

*Issued by the
Minister J. Amie
2012-11-26
Benn*

**Chartered Accountants of
Newfoundland and Labrador**



2011-12 ANNUAL REPORT

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The Institute of Chartered Accountants of Newfoundland and Labrador

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VISION STATEMENT OF CANADA'S CHARTERED ACCOUNTANTS

We are Canada's most valued, internationally recognized profession of leaders in senior management, advisory, financial, tax and assurance roles.

VALUE STATEMENT OF CANADA'S CHARTERED ACCOUNTANTS

CAs are valued for their integrity and expertise.

**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.



EXECUTIVE MESSAGE



Dorothy M. Keating, CA
Chair



Tashia E. Batstone, MBA, FCA
Chief Executive Officer

As evidenced by our mission, 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. Throughout 2011-12, the Board continued to focus on the strategic objectives. However, this year, in addition to continuing to fulfil our legislative mandate to protect the public interest, the one significant matter which received substantial attention by the Board was the consideration of the possible unification of the accounting profession and the impact that any such unification would have on the future of the CA profession, not only in Newfoundland and Labrador but in Canada and globally.

Focus on Strategic Priorities

Throughout the year 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

The Institute of Chartered Accountants of Newfoundland & Labrador

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. The profession's Public Trust Committee (PTC) 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. This matter will continue to receive attention over the next year or so as possible further changes to the Canadian requirements are contemplated. An Exposure Draft is expected to be released this summer with final changes being recommended to the membership for approval at the 2013 Annual General Meeting.

In 2008, the CA profession, through the Discipline Working Group (DWG) commenced a project to develop recommendations for harmonized discipline systems for the Provincial Institutes of Chartered Accountants based on best practices and recognizing the legislative requirements of each province. Over the course of the past four years a series of recommendations related to initiation and investigation of a complaint; settlements, hearings and appeals; sanctions and costs and administrative matters in disciplinary proceedings were developed by the DWG. The ICANL Board voted to accept and implement these recommendations to the extent that they are in accordance with the provisions of the CA Act 2008. In the spring of 2012, the ICANL Board initiated a review of the current by-laws and regulations to implement the approved recommendations.

ICANL continues to work with the Public Accountants Licensing Board to ensure that all members licensed to practice public accounting have the necessary training and carry the required levels of professional liability insurance. This year a new Public Accountants Licensing Board has been constituted comprised of three public representatives appointed by government, along with 2 CAs, 2 CMAs and 2 CGAs each elected by their respective provincial bodies. The ICANL Board has elected Jeff Pardy, FCA and Chris Brake, CA to represent the interests of the CA profession. We continue to discuss with the PALB the need for more robust oversight of all professional accountants in the province, the need to expand the scope of regulation to include reviews and other assurance services and finally the need for more formal infrastructure for the new Licensing Board.

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.

The Institute of Chartered Accountants of Newfoundland & Labrador

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 continues to work with Memorial University and the Atlantic School of Chartered Accountancy (ASCA) 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. As well, this year the Institute presented a very successful Practitioner's Day featuring a variety of speakers addressing topics of particular relevance to our members in public practice from sole practitioners to medium sized firms. 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 2011 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 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.

In the fall of 2011 the CA profession announced it had received funding under HRSDC's Foreign Credential Recognition Program. With this funding the CA profession will create an online assessment tool that will make it easier for foreign trained accountants, looking to move to Canada, to have their credentials assessed for the purposes of obtaining a Canadian CA designation. In addition, the CA profession initiated a pilot program involving an "Evaluation of Experience." This 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. ICANL CEO Tashia Batstone continues to work closely on these projects as the Chair of the CA profession's Professional Learning Committee.

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 CA positions in public practice, industry and government. Offering varied training opportunities increases the attractiveness of the CA designation 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 CA designation at the high

The Institute of Chartered Accountants of Newfoundland & Labrador

school level to ensure we continue to attract the best and brightest students in the province to the CA profession.

