

# 2010 Annual Report

Chartered Accountants of Newfoundland and  
Labrador

**Business Decision Ring**

DIVEST  
MERGE  
ACQUIRE  
INTEGRATE  
CAPITALIZE  
DIVERSIFY

**Wouldn't it be nice if decisions were so easy?**  
Until then, look to a CA for the talent and integrity to  
make the right ones. [www.decisionsmatter.ca](http://www.decisionsmatter.ca)

**CA**  
Decisions matter.

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

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[www.icanl.ca](http://www.icanl.ca)

Tashia E. Batstone, CA, MBA  
Chief Executive Officer

[tbatstone@icanl.ca](mailto:tbatstone@icanl.ca)

Kim A. Mayo, CA  
Director of Member Services/  
Practice Advisor  
[kmayo@icanl.ca](mailto:kmayo@icanl.ca)

Karen P. Harnum  
Executive Assistant

[kharnum@icanl.ca](mailto:kharnum@icanl.ca)

### **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



Jason P. Silver, CA  
*Chair*



Tashia E. Batstone, MBA, CA  
*Chief Executive Officer*

### PLANNING FOR THE FUTURE

With the new CA Act in effect, 2009-10 was a year for ICANL to plan for the future. During the year the ICANL Board and volunteers from the Strategic Planning Committee undertook a detailed review of the Institute and the role our organization will play over the next 5 years. As part of the strategic planning process the Board consulted with members, students, and other key stakeholders and ultimately approved a new Mission Statement for Chartered Accountants in Newfoundland and Labrador:

***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.***

In keeping with the spirit of the Mission Statement, ICANL's new strategic plan identifies six strategic priorities for the Institute:

1. The Institute will continue to perform to the highest level its regulatory responsibilities to uphold public confidence in the CA Profession in Newfoundland and Labrador.
2. The Institute will continue to provide services to its members to enhance their professional competence and help them excel.

3. The Institute will undertake activities to attract competent and ethical people to the CA profession.
4. The Institute will continue to improve its efficiency and effectiveness by increasing the use of technology and by capitalizing on the expertise and experience of volunteers.
5. The Institute will enhance its communications to the following stakeholders:
  - members, public accounting firms and students to emphasize the important public responsibilities assumed by the profession and actively promote high ethical standards; and,
  - government and other stakeholders regarding public policy matters on which the profession can offer objective and expert advice.
6. The Institute will continue to work with the Canadian Institute of Chartered Accountants, other Provincial Institutes and Bermuda to undertake the following activities:
  - to ensure continued protection of the public through the development and harmonization of professional standards;
  - to improve member services and communication;
  - to promote and develop professional learning opportunities for all members;
  - to assist in promoting the CA profession; and,
  - to develop synergies which increase the economy, efficiency and effectiveness of the CA Profession in Canada

### UPHOLDING PUBLIC CONFIDENCE - PUBLIC TRUST

At the core of the Canadian CA profession is our responsibility to protect the public interest. As a profession we have embraced this responsibility through our ongoing commitment to standard setting, continuing professional education, and self-regulation. This commitment is exemplified in the profession's ongoing Professional Conduct, Practice Inspection and Continuing Professional Development programs and in the national standard-setting process.

During 2009-10, ICANL continued its self-regulatory activities to ensure the on-going protection of the public interest.

Discipline cases have been ongoing throughout 2009-10 and continue to represent a significant portion of the ICANL budget. The new *Chartered Accountants Act* which came into effect on June 30, 2009 legislated a significantly different approach to conduct matters whereby all allegations are investigated under the authority of the Complaints Authorization Committee. The role of the Discipline Committee to hear a charge remained largely unchanged; however, the ability of the

Board to hear appeals has been eliminated. All appeals must now be made to the Trial division of the Supreme Court. In addition to the above noted changes, in 2009-10 the Institute continued to work with the CA Profession's Public Trust Committee to develop recommendations that will result in greater congruence in the functioning of the discipline process.

Throughout 2009-10 our practice inspection process continued to function well. We began to implement the recommendations of the Practice Inspection Working Group and continued to work with the other Provincial Institutes to achieve national harmonization in our practice inspection process. Several practicing units were inspected in 2009-10 as part of the three year risk adjusted inspection cycle. In the Fall of 2009 a "Focus on Findings" report was provided to all members in public practice which highlighted areas of common deficiencies noted in the practice inspections in the 2008-09 inspection cycle. A similar report will be available to members in public practice this fall.

In 2008, new continuing professional development requirements were introduced for all CA's in recognition of the need to ensure our members were developing and maintaining the professional competencies required to excel in their chosen careers. December 31, 2010 marks the end of the first three year continuing professional development cycle in which all members are expected to have met the 120 hour requirement. A robust professional development program will be offered this fall to assist members to meet their professional development needs.

