

**Chartered Accountants of
Newfoundland and Labrador**

2012-13 ANNUAL REPORT



**MISSION STATEMENT OF NEWFOUNDLAND AND LABRADOR'S
CHARTERED ACCOUNTANTS**

Our mission is to uphold public confidence in the CA profession within Newfoundland and Labrador by acting in the public interest and helping our members excel.



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EXECUTIVE MESSAGE



David R. Pine, CA
Chair



Keith C. Minaker, CA
Chief Executive Officer

The mandate of the Institute is to ensure our members excel in all aspects of their professional life and in particular the service they provide to the public. In 2010, the Board completed a comprehensive Strategic Plan which was designed to guide the Board's activities from 2010-15. While your 2012-13 Board has been focused on the continuing unification talks with Newfoundland and Labrador's Certified Management Accountants and Certified General Accountants, the five year strategic plan continues to be relevant and we have ensured that we have not lost sight of these strategic priorities. Through our discipline processes, and practice inspection and continuing professional development programs we have continued to fulfil our legislative mandate to protect the public interest. As we move forward with the unification talks, provincially and nationally, our members can be assured that the strategic priorities of our legacy bodies will not be lost. Unification of the three accounting bodies in Newfoundland and Labrador will provide us with a stronger professional organization to meet our objectives.

Unification of the accounting profession

There has been considerable progress made toward the unification of the accounting profession at both the national and provincial levels during the past year. It is important to note that unification needs to be considered at both the provincial and national levels. Regulation of the accounting profession is a provincial responsibility but each of the accounting bodies works collaboratively across provincial borders with the support of the national bodies.

Over the course of the summer and fall of 2012, ICANL and CMA-NL sought and received positive input from their members giving them the direction to proceed with a unification process. In early 2013, at a time when few of their other provincial CGA colleagues were considering unification (except for CGA Alberta, who was always involved in discussions and CGA Quebec, who were mandated to unification by the Quebec government), CGA-NL issued the bold announcement that they were

returning to unification discussions making Newfoundland and Labrador the first province to be engaged in a voluntary three-way unification in the country.

Subsequent to the positive votes from members in Newfoundland and Labrador, most other provincial CA and CMA bodies have held similar votes; each vote lending support to unification. In provinces where the CGA bodies have been involved in the unification discussions, advisory votes were taken by all three bodies and in every case the majority of members who voted indicated their support for unification.

Despite the positive voting in most provinces, this past year has also seen some bodies withdraw from unification discussions only to rejoin discussions at a later date when there was more clarity. While the Institute of Chartered Accountants of Alberta (ICAA) had withdrawn from discussions in early 2012, they rejoined discussions with their CMA and CGA counterparts earlier this year and in late April 2013 the three Alberta accounting bodies signed a unification proposal. The ICAA expects to complete their member vote in late June. In Ontario, the CMAs rejoined the discussions earlier this year and on May 1, the Institute of Chartered Accountants of Ontario and CMA Ontario signed a Memorandum of Understanding to pursue a merger agreement. They issued a merger proposal to members in mid-May with a view of holding a member advisory vote sometime in June.

At the national level, CICA and CMA Canada joined forces to form CPA Canada effective January 1, 2013. On April 1, 2013, the assets and liabilities of both legacy bodies became the assets and liabilities of CPA Canada. CPA Canada will support those provincial accounting bodies that have unified and those who intend to unify under the CPA banner. In April 2013, CGA Canada announced its desire to rejoin the unification discussions with CPA Canada. At the same time, a number of other provincial CGA bodies, as well as a number of CGA Canada's international affiliates in Asia and the Caribbean, rejoined the discussion.

With unification of the profession, the educational process for students entering the profession will require significant change. Throughout the unification discussions the education program was a top priority. The education services group at CPA Canada has been focused on development of a new program. In Newfoundland and Labrador the university graduates of 2013 will be the last graduates that will enter the traditional Chartered Accountancy education program at the Atlantic School of Chartered Accountancy (ASCA). These candidates will write the 2014 Uniform Final Examination. University graduates of 2014 will enter the two-year CPA Professional Education Program (CPA PEP) and attempt the 2016 Common Final Evaluation (CFE). Candidates who are unsuccessful in the 2014 UFE will be transitioned into the CPA program with the ability to attempt the CFE in 2015.

In addition to the CPA PEP, designed for candidates who have obtained certain prerequisite education, the CPA Prerequisite Educational Program (CPA PREP) has been developed to allow non-accounting degree holders, or those individuals who do not have all the necessary prerequisites for entry into the CPA PEP program to complete requisites. Certain components of this program have already been completed and this program will have the first entry of students in the fall of 2013.

In Newfoundland and Labrador, CPA-NL cannot be formed without the proclamation of new legislation by the Provincial Government and we have been meeting throughout the past fiscal year with

The Institute of Chartered Accountants of Newfoundland and Labrador

representatives from the Ministry of Service NL to provide information and to assist in the development of such legislation. In the meantime, your Board appointed representatives (with equal representation from both CMA-NL and CGA-NL) to serve on a Transition Steering Committee (TSC) to develop a plan to integrate the three bodies and to develop a directional plan that would allow us to become CPA-NL when legislation is passed. A number of important developments have been accomplished under the leadership of the TSC including:

- Drafting a formal agreement to pursue unification which will be signed before June 30, 2013;
- Signing a lease for shared space with CMA-NL and CGA NL in the existing Bonaventure Place building. The actual transition of operations and sharing of space will occur when Legislation is passed by Government;
- Preparing proposed new draft CPA legislation that the Government of Newfoundland and Labrador may wish to consider during their review and drafting process;
- Assistance in the development of an informational website for potential candidates and students of the new CPA educational program;
- Supporting CPA Canada in the development of the new certification program to start this year in Western Canada;

Focus on Strategic Priorities

Even though a significant amount of progress was made in the Unification process, the Board and staff continued to focus on moving forward with the priorities identified in the Institute's strategic plan:

- Uphold public confidence in the CA Profession in Newfoundland and Labrador
- Provide services to its members to enhance their professional competence and help them excel
- Attract competent and ethical people to the CA profession
- Improve the efficiency and effectiveness of the Institute's processes
- Enhance communications and promote the CA Profession
- Work with the Canadian Institute of Chartered Accountants, other Provincial Institutes and Bermuda

Uphold Public Confidence in the CA Profession in Newfoundland and Labrador

At the core of the CA profession is our commitment to protecting the public interest. Over the years, the Institute has established strong self-regulatory processes and has continued to work with the other Provincial Institutes to achieve greater consistency in those processes. Institute CEO, Keith Minaker, is a member of the profession's Public Trust Committee (PTC), which is responsible for identifying where the profession needs to raise the bar in its self-regulatory processes. Over the past year, the PTC and its various working groups, task forces and committees continued to develop recommendations that would result in greater congruence in how the self-regulatory processes

function. One area that received considerable attention this past year is the independence standards for professional accountants.