Improve the efficiency and effectiveness of the Institute's processes

For the 2011 reporting year, ICANL implemented an on-line CPD reporting system. 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. This system has eliminated the manual declaration forms and will improve the efficiency and effectiveness of the CPD audit process since details of a member's CPD will be 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 2011-12, 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 hiring of Nancy Ollerhead as our Communications Coordinator last year has resulted in the Institute being able to release more timely information to the membership particularly given the unification discussions that have been ongoing for most of the year. In a period of such significant change the Board feels it is essential that members are kept up to date and stay informed about the happenings at both the provincial and national levels.

Finally, the Board continues to support the value of the CA brand. However, this year, with merger discussions ongoing, it was decided that all national advertising efforts would be suspended. Provincially the CA profession continued to take an active role in the Board of Trade and Junior Achievement to promote our presence in the community.

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

The Board continues to support the activities of the Council of Senior Executives (CSE) through participation in the Professional Learning Committee, Public Trust Committee and the Member Relations Taskforce. Although we are a small Institute, we continue to punch above our weight by having senior staff on many of the profession's leading committees. By working in these national initiatives we are well positioned to better understand the issues facing the CA profession and ensure that our members have access to the most up to date professional standards and benefits such as the most recent professional development opportunities, the Practitioner's Toolkit and a proposed new toolkit for members in industry.

The Institute of Chartered Accountants of Newfoundland & Labrador

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, the most successful of which is the Atlantic School of Chartered Accountancy.

Unification of the Accounting Profession

In developing the strategic plan the Board had no notion that the landscape of the accounting profession would change in such a short period of time with the commencement in May 2011 of unification discussions between the professional accounting bodies in Canada. In May 2011, a national position paper was released that established guiding principles for the unification of the accounting profession in Canada. Between May and September 2011, preliminary consultations with key stakeholders were conducted at both the national and provincial level with a focus on a possible merger between the CA and CMA professions. In the fall of 2011, the CGAs entered the discussions thereby opening up the possibility of a complete unification of the profession in this country.

In January 2012, the Canadian Institute of Chartered Accountants (CICA), the Certified Management Accountants of Canada (CMA Canada), and the Certified General Accountants of Canada (CGA Canada) released a Unification Framework which provided an outline of how the Canadian accounting profession might be unified in Canada. Included with the Unification Framework was a report that provided a summary of how a new CPA Certification Program would work.

In March 2012, ICANL, CMA-NL and CGA-NL issued the Newfoundland and Labrador Merger Proposal to unite the three bodies in this province. Following the release of the proposal in March, the membership was invited to complete an online survey to determine its support for the unification initiative. The survey results showed support for the merger, at that time, at 54%, with 37% against and 9% undecided/no response. Since the survey closed, an extensive consultation process was undertaken to solicit feedback from key stakeholders regarding a merger of the three accounting bodies. Members, students, employers, the business community and educators participated in these consultations. Subsequent to these information sessions, support for the merger increased significantly. Surveys taken following these events showed support for the merger at 76%, with 7% against and 17% undecided/no response.

However the road to unification has not been smooth. Throughout the process several provincial bodies have expressed concerns and withdrawn from the merger discussions. In late May 2012, most CGA bodies in Canada, including CGA-NL, withdrew from the unification discussion. CGA-NL had indicated to their members that they remain committed to the concept of the unification of the profession but felt that since the majority of CGA Canada members and the national CGA body are no longer in merger discussions, it was not practical for them to proceed at this time. While disappointed by the news of CGA-NL withdrawing from unification discussions, ICANL and CMA-NL both remain strongly supportive of the eight guiding principles contained in the Unification Framework and have indicated their commitment to moving forward in the unification process.