During the year the Institute worked collaboratively with the Public Accountants Licensing Board (PALB) and the Government of Newfoundland and Labrador toward the development of a new Public Accountancy Act. Consultations between Government and the accounting bodies in the province are ongoing but it is hoped that the new act will be proclaimed this fall. ICANL and the PALB continue to discuss with government the need to ensure that the definition of public accounting includes review engagements so that the conduct of reviews becomes a licensable activity performed by professional accountants. In addition to expanding the definition of public accounting, ICANL and the PALB continue to focus on the need for public accountants to be able to operate as professional corporations and to ensure that the PALB has the ability to rely on the disciplinary actions of the designated bodies rather than having to undertake its own separate discipline process.

At a national level one area that received considerable attention this past year was independence standards for auditors. The Public Trust Committee formed an Independence Task Force to review the current independence requirements included in the Rules of Professional Conduct. This review was precipitated by changes made last year 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 two as possible changes to the Canadian requirements are contemplated.

## GROWING THE CA PROFESSION

Newfoundland and Labrador students continued to perform extremely well on the UFE with 24 successful candidates in 2009-10. The performance of students in Newfoundland and Labrador compared quite favorably with students in Atlantic Canada and the rest of Canada. This year David Janes was awarded the CICA Regional Gold Medal for Atlantic Canada and was also the recipient of the Roberta L. Hunt, CA Memorial Award, the Brian A. Rogers Award and the Lorne A. Hart Memorial Award. Peter Fifield, David Janes, Melanie Lewis, Heather McKay and Jeanette Wade all earned a place on the David Hope Honour Role.

As we look to the future the Board believes that the demand for Chartered Accountants will continue to increase and that interest from students will remain strong. However, research has shown that the most significant challenge facing the profession's education system is the ability to provide training opportunities for all students interested in obtaining a CA designation. In early 2007 institute councils and boards across Canada and in Bermuda endorsed a change to CA experience requirements that allowed for expanded training in public practice and targeted training in high-quality industry and government organizations. This year ICANL has established a strategic priority to actively seek opportunities to help us increase the number of training positions in the province. In particular, activities will be undertaken to identify and develop additional training opportunities in industry and non-assurance streams in public practice firms.

In addition to traditional recruitment from those students with business degrees and accounting majors, the CA profession will focus on increasing the attractiveness of our program to non-business graduates, immigrants and career changers. The CA Profession is working to ensure that we are in a position to meet the criteria identified in the Pan Canadian Framework for Foreign Credentials Recognition. Nationally, the Professional Learning Committee (PLC) has initiated a major project to review programs that will facilitate bridging into the profession. Provincially, ICANL's Membership Committee is reviewing all policies related to admission to ensure they meet the requirements of the Framework.

## PROVIDING MEMBER SERVICES AND HELPING MEMBERS EXCEL

With 720 members in Newfoundland and Labrador and more than 74,000 across Canada, we want all members to value their CA designation and see the profession as a primary source for the competencies they need to succeed.

Professional learning goes well beyond one's days as a student and the CA profession embraces the concept of lifelong learning. While it is not possible for the Institute to meet all the learning needs of its members, it continues to offer a wide array of courses in financial reporting, assurance, corporate finance, management, leadership and personal development, information technology, taxation, and wealth management. Several topics were of particular interest this past year as the membership deals with the introduction of new International Financial Reporting Standards, the new Accounting Standards for Private Enterprises and new Canadian Auditing Standards.

Nationally the Professional Learning Committee, Chaired by Tashia Batstone, CA, is focusing on developing a professional wide lifelong learning network to assist members in identifying and

## The Institute of Chartered Accountants of Newfoundland & Labrador

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obtaining the necessary education and training to fulfill whatever career paths they choose to follow. In particular, the PLC is also looking at developing a comprehensive change management process to ensure that when standards changes occur, all activities from education and course development, to products and services, and communication are coordinated such that members are able to easily access all required resources.

The Institute continues to support the work of the national Member Relations Task Force (MRTF). The MRTF is responsible for ensuring that services are provided to members to help them excel in what they do. It continues to develop a variety of products and publications for use by members across the country. The MRTF has established advisory services and products and publications subcommittees that meet on a regular basis to discuss items of common interest in order to respond to current issues and provide support to members.

### EFFICIENT & EFFECTIVE STRUCTURES AND PROCESSES

Many years ago, the ICANL Board adopted the Policy Governance model and has found it to be very effective. Consistent with this approach to governance, the Board regularly monitors its own structures and processes as well as those of the committees reporting to it. Finally, the Board is responsible for establishing the strategic direction for the Institute and for providing oversight to management. As part of its governance responsibilities, the Board rigorously monitors management's progress toward attaining the Ends it established within the parameters defined by the Board.

During the Spring of 2010 the Institute implemented Phase 1 of a three phase database upgrade. The Institute's database is now significantly more robust and will allow us to better identify and coordinate membership demographics. Phase 2 of the project which will allow for online registration for all Institute events, e-commerce, online database updating and CPD reporting will be implemented in Fall 2010.

