

**Chartered Accountants of
Newfoundland and Labrador**

2013-14 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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**The Institute of Chartered Accountants of Newfoundland and
Labrador**

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EXECUTIVE MESSAGE



John J. O'Brien, CA
Chair



Kimberly A. Mayo, CA
Chief Operating 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. Subsequent to the completion of this strategic plan, ICANL entered into unification discussions with Newfoundland and Labrador's CMA's and CGA's. While the focus of your 2013-14 Board has been unification of the accounting profession in Newfoundland and Labrador, 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 get closer to unification in our province, members can be assured that the strategic priorities of our legacy bodies will not be lost. Ultimately 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

Considerable progress has been made toward the unification of the accounting profession nationally and provincially over the past year. Regulation of the accounting profession is a provincial responsibility and consequently, unification must be considered at both the national and provincial level. Each of the provincial bodies works collaboratively across provincial borders with the support of the national bodies.

Subsequent to CICA and CMA Canada joining forces to form CPA Canada on January 1, 2013, the assets and liabilities of both legacy bodies became the assets and liabilities of CPA Canada effective April 1, 2013. In October 2013 CGA Canada and CPA Canada signed an integration agreement and work continues to integrate the operations of these two bodies. CPA Canada is now the national organization that supports provincial accounting bodies that have unified and all those that will unify

under the CPA banner. The legacy national organizations will continue to exist until all provincial and territorial organizations have been unified.

Provincially, a merger agreement was signed by all three accounting bodies in Newfoundland and Labrador in June 2013. Subsequent to the signing of this agreement the three bodies have been working together to integrate operations. A transitional steering committee (TSC), with representation from the Boards of the legacy bodies, has been providing oversight throughout the unification process. The TSC, legacy Boards and executive and staff of legacy bodies have been working with government to get legislation passed to allow for the formation of The Chartered Professional Accountants of Newfoundland and Labrador. In January 2014, Jason Hillyard was hired as the CEO of the new CPA body when formed and all three bodies are now located in common office space at 95 Bonaventure Avenue. Until provincial legislation is in place to create a CPA body in Newfoundland and Labrador, the Institute and its members do not become members of CPA Canada.

Across the country, all provinces are now in three-way merger talks. With the exception of Quebec, where legislation was passed two years ago, Saskatchewan was the first province to receive legislation, followed closely by New Brunswick. Both Saskatchewan and New Brunswick will have proclamation by September 1, 2014.

Ontario legislation allowed the Institute of Chartered Accountants of Ontario to become CPA Ontario and all CA's in Ontario to become CPAs. Subsequent to this a unification agreement was signed with CMA Ontario and all CMAs in Ontario joined CPA Ontario. The CGA's in Ontario are expected to vote on a proposal to join CPA Ontario in June. When all parties have joined CPA Ontario, amendments will be made to legislation.

In British Columbia, Alberta, Manitoba and Prince Edward Island joint ventures have been formed by the legacy bodies to allow the merger of operations as they await the passing of legislation. Under its current legislation, BC was also able to pass a by-law enabling the use of the CPA designation tagged by the legacy designation. Consequently, CA's, CGA's and CMA's in BC are now required to use the CPA designation.

Nova Scotia has recently received positive member votes from all legacy bodies and are now pursuing three way unification.

With unification of the profession, the educational process for students entering the profession required significant change. Throughout the unification process the education program was, and continues to be a top priority. The education services group at CPA Canada has developed a new program which is in the initial stages of implementation. In Newfoundland and Labrador the 2013 university graduates were the last graduates to enter the traditional Chartered Accountancy education program. They will write the 2014 Uniform Evaluation (UFE). 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 Education 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. This program had its first entry of students in the fall of 2013.

Focus on Strategic Priorities

As noted, unification of the three accounting bodies in Newfoundland and Labrador has been a focus of your 2013-14 Board. However, the strategic priorities of the Institute remained first and foremost as 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. Keith Minaker, as Institute CEO until late March 2014, was 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. The Independence Task Force (ITF) of the Public Trust Committee was formed to review the 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. The final changes to the Rules of Professional Conduct were reviewed by the Board in the Fall and are being brought to the membership for approval at the 2014 Annual General Meeting.