Nationally unification efforts continue in all provinces and regardless of what happens in the rest of the country, it is clear that the status quo will not continue. Legislation in Quebec to unite the three provincial accounting bodies under the Chartered Professional Accountant (CPA) designation has

The Institute of Chartered Accountants of Newfoundland & Labrador

received passage. This means that 20% of all professional accountants in Canada are now CPAs. CAs in British Columbia and Manitoba have also voted to support unification in their jurisdictions.

Currently, the ICANL membership has been invited to participate in an advisory vote. However, regulation of the accounting profession in the province is a matter to be determined by government. Ultimately, the decision of whether or not a merger will take place is a decision of the Newfoundland and Labrador Government which must pass new legislation to establish a new CPA Newfoundland and Labrador. The ICANL Board will make final recommendations to government based not only upon the results of the NL advisory vote but also having taken into consideration the success of unification efforts in the rest of the country. Finally, not only will the Government take the results of the advisory vote into account along with the feedback from other important stakeholders, it will also consider developments in other provinces as well as what is in the public interest

As you can see it has been an extremely busy year for the Institute. On behalf of the Executive, we would like to take this opportunity to recognize the significant effort of the ICANL Board, and the support of our dedicated staff and volunteers. Without your continued support and assistance many of the initiatives identified above would not have been possible.



Dorothy Keating, CA
Chair



Tashia E. Batstone, FCA, MBA
Chief Executive Officer

The Institute of Chartered Accountants of Newfoundland & Labrador

MEMBERS OF THE BOARD 2011/12

OFFICERS



*Dorothy Keating, CA
Chair*



*David Pine, CA
Vice-chair*



*Thomas Brockway, CA
Secretary-Treasurer*

OTHER MEMBERS OF THE BOARD



*Dr. Thomas Cooper
Public Representative*



*Pauline Downer, FCA
Board member*



*Paul Janes, CA
Board Member*



*Colleen Menthions, CA
Board Member*



*Keith Minaker, CA
Board Member*



*Sheilagh Murphy, LLB
Public Representative*



*John O'Brien, CA
Board Member*



*Donna Rideout, CA
Board Member*

The Institute of Chartered Accountants of Newfoundland & Labrador

COMMITTEES OF THE BOARD 2011/12

AUDIT

John O'Brien, Chair
Paul Janes
Donna Rideout

CORPORATE GOVERNANCE

David Pine, Chair
Thomas Cooper**
Colleen Menchions

FCA NOMINATING

Stephen Belanger, Chair
Nina Adey
Mark Bradbury
Peggy Coady
Susan Cohlmeier
Janet Gardiner
David Pine
Ronald Walsh

HUMAN RESOURCES

Dorothy Keating, Chair
David Pine

INVESTMENTS

John O'Brien, Chair
Paul Janes
Donna Rideout

NOMINATING

Dorothy Keating, Chair
Tom Brockway
David Pine

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
Keith Minaker
Sheilagh Murphy**
David Pine

CONDUCT INVESTIGATIONS

Blair Jewer
Wayne King
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**
Colleen MENCHIONS
Glenn Mifflin
Ian Patey**
Donald Powell
Philip Quinlan
Greg Roberts
Cheryl Whitten

MEMBERSHIP

Jason Silver, Chair
Geoff Cochrane
Keith Minaker
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
Krista Hogan
Karen Legge
Nicole Miller
Beth Porter

GOVERNMENT AFFAIRS

Richard Daw, Chair
Robert Bishop
Peter Collens
Janet Gardiner
Anthony Keeping
Roy Naugler
Jim Nightingale
Jerry Oser
Kevin Sullivan

** Public Representative

The Institute of Chartered Accountants of Newfoundland & Labrador

JOINT APPOINTMENTS WITH THE ATLANTIC REGION

BOARD OF EVALUATORS

Mike Fitzpatrick ICAPEI (in part)
Stephen Clarke, NBICA (in part)
Kim Langille, ICANS