We are very pleased to announce that in the Fall of 2010 ICANL will be opening a new training centre at our offices on Bonaventure Avenue. This state of the art facility will be equipped with the latest technology for facilitating meetings and professional development. All of ICANL's fall professional development will now be held on site and opportunities for rental of the centre will be available to members at a discounted price.

### COMMUNICATIONS

During 2009-10, as part of the strategic planning process, members of the ICANL Board had the opportunity to meet with members across the province. The response from the membership indicated that face-to-face meetings were very beneficial. Accordingly, plans are now underway for an executive tour in fall 2010.

During 2009-10 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 and were



## The Institute of Chartered Accountants of Newfoundland & Labrador

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present at the House of Assembly during the budget speech. ICANL members continue to meet with representatives from Canada Revenue Agency to discuss matters of significance to both groups.

Under the auspices of the CA Education Foundation Newfoundland and Labrador's CAs continue to promote the CA profession as a career of choice to students at Memorial University's Faculty of Business. In Fall 2010 the Foundation will be launching a new communications program aimed at educating high schools students about the benefits of a career as a professional accountant.

In a time of uncertainty, the CA brand is more important than ever, as business people rely on the expertise of CAs to help them weather economic crises and deal with changes in financial reporting. Through our national advertising campaign in 2009/2010, we continued to emphasize the profession's stellar reputation and the value CAs bring to business. In 2010/2011, there is an ongoing commitment to collaborate across the country to continue strengthening the brand. The "Decisions Matter" concept underscores the unique qualities CAs bring to business, and will remain central to the campaign. In the Fall of 2010, however, new ads will appear; these new ads will stay true to the Decisions Matter concept, but will deliver the message in a new and fresh manner.

### COORDINATION WITH CANADA'S CHARTERED ACCOUNTANTS

Many of the issues facing the province of Newfoundland and Labrador are not unique to this province but have national implications. ICANL continues to participate fully in profession wide initiatives through involvement with the Council of Senior Executives, the Council of Presidents and the Leadership Group.

This year the ICANL Board will be working with the other Atlantic Canadian provincial institutes and the Institute of Chartered Accountants of Bermuda to develop economies of scale and efficiencies in the region. The "Triple E" project focusing on economy, efficiency and effectiveness represents an opportunity for the small institutes in Atlantic Canada and Bermuda to better work together to meet shared goals for improved member services and continued protection of the public.

### LAST BUT NOT LEAST...VOLUNTEERS

In drafting the strategic plan it was identified that one of the challenges we face as an Institute is the limited number of staff to develop and undertake the many activities of the organization. However, the Board also realizes that the strength of our organization rests largely in the hands of those dedicated members and public representatives volunteer their time so generously. With approximately 600 active members we have over 100 of our members who volunteer within the CA profession at the local and national level.

This year we recognized three of these individuals as the Institute awarded the FCA designation to David A. Hood, FCA, Richard K. Power, FCA and Kevin G. Sullivan, FCA. This year the Board is also pleased to be awarding our Certificate of Meritorious Service to two public representatives who have provided significant volunteer services to the Institute – Dr. Gary Gorman, PhD and Mr. Geoff Aylward, Q.C.

## The Institute of Chartered Accountants of Newfoundland & Labrador

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On behalf of the Board, we would like to take this opportunity to recognize the significant effort of all ICANL staff and volunteers. Without your continued support and assistance many of the initiatives identified above would not have been possible. The Board would like to encourage all CAs to become involved in their profession.

As with all self-regulatory bodies, these are interesting times for our profession and as always the Institute and the Board will strive to uphold the public interest and ensure that our members continue to receive the support necessary to excel. Implementation of strategic initiatives will continue to impact our operations as we move ahead and we look forward to the continued involvement of our dedicated volunteers.



Jason P. Silver, CA  
*Chair*



Tashia E. Batstone, CA, MBA  
*Chief Executive Officer*

## MEMBERS OF THE BOARD 2009/10

### OFFICERS



*Jason Silver, CA  
Chair*



*Scott Shears, CA  
Vice-chair*



*Dorothy Keating, CA  
Secretary-Treasurer*

### OTHER MEMBERS OF THE BOARD



*Thomas Brockway, CA  
Board member*



*Mark Cook, CA  
Board member*



*Dr. Thomas Cooper  
Public Representative*



*Pauline Downer, FCA  
Board Member*



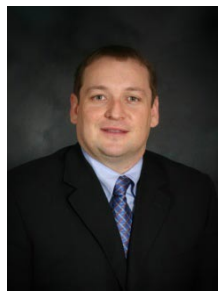
*Elizabeth Marshall, CA  
Board Member (in part)*

No photo  
available

*Douglas Munn, CA  
Board member*



*Sheilagh Murphy, LLB  
Public Representative*



*David Pine, CA  
Board member*

# The Institute of Chartered Accountants of Newfoundland & Labrador

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## COMMITTEES OF THE BOARD 2009/10