The PTC formed an Independence Task Force (ITF) to review the current independence requirements included in the Rules of Professional Conduct (RPCs). This review was precipitated by changes made in 2009 to the independence standards included in the Code of Ethics of the International Federation of Accountants (IFAC). As a member of IFAC, the Canadian CA profession monitors IFAC developments to facilitate the convergence of national and international standards. At the end of February 2013, an Exposure Draft on proposed changes to the independence rules was released with a response date of May 31, 2013. It is anticipated that final changes to the Rules of Professional Conduct will be reviewed by Council this fall with those changes being brought to the membership for approval at a Special General Meeting later this year.

Our disciplinary and practice inspection processes continue to function well as we incorporate recommendations made by the Practice Inspection Program Working Group and the Discipline Working Group

Provincially we continue to operate a robust practice inspection system, respond to complaints and concerns from members and the public through our disciplinary process and to ensure our members continue to update and enhance their skills by monitoring adherence to the Institute's continuing professional development regulations.

ICANL continues to work with the Public Accountants Licensing Board to ensure that all members licensed to practice public accounting have the necessary training, carry the required levels of professional liability insurance and practice public accounting in a manner that ensures protection of the public interest.

Provide services to its members to enhance their professional competence and help them excel

One of the key strategic priorities for the Institute and the CA Profession is to provide support for its members. This support commences from the time they begin their professional life as students and continues throughout their professional career. In partnership with the CA Education Foundation, the Institute continued to work with Memorial University and the Atlantic School of Chartered Accountancy (ASCA) throughout 2012-13 to provide an exceptional education program for those aspiring to be CAs.

But, as we know, lifelong learning is a hallmark of the CA profession. While it is not possible for the Institute to meet all the learning needs of all its members, this year we continued to offer a wide variety of learning opportunities in such areas as financial reporting, assurance, corporate finance, information technology, taxation, wealth management, management, leadership and personal development. We also continued to provide concise and interesting learning opportunities through the Business Insight Series.

Attract Competent and Ethical People to the CA Profession

In 2012, the Institute continued with its mandate to attract new members by creating new and innovative pathways for qualified individuals to enter the CA profession. The Board and the CA

The Institute of Chartered Accountants of Newfoundland and Labrador

Profession recognized that we needed to address the increasing opportunities and challenges facing our profession. With a growing focus on the skilled trades in our province the number of students entering university and expressing interest in a professional accounting designation is decreasing. However, we also recognized that there are a growing number of foreign-trained professionals immigrating to Canada, and to Newfoundland and Labrador and we need to be sure that our profession is open to accepting those who can demonstrate that they meet our rigorous standards for entry into the profession.

The CA Profession has initiated a program involving an “Evaluation of Experience”, a process has been used in other jurisdictions to facilitate evaluating the credentials of highly qualified foreign professionals with substantial senior-level experience to determine if their credentials and experiences are substantially equivalent to that of a Canadian CA.

Provincially we have continued to support local efforts through recruiting campaigns held at the university. Through the expanded experience opportunities program we continue to explore opportunities to develop new training positions in public practice, industry and government. Offering varied training opportunities increases the attractiveness of the profession and allows individuals to train in areas outside the traditional public practice environment. Finally, in conjunction with the CA Education Foundation we have also developed a program to promote the profession at the high school level to ensure we continue to attract the best and brightest students in the province.

Improve the efficiency and effectiveness of the Institute’s processes

The online CPD reporting system, implemented in the winter of 2012, has proven to be an excellent tool for both members and staff. This system allows members to update their CPD hours directly into their member profiles in ICANL’s database and declare their compliance on-line when they have met the CPD requirements for the year/cycle. Use of this system has eliminated the manual declaration forms and has improved the efficiency and effectiveness of the CPD audit process since details of a member’s CPD are available to Institute staff on-line. While this system has resulted in significant improvements in ICANL processes, it is also an excellent tool for members to track their CPD hours on an on-going basis. Additionally, for members taking advantage of CPD opportunities through ICANL, hours are updated in the member’s profile.

Enhance communications and promote the CA Profession

During 2012-13, ICANL continued to provide input regarding public policy matters on which we felt that the CA Profession could offer objective and expert advice. Members of the Government Affairs Committee provided input to government as part of the pre-budget consultation. ICANL members continue to meet with representatives from Canada Revenue Agency to discuss matters of significance to both groups.

The Institute continued to take an active role in the Board of Trade and Junior Achievement and provide our annual Seniors’ Income Tax clinics to promote our presence in the community and in the province. We continued to collaborate with the national profession and our counterparts in other provinces in much of our branding activities. With the unification discussion over the course of the past two years, national branding work for the profession was put on hold until the profession determined

what the new brand for the profession should look like. A committee was formed at the national level with representation from many of the provincial bodies involved in the unification. As an important first step, a CPA unique brand value proposition was prepared. Once agreed upon by the provincial bodies, the unique value proposition formed the basis for the development of a new branding campaign that will be launched this year. The branding campaign began with the development of a number of recruitment materials under the banner of CPA One. It was used by ICANL, CMA-NL and CGA NL in our recruitment efforts in both high schools and universities this past year. The new CPA logo was launched on April 1. The new logo is a contemporary interpretation of the iconic Canadian maple leaf and a strong word mark adopted from CPA Quebec. It projects the Canadian CPA designation's leadership, confidence, and its reputation and influence in the global financial community. A new branding campaign is currently under development and is expected to be launched in the fall of 2013

Work with the Canadian Institute of Chartered Accountants, other Provincial Institutes and Bermuda

The Board supported the activities of the Council of Senior Executives (CSE) through participation in the Professional Learning Committee, Public Trust Committee and the Member Relations Taskforce. By working in these national initiatives we are well positioned to better understand the issues facing the profession and the impacts of unification nationally and provincially. The involvement of our staff on these national committees ensures that our members have access to the most up to date professional standards and benefits, including the most recent professional development opportunities.