CICA BOARD OF DIRECTORS

Tom Conyers, ICAB
Nicola Young, ICANS

COMPETENCY MAP COMMITTEE

Brian Dunsten, NBICA (in part)
Ryan Pineau ICAPEI (in part)
Judy Cumby, ICANL

EDUCATION AND QUALIFICATIONS COMMITTEE

Nicola Young, ICANS

PROFESSIONAL LEARNING COMMITTEE – PREQUALIFICATION GROUP

J. Daniel Trainor, ICANS

MEMBERS SERVING ON CICA COMMITTEES/BOARDS

COUNCIL OF PRESIDENTS

Dorothy Keating
David Pine

COUNCIL OF SENIOR EXECUTIVES AND PROFESSIONAL LEARNING COMMITTEE

Tashia Batstone

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
Jeff Follett (in part)
David Pine (in part)

The Institute of Chartered Accountants of Newfoundland & Labrador

FELLOWS OF THE INSTITUTE

1955

Howard T. McDougall

1959

Robert Leith

1975

A.C. Lloyd Hudson

John Hyslop

Stanley N. Inkpen

George C. Rowe

Frederick D.R. Woolgar

1976

George W.D. Allen

G. Colin Baird

Edward M. Hunter

1977

G. Lawrence Johnson

1979

James W. Conway

1980

David R. Baird

A. Donald Blackwood

David E. Howley

1983

Charles W. Earle

F. George Penney

Donald J. Warr

1984

Stephen B. Gallagher

Edwin M. Stratton

1985

J. Merrill Belanger

1986

James T. Cavanagh

1987

Francis J. Kelly

J. Wayne Trask

1988

C. John Chapman

William P. Drover

1989

John M. Gardner

1990

Kevin R. Dean

David M. French

Frances M. Nichols

1991

Wilson J. Hoffe

1992

Bernard E. Beckett

C. Bruce Chafe

David W. Earle

Janet C. Gardiner

Raymond E. Gruchy

Robert J. Healey

1993

David Adey

1994

Richard J. Daw

Philip G. Quinlan

1995

Stephen M. Belanger

John E. Gover

1996

Nina L. Adey

Jeffrey B. Pardy

1997

Russell E. Pelley

1998

Eric L. Coombs

Gail M. Hamilton

1999

Lloyd A. Foote

2000

Susan A. Cohlmeier

Judith A. Cumby

Trudy M. Pound-Curtis

2001

Susan J. Adams

Mark G.S. Bradbury

R. Andrew Grant

J. Paul Snow

2003

William R. Brushett

Derrick F. Sturge

Michael J. Wilson

2004

Pauline A.E. Downer

Gerald C. Smith

Paula M. McDonald

2005

A. Colin Haines

David A. Howe

2006

Peggy Ann Coady

James A. Kirby

2007

D. Boyde Clarke

Thomas P. Conway

Eric D. Wells

2008

Roger G. Butt

2009

Jeffrey D. Follett

2010

David A. Hood

Richard K. Power

Kevin G. Sullivan

2011

Elizabeth E. Marshall

Jason P. Silver

2012

Tashia E. Batstone

D. Scott Shears

Ronald J. Walsh

Scott H. Walters

The Institute of Chartered Accountants of Newfoundland & Labrador

PAST PRESIDENTS/CHAIRS

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

The Institute of Chartered Accountants of Newfoundland & Labrador

WELCOME TO NEW MEMBERS

BY EXAMINATION

Rod Craig	Pamela Harding	Brad Sullivan
Laura Dawe	Darren Hodder	Jillian Walsh
Matthew Dwyer	Campbell Jamieson	
Angie Fowler	Stéphanie Leblanc	
Ashlynn Gillis	Megan Myles	
James Goodridge	Janik Petersen	
Stephen Gosse	Amanda Reid	
Phil Haines	Gillian Stokes	

BY AFFILIATION

Welcome to:

Jonathan J. D Abbott, Alberta
Melanie D. Chard, New Brunswick
Patrick J. English, New Brunswick
Donald A. Gordon, Ontario
Kendra L. MacDonald, Ontario
Laura E. MacDonald, British Columbia
Michael J. MacPhee, Bermuda
Jeff C. MacPherson, Prince Edward Island
Denis J. Manning, Alberta

Glen N. Masters, Bermuda
Jacklyn C. Mercer, Nova Scotia
Bradley H. Morse, Nova Scotia
Mark F. M. Parkhill, Nova Scotia
Ahmad S. Raja, Ontario
Brian A. Rendell, Nova Scotia

MEMBERSHIP STATISTICS

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Active members	681	669
Retired members	86	84
Honorary members	1	1
Total Membership	768	754
Students		
UFE Graduates awaiting admission	6	9
Pre-UFE ASCA Students	62	61

The Institute of Chartered Accountants of Newfoundland & Labrador

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 Tashia E. Batstone, D. Scott Shears, Ronald J. Walsh and Scott H. Walters 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 2011/12 were awarded to:

Susan Butler	\$2,000
Danielle Collins	\$1,250
Justin Hearn	\$2,000
Laura Miller	\$1,250
Stephanie Turpin	\$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 James Goodridge, recipient of the Roberta L. Hunt, CA, Memorial Award for 2011.

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 James Goodridge and Amanda Reid for placing on the David Hope Honour Roll for 2011.

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. Congratulations to this year's winner Angie Fowler.

The Institute of Chartered Accountants of Newfoundland & Labrador

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.



Tashia E. Batstone, FCA, MBA
CEO

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 770 members and 70 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 and the Canadian Institute of Chartered Accountants (CICA) 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 CA Profession.

PROVINCIAL STRATEGIES

The priorities for the Institute for 2012-2013, as approved by the Board in March 2012, are to:

The Institute of Chartered Accountants of Newfoundland & Labrador

- 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 CA profession.
- Ensure that CAs in Newfoundland and Labrador continue to excel by providing opportunities for superior professional development.
- Ensure public trust and confidence in the CA 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

On April 1, 2011, the Institute adopted the Canadian generally accepted accounting practices for not for profit organizations (NFPOs). There were no changes to retain earnings or other adjustments required upon transition to this new accounting framework.

FINANCIAL POSITION AND LIQUIDITY

At March 31, 2012, CA Newfoundland and Labrador's net assets were \$484,364 of which \$200,000 is 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 2011-12, the Institute generated cash flows from operating activities of \$26,509 while its financing and investing activities utilized cash of \$14,467, resulting in net positive cash flows of \$12,042. 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

The Institute of Chartered Accountants of Newfoundland & Labrador

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 2011-12, member fee revenue increased by \$33,346. This increase was a result of an increase in fees in the year of \$35 for all members and an unexpected increase in the number of new members.

The 2011-12 continuing professional development program resulted in a net contribution to operations of \$30,450 which is considerably less than in the prior year. This is directly attributable to a decline in registration while maintaining a consistent level of PD courses. 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.

CICA Committee expenditures of \$3,380 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 in the current year, national branding initiatives were reduced resulting in a significant reduction in CICA Committee expenditures.

In 2011-12, 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 2011-12. 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:

The Institute of Chartered Accountants of Newfoundland & Labrador

- Credit risk arises from the potential that a counterparty 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 CA profession in Canada, 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 2011-12 the Complaints Authorization Committee received two new allegations and continued eight investigations from previous years. As of March 31, 2012, two of these allegations were dismissed, five complaints were made to the Disciplinary Panel and investigations are continuing in the remaining three cases. Discipline hearings for three of the complaints made to the Disciplinary Panel resulted in the members being found guilty and a hearing on the final two complaints is scheduled for fall 2012.