Our disciplinary and practice inspection processes continue to function well. We have incorporated recommendations made by the Practice Inspection Program and the Discipline Working Groups as we aim to achieve harmonization of these processes where possible.

Through 2013-14, ICANL continued to work with the Public Accountants Licensing Board to ensure that all members licensed to practice public accounting in Newfoundland and Labrador 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.

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.

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 2013-14 to provide an exceptional education program for those aspiring to be CAs.

In addition to the education needs of students, continuing professional development is a cornerstone of the CA profession. 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. In keeping with the spirit of unification, in the fall of 2013 we partnered with CGA NL and CMA-NL to offer a two day professional development conference with sessions in a variety of competency areas to meet the professional development needs of our diverse membership. With such a diverse membership it is impossible for the Institute to meet the learning needs of all members, however, the increase in membership as a result of unification will make it possible to offer a larger variety of professional development sessions to meet member needs.

Attract Competent and Ethical People to the CA Profession

Recruiting efforts in 2013-14 were impacted by the formation of CPA Canada and the unification of the three accounting bodies in Newfoundland and Labrador. Students are now being recruited into the CPA profession through recruiting efforts focused on brand awareness nationally and provincially. The new CPA professional program and practical experience requirements include elements of all legacy programs and is a key enabler in attracting new members by creating new and innovative pathways for qualified individuals to enter the accounting profession. The ICANL Board recognizes that 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 recognize 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. We will continue to facilitate the evaluation of credentials of highly qualified foreign professionals with substantial senior level experience to determine if their credentials and experiences are substantially equivalent to the CPA standard.

Provincially we have continued to support local efforts through recruitment campaigns held at the university using the CPA banner. As well, in conjunction with the CA Education Foundation we have

The Institute of Chartered Accountants of Newfoundland and Labrador

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

2013 marked the end of the first three year CPD reporting cycle using the on-line CPD reporting system. ICANL staff as well as ICANL members were able to easily track compliance over the three year period, eliminating the need for excessive paperwork. Additionally, the on-line reporting system streamlined the CPD audit process, eliminating the need for members to send in their complete CPD logs before being requested to provide support for selected CPD activities.

Enhance communications and promote the CA Profession

During 2013-14, 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 attended the budget speech and provided commentary to the membership and the public through ICANL's website. ICANL members also 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 provide our annual seniors' Income Tax clinics to promote our presence in the community and in the province.

Members were also given the opportunity during the year to meet with representatives from CPA Canada and the standard setting bodies to provide input on current projects. Roundtable discussions were held in September regarding the Canadian Standard on Review Engagements and the Canadian Standard on Related Services. In December members of the Accounting Standards Board met with ICANL members to discuss the Statement of Principle on Not-for-Profit Standards. These sessions were well attended and CPA Canada and the standard setting bodies were happy to receive the input of ICANL members in these important projects.

We continued to collaborate with the national profession and our counterparts in other provinces in much of our branding activities. As unification became a reality on the national front, and with positive movement on the provincial levels, advertising campaigns were launched to promote the profession under the CPA brand. With branding efforts on hold over the last two years due to the unification talks, considerable resources were employed to promote Chartered Professional Accountants in Canada. Leading up to the launch of the CPA brand a committee was formed at the national level with representation from many of the provincial bodies involved in the unification. This committee worked on a unique branding proposition and during 2012-13 received agreement from the provincial bodies. This then formed the basis for the branding campaign that was developed and launched during the 2013-14 year. Branding and recruitment efforts will continue nationally and provincially. ICANL will continue to share in branding efforts nationally and recruitment efforts are underway using the CPA banner.

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 Public Trust Committee and various other sub-committees and working groups. Involvement of

The Institute of Chartered Accountants of Newfoundland and Labrador

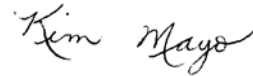
ICANL staff in these national initiatives positions us well to better understand the issues facing the profession and ensures that our members have access to the most up-to-date professional standards and benefits, including the most recent professional development opportunities.