We continue to participate in meetings with our regional counterparts and Bermuda as part of the Atlantic Regional Officers Group (AROG). The AROG group works together to assess the success of regional initiatives. Currently, this group is working with its CMA and CGA counterparts to assess the role of education in Atlantic Canada in the unified profession.

As you can see it has been an extremely busy year for the Institute. We have continued to meet our strategic objectives and have upheld public confidence in our profession. As we move forward with unification discussions with our CMA and CGA colleagues, the support of our dedicated staff and volunteers will ensure continued confidence in the accounting profession in Newfoundland and Labrador. On behalf of the Executive, we would like to take this opportunity to thank the ICANL Board and our dedicated staff and volunteers.



David R. Pine, CA
Chair



Keith C. Minaker, CA
Chief Executive Officer

MEMBERS OF THE BOARD 2012/13

OFFICERS



*David Pine, CA
Chair*



*Thomas Brockway, CA
Vice-chair*



*John O'Brien, CA
Secretary-Treasurer*

OTHER MEMBERS OF THE BOARD



*Dr. Thomas Cooper
Public Representative*



*Pauline Downer, FCA
Board member*



*Rob Hull, CA
Board Member*



*Paul Janes, CA
Board Member*



*Colleen Menthions, CA
Board Member*



*Sheilagh Murphy, LLB
Public Representative*



*Beth Porter, CA
Board Member*



*Donna Rideout, CA
Board Member*

COMMITTEES OF THE BOARD 2012/13

AUDIT

John O'Brien, Chair
Paul Janes
Donna Rideout

CORPORATE GOVERNANCE

David Pine, Chair
Thomas Cooper**
Colleen Menchions

FCA NOMINATING

Nina Adey, Chair
Stephen Belanger
Mark Bradbury
Janet Gardiner
David Hood
David Pine
Ronald Walsh
Scott Walters

HUMAN RESOURCES

David Pine, Chair
Tom Brockway

INVESTMENTS

John O'Brien, Chair
Paul Janes
Donna Rideout

NOMINATING

David Pine, Chair
Tom Brockway
John O'Brien

STRATEGIC PLANNING

Dorothy Keating, Chair
Tashia Batstone
John Barrett
Susan Cohlmeier
Thomas Cooper**
Michelle Jewer
Lori Menchenton
Richard Power
Jason Silver
Nancy Snedden

** Public Representative

The Institute of Chartered Accountants of Newfoundland & Labrador

SELF-REGULATORY COMMITTEES

BY-LAWS ADVISORY

David Hood, Chair
Nina Adey
Andrea Holloway
Matthew Lewis
Ronald Walsh

COMPLAINTS AUTHORIZATION

Pauline Downer, Chair
Tom Brockway
Paul Janes
Sheilagh Murphy**
David Pine

CONDUCT INVESTIGATIONS

Blair Jewer
Jerry Oser
Barry Tilley
Eric Wells

DISCIPLINE

Eric Coombs, Chair
Scott Belbin
Susan Cohlmeier
Peter Collens
Roger Coombs
Todd Doman**
Susan Gallant**
Wilson Hoffe
Tom Kendell**
Glenn Mifflin
Ian Patey**
Donald Powell
Philip Quinlan
Greg Roberts
Cheryl Whitten

MEMBERSHIP

Jason Silver, Chair
Tashia Batstone
Geoff Cochrane
Kim Simms
Heather Whelan

OFFICE PRACTICE INSPECTION

Tim Fahey, Chair
Shirley Alexander
Fred Earle
Lynn Healey
Derek Howell
Byron Smith
Lesley White

COMMITTEES ADVISORY TO MANAGEMENT

COMMUNICATIONS

Karen Gosse, Chair
Scott Antle
Alison Ball
Krista Hogan
Karen Legge
Nicole Miller
Beth Porter

GOVERNMENT AFFAIRS

Richard Daw, Chair
Robert Bishop
Boyd Chislett
Peter Collens
Janet Gardiner
Roy Naugler
Jim Nightingale
Kevin Sullivan

** Public Representative

JOINT APPOINTMENTS WITH THE ATLANTIC REGION

BOARD OF EVALUATORS

Jason Hale, ICANS

CICA BOARD OF DIRECTORS

Tom Conyers, ICAB

Leo Gallant, ICANS

CPA CANADA BOARD OF DIRECTORS

Tom Conyers, ICAB

COMPETENCY MAP COMMITTEE

Ryan Pineau ICAPEI (in part)

Judy Cumby, ICANL

PROFESSIONAL LEARNING COMMITTEE – PREQUALIFICATION GROUP

J. Daniel Trainor, ICANS

MEMBERS SERVING ON CICA COMMITTEES/BOARDS

COUNCIL OF PRESIDENTS

David Pine

Tom Brockway

COUNCIL OF SENIOR EXECUTIVES, PUBLIC TRUST COMMITTEE

Keith Minaker

MEMBER ADVISORY SERVICES GROUP, CA POOLED PROFESSIONAL DEVELOPMENT GROUP, MEMBERS IN INDUSTRY WORKING GROUP AND PRACTICE INSPECTION PROGRAM STANDING SUBCOMMITTEE

Kim Mayo

REPRESENTATIVES ON OTHER COMMITTEES/BOARDS

ATLANTIC SCHOOL OF CHARTERED ACCOUNTANCY BOARD

Peggy Ann Coady

David Pine

FELLOWS OF THE INSTITUTE

1955 Howard T. McDougall	1990 Kevin R. Dean David M. French Frances M. Nichols	2004 Pauline A.E. Downer Gerald C. Smith Paula M. McDonald
1959 Robert Leith	1991 Wilson J. Hoffe	2005 A. Colin Haines David A. Howe
1975 A.C. Lloyd Hudson John Hyslop Stanley N. Inkpen George C. Rowe Frederick D.R. Woolgar	1992 Bernard E. Beckett C. Bruce Chafe David W. Earle Janet C. Gardiner Raymond E. Gruchy Robert J. Healey	2006 Peggy Ann Coady James A. Kirby
1976 George W.D. Allen G. Colin Baird Edward M. Hunter	1993 David Adey	2007 D. Boyde Clarke Thomas P. Conway Eric D. Wells
1977 G. Lawrence Johnson	1994 Richard J. Daw Philip G. Quinlan	2008 Roger G. Butt
1979 James W. Conway	1995 Stephen M. Belanger John E. Gover	2009 Jeffrey D. Follett
1980 David R. Baird A. Donald Blackwood David E. Howley	1996 Nina L. Adey Jeffrey B. Pardy	2010 David A. Hood Richard K. Power Kevin G. Sullivan
1983 Charles W. Earle F. George Penney Donald J. Warr	1997 Russell E. Pelley	2011 Elizabeth E. Marshall Jason P. Silver
1984 Stephen B. Gallagher Edwin M. Stratton	1998 Eric L. Coombs Gail M. Hamilton	2012 Tashia E. Batstone D. Scott Shears Ronald J. Walsh Scott H. Walters
1985 J. Merrill Belanger	1999 Lloyd A. Foote	2013 Bill C. Budgell Sharon A. Forsey Dorothy M. Keating Jo Mark Zurel
1986 James T. Cavanagh	2000 Susan A. Cohlmeier Judith A. Cumby Trudy M. Pound-Curtis	
1987 Francis J. Kelly J. Wayne Trask	2003 William R. Brushett Derrick F. Sturge Michael J. Wilson	
1988 C. John Chapman William P. Drover		
1989 John M. Gardner		