PRACTICE INSPECTION

The Practice Inspection program continued to function well throughout 2011-12 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. To ensure members are benefiting from the outcomes of the Practice Inspection program, a "Focus on Findings" report was prepared by the Practice Inspection Committee and distributed to all practicing units in the Fall of 2011. This report highlighted the common deficiencies

The Institute of Chartered Accountants of Newfoundland & Labrador

identified in the 2010-11 program. Practice inspections were completed during the year by two contract inspectors as well as the Director, Member Services/Practice Advisor.

In keeping with the harmonization of practice inspection across all PICA's, the final phase of the provincial harmonization project was implemented in Fall 2011. Changes resulting from the harmonization project were communicated to firms as part of the practice inspection process.

PROFESSIONAL DEVELOPMENT

Professional development continues to be a key area for the Institute. In Fall 2010, ICANL opened its training centre at 95 Bonaventure Ave. in St. John's. The training centre allows us to run courses for members with smaller class sizes than in the past. The number of courses offered in the 2011-12 year was consistent with the 2010-11 year even with a significant decrease in overall registrations. Courses were also offered in Gander and Corner Brook. With the implementation of Accounting Standards for Private Enterprises (ASPE), the new ½ day ASPE: The Transition course was attended by many members in both industry and private practice. Courses in accounting standards for not-for-profit organizations and public sector accounting were also popular as members were faced with the implementation and standards changes in these areas. For 2012-13, ICANL plans to offer a consistent number of courses. We are continually looking to add to our course selections as we strive to meet member needs in this area.

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 of the accounting profession has been identified by the Board, as well as the national profession, as the strategic priority for the CA profession and this will be an area of focus in the year to come. In addition to focusing on 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. Over the next year we will continue to 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 in Canada. The CICA and the other provincial institutes along with their counterparts in other professional accounting bodies continue to explore opportunities for increased cooperation which we hope will minimize cost increases and related member fee increases.



Tashia E. Batstone, MBA, FCA
Chief Executive Officer
June 19, 2012

Coombs & Associates

Independent Auditors' Report

Chartered Accountants

To the Members of:

The Institute of Chartered Accountants of Newfoundland and Labrador

Partners:

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

We have audited the accompanying financial statements of The Institute of Chartered Accountants of Newfoundland and Labrador, which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and April 01, 2010, and the statements of operations, changes in net assets and cashflows for the years ended March 31, 2012 and March 31, 2011, 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 audits 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, 2012, March 31, 2011 and April 01, 2010, and the result of its operations and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian accounting standards for not for profit organizations.


Chartered Accountants

Mount Pearl, Newfoundland and Labrador
May 28, 2012

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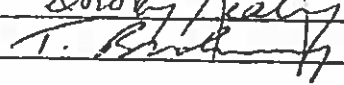
CA

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

	March 31, 2012	March 31, 2011	April 01, 2010
Assets			
Current Assets			
Cash	\$ 229,772	\$ 422,730	\$ 357,017
Short term investments (Note 2)	205,000	-	-
Accounts receivable (Note 3)	80,721	64,618	84,275
Prepays	29,555	32,064	25,449
	<u>545,048</u>	<u>519,412</u>	<u>466,741</u>
Property, plant and equipment (Note 4)	39,877	40,230	15,439
	<u>\$ 584,925</u>	<u>\$ 559,642</u>	<u>\$ 482,180</u>
Liabilities and Net assets			
Current Liabilities			
Accounts payable and accrued liabilities	\$ 97,445	\$ 93,576	\$ 45,447
Deferred revenue	3,116	-	-
	<u>100,561</u>	<u>93,576</u>	<u>45,447</u>
Net assets			
Investment in property plant and equipment	39,877	40,230	15,439
Internally restricted (Note 7)	200,000	200,000	175,000
Unrestricted net assets	244,487	225,836	246,294
	<u>484,364</u>	<u>466,066</u>	<u>436,733</u>
	<u>\$ 584,925</u>	<u>\$ 559,642</u>	<u>\$ 482,180</u>