### AUDIT

Dorothy Keating, Chair  
Thomas Brockway  
David Pine

### CORPORATE GOVERNANCE

Scott Shears, Chair  
Mark Cook  
Thomas Cooper\*\*

### FCA NOMINATING

Stephen Belanger, Chair  
Mark Bradbury  
Susan Cohlmeier  
Janet Gardiner  
Keith Healey  
David Pine  
Ronald Walsh

### GOVERNMENT AFFAIRS

Karen Northover, Chair  
Robert Bishop  
Boyde Clarke  
Peter Collens  
Richard Daw  
Janet Gardiner  
Anthony Keeping  
Jim Nightingale  
Jerry Oser  
Byron Smith

### HUMAN RESOURCES

Jason Silver, Chair  
Scott Shears

### INVESTMENTS

David Pine, Chair  
Dorothy Keating  
Scott Shears

### NOMINATING

Dorothy Keating, Chair  
Scott Shears  
Jason Silver

### STRATEGIC PLANNING

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

\*\* Public Representative

## SELF-REGULATORY COMMITTEES

### BY-LAWS ADVISORY

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

### COMPLAINTS AUTHORIZATION

Elizabeth Marshall, Chair (in part)  
Pauline Downer, Chair (in part)  
Douglas Munn  
Sheilagh Murphy\*\*  
David Pine

### CONDUCT INVESTIGATIONS

Blair Jewer  
Wayne King  
John O'Brien  
Jerry Oser  
Barry Tilley  
Eric Wells

### DISCIPLINE

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

### MEMBERSHIP

Thomas Brockway, Chair (in part)  
Jason Silver, Chair (in part)  
Rexanne Crawford (in part)  
Geoff Cochrane (in part)  
Heather King  
Kim Simms

### OFFICE PRACTICE INSPECTION

William McGettigan, Chair  
Shirley Alexander  
James Cavanagh  
Tim Fahey  
Derek Howell  
Byron Smith  
Darryl Winsor

## COMMITTEES ADVISORY TO MANAGEMENT

### COMMUNICATIONS

Karen Gosse, Chair  
Scott Antle  
Krista Hogan  
Jenelle Hollohan  
Karen Legge  
Cheryl Whitten

Nicole Miller  
Krista Morgan  
Karen Parrott  
Beth Porter  
Dalene Skinner

\*\* Public Representative

## JOINT APPOINTMENTS WITH THE ATLANTIC REGION

### **BOARD OF EVALUATORS**

Ian Hutchinson, ICANS

Steve Clarke, NBICA

### **CICA BOARD OF DIRECTORS**

Tom Conyers, ICAB

Debbie Good, ICAPEI (in part)

Nichola Young, ICANS (in part)

### **COMPETENCY MAP COMMITTEE**

Brian Dunsten, NBICA

Jason Varner, ICANS

### **PUBLIC TRUST COMMITTEE – PROFESSIONAL LIABILITY INSURANCE WORKING GROUP**

Eric Wells, ICANL

### **EDUCATION AND QUALIFICATIONS COMMITTEE**

Debbie Good, ICAPEI (in part)

Nicola Young, ICANS (in part)