PAST PRESIDENTS/CHAIRS

1949-51 Robert Leith	1979-80 Donald J. Warr	1997-98 Lloyd A. Foote
1951-53 Reginald B. Moyse	1980-81 Edwin M. Stratton	1998-99 Susan A. Cohlmeier
1953-55 John Hyslop	1981-82 Stephen B. Gallagher	1999-00 Mark G.S. Bradbury
1955-56 John C. Newland	1982-83 William P. Drover	2000-01 Lewis W. Stoyles
1956-57 A.C. Lloyd Hudson	1983-84 James T. Cavanagh	2001-02 William R. Brushett
1957-59 Edward M. Hunter	1984-85 Francis J. Kelly	2002-03 Paula M. McDonald
1959-61 Frederick D.R. Woolgar	1985-86 J. Wayne Trask	2003-04 David A. Howe
1961-62 Stanley N. Inkpen	1986-87 C. John Chapman	2004-05 James A. Kirby
1962-64 James W. Conway	1987-88 John M. Gardner	2005-06 D. Boyde Clarke
1964-65 Peter J. Gardiner	1988-89 David M. French	2006-07 Roger G. Butt
1965-67 Gerald L. Kennedy	1989-90 Wilson J. Hoffe	2007-08 Jeffrey D. Follett
1967-70 G. Colin Baird	1990-91 Raymond E. Gruchy	2008-09 Richard K. Power
1970-72 G. Lawrence Johnson	1991-92 Bernard E. Beckett	2009-10 Jason P. Silver
1972-74 David R. Baird	1992-93 Philip G. Quinlan	2010-11 D. Scott Shears
1974-75 J. Merrill Belanger	1993-94 Stephen M. Belanger	2011-12 Dorothy M. Keating
1975-76 David Adey	1994-95 Jeffrey B. Pardy	2012-13 David R. Pine
1977-78 A. Donald Blackwood	1995-96 Russell E. Pelley	
1978-79 James T. Cavanagh	1996-97 Eric L. Coombs	

WELCOME TO NEW MEMBERS

BY EXAMINATION

Jillian Abbott	David Gabriel	Thomas Pritchard
Mark Aspell	Adam Goff	Jennilee Rennie
Jillian Cole	Jacalyn Guy	Jodi Reeves
Matthew Cole	Meghan Hickey	Nichola Sooley
Ryan Coles	George Hogan	Cameron Spinney
Jordon Cull	Tara Hollett	Ryan Stack
Jillene Diamond	Mark MacRoberts	Brodie Taylor
Diana Elliott	Sean McGrath	David Tuff
Andrea Evoy	Ian McKay	Alexandra White-Dzuro
Gina Fudge	Simon Penney	Wei Xu

BY AFFILIATION

Welcome to:

Peggy S. Doody, Ontario
Kayla Freake, Alberta
William D. Penney, Ontario
Gwen B. Quigley, New Brunswick

MEMBERSHIP STATISTICS

	<u>March 31, 2013</u>	<u>March 31, 2012</u>
Active members	702	681
Retired members	91	86
Honorary members	1	1
Total Membership	794	768
Students		
UFE Graduates awaiting admission	12	6
Pre-UFE ASCA Students	49	62

AWARDS

FELLOW OF THE CHARTERED ACCOUNTANT (FCA)

The FCA designation is awarded by the Board to recognize outstanding service to the profession and the community. A call for nominations is issued to all members each fall; FCAs are announced in late November. Congratulations to William C. Budgell, Sharon A. Forsey, Dorothy M. Keating and Jo Mark Zurel on receiving the FCA designation.

FACULTY OF BUSINESS SCHOLARSHIPS

The Chartered Accountants' Education Foundation of Newfoundland and Labrador, Inc. annually awards five scholarships to Faculty of Business students. Memorial University Scholarships for 2012/13 were awarded to:

Sunjin Gu	\$2,000
Danny Mills	\$1,250
Erica Peddle	\$2,000
Alicia Reid	\$1,250
Stuart Wallace	\$1,250

UFE RELATED AWARDS

ROBERTA L. HUNT, CA, MEMORIAL AWARD

The Roberta L. Hunt, CA, Memorial Award, valued at \$1,000, is funded by the St. John's partners of PricewaterhouseCoopers LLP in recognition of Roberta L. Hunt, CA and her contribution to the Chartered Accountancy profession. The award is administered by The Chartered Accountants' Education Foundation of Newfoundland and Labrador, Inc. and is awarded to the successful Newfoundland and Labrador UFE candidate who achieves the highest average in ASCA's professional program. Congratulations to Alexandra White-Dzuro, recipient of the Roberta L. Hunt, CA, Memorial Award for 2012.

DAVID HOPE HONOUR ROLL

In 1986 ASCA established the David Hope Honour Roll in honour of David Hope, FCA and to recognize his contribution to the development of ASCA and to CA education generally. Placement on the Honour Roll is awarded annually to successful UFE candidates in the Atlantic Provinces and Bermuda who show outstanding performance on the ASCA professional program and/or achieve a place on the National Honour Roll. Congratulations to Ian McKay, Sean McGrath and Alexandra White-Dzuro for placing on the David Hope Honour Roll for 2012.

JAZZ-IT CA STUDENT RECOGNITION AWARD

This award is funded by JAZZ-it, a Canadian based company with products designed to bring efficiencies to users of CaseWare and CaseView and is presented to a successful Newfoundland and Labrador UFE candidate in recognition of active community involvement while a student on the CA professional program. Congratulations to this year's winner Ryan Stack.

