is not subject to income tax under section 149(1) of the Income Tax Act of Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are prepared in accordance with Canadian accounting standards for Not for Profit organizations.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not for profit enterprises 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. Actual results could differ from these estimates.

Revenue recognition

Member fees and other revenues are recognized in the year to which they relate.

Contributed Services

CGA NL and its members benefit from contributed services in the form of volunteer time for various committees. Contributed services are not recognized in these statements.

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Property and equipment are amortized at rates calculated to write off the assets over their estimated useful lives as indicated below, except in the year of acquisition when one half of the rate is used.

Equipment	20%	declining balance method
Computer equipment	30%	declining balance method

The Association regularly reviews its property and equipment to eliminate obsolete items.

3. COMPARATIVE FIGURES

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

**THE CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION OF NEWFOUNDLAND AND  
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**Notes to Financial Statements**

**June 30, 2014**

**4. CPA MERGER EXPENSE**

	2014	2013
Marketing	\$ 2,297	\$ 7,981
Legal	1,459	9,660
Salaries and recruitment	30,305	-
	<b>\$ 34,061</b>	<b>\$ 17,641</b>

**5. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Equipment	\$ 11,470	\$ 9,892	\$ 1,578	\$ 3,945
Computer equipment	-	-	-	1,013
	<b>\$ 11,470</b>	<b>\$ 9,892</b>	<b>\$ 1,578</b>	<b>\$ 4,958</b>

**6. INTANGIBLE ASSETS**

**Shared Services Facility Inc.**

During the fiscal year ended June 30, 2011, CGA Canada together with eight provincial and territorial associations including CGA Newfoundland formed a federally incorporated corporation known as Shared Services Facility Inc. (SSF) for the purpose of operating a shared service facility providing information technology services, including electronic data processing, facilities management, telecommunications and related services to these parties. CGA Newfoundland is a 4.5% shareholder owning 40 shares of the 1,000 shares issued by the corporation at \$.10 each (\$4). SSF now provides the web site, portal interface and content management services previously provided by CGA Canada Online Services Corporation.

**7. CPA UNIFICATION FUND**

During the fiscal year ended June 30, 2013, the Certified General Accountants of Newfoundland and Labrador (CGA NL), signed a formal agreement to pursue unification with the Institute of Chartered Accountants of Newfoundland and Labrador (ICA NL) and The Certified Management Accountants of Newfoundland and Labrador (CMA NL). The three organizations are working together to form a new accounting body under the name of Chartered Professional Accountants of Newfoundland and Labrador, which would be established by legislation. As part of this commitment, CGA NL made a \$100,000 non refundable investment into the Unification Fund.

**8. SCHOLARSHIP FUND**

CGA Newfoundland has initiated a program of awards to Memorial University of Newfoundland and the College of the North Atlantic students which provides tuition assistance towards CGA education courses to be taken within three years. The balance of the fund represents the expected cost of the credits that will be utilized.

**THE CERTIFIED GENERAL ACCOUNTANTS ASSOCIATION OF NEWFOUNDLAND AND  
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**Notes to Financial Statements**

**June 30, 2014**

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**9. EDUCATION FUND**

The purpose of the education fund is to provide funding support to identified senior academics in attaining a CGA designation through the CGA Accelerated Study Program, or in supporting advanced research in the area of accounting as part of the completion of a doctorate or other degree. The fund may also provide further opportunity to support current individuals enrolled in a post-secondary institute in Newfoundland and Labrador or in the CGA Newfoundland and Labrador program of professional studies through a scholarship or bursary.

The education fund is an internally restricted fund to be administered by the CGA NL Board exclusively for the above noted purpose. The amount committed is \$48,441.

**10. FINANCIAL INSTRUMENTS**

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as of June 30, 2014.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to discharge their financial obligations to the Association. The Association's credit risk derives from cash and short term investments, accounts receivable and investments. The association has a large number of members and students which reduces credit risk.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its receipt of funds from its members and students. The financial instruments that are exposed to liquidity risk are accounts receivable, term deposits and accounts payable.