We continued to participate in meetings with our regional counterparts and Bermuda as part of the Atlantic Regional Officers Group (AROG) and more recently the Atlantic Region Education Development Group (ARED). The ARED Group is comprised of the executive of all legacy bodies in Atlantic Canada who have entered into merger agreements and its role has been to guide the development of CPA education in Atlantic Canada. Recruitment and program delivery for both the Prerequisite Education Program (PREP) and the Professional Education Program (PEP) will be offered through a regional education body – CPA Atlantic School of Business.

As you can see it has been an extremely busy year for the Institute. While moving forward with unification efforts, we have continued to meet our strategic objectives and have upheld public confidence in our profession. We are hopeful that legislation will be passed allowing CPA Newfoundland and Labrador to become a reality in the near future. The support of our dedicated staff and volunteers will ensure a smooth transition to CPA NL and 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.



John J. O'Brien, CA
Chair



Kim A. Mayo, CA
Chief Operating Officer

MEMBERS OF THE BOARD 2013/14

OFFICERS



*John O'Brien, CA
Chair*



*Pauline Downer, FCA
Vice-chair*



*Paul Janes, CA
Secretary-Treasurer*

OTHER MEMBERS OF THE BOARD



*Dr. Thomas Cooper
Public Representative*



*Sheila Downer
Public Representative*



*Rob Hull, CA
Board Member*



*Dorothy Keating, FCA
Board Member*



*Colleen MENCHIONS, CA
Board Member*



*Sheilagh Murphy, LLB
Public Representative*



*Beth Porter, CA
Board Member*



*Donna Rideout, CA
Board Member*



*Scott Shears, FCA
Board Member*

The Institute of Chartered Accountants of Newfoundland and Labrador

COMMITTEES OF THE BOARD 2013/14

AUDIT

Paul Janes, Chair
Donna Rideout
Pauline Downer

CORPORATE GOVERNANCE

John O'Brien, Chair
Thomas Cooper**
Colleen Menchions

FCA NOMINATING

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

HUMAN RESOURCES

John O'Brien, Chair
Pauline Downer

INVESTMENTS

Paul Janes, Chair
Donna Rideout
Pauline Downer

NOMINATING

John O'Brien, Chair
Pauline Downer
Paul Janes

** 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
Paul Janes
Sheilagh Murphy**
John O'Brien
Beth Porter

CONDUCT INVESTIGATIONS

Blair Jewer
Jerry Oser
Anthony Smith
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
Leo Gallant, ICANS

COMPETENCY MAP COMMITTEE

Ryan Pineau, ICAPEI
Judy Cumby, ICANL

PROFESSIONAL LEARNING COMMITTEE – PREQUALIFICATION GROUP

J. Daniel Trainor, ICANS

MEMBERS SERVING ON NATIONAL COMMITTEES/BOARDS

COUNCIL OF PRESIDENTS

John O'Brien
Pauline Downer

COUNCIL OF SENIOR EXECUTIVES, PUBLIC TRUST COMMITTEE

Keith Minaker (in part)

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 (in part)

FELLOWS OF THE INSTITUTE

1955 Howard T. McDougall	1990 Kevin R. Dean David M. French Frances M. Nichols	2005 A. Colin Haines David A. Howe
1959 Robert Leith	1991 Wilson J. Hoffe	2006 Peggy Ann Coady James A. Kirby
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	2007 D. Boyde Clarke Thomas P. Conway Eric D. Wells
1976 George W.D. Allen G. Colin Baird Edward M. Hunter	1993 David Adey	2008 Roger G. Butt
1977 G. Lawrence Johnson	1994 Richard J. Daw Philip G. Quinlan	2009 Jeffrey D. Follett
1979 James W. Conway	1995 Stephen M. Belanger John E. Gover	2010 David A. Hood Richard K. Power Kevin G. Sullivan
1980 David R. Baird A. Donald Blackwood David E. Howley	1996 Nina L. Adey Jeffrey B. Pardy	2011 Elizabeth E. Marshall Jason P. Silver
1983 Charles W. Earle F. George Penney Donald J. Warr	1997 Russell E. Pelley	2012 Tashia E. Batstone D. Scott Shears Ronald J. Walsh Scott H. Walters
1984 Stephen B. Gallagher Edwin M. Stratton	1998 Eric L. Coombs Gail M. Hamilton	2013 Bill C. Budgell Sharon A. Forsey Dorothy M. Keating Jo Mark Zurel
1985 J. Merrill Belanger	1999 Lloyd A. Foote	2014 Peter D. Collens Brian M. Groves C. Glenn Mifflin Douglas M. Munn David R. Pine Kimberly E. Simms Byron D. Smith Keith J. Smith
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	2004 Pauline A.E. Downer Gerald C. Smith Paula M. McDonald	
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	2013-14 John J. O'Brien
1978-79 James T. Cavanagh	1996-97 Eric L. Coombs	