STATEMENT OF MANAGEMENT RESPONSIBILITY

The annual financial statements and all financial and other information contained in this Annual Report are the responsibility of the Institute's management. Management has prepared the financial statements in accordance with Canadian generally accepted accounting principles for not for profit organizations, choosing those which it considers most appropriate to the Institute's circumstances, and applying best estimates and judgments based on currently available information. The significant accounting policies are described in note 1 to the financial statements.

The MD&A has been prepared in a manner consistent with the spirit and broad framework articulated by the CICA's Canadian Performance Reporting Initiative Board in its document *Management's Discussion and Analysis: Guidance on Preparation and Disclosure*. The MD&A includes forward-looking information. Actual results in the future may differ materially from this information, however, because future events and circumstances are not always within management's control, they may not occur as expected. Management is responsible for the integrity and reliability of financial information, and has established systems of internal procedural and accounting controls designed to achieve this. These systems also reasonably ensure that assets are safeguarded from loss or unauthorized use.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board carries out this responsibility principally through the Audit Committee. The Audit Committee of the Board meets with the 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.

Coombs and Associates, Chartered Accountants have been appointed by the membership as the Institute's auditors to express their opinion on the fair presentation of the financial statements. They have full and unrestricted access to the Audit Committee and management to discuss matters pertaining to their audit. The Audit Committee annually undertakes a formal review of the auditor's performance and makes recommendations to the Board with respect to reappointment for the coming year.



Keith C. Minaker, CA
Chief Executive Officer

MANAGEMENT DISCUSSION & ANALYSIS

MISSION

The mission of The Institute of Chartered Accountants of Newfoundland and Labrador is to uphold public confidence in the CA profession within Newfoundland and Labrador by acting in the public interest and helping our members excel.

Founded in 1949, The Institute of Chartered Accountants of Newfoundland and Labrador (CA Newfoundland and Labrador) is a self-regulatory professional body incorporated under *The Chartered Accountants Act, 2008*. CA Newfoundland and Labrador has approximately 800 members and 61 students.

GOVERNANCE

Under *The Chartered Accountants Act, 2008*, CA Newfoundland and Labrador is governed by a Board of 11 individuals, including 9 CAs elected by the membership and two public representatives appointed by the Minister of Government Services. To assist with governance, there are seven Committees of the Board—Audit, Human Resources, Investments, Corporate Governance, Nominating, FCA Nominating and Strategic Planning. The Board has also established the following Self-Regulating Committees to help fulfill its regulatory mandate: By-laws Advisory, Complaints Authorization, Conduct Investigations, Discipline, Membership and Office Practice Inspection. Other special or advisory committees may be established from time to time.

Since March 31, 2003 the Board has followed the Policy Governance model in governing the affairs of CA Newfoundland and Labrador. The Board has approved Ends, Executive Limitations, Governance Process and Board-CEO Linkage policies. These policies are reviewed and updated annually by the Board.

The Chief Executive Officer develops an action plan and business plan based on Board-approved Ends. The Board approves the annual business plan which is supported by a three-year operating budget. The Board also approves the annual fee assessment.

As well as managing the unique issues affecting CAs in Newfoundland and Labrador, the Institute works in partnership with the other provincial institutes/ordre of Chartered Accountants, the Canadian Institute of Chartered Accountants (CICA) and the Chartered Professional Accountants of Canada (CPA Canada) to develop national policies for critical profession-wide functions such as public interest and integrity; effective leadership and strategic planning for the profession; education and qualification; standard setting; and communications.

STRATEGIC DIRECTION

The Institute's planning cycle begins with Board approval of priorities for the ensuing fiscal year as articulated in the annual business plan. This business plan is then used by management to prepare a budget for the financial resources necessary to carry out the overall business plan. The establishment of Institute priorities is developed in concert with the Institute's strategic plan and the national strategies of the profession.

PROVINCIAL STRATEGIES

The priorities for the Institute for 2013-14, as approved by the Board in March 2013, are to:

- Continue to work with the executives of CMA-NL and CGA-NL and the provincial government to pursue unification efforts in Newfoundland and Labrador.
- Continue to develop strategic relationships with stakeholders in government and the business community to ensure the marketplace values the pre-eminence of the the profession, and our members in particular.
- Ensure that our members continue to excel by providing opportunities for superior professional development.
- Ensure public trust and confidence in the profession through establishing, influencing, monitoring and enforcing high quality accounting, auditing, assurance and ethical standards and practices. An integral part of this will be the role of practice inspection and discipline.
- Ensure organizational effectiveness within the Institute in particular by capitalizing on the expertise of our membership by encouraging members, particularly those new to the profession, to volunteer with the Institute.
- To encourage growth in the profession by working with local industry employers to increase the number of approved training offices in the province.

FINANCIAL PERFORMANCE

An annual budget, which includes capital requirements, is prepared by management and reviewed by the Board. The Institute's annual budget is prepared on a break-even basis. Should the budgeted cost of carrying out the planned strategic initiatives exceed the budgeted revenue in any year, the Board must select between spending cuts (with resultant activity reductions) and member fee increases in order to arrive at a break-even budget position. The Institute's financial performance is measured by comparing actual results for the year to the budget and the prior year.

The Institute's performance relative to its budget is monitored on an ongoing basis by the Board. Decisions by management to make expenditures which are unplanned or at levels which materially depart from budget must be approved by the Board. When variances from budget exist, the Board assesses the variances and takes actions as it deems appropriate in the circumstances.

ACCOUNTING DISCLOSURES

The Institute follows Canadian generally accepted accounting practices for not for profit organizations (NFPOs). This framework was adopted in the 2011-12 fiscal year.

FINANCIAL POSITION AND LIQUIDITY

At March 31, 2013, CA Newfoundland and Labrador's net assets were \$580,207 of which \$200,000 was internally restricted by the Board to use for litigation fees resulting from future disciplinary actions. This complies with the Board's Executive Limitation which requires that net assets not fall below 50% of total annual membership fees for the year, but never less than \$250,000.

During fiscal 2012-13, the Institute generated cash flows from operating activities of \$128,410 while its financing and investing activities utilized cash of \$11,441, resulting in net positive cash flows of \$116,969. Management believes that cash, cash equivalents and investments, as well as anticipated cash flow from operations, are sufficient to meet its working capital and capital expenditure requirements.

