

**The Institute of Chartered
Accountants of Newfoundland and
Labrador**

Financial Statements
January 8, 2015

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Independent Auditor's Report

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

Roger K. Coombs, CPA, 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 January 08, 2015 and the statements of operations, changes in net assets and cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not for profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

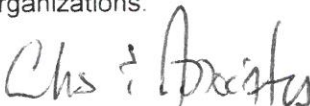
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 January 08, 2015 and the result of its operations and its cash flows for the period then ended in accordance with Canadian accounting standards for not for profit organizations.


Chartered Professional Accountants

Mount Pearl, Newfoundland and Labrador
June 05, 2015

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

As at January 8, 2015

	January 8 2015	March 31 2014
Assets		
Current Assets		
Cash	\$ 375,328	\$ 181,780
Short term investments	-	206,488
Accounts receivable (Note 2)	172,011	77,787
Security deposits	101,196	100,000
Prepays	11,343	29,495
	659,878	595,550
Promissory note (Note 3)	23,138	-
Property and equipment (Note 4)	14,897	16,659
	\$ 697,913	\$ 612,209
Liabilities and Net assets		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 161,748	\$ 173,538
HST payable	2,419	-
Deferred revenue (Note 5)	136,840	24,900
	301,007	198,438
Net assets		
Investment in property and equipment	14,896	16,659
Internally restricted (Note 8)	200,000	200,000
Unrestricted net assets	182,010	197,112
	396,906	413,771
	\$ 697,913	\$ 612,209

Approved on Behalf of the Board:

Norothy Keating, Director
Pauline Souner, Director

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 Period Ended January 8, 2015

	Year Ended March 31,	
	2015	2014
Revenue		
Membership fees	\$ 362,937	\$ 462,525
Self funding activities (Note 6)	255,591	331,841
Interest and other revenue	11,172	15,525
Admission fees	13,650	13,650
	643,350	823,541
Operating expenditures		
Self-funding costs (Note 6)	220,691	279,851
Salaries and benefits	107,238	286,898
Conduct and discipline	69,203	63,885
Occupancy costs	37,169	61,749
Professional fees	33,978	8,214
Office expenses	31,409	42,017
Insurance	18,640	21,262
Interest and bank charges	17,782	15,982
Travel	16,706	22,148
Meetings, socials and membership activities	11,676	16,951
Amortization	9,507	15,657
CPA Canada (CICA) committees	2,699	4,438
Communications	-	19,530
Bad debt expense	-	2,500
	576,698	861,082
Excess of revenues over expenditures (expenditures over revenues) before the following	66,652	(37,541)
Unification costs (Note 7)	83,517	128,895
Excess of expenditures over revenues	\$ (16,865)	\$ (166,436)

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 Period Ended January 8, 2015

	Investment in Property and Equipment	Internally Restricted	Unrestricted	2015	March 31, 2014
Net assets, beginning of period	\$ 16,659	\$ 200,000	\$ 197,112	\$ 413,771	\$ 580,207
Excess of expenditures over revenues	(9,508)	-	(7,357)	(16,865)	(166,436)
Purchase of property and equipment	7,745	-	(7,745)	-	-
Net assets, end of period	\$ 14,896	\$ 200,000	\$ 182,010	\$ 396,906	\$ 413,771

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 Period Ended January 8, 2015

	Year ended March 31,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of expenditures over revenues for the period	\$ (16,865)	\$ (166,436)
Amortization	9,507	15,657
Increase (decrease) in accounts receivable	(94,224)	(1,036)
Increase in security deposit	(1,196)	(100,000)
Increase (decrease) in prepaids	18,152	555
Increase in accounts payable and accrued liabilities	(9,371)	60,824
Increase (decrease) in deferred revenue	111,940	24,900
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	17,943	(165,536)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposal of short term investments	206,488	5,065
Purchase of property and equipment	(7,745)	(4,490)
Increase in promissory note	(23,138)	-
NET CASH USED BY INVESTING ACTIVITIES	175,605	575
Net increase (decrease) in cash and cash equivalents	193,548	(164,961)
Cash and cash equivalents at beginning of period	181,780	346,741
Cash and cash equivalents at end of period	\$ 375,328	\$ 181,780

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 Period Ended January 8, 2015

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 Period Ended January 8, 2015

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. Accounts receivable

	January 8, 2015	March 31, 2014
Accounts receivable consist of the following:		
Trade	\$ 177,096	\$ 73,772
Harmonized sales tax	-	9,100
	177,096	82,872
Allowance for doubtful accounts	(5,085)	(5,085)
	\$ 172,011	\$ 77,787

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Period Ended January 8, 2015

3. Promissory note

Chartered Professional Accountants Atlantic School of Business Association promissory note of \$23,138 (2014 - \$NIL), non-interest bearing, repayable based on a minimum threshold equity of \$300,000 at the end of each fiscal year, but not later than June 30, 2019.