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
Statements of Operations

For the Years Ended March 31,

	2012	2011
Revenue		
Membership fees	\$ 432,327	\$ 398,981
Self Funding Activities (Note 6)	272,012	308,722
Interest and other revenue	58,011	10,588
Disipline costs recovered	30,000	-
Admission fees	9,431	22,200
	801,781	740,491
Operating expenses		
Amortization	14,820	10,059
Bad debt expense	1,031	3,209
CICA committees	3,380	24,842
Communications	35,492	21,673
Conduct and discipline	41,849	71,071
Governance activities	-	300
Insurance	25,094	25,025
Interest and bank charges	12,683	13,283
Meetings, socials and membership activities	23,067	15,011
Occupancy costs	59,361	47,453
Office expenses	43,056	34,489
Professional fees	7,430	8,847
Salaries and wages	257,879	182,886
Self-funding costs (Note 6)	241,285	239,087
Strategic plan	-	1,037
Travel	17,056	12,886
	783,483	711,158
Excess of revenue over expenditures from operations	\$ 18,298	\$ 29,333

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

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

For the Years Ended March 31,

	Investment in Property Plant and Equipment	Internally Restricted	Unrestricted	2012	2011
Net assets, beginning of year	\$ 40,230	\$ 200,000	\$ 225,836	\$ 466,066	\$ 436,733
Excess of revenue over expenses	(14,820)	-	33,118	18,298	29,333
Purchase of property plant and equipment	14,467	-	(14,467)	-	-
	\$ 39,877	\$ 200,000	\$ 244,487	\$ 484,364	\$ 466,066

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

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

For the Years Ended March 31,

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the year	\$ 18,298	\$ 29,333
Amortization	14,820	10,059
(Increase) decrease in accounts receivable	(16,103)	19,657
(Increase) decrease in prepaids	2,509	(6,615)
Increase (decrease) in accounts payable and accrued liabilities	3,869	48,131
Increase (decrease) in deferred revenue	3,116	-
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES	26,509	100,565
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property plant and equipment	(14,467)	(34,852)
Net cash Increase (decreases) in cash and cash equivalents	12,042	65,713
Cash and cash equivalents at beginning of year	422,730	357,017
Cash and cash equivalents at end of year	\$ 434,772	\$ 422,730

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 Years Ended March 31, 2012 and March 31, 2011

1. Significant Accounting Policies

Nature of operations

The Institute of Chartered Accountants of Newfoundland and Labrador (ICANL) 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.

Adoption of Accounting Standards for Not for Profit Organizations

First time adoption

On April 1, 2011 the Institute adopted Canadian generally accepted accounting principles for not for profit organizations. The standards were adopted retrospectively with adjustment to the comparative figures. The changes to retained earnings at the date of transition were NIL.

A reconciliation of the net income reported in the entity's most recent previously issued financial statements to its net income under Canadian generally accepted accounting principles for not for profit organizations for the same period is not disclosed as there were no adjustments to report on transition.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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 is defined as cash and short-term investments with maturity dates of less than three months. The institute's short-term investments are considered to be cash equivalents and are recorded at cost, which approximates current market value.

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 Years Ended March 31, 2012 and March 31, 2011

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

In accordance with section 3855, "Financial Instruments – Recognition and Measurement", the Institute has classified its cash and cash equivalents as held for trading and measures them at fair market value. Transaction costs and any gains or losses arising from changes in fair values are recognized immediately in the statement of operations. Accounts receivable are classified as loans and receivables and accounts payable are classified as other financial liabilities. Both are measured at amortized cost.

Property, plant 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.