The majority of the Institute's working capital, which is in excess of its normal operating needs, is invested in fixed income investments. The Institute's Investment Policy is designed to mitigate market risk. Eligible investments include: Canadian treasury bills; commercial paper; federal, provincial and municipal bonds and debentures; provincial treasury bills; term deposits, Guaranteed Investment Certificates; CMHC Mortgage Back Securities; and corporate bonds or debentures. The amount placed in each type of investment is based on predetermined limits. The purchase of any securities carrying a DBRS rating below A for bonds or R-1-Low for commercial paper is strictly prohibited.

RESULTS OF OPERATIONS

During 2012-13, member fee revenue increased by \$21,234. This increase was a result of an increase in fees in the year of \$20 for all members and an unexpected increase in the number of new members.

The 2012-13 continuing professional development program resulted in a net contribution to operations of \$26,076 which is relatively consistent the prior year. This contribution is used to support the non-allocated (indirect) costs of providing professional development to members. Conduct and discipline costs continued to encompass a significant portion of the ICANL expenses largely due to the number and complexity of cases being brought forward. Professional fees were also significant this year as legal counsel was engaged to review existing legislation and provide assistance with the unification process.

CICA Committee expenditures of \$2,981 represent the costs associated with ICANL's participation in national initiatives. Ongoing programs involve activities in public trust, member relations, professional learning and branding. In the past, the most substantial portion of these expenses was related to national branding. With the unification activities undertaken over the past two years, national branding initiatives were reduced resulting in a significant reduction in CICA Committee expenditures.

In 2012-13, CA Newfoundland and Labrador operated with a complement of four full-time staff members, with contractors providing additional support for professional development, practice inspection and, where necessary, professional conduct investigations. CA Newfoundland and Labrador benefits greatly from the support of many CAs and public representatives from Newfoundland and Labrador who generously volunteer their time and expertise to the profession.

RISKS AND RISK MANAGEMENT

ECONOMIC ENVIRONMENT

The economic environment in the province of Newfoundland and Labrador remained strong in 2012-13. With strong economic growth continuing the demand for accounting professionals in the province is increasing. As a result the Institute is experiencing strong membership growth. It is the position of the Board that the continuing strong economic outlook for the province should result in stable revenue streams from member fees, professional development and practice inspection.

RISK IN RESPECT OF FINANCIAL INSTRUMENTS

The Institute's financial instruments comprise cash and cash equivalents, investments, accounts receivable, and accounts payable. The carrying value of cash and cash equivalents, accounts

receivable and accounts payable approximates fair value due to their liquidity and short-term maturities.

The Institute is exposed to the following risks in respect of certain of the financial instruments held:

- Credit risk arises from the potential that a counter party will fail to perform its obligations. It is management's opinion that the Institute is not exposed to significant credit risk as its accounts receivable arise mainly from transactions with parties such as members and firms.
- Currency risk is the risk to the Institute's revenues and expenses that arises from fluctuations of foreign exchange rates and the degree of volatility of these rates. It is management's opinion that the Institute is not exposed to any currency risk as it has no material transactions in foreign currencies.
- The Institute's investments in cash equivalents and fixed income investments are subject to market risks as the value of these investments will change with market fluctuations. Based on the nature of the Institute's investments, it is management's opinion that the Institute is not exposed to significant fair value market risk.

OPERATIONAL RISK

The Institute operates with a very limited staff and relies largely on its volunteers to achieve the strategic priorities of the Board. This represents a risk that the Institute may not be able to achieve all objectives should staff positions become vacant. To mitigate this risk the Board ensures that it has a broad base of volunteers and contract employees as well as an active and engaged Board who are capable of managing the organization should such a need arise.

As a self-regulatory body the Institute recognizes the need to ensure it can continue to provide the self-regulatory activities such as on-going discipline activities. Such activities do not come without a substantial cost representing an operational risk for the organization. By restricting funds for Discipline activities and working with support and combined resources of the other provinces and the national body, the Board is taking conscious efforts to mitigate this risk.

PROGRESS ON PRIORITIES

DISCIPLINE

The Discipline activities of the Institute are undertaken by the Complaints Authorization Committee (CAC) and the Disciplinary Panel. The mandate of the Complaints Authorization Committee is to review all allegations made against a member or student of the Institute and determine if a complaint should be filed with the Disciplinary Panel. The Disciplinary Panel is responsible for receiving the charge (complaint) from the CAC, selecting an Adjudication Tribunal who has the responsibility to hear a charge and to determine whether a member is guilty of the charge. The Adjudication Tribunal is also responsible for dispensing the appropriate sanction if the member is found guilty. During 2012-13 the Complaints Authorization Committee received three new allegations and continued three investigations from previous years. Of these six allegations, the CAC referred one complaint to the Disciplinary Panel, resolved one complaint through mediated settlement and continues to investigate the remaining four allegations. Discipline hearings were held this year for two complaints referred to the Disciplinary Panel in 2012 which resulted in a member being found guilty. A hearing of the 2013 referral is scheduled for fall 2013.

PRACTICE INSPECTION

The Practice Inspection program continued to function well throughout 2012-13 with several practicing units being inspected in accordance with the three year risk adjusted inspection cycle. In addition to meeting its primary goal of protection for the public, the practice inspection program also has an educational thrust. Practice inspections were completed during the year by two contract inspectors as well as the Director, Member Services/Practice Advisor.

With the implementation of the final phase of the Practice Inspection harmonization project in the fall of 2011, the practice inspection process is now consistent across Canada. The Practice Inspection Standing Sub-committee, of which the Director of Member Service/Practice Advisor is a part, continues to meet on a regular basis to monitor practice inspection results to ensure national consistency.

PROFESSIONAL DEVELOPMENT

Professional development continues to be a key area for the Institute. The training centre, which opened in the fall of 2010, allows ICANL to run courses for members with smaller class sizes than would be possible if courses were to be run off-site. In 2012-13 we offered 71 courses which is consistent with the number of courses offered in 2011-12. Registration over the two years was also consistent. In addition to the courses offered in the ICANL training centre in St. John's, courses were offered in Gander and Corner Brook. Courses in accounting standards for not-for-profit organizations and public sector accounting were very popular as members were faced with the implementation of standards changes in these areas. We are continually looking to add to our course selections as we strive to provide members with relevant professional development opportunities.

THE YEAR AHEAD

The Executive Message provides detailed information on the Institute's Strategic priorities and what is being done to achieve these goals. Unification continues to be the strategic priority for the profession and will be an area of focus in the year to come. In addition to unification, the Board will continue to focus on its self-regulatory mandate to ensure the protection of the public. Helping members excel and attain the highest level of professional competence is viewed as an integral part of proactively ensuring public protection.