### **PROFESSIONAL LEARNING COMMITTEE – PREQUALIFICATION GROUP**

J. Daniel Trainor, ICANS

## MEMBERS SERVING ON CICA COMMITTEES/BOARDS

### **COUNCIL OF PRESIDENTS**

Jason Silver

### **COUNCIL OF SENIOR EXECUTIVES**

Tashia Batstone

### **PROFESSIONAL LEARNING COMMITTEE**

Tashia Batstone

### **MEMBER ADVISORY SERVICES GROUP**

Kim Mayo

### **CA POOLED PROFESSIONAL DEVELOPMENT GROUP**

Kim Mayo

## REPRESENTATIVES ON OTHER COMMITTEES/BOARDS

### **ATLANTIC SCHOOL OF CHARTERED ACCOUNTANCY BOARD**

Peggy Ann Coady  
Jeff Follett

### **ETHICS STANDARDS HARMONIZATION**

Scott Shears

## 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



## PAST PRESIDENTS/CHAIRS

**1949-51**

Robert Leith

**1951-53**

Reginald B. Moyse

**1953-55**

John Hyslop

**1955-56**

John C. Newland

**1956-57**

A.C. Lloyd Hudson

**1957-59**

Edward M. Hunter

**1959-61**

Frederick D.R. Woolgar

**1961-62**

Stanley N. Inkpen

**1962-64**

James W. Conway

**1964-65**

Peter J. Gardiner

**1965-67**

Gerald L. Kennedy

**1967-70**

G. Colin Baird

**1970-72**

G. Lawrence Johnson

**1972-74**

David R. Baird

**1974-75**

J. Merrill Belanger

**1975-76**

David Adey

**1977-78**

A. Donald Blackwood

**1978-79**

James T. Cavanagh

**1979-80**

Donald J. Warr

**1980-81**

Edwin M. Stratton

**1981-82**

Stephen B. Gallagher

**1982-83**

William P. Drover

**1983-84**

James T. Cavanagh

**1984-85**

Francis J. Kelly

**1985-86**

J. Wayne Trask

**1986-87**

C. John Chapman

**1987-88**

John M. Gardner

**1988-89**

David M. French

**1989-90**

Wilson J. Hoffe

**1990-91**

Raymond E. Gruchy

**1991-92**

Bernard E. Beckett

**1992-93**

Philip G. Quinlan

**1993-94**

Stephen M. Belanger

**1994-95**

Jeffrey B. Pardy

**1995-96**

Russell E. Pelley

**1996-97**

Eric L. Coombs

**1997-98**

Lloyd A. Foote

**1998-99**

Susan A. Cohlmeier

**1999-00**

Mark G.S. Bradbury

**2000-01**

Lewis W. Stoyles

**2001-02**

William R. Brushett

**2002-03**

Paula M. McDonald

**2003-04**

David A. Howe

**2004-05**

James A. Kirby

**2005-06**

D. Boyde Clarke

**2006-07**

Roger G. Butt

**2007-08**

Jeffrey D. Follett

**2008-09**

Richard K. Power

**2009-10**

Jason P. Silver

## WELCOME TO NEW MEMBERS

### BY EXAMINATION

Welcome to the Class of 2009:

Keith Abbott	Corey Grandy	Brian Menchenton
Lesley Boland	Susan Hall	Grant Outerbridge
Allison Bonnell	David Janes	Krista Ryan
Marc-Eric Bosse	Katie Kennedy	Melissa Skinner
Tara Davidson	Melanie Lewis	Linda-Joy Stanley
Lisa Duffy	Seth Marshall	Leslie Stewart
Susan Eddy	Heather McKay	Jeanette Wade
Peter Fifield	John McGrath	Stephanie Whiffen

### BY AFFILIATION

Welcome to:

David E. **Buckingham**, Manitoba  
Bradley G. **Driscoll**, Alberta  
Matthew W. **Follett**, Nova Scotia  
David W. **Keeping**, New Brunswick  
Carolyn E. **Mercer**, Nova Scotia  
Robin L. **Webb**, Ontario

## MEMBERSHIP STATISTICS

	<u>March 31, 2010</u>	<u>April 30, 2009</u>
Active members	638	618
Retired members	81	79
Honorary members	1	1
<b>Total Membership</b>	720	698
<b>Students</b>		
UFE Graduates awaiting admission	14	18
Pre-UFE ASCA Students	39	48

## 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 David A. Hood, Richard K. Power and Kevin G. Sullivan on receiving the FCA designation.

### FACULTY OF BUSINESS SCHOLARSHIPS

The Chartered Accountants' Education Foundation of Newfoundland, Inc. annually awards five scholarships to Faculty of Business students, Memorial University of Newfoundland. Scholarships for 2009/10 were awarded to:

Gina Fudge	\$1,250
Jaclyn Guy	\$2,000
Natasha Nderkwere	\$1,250
Samantha Phelan	\$1,250
Amanda Reid	\$2,000

### UFE RELATED AWARDS

#### CICA REGIONAL GOLD MEDAL FOR ATLANTIC CANADA

The CICA Regional Gold Medal is presented to the successful UFE candidate who achieves the highest performance on the UFE in Atlantic Canada and Bermuda. Congratulations to David Janes, recipient of the CICA Regional Gold Medal for Atlantic Canada.

#### LORNE A. HART MEMORIAL AWARD

The Lorne A. Hart Memorial Award is given to a student or students who have earned a place on the CICA Honour Roll. The Award is funded by the partners of Grant Thornton LLP in memory of Lorne Hart, CA. Congratulations to David Janes, recipient of the Lorne A. Hart Memorial Award.

#### BRIAN A. ROGERS AWARD

The Brian A. Rogers Award is presented annually to the successful ASCA UFE candidate who achieves the highest average in the ASCA professional program. Congratulations to David Janes, recipient of the Brian A. Rogers Award for 2009.

#### 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, Inc. and is awarded to the successful Newfoundland and Labrador UFE candidate who achieves the highest average in ASCA's professional program. Congratulations to David Janes, recipient of the Roberta L. Hunt, CA, Memorial Award for 2009.

## 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 Peter Fifield, David Janes, Melanie Lewis, Heather McKay and Jeanette Wade for placing on the David Hope Honour Roll for 2009.

## OTHER AWARDS

### JUNIOR ACHIEVEMENT VP FINANCE AWARD

CA Newfoundland is proud to continue its ongoing support to Junior Achievement by sponsoring the VP Finance Award. Congratulations to the 2010 winner, Myfanwy Price of Evolution Tees, a Junior Achievement company sponsored by P. F. Collins International Trade Solutions.

## 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, 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 2 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 and 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.

Grant Thornton LLP has 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 auditors' performance and makes recommendations to the Board with respect to their reappointment for the coming year.



Tashia E. Batstone, CA, MBA  
CEO

## 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 720 members and 60 students.

### GOVERNANCE

Under *The Chartered Accountants Act, 2008*, CA Newfoundland and Labrador is now governed by a Board of 12 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, Complaints Authorization, Corporate Governance, 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 Institute's strategic plan and the national strategies of the CA Profession.