4. Property and equipment

Property and equipment consist of the following:

	Cost	Accumulated Amortization	January 8, 2015 Net Book Value	March 31, 2014 Net Book Value
Office furniture and equipment	\$ 39,575	\$ 32,853	\$ 6,722	\$ 7,449
Computer hardware and software	46,198	39,008	7,190	7,075
Leasehold improvements	7,972	6,987	985	2,135
	\$ 93,745	\$ 78,848	\$ 14,897	\$ 16,659

5. Deferred revenue

Deferred revenue consists of membership fees collected for the period January 9, 2015 to March 31, 2015 and course fee revenue collected for courses to be offered subsequent to year end.

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Period Ended January 8, 2015

6. Self-funding activities

	Period Ended January 8, 2015	Year Ended March 31, 2014
Revenues		
Professional development	\$ 190,590	\$ 203,808
Final exams	49,435	37,759
Convocation	-	28,490
Practice inspection	13,875	56,450
Other	1,691	5,334
	\$ 255,591	\$ 331,841
Direct costs		
Professional development	\$ 160,041	\$ 175,029
Final exams	33,131	28,921
Convocation	-	28,097
Practice inspection	24,741	44,500
Other	2,778	3,304
	\$ 220,691	\$ 279,851
Net	\$ 34,900	\$ 51,990

7. Unification costs

	Period Ended January 8, 2015	Year Ended March 31, 2014
Shared services	\$ 61,096	\$ 18,267
CPA committees - branding	8,610	22,862
Professional fees	6,849	38,241
Communications	3,745	6,030
Strategic planning	1,754	-
Occupancy costs	1,463	43,495
	\$ 83,517	\$ 128,895

The Institute of Chartered Accountants of Newfoundland and Labrador
Notes to the Financial Statements

For the Period Ended January 8, 2015

8. Restriction on net assets

The Board of ICANL has internally restricted \$200,000 (2014 - \$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, 2015 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

	April 30, 2014	April 30, 2013
Total assets	\$ 85,062	\$ 72,976
Net assets	\$ 85,062	\$ 72,976

	2013	2012
Total revenue	\$ 64,579	\$ 63,142
Total expense	(52,493)	(49,735)
Excess revenue	\$ 12,086	\$ 13,407

The Institute of Chartered Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Period Ended January 8, 2015

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 \$287,540 (2014 - \$285,340), 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 2014 CGA-Canada joined CPA Canada, completing the integration of the country's accounting bodies.

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.

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 and bills the participating provincial bodies. The Newfoundland and Labrador Institute's contribution to funding these projects amounted to \$11,309 (2014 - \$27,300).

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 \$29,425 (2014 - \$23,806). CPA Canada also administers payroll for ICANL. At January 8, 2015 payables and accruals included \$13,215 (2014 - \$85,326) due to CPA Canada, \$15,238 (2014 - \$23,125) due to the Institute of Chartered Accountants of Alberta, and \$nil (2014 - \$679) due to the Institute of Chartered Accountants of Ontario. At January 8, 2015 accounts receivable included \$605 (2014 - \$2,119) due from CPA Canada, \$23,138 (2014 - \$nil) due from CPA Atlantic School of Business Association, \$33,337 (2014 - \$nil) due from the Society of Certified Management Accountants of Newfoundland and Labrador, \$25,290 (2014 - \$nil) due from the Certified General Accountants Association of Newfoundland and Labrador and \$nil (2014 - \$1,461) 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 Period Ended January 8, 2015

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. Subsequent event

During the year, the Institute continued to pursue unification with the Certified General Accountants Association of Newfoundland and Labrador (CGANL) and the Certified Management Accountants of Newfoundland and Labrador (CMANL). Effective January 9, 2015 the Government of Newfoundland and Labrador proclaimed the Chartered Professional Accountants and Public Accountants Act (the "Act"). The Association of Chartered Professional Accountants of Newfoundland and Labrador (the "Association") was incorporated on January 9, 2015 as a corporation without share capital for the purposes of Part XXI of the *Corporations Act*.

With proclamation of the Act the Institute was dissolved. In accordance with the transitional provisions of the Act the assets and liabilities of the Institute, as it existed immediately before the proclamation of the Act, were transferred to and vested in the Association. Likewise, any agreements entered into by the Institute were assigned to the Association and any action, appeal, application or other proceeding being carried on or power or remedy being exercised with respect to the operations of the Institute will continue in the name of the Association.

These financial statements represent all the assets and liabilities of the Institute as at the close of operations on January 8, 2015 and were transferred to the Association, together with the assets and liabilities of CGANL, CMANL and the Public Accountants Licensing Board, effective January 9, 2015 in accordance with the Act as described above.