The Institute's principal responsibility is to act in the public interest through the maintenance and enforcement of high professional standards while at the same time providing services to our members. The many CAs who are actively involved in the Institute are key to our strength as a profession and to our achievements as an organization. As we move forward with the unification of the accounting profession in our province, we look for more efficient and effective ways to improve operations. In particular we will be focusing on the creation of economies of scale that would result from unification of the accounting bodies both nationally and provincially.



Keith C. Minaker, CA
Chief Executive Officer
June 11, 2013

Independent Auditors' Report

Partners:

To the Members of:
The Institute of Chartered Accountants of Newfoundland and Labrador

Roger K. Coombs, CA
David M. DuPree, CA

We have audited the accompanying financial statements of The Institute of Chartered Accountants of Newfoundland and Labrador, which comprise the statement of financial position as at March 31, 2013 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Location:

119 Clyde Ave
Mount Pearl, NL
A1N 4R9
Ph: (709) 745-1200
(709) 579-1005
Fax: (709) 745-1204

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.

Mailing address:

P.O. Box 447
Mount Pearl, NL
A1N 3C4

Auditors' 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 auditors' 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Institute of Chartered Accountants of Newfoundland and Labrador as at March 31, 2013 and the result of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.


Chartered Accountants



Mount Pearl, Newfoundland and Labrador
May 27, 2013

The Institute of Chartered Accountants of Newfoundland and Labrador
Statement of Financial Position

As at March 31

	2013	2012
Assets		
Current Assets		
Cash	\$ 346,741	\$ 229,772
Short term investments (Note 2)	211,553	205,000
Accounts receivable (Note 3)	76,751	80,721
Prepays	30,050	29,555
	665,095	545,048
Property and equipment (Note 4)	27,826	39,877
	\$ 692,921	\$ 584,925
Liabilities and Net assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 112,714	\$ 97,445
Deferred revenue	-	3,116
	112,714	100,561
Net assets		
Investment in property and equipment	27,826	39,877
Internally restricted (Note 7)	200,000	200,000
Unrestricted net assets	352,381	244,487
	580,207	484,364
	\$ 692,921	\$ 584,925

Commitments (Note 5)

Approved on Behalf of the Board:

 _____, Chair

 _____, Secretary-treasurer

The accompanying notes are an integral part of these financial statements.

The Institute of Chartered Accountants of Newfoundland and Labrador
Statement of Operations

For the Year Ended March 31

	2013	2012
Revenue		
Membership fees	\$ 453,561	\$ 432,327
Self funding Activities (Note 6)	292,210	272,012
Discipline costs recovered	75,000	30,000
Interest and other revenue	74,942	58,011
Admission fees	16,250	9,431
	911,963	801,781
Operating expenses		
Salaries and benefits	256,170	257,879
Self-funding costs (Note 6)	253,312	241,285
Occupancy costs	64,292	59,361
Office expenses	43,684	43,056
Conduct and discipline	42,701	41,849
Communications	40,951	35,492
Professional fees	26,312	7,430
Insurance	25,025	25,094
Meetings, socials and membership activities	19,220	23,067
Amortization	16,939	14,820
Interest and bank charges	13,548	12,683
Travel	10,985	17,056
CICA committees	2,981	3,380
Bad debt expense	-	1,031
	816,120	783,483
Excess of revenue over expenses from operations	\$ 95,843	\$ 18,298

The accompanying notes are an integral part of these financial statements.

The Institute of Chartered Accountants of Newfoundland and Labrador
Statement of Changes in Net Assets

For the Year Ended March 31,

	Investment in Property and Equipment	Internally Restricted	Unrestricted	2013	2012
Net assets, beginning of year	\$ 39,877	\$ 200,000	\$ 244,487	\$ 484,364	\$ 466,066
Excess of revenue over expenses	(16,939)	-	112,782	95,843	18,298
Purchase of property and equipment	4,888	-	(4,888)	-	-
	\$ 27,826	\$ 200,000	\$ 352,381	\$ 580,207	\$ 484,364

The accompanying notes are an integral part of these financial statements.

The Institute of Chartered Accountants of Newfoundland and Labrador
Statement of Cash Flows

For the Year Ended March 31,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the year	\$ 95,843	\$ 18,298
Amortization	16,939	14,820
Increase (decrease) in accounts receivable	3,970	(16,103)
Increase (decrease) in prepaids	(495)	2,509
Increase in accounts payable and accrued liabilities	15,269	3,869
Increase (decrease) in deferred revenue	(3,116)	3,116
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	128,410	26,509
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of short term investments	(6,553)	(205,000)
Purchase of property and equipment	(4,888)	(14,467)
NET CASH USED BY INVESTING ACTIVITIES	(11,441)	(219,467)
Net increase in cash and cash equivalents	116,969	(192,958)
Cash and cash equivalents at beginning of year	229,772	422,730
Cash and cash equivalents at end of year	\$ 346,741	\$ 229,772

The accompanying notes are an integral part of these financial statements.

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2013

1. Significant Accounting Policies

Nature of operations

The Institute of Chartered Accountants of Newfoundland and Labrador ("ICANL" or "Institute") is a self governing professional organization established in 1949 under the Chartered Accountants Act. As a not-for-profit organization under the Income Tax Act, ICANL is not subject to either federal or provincial income taxes.

Presentation of controlled entity

The Chartered Accountant's Education Foundation of Newfoundland and Labrador Inc., which is controlled by ICANL, is not consolidated in the Institute's financial statements.

Basis of accounting

The financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not for profit organizations.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Cash and cash equivalents

Cash and cash equivalents is defined as cash and short-term investments with maturity dates of less than three months.

Cost recoveries

Cost recoveries resulting from Discipline Committee orders are recognized on a cash basis.

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2013

1. Significant Accounting Policies (continued)

Revenue recognition

Membership fees, practitioner assessments, and practice inspection revenue are recognized in the year to which they relate. Course and activity revenue are recognized when the event is presented.

Contributed services

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

Financial instruments

The Institute initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost. The financial assets measured at amortized cost include cash, short term investments and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Property and equipment

Depreciation is provided for using the straight-line method over the estimated useful lives as follows for the major classes of assets:

Office furniture and equipment	5 years
Computer hardware and software	3 years
Leasehold improvements	5 years

Impairment of long lived assets

In the event that facts and circumstances indicate that the Institute's long-lived assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write down to market value or discounted cash flow value is required. The Institute considers that no circumstances exist that would require such an evaluation.