## PROVINCIAL STRATEGIES

The priorities for the Institute for 2010-2011, as approved by the Board in February 2010, are to:

- 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.
- 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 organizations to increase the number of approved training offices in the province.

## NATIONAL STRATEGIES

The provincial institutes/ordre of Chartered Accountants and the CICA work together through the Council of Senior Executives (CSE) to develop national policies for critical profession-wide initiatives. In 2009-2010 the CSE has set as strategic goal to maintain the pre-eminence of the CA profession so that the significant majority of all senior financial positions and advisory roles are filled by CAs, in keeping with this goal the CSE has identified the following key objectives as the priority commitments for the CA profession:

- Attract exceptional people to be CAs and develop and support them throughout their careers.
- Enhance, promote and protect the CA profession.
- Ensure organizational effectiveness.
- Pursue standards and knowledge development initiatives.

The business initiatives that are planned by management for the ensuing year and the budget to carry them out are aligned to the achievement of these strategic goals.

## 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

Looking to the future, accounting standards for not-for-profit organizations (NFPOs) are currently under review. The Accounting Standards Board (AcSB) and the Public Sector Accounting Board (PSAB) are assessing the direction of financial reporting standards for not-for-profit organizations in Canada. In March 2010, the AcSB released an exposure draft on proposed accounting standards for NFPOs.

As set out in the exposure draft, standards would comprise:

- the existing standards dealing with the unique circumstances of NFPOs, being the current “4400 series” of standards in Part V of the *CICA Handbook*; together with
- the new accounting standards for private enterprises in Part II of the *CICA Handbook*, to the extent that they would apply to NFPOs.

NFPOs will also have the option of applying International Financial Reporting Standards (IFRS). Comments on this exposure draft are invited until July 15, 2010. Should the standards be finalized in accordance with the exposure draft, the chosen framework must be implemented for the Institute’s fiscal year ending March 31, 2013, with earlier adoption permitted. In the meantime, the existing accounting standards used by the not-for-profit sector – those from the *CICA Handbook - Accounting* – will continue to apply, unchanged, until proposed new directions for NFPOs in both the public and private sectors are finalized.

At the present time, management is of the view that the IFRS option is unlikely to be chosen for the Institute. However, the Institute intends to wait until the available options are finalized and will then select the best alternative for its circumstances.

## FINANCIAL POSITION AND LIQUIDITY

At March 31, 2010 CA Newfoundland and Labrador’s net assets were \$436,733 of which \$175,000 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 one year’s level of annual membership fees.

During fiscal 2010, the Institute utilized cash flows from operating activities of \$26,664 while its financing and investing activities utilized cash of \$6,777, resulting in net negative cash flows of \$33,441. 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

In 2009-10 the Institute changed its year end from April 30 to March 31. Therefore the expenses, as reported on the Statement of Operations represent an 11 month period.

During 2009-10 member fee revenue increased by \$40,791. This increase was a result of an increase in fees in the year of \$50 for all members and an unexpected increase in the number of new members.

The 2009-10 continuing professional development program resulted in a net contribution to operations of \$62,684. 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. As a result of the number of current outstanding cases, it is expected that these costs will continue to rise and an additional \$25,000 from the current year surplus has been restricted by the Board to cover these costs.

CICA Committee expenditures of \$18,909 represent the costs associated with ICANL's participation in national initiatives. Ongoing programs involve activities in public trust, member relations, professional learning and branding. Not surprisingly, the most substantial portion of these expenses in 2009-10 was related to the national branding as the profession continued with the "Decisions Matter" advertising campaign. The costs for this campaign as well as all national programs are allocated to the proportionately on a per member basis to all the provinces.

In 2009-10 CA Newfoundland and Labrador operated with a complement of three 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 uncertainty prevalent at the end of the prior fiscal year slowly gave way to increased stability as the year progressed. Although Newfoundland and Labrador was not as significantly impacted as other areas in Canada it was feared that the Institute's revenue sources could be negatively impacted by the economic uncertainty. This concern turned out to be unfounded. Activity-related revenues, comprised to a great extent of professional development and practice inspection fees seem largely unaffected. This fact, combined with the improving economic outlook, should mitigate any risk to these net revenue streams.

### **RISK IN RESPECT OF FINANCIAL INSTRUMENTS**

The Institute's financial instruments comprise cash and cash equivalents, investments, accounts receivable, and accounts payable. The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximates fair value due to their liquidity and short-term maturities.

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

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

### **OPERATIONAL RISK**

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

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

### **PROGRESS ON PRIORITIES**

#### **DISCIPLINE**

During 2009-10 the Institute's Complaints Authorization Committee was formed with the responsibility for investigating all ongoing investigations and any new complaints. The mandate of the Complaints Authorization Committee is to review all allegations and determine if a complaint should be filed with the Disciplinary Panel. During 2009-10 the Complaints Authorization Committee received 10 allegations with an additional 2 investigations ongoing from the previous year. As of March 31, 2010, five of these allegations were dismissed, two complaints were made to the Disciplinary Panel and investigations are continuing in the remaining five cases. Discipline hearings for the two complaints referred to the Disciplinary Panel are scheduled for early 2010.