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

For the Years Ended March 31, 2012 and March 31, 2011

2. Short term Investments

Short-term investments consists of the following:

A shorter-term principal-protected investment (principal amount of \$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 1.5%

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

3. Accounts receivable

	2012	2011	2010
Accounts receivable consist of the following:			
Trade	\$ 69,415	\$ 58,792	\$ 69,755
Harmonized sales tax	15,011	9,743	15,058
	84,426	68,535	84,813
Allowance for doubtful accounts	(3,705)	(3,917)	(538)
	\$ 80,721	\$ 64,618	\$ 84,275

4. Property, plant and equipment

Property, plant and equipment consist of the following:

	2012		2011	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office equipment	\$ 33,330	\$ (17,445)	\$ 15,885	\$ 22,153
Computer hardware and software	35,320	(18,627)	18,693	11,184
Leaseholds	7,972	(2,673)	5,299	6,893
	\$ 76,622	\$ (36,745)	\$ 39,877	\$ 40,230

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

For the Years Ended March 31, 2012 and March 31, 2011

4. Property, plant and equipment (continued)

			2011	2010
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Office equipment	\$ 33,330	\$ (11,177)	\$ 22,163	\$ 12,037
Computer hardware and software	20,853	(9,669)	11,184	2,391
Leasehold improvements	7,972	(1,079)	6,893	1,011
	\$ 62,155	\$ (21,925)	\$ 40,230	\$ 15,439

5. Commitments

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

2013	\$ 4,780
2014	\$ 2,080

The Institute of Chartered Accountants of Newfoundland and Labrador leases its office and training centre under a renewable lease which expires March 2014. The lease calls for annual rent of \$ 56,630.

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 \$ \$31,350 (2011 - \$30,700).

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

For the Years Ended March 31, 2012 and March 31, 2011

6. Self-funding activities

	2012	2011
Revenues		
Convocation	\$ 16,425	\$ 22,050
Final exams	29,450	29,675
Practice inspection	31,355	37,879
Professional development	181,930	212,315
Other	12,852	7,003
	\$ 272,012	\$ 308,722
Direct costs		
Convocation	\$ 17,351	\$ 21,005
Final exams	24,898	23,179
Practice inspection	38,355	37,173
Professional development	151,390	151,688
Other	9,291	6,042
	\$ 241,285	\$ 239,087
Net	\$ 30,727	\$ 69,635

7. Restriction on net assets

The Board of ICANL has internally restricted \$200,000 (2011 - \$200,000) of unrestricted net assets to be used for litigation fees resulting from any future disciplinary actions.

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

For the Years Ended March 31, 2012 and March 31, 2011

8. Disclosure of controlled entity

The Institute controls the Chartered Accountants Education Foundation of Newfoundland and Labrador Inc. (Foundation) 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, 2012 are not yet available and as a result the latest audited figures are presented. Financial summaries are as follows:

	April 30, 2011	April 30, 2010
Total assets	\$ 54,875	\$ 45,090
Total liabilities	(7,372)	-
Net assets	\$ 47,503	\$ 45,090

	2011	2010
Total revenue	\$ 57,172	\$ 52,870
Total expense	(54,829)	(45,075)
Excess revenue	\$ 2,543	\$ 7,795

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 (2012 - \$285,890; 2011 - \$290,320). Costs for the Uniform Evaluation administered by the CICA on behalf of ICANL are fully recovered from ICANL (2012 - \$21,037; 2011 - \$19,768). The CICA also recovers costs incurred for activities jointly funded by ICANL and CICA (2012 - \$3,380; 2011 - \$24,842). At March 31, 2012 payables and accruals included \$36,808 (2011 - \$35,970) due to the CICA and \$14,453 (2011 - \$21,063) due to the Institute of Chartered Accountants of Alberta and \$699 (2011 - Nil) due to the Institute of Chartered Accountants of Nova Scotia. At March 31, 2012 accounts receivable included \$13,334 (2011 - Nil) due from the CICA.

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

For the Years Ended March 31, 2012 and March 31, 2011

9. Related party transactions (continued)

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.

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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