WELCOME TO NEW MEMBERS

BY EXAMINATION

Nicole Abbott	Jennifer Mitchell
Luke Biles	Hayley Porter
Susan Butler	Aaron Roberts
Jeffrey Cook	Jessie Small
Michael Crozier	Christopher Wakeham
Stephanie Hartery	Cheryl White
Justin Hearn	Neilson Woodman
David Kane	Jeannie Wu
Dianna Kane	

BY AFFILIATION

Welcome to:

Cassandra L. Allen, Manitoba
François Castonguay, New Brunswick
Jennifer A. Clement, New Brunswick
Paul M. Jefford, Alberta
Margaret A. Smith, Nova Scotia
Troy A. Stanley, Ontario
David P. Steele, Nova Scotia

Samukele Chitsike, South African Institute of Chartered Accountants

MEMBERSHIP STATISTICS

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
Active members	702	702
Retired members	100	91
Honorary members	1	1
Total Membership	803	794
Students		
UFE Graduates awaiting admission	14	12
Pre-UFE ASCA Students	44	49

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 Peter D. Collens, Brian M. Groves, C. Glenn Mifflin, Douglas M. Munn, David R. Pine, Kimberly E. Simms, Byron D. Smith and Keith J. Smith 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 2013/14 were awarded to:

Kristina Maynard	\$2,000
Samantha McGrath	\$1,250
Peter Shears	\$2,000
Krista Stanford	\$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 Luke Biles and Stephanie Hartery, recipients of the Roberta L. Hunt, CA, Memorial Award for 2013.

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 Luke Biles, Stephanie Hartery, Jennifer Mitchell and Christopher Wakeham for placing on the David Hope Honour Roll for 2013.

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 Stephanie Hartery.

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.



Kim A. Mayo, CA
Chief Operating Officer

The Institute of Chartered Accountants of Newfoundland & Labrador

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 45 students.

GOVERNANCE

Under *The Chartered Accountants Act, 2008*, CA Newfoundland and Labrador is governed by a Board of 12 individuals, including 9 CAs elected by the membership and three public representatives appointed by the Minister of Government Services. To assist with governance, there are six Committees of the Board—Audit, Human Resources, Investments, Corporate Governance, Nominating and FCA Nominating. 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 2014-15, as approved by the Board in March 2014, are to:

- Continue to work with the executives of CMA-NL and CGA NL and the provincial government to pursue legislation to allow for the formation of The Chartered Professional Accountants of Newfoundland and Labrador.
- Continue to develop strategic relationships with stakeholders in government and the business community to ensure the marketplace values the accounting profession and our members.
- 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 opportunities to train professional accountants 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 to be 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. Due to incremental costs related to unification, expenditures for 2014-15 are budgeted to exceed revenue. The Board has decided not to increase member fees at this time and has provided special approval for a deficit budget for 2014-15.

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).

FINANCIAL POSITION AND LIQUIDITY

At March 31, 2014, CA Newfoundland and Labrador's net assets were \$413,771 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 2013-14, the Institute utilized cash in operating activities of \$165,536 while its financing and investing activities generated cash of \$575, resulting in net negative cash flows of \$164,961. The utilization of cash in the current year is a result of one-time expenses related to the unification.