### **PRACTICE INSPECTION**

The practice inspection program continued to function well throughout 2009-10 with several practicing units being inspected in accordance with the three year risk adjusted inspection cycle. It is anticipated that all practicing units will have been subject to practice inspection by August 2011, completing the first of the three year inspection cycles. 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 2009. This report highlighted the common deficiencies identified in the 2008-09 program. A similar report will be prepared in Fall 2010 based on 2009 – 10 results. Practice inspections were completed during the year by four contract inspectors as well as the Director, Member Services/Practice Advisor.

### **PROFESSIONAL DEVELOPMENT**

Professional development continues to be a key area for the Institute. In 2009-10 there were approximately 20 more course offerings than in the 2008-09 program. The majority of these courses were offered in the Fall session. Accounting Standards for Private Enterprises contributed significantly to the Winter 2010 session with 5 sessions being offered across the Province. While registrations remained high they did not meet the level of the previous year. The increase in courses meant an increase in CPD expenses. Combined with the slight decrease in total registrations, this resulted in a decrease in the contribution of the CPD program to the unallocated costs. Given the continuing need for CPD, the level of course offerings for 2010-11 are planned to be consistent with the 2009-10 program.

### **THE YEAR AHEAD**

The Executive Message provides detailed information on the Institute's Strategic priorities and what is being done to achieve these goals. Growth in the profession has been identified by the Board, as well as the national profession, as the main challenge facing the profession and this will be an area of focus in the years to come. The profession, not unlike the population as a whole, faces an aging demographic. In addition to focusing on growth the Board will continue to undertake activities to ensure that the business community in Newfoundland and Labrador continues to recognize the pre-eminence of the CA brand. Finally and most importantly, in the coming year the Institute 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.

Members of the Institute staff, as well as a number of volunteer CAs, continue to play an important role serving in a variety of capacities on national committees. Managing national commitments along with the commitments of running the Institute will continue to be a challenge. However, national involvement ensures that the voice of Newfoundland and Labrador's Chartered

## The Institute of Chartered Accountants of Newfoundland & Labrador

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Accountants continues to be heard in the development and implementation of the strategic direction of the profession.

The Institute continues to focus its efforts on improving technology to assist members. Within the next year improvements to our information systems will allow members to pay dues and register for events online, update contact information and allow members to input their own CPD hours, thereby making it easier for members to track and plan for their annual and three-year cycle requirements.

The Institute's principal responsibility is to act in the public interest through the maintenance and enforcement of high professional standard 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. The CICA and the other provincial institutes continue to explore opportunities for increased cooperation which we hope will minimize cost increases and related member fee increases.



Tashia E. Batstone, MBA, CA  
Chief Executive Officer  
June 14, 2010



## Auditors' report

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

We have audited the statement of financial position of The Institute of Chartered Accountants of Newfoundland and Labrador as at March 31, 2010, and the statements of operations, changes in net assets and cash flows for the eleven month period then ended. These financial statements are the responsibility of the Institute's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2010, and the results of its operations and its cash flows for the period then ended in accordance with Canadian generally accepted accounting principles.

A stylized, handwritten-style signature of "Grant Thornton LLP" in black ink.

St. John's, Newfoundland and Labrador

May 28, 2010

Chartered Accountants

**The Institute of Chartered Accountants of Newfoundland and Labrador**  
**Statement of Financial Position**  
**March 31, 2010**

	<i>March 31</i>	<i>April 30</i>
	<b>2010</b>	2009
<b>ASSETS</b>		
Current		
Cash and cash equivalents	\$ 357,017	\$ 390,458
Accounts receivable	84,275	66,256
Prepaid expenses	25,449	20,611
	466,741	477,325
Capital assets (Note 4)	15,439	13,819
	\$ 482,180	\$ 491,144

**LIABILITIES AND NET ASSETS**

Current		
Accounts payable	\$ 45,447	\$ 84,152
Contract commitments (Note 7)		
<b>Net Assets</b>		
Invested in capital assets	15,439	13,819
Internally restricted (Note 5)	175,000	150,000
Unrestricted	246,294	243,173
	436,733	406,992
	\$ 482,180	\$ 491,144

On behalf of the Institute:



Chair



Secretary - Treasurer

See accompanying notes

**The Institute of Chartered Accountants of Newfoundland and Labrador**  
**Statement of Operations**  
**Eleven Month Period Ended March 31, 2010**