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2013

2. Short term investments

Short-term investments consists of the following:

A shorter-term principal-protected investment (principal amount of \$206,488; (2012-\$200,000) with a minimum guaranteed return and the potential to generate additional returns based on performance of a diversified portfolio of 10 blue-chip securities. Total return is paid at maturity. The additional return, if any, will be the sum of the average of the percentage change in the price of each security in the reference portfolio for a particular 12 and 24 month period, subject to the maximum rate for each security per period which will be used if a price return is positive. The guaranteed rate of return for the term is 0.7%.

Guaranteed investment certificate with a maturity date in excess of three months. Principal amount of \$5,065; (2012-\$5,000) bearing interest at 1.05%.

3. Accounts receivable

	2013	2012
Accounts receivable consist of the following:		
Trade	\$ 71,516	\$ 69,415
Harmonized sales tax	8,940	15,011
	80,456	84,426
Allowance for doubtful accounts	(3,705)	(3,705)
	\$ 76,751	\$ 80,721

4. Property and equipment

Property and equipment consist of the following:

	Cost	Accumulated Depreciation	2013 Net Book Value	2012 Net Book Value
Office furniture and equipment	\$ 36,643	\$ (23,641)	\$ 13,002	\$ 15,885
Computer hardware and software	36,895	(25,776)	11,119	18,693
Leasehold improvements	7,973	(4,268)	3,705	5,299
	\$ 81,511	\$ (53,685)	\$ 27,826	\$ 39,877

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2013

5. Lease obligations and other commitments

Lease obligations

The Institute's total obligations, under various operating leases for equipment, are as follows:

2014	\$	5,155
2015	\$	3,075
2016	\$	2,305

The Institute leases its office and training centre under a renewable lease which expires March 2014. The lease calls for annual rent of \$ 56,630. During the year the Institute leased additional office space under a renewable lease which expires February 2018. The lease calls for annual rent of \$50,220.

Under a memorandum of agreement with the Chartered Accountants Education Foundation of Newfoundland and Labrador Inc. ("the Foundation"), ICANL has committed to provide the Foundation dedicated funding in the total amount of \$50 per prime member annually, for a strategic partnership with Memorial University. The funds will be paid to the Foundation annually, ending in May, 2018. The amount paid or payable for the current year was \$ \$31,900 (2012 - \$31,350).

Unification agreement

During the year, the Institute signed a formal agreement to pursue unification with the Certified General Accountants Association of Newfoundland and Labrador (CGANL) and the Certified Management Accountants of Newfoundland and Labrador (CMANL). The three organizations are working together to form a new accounting body under the name of Chartered Professional Accountants of Newfoundland and Labrador, which is to be established by legislation.

6. Self-funding activities

	2013	2012
Revenues		
Professional development	\$ 195,934	\$ 181,930
Final exams	41,255	29,450
Convocation	25,300	16,425
Practice inspection	24,375	31,355
Other	5,346	12,852
	\$ 292,210	\$ 272,012

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2013

6. Self-funding activities (continued)

	2013	2012
Direct costs		
Professional development	\$ 169,858	\$ 151,390
Final exams	29,470	24,898
Convocation	23,886	17,351
Practice inspection	24,331	38,355
Other	5,767	9,291
	\$ 253,312	\$ 241,285
Net	\$ 38,898	\$ 30,727

7. Restriction on net assets

The Board of ICANL has internally restricted \$200,000 (2012 - \$200,000) of unrestricted net assets to be used for litigation fees resulting from any future disciplinary actions.

8. Disclosure of controlled entity

The Institute controls the Chartered Accountants Education Foundation of Newfoundland and Labrador Inc. by its right to approve the Foundation's strategic plans. The purpose of the Foundation is to enhance the quality of accounting education in Newfoundland and Labrador. The Foundation is incorporated under The Incorporations Act of Newfoundland and Labrador and is a registered charity under the Income Tax Act.

The Foundation has not been consolidated in the Institute's financial statements. Audited figures for April 30, 2013 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

	April 30, 2012	April 30, 2011
Total assets	\$ 60,944	\$ 54,975
Total liabilities	(1,375)	(7,372)
Net assets	\$ 59,569	\$ 47,603

	2012	2011
Total revenue	\$ 62,619	\$ 57,172
Total expense	(50,653)	(54,629)
Excess revenue	\$ 11,966	\$ 2,543

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2013

9. Related party transactions

Governance of the profession and its members is shared between the Canadian Institute of Chartered Accountants (the "CICA") and the individual provincial, territorial and Bermuda Institutes in accordance with the protocol agreement. The CICA portion of annual member fees is collected by ICANL and remitted to the CICA (2013 – \$292,560; 2012 - \$285,890). Costs for the Uniform Evaluation administered by the CICA on behalf of ICANL are fully recovered from ICANL (2013 – \$27,296; 2012 - \$21,037). The CICA also recovers costs incurred for activities jointly funded by ICANL and CICA (2013 – \$2,981; 2012 - \$3,380). At March 31, 2013 payables and accruals included \$35,410 (2012 - \$36,808) due to the CICA, \$23,720 (2012 – \$14,453) due to the Institute of Chartered Accountants of Alberta, \$2,804 (2012 - \$Nil) due to the Institute of Chartered Accountants of Bermuda and \$Nil (2012 - \$699) due to the Institute of Chartered Accountants of Nova Scotia. At March 31, 2013 accounts receivable included \$15,369 (2012 - \$13,334) due from the CICA.

Transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties, and which in management's opinion is comparable to amounts that would have been paid to non-related parties.

10. Risk management

The Institute's policy for managing significant risks includes a comprehensive infrastructure of policies, procedures and oversight designed to reduce the risks identified to an appropriate threshold. The Board of Directors is provided with timely and relevant reports on the management of significant risks. Significant financial risks managed by the Institute include liquidity and credit risk.

Liquidity risk

Liquidity risk is the risk that the Institute will be unable to meet its contractual obligations and financial liabilities. The Institute manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash to meet its obligations and liabilities.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfil its payment obligations. The Institute's credit risk is attributable to receivables. Management believes that the credit risk with respect to financial instruments included in receivables is remote.

It is management's opinion that the Institute is not exposed to significant amounts in interest rate or foreign exchange risk.

The Institute of Chartered Accountants of Newfoundland & Labrador

MISSION STATEMENT OF NEWFOUNDLAND AND LABRADOR'S CHARTERED ACCOUNTANTS

Our mission is to uphold public confidence in the CA profession within Newfoundland and Labrador by acting in the public interest and helping our members excel.

CA Newfoundland and Labrador

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