The Institute of Chartered Accountants of Newfoundland & Labrador

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 2013-14, member fee revenue increased by \$8,964. This increase was a result of an increase in the number of new members. Membership fees remained the same as the previous year.

The 2013-14 continuing professional development program resulted in a net contribution to operations of \$28,779 which is consistent with 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.

CPA Canada (CICA) Committee expenditures of \$4,438 represent the costs associated with ICANL's participation in national initiatives, excluding branding. Expenditures related to branding of \$22,862 have been included in unification costs. Ongoing programs involve activities in public trust, member relations, professional learning and branding. National branding initiatives increased in the current year as the CPA brand was promoted across the country.

In 2013-14, 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 2013-14. With strong economic growth continuing the demand for accounting professionals in the province is steady. As a result the Institute is experiencing strong growth in new members. However, with an aging demographic, the number of retired members is also increasing at a steady pace. 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 are comprised of 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 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 2013-14 the Complaints Authorization Committee received seven new allegations and continued four investigations from previous years. Of these eleven allegations, one allegation from the previous year sits with the disciplinary panel, two allegations resulted in no charges and the remaining eight continue to be investigated.

PRACTICE INSPECTION

The Practice Inspection program continued to function well throughout 2013-14 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 Chief Operating Officer.

The practice inspection process is harmonized across Canada. The Practice Inspection Standing Subcommittee, of which the Chief Operating Office is a part, meets 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. Courses are offered in the ICANL training centre, which allows smaller class sizes than for courses run off-site. In 2013-14 we offered 67 courses which is consistent with the number of courses offered in 2012-13. Registration over the two years was also relatively consistent, with a slight increase in 2013-14. In addition to the courses offered in the ICANL training centre in St. John's, courses were offered in Gander and Corner Brook. Also, new for 2013-14, was a joint PD conference offered in conjunction with CGA NL and CMA-NL. This conference was held off-site and offered a variety of professional development sessions over the two day conference. 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 for the upcoming year. Working with CMA-NL, CGA NL and Government to achieve full unification continues to be the strategic priority for the profession for the coming year. 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 enhanced member services that would result from unification of the accounting bodies both nationally and provincially.



Kim A. Mayo, CA
Chief Operating Officer
May 30, 2014

Independent Auditors' Report

Partners:

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

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

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, 2014 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.

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.

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, 2014 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

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Mount Pearl, Newfoundland and Labrador
May 23, 2014

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

As at March 31

	2014	2013
Assets		
Current Assets		
Cash	\$ 181,780	\$ 346,741
Short term investments (Note 2)	206,488	211,553
Accounts receivable (Note 3)	77,787	76,751
Security deposits (Note 5)	100,000	-
Prepays	29,495	30,050
	595,550	665,095
Property and equipment (Note 4)	16,659	27,826
	\$ 612,209	\$ 692,921
Liabilities and Net assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 173,538	\$ 112,714
Deferred revenue	24,900	-
	198,438	112,714
Net assets		
Investment in property and equipment	16,659	27,826
Internally restricted (Note 8)	200,000	200,000
Unrestricted net assets	197,112	352,381
	413,771	580,207
	\$ 612,209	\$ 692,921

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

	2014	2013
Revenue		
Membership fees	\$ 462,525	\$ 453,561
Self funding Activities (Note 6)	331,841	292,210
Discipline costs recovered	-	75,000
Interest and other revenue	15,525	74,942
Admission fees	13,650	16,250
	823,541	911,963
Operating expenses		
Salaries and benefits	286,898	256,170
Self-funding costs (Note 6)	279,851	253,312
Conduct and discipline	63,885	42,701
Occupancy costs	61,749	60,107
Office expenses	42,017	43,684
Travel	22,148	10,985
Insurance	21,262	25,025
Communications	19,530	23,436
Meetings, socials and membership activities	16,951	19,220
Interest and bank charges	15,982	13,548
Amortization	15,657	16,939
Professional fees	8,214	20,769
CPA Canada (CICA) committees	4,438	2,981
Bad debt expense	2,500	-
	861,082	788,877
Excess of revenue over expenses (expenses over revenue) before the following	(37,541)	123,086
Unification costs (Note 7)	128,895	27,243
Excess of revenue over expenses (expenses over revenue)	\$ (166,436)	\$ 95,843

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	2014	2013
Net assets, beginning of year	\$ 27,826	\$ 200,000	\$ 352,381	\$ 580,207	\$ 484,364
Excess of revenue over expense (expenses over revenue)	(15,657)	-	(150,779)	(166,436)	95,843
Purchase of property and equipment	4,490	-	(4,490)	-	-
	\$ 16,659	\$ 200,000	\$ 197,112	\$ 413,771	\$ 580,207

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,

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenses (expenses over revenue) for the year	\$ (166,436)	\$ 95,843
Amortization	15,657	16,939
Increase (decrease) in accounts receivable	(1,036)	3,970
Increase in deposits outstanding	(100,000)	-
Increase (decrease) in prepaids	555	(495)
Increase in accounts payable and accrued liabilities	60,824	15,269
Increase (decrease) in deferred revenue	24,900	(3,116)
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	(165,536)	128,410
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposal (purchase) of short term investments	5,065	(6,553)
Purchase of property and equipment	(4,490)	(4,888)
NET CASH USED BY INVESTING ACTIVITIES	575	(11,441)
Net increase (decrease) in cash and cash equivalents	(164,961)	116,969
Cash and cash equivalents at beginning of year	346,741	229,772
Cash and cash equivalents at end of year	\$ 181,780	\$ 346,741

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, 2014

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 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.

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.

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2014

1. Significant Accounting Policies (continued)

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

Amortization 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.

2. Short term investments

Short-term investments consists of the following:

A shorter-term principal-protected investment (principal amount of \$206,488; (2013-\$206,488) 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 \$nil; (2013-\$5,065) bearing interest at 1.05%.

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2014

3. Accounts receivable

	2014	2013
Accounts receivable consist of the following:		
Trade	\$ 73,772	\$ 71,516
Harmonized sales tax	9,100	8,940
	82,872	80,456
Allowance for doubtful accounts	(5,085)	(3,705)
	\$ 77,787	\$ 76,751

4. Property and equipment

Property and equipment consist of the following:

	Cost	Accumulated Amortization	2014 Net Book Value	2013 Net Book Value
Office furniture and equipment	\$ 36,643	\$ 29,194	\$ 7,449	\$ 13,002
Computer hardware and software	41,385	34,310	7,075	11,120
Leasehold improvements	7,973	5,838	2,135	3,704
	\$ 86,001	\$ 69,342	\$ 16,659	\$ 27,826

5. Lease obligations and other commitments

Lease obligations

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

2015	\$ 3,075
2016	\$ 2,305

The Institute leases its office and training centre under a renewable lease which expired March 2014. The lease called for annual rent of \$ 56,630. The Institute also leases additional office space under a renewable lease which expires February 2018. This lease calls for annual rent of \$50,220. The Institute is currently renegotiating terms on these two leases to be finalized upon completion of renovations to the space.

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2014

5. Lease obligations and other commitments (continued)

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 \$31,450 (2013 - \$31,900).

Unification agreement

Pursuant to 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), ICANL is working to form a new accounting body under the name of Chartered Professional Accountants of Newfoundland and Labrador, which is to be established by legislation.

The Unifying Bodies (CMANL, ICANL and CGANL) agreed that a break fee of one hundred thousand dollars (\$100,000), or an irrevocable letter of credit for this amount, would be deposited by each Unifying Body. This break fee is subject to the terms and conditions of an escrow agreement signed by the Unifying Bodies prior to the deposit of the break fee funds. The amount of the break fee was agreed by the three Unifying Bodies by taking into account their respective investment, including financial, volunteer resources and staff time, in implementing the terms of the agreement as well as the additional financial and marketing costs that will be incurred by the remaining Unifying Bodies to account for the non-participation of a Unifying Body who fails to fulfil the terms of the agreement without reasonable cause.

6. Self-funding activities

	2014	2013
Revenues		
Professional development	\$ 203,808	\$ 195,934
Final exams	37,759	41,255
Convocation	28,490	25,300
Practice inspection	56,450	24,375
Other	5,334	5,346
	\$ 331,841	\$ 292,210
Direct costs		
Professional development	\$ 175,029	\$ 169,858
Final exams	28,921	29,470
Convocation	28,097	23,886
Practice inspection	44,500	24,331
Other	3,304	5,767
	\$ 279,851	\$ 253,312
Net	\$ 51,990	\$ 38,898

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2014

7. Unification costs

	2014	2013
Occupancy costs	\$ 43,495	\$ 4,185
CPA committees - branding	22,862	-
Professional fees	38,241	5,543
Communications	6,030	17,515
Shared services	18,267	-
	\$ 128,895	\$ 27,243

8. Restriction on net assets

The Board of ICANL has internally restricted \$200,000 (2013 - \$200,000) of net assets to be used for litigation fees resulting from any future disciplinary actions

9. 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, 2014 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

	April 30, 2013	April 30, 2012
Total assets	\$ 72,976	\$ 60,944
Total liabilities	-	(1,375)
Net assets	\$ 72,976	\$ 59,569

	2013	2012
Total revenue	\$ 63,142	\$ 62,619
Total expense	(49,735)	(50,653)
Excess revenue	\$ 13,407	\$ 11,966

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2014

10. Related party transactions

Relationships with other Institutes and Organizations

The Canadian Institute of Chartered Accountants ("CICA") is the national body of chartered accountants. All members of the Institute are also members of the CICA. The Institute collected member fees on behalf of the CICA totaling \$285,340 (2013 - \$292,560), which are not reflected in the statement of operations.

As part of unification of the accounting profession in Canada, on January 1, 2013, the CICA and the Society of Management Accountants of Canada ("CMA Canada") officially established CPA Canada. On April 1, 2013, all the assets and operations of the CICA and CMA Canada were transferred to CPA Canada, the new national body. In October 2013, CPA Canada and CGA-Canada signed an Integration Agreement as the first step towards integrating the Certified General Accountants Association of Canada operations with those of CPA Canada.

CPA Canada is the national organization which supports provincial accounting bodies that have unified, and all those that will unify, under the Chartered Professional Accountant (CPA) banner in Canada. The legacy national organizations will continue to exist until all provincial and territorial organizations have unified. Until provincial legislation is in place to create a CPA body in Newfoundland and Labrador, the Institute and its members do not become members of CPA Canada.

The formal relationship between the CICA and the ten provincial institutes and two territorial institutes was established through a protocol agreement that defines roles and governance processes. During 2013, CPA Canada established a Collaboration Accord that defines roles and governance processes for the unified profession going forward, which CPA bodies have signed, and a Transitional Implementation Accord, which provincial bodies who have agreed to unify, have signed. Under these mechanisms, CPA Canada and the participating unifying bodies undertook a series of projects to implement the CPA profession's strategic initiatives and to collaborate nationally. CPA Canada accumulates the related costs, which totaled \$2,990,090 (CICA 2013 - \$727,828) and bills the participating provincial bodies. The Newfoundland and Labrador Institute's contribution to funding these projects amounted to \$27,300 (CICA 2013 - \$2,981).

Costs for the Uniform Evaluation administered by CPA Canada on behalf of ICANL are also billed back to the provinces. The amount recovered from ICANL was \$23,806 (CICA 2013 - \$27,296). CPA Canada also administers payroll for ICANL. At March 31, 2014 payables and accruals included \$85,326 (2013 - \$35,410) due to CPA Canada, \$23,123 (2013 - \$23,720) due to the Institute of Chartered Accountants of Alberta, \$nil (2013 - \$2,804) due to the Institute of Chartered Accountants of Bermuda and \$679 (2013 - \$nil) due to the Institute of Chartered Accountants of Ontario. At March 31, 2014 accounts receivable included \$2,119 (2013 - \$15,369) due from CPA Canada and \$1,461 (2013 - \$nil) due from the Institute of Chartered Accountants of Bermuda.

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.

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended March 31, 2014

11. 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.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the current years financial statement presentation.

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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