	<i>March 31</i> <b>2010</b> (11 months)	<i>April 30</i> 2009 (12 months)
<b>Revenues</b>		
Member fees	\$ 373,716	\$ 332,925
Self-funding activities ( <i>Note 6</i> )	<b>328,880</b>	328,557
Interest and other revenue	<b>9,487</b>	40,677
Admission fees	<b>9,400</b>	8,800
	<b>721,483</b>	710,959
<b>Expenses</b>		
Self-funding activities ( <i>Note 6</i> )	<b>252,123</b>	230,051
Salaries and wages	<b>160,010</b>	164,152
Conduct and discipline	<b>75,718</b>	80,603
Communications	<b>33,077</b>	18,702
Stationery and office	<b>31,900</b>	25,407
Rent and municipal taxes	<b>25,961</b>	21,429
Insurance	<b>22,968</b>	24,975
CICA committees	<b>18,909</b>	23,619
Travel	<b>16,064</b>	14,542
Interest and bank charges	<b>13,224</b>	10,676
Meetings, socials and member activities	<b>12,031</b>	15,387
Strategic planning initiatives	<b>10,799</b>	-
Governance activities	<b>7,033</b>	20,110
Professional fees	<b>6,768</b>	3,500
Amortization	<b>5,157</b>	5,406
	<b>691,742</b>	658,559
<b>Excess of revenues over expenses for the period</b>	<b>\$ 29,741</b>	<b>\$ 52,400</b>

See accompanying notes

**The Institute of Chartered Accountants of Newfoundland and Labrador**  
**Statement of Changes in Net Assets**  
**Eleven Month Period Ended March 31, 2010**

	Invested in capital assets	Internally restricted	Unrestricted	<i>March 31</i> <b>2010</b>	<i>April 30</i> 2009
<b>Net assets, beginning of period</b>	<b>\$ 13,819</b>	<b>\$ 150,000</b>	<b>\$ 243,173</b>	<b>\$ 406,992</b>	<b>\$ 354,592</b>
Excess (deficiency) of revenues over expenses	(5,157)	-	34,898	29,741	52,400
Purchase of capital assets	6,777	-	(6,777)	-	-
Increase in appropriated surplus	-	25,000	(25,000)	-	-
<b>Net assets, end of period</b>	<b>\$ 15,439</b>	<b>\$ 175,000</b>	<b>\$ 246,294</b>	<b>\$ 436,733</b>	<b>\$ 406,992</b>

See accompanying notes



**The Institute of Chartered Accountants of Newfoundland and Labrador**  
**Statement of Cash Flows**  
**Eleven Month Period Ended March 31, 2010**

	<i>March 31</i> <b>2010</b> <i>(11 months)</i>	<i>April 30</i> 2009 <i>(12 months)</i>
<b>Operating activities</b>		
Excess of revenues over expenses	\$ 29,741	\$ 52,400
Items not affecting cash		
Amortization of capital assets	5,157	5,406
	<u>34,898</u>	<u>57,806</u>
Changes in non-cash working capital		
Accounts receivable	(18,019)	(22,351)
Prepaid expenses	(4,838)	5,951
Accounts payable	(38,705)	(16,111)
	<u>(61,562)</u>	<u>(32,511)</u>
Cash flow from (used by) operating activities	<u>(26,664)</u>	25,295
<b>Investing activity</b>		
Purchase of equipment	<u>(6,777)</u>	(9,486)
<b>Financing activity</b>		
Repayment of obligations under capital lease	-	(979)
<b>Increase (decrease) in cash</b>	<b>(33,441)</b>	14,830
Cash and cash equivalents, beginning of period	<u>390,458</u>	<u>375,628</u>
<b>Cash and cash equivalents, end of period</b>	<u><b>\$ 357,017</b></u>	<u>\$ 390,458</u>

See accompanying notes

**The Institute of Chartered Accountants of Newfoundland and Labrador**  
**Notes to the Financial Statements**  
**Eleven month Period Ended March 31, 2010**

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**1. 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* and continued as a corporation without share capital under the *Chartered Accountants Act, 2008*. As a not-for-profit organization under the Income Tax Act, ICANL is not subject to either federal or provincial income taxes.

**2. Summary of significant accounting policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are described below.

**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

**Cash and cash equivalents**

Cash and cash equivalents are comprised of funds held in operating bank accounts, or invested in short-term or cashable deposits and treasury bills.

**Cost recoveries**

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

**Revenue recognition**

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

**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 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.

**The Institute of Chartered Accountants of Newfoundland and Labrador**  
**Notes to the Financial Statements**  
**Eleven month Period Ended March 31, 2010**

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**2. Summary of significant accounting policies (continued)**

**Capital assets**

Capital assets are stated at cost less accumulated amortized. Capital assets are amortized over their estimated useful lives using the straight line method at the following rates:

Office furniture and equipment	5 years
Computer hardware and software	3 years
Leasehold improvements	5 years (the term of the lease)

**3. 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 (2010 – \$267,088; 2009 - \$250,980). Costs for the Uniform Evaluation administered by the CICA on behalf of ICANL are fully recovered from ICANL (2010 – \$19,133; 2009 - \$27,024). The CICA also recovers costs incurred for activities jointly funded by ICANL and CICA (2010 – \$18,909; 2009 - \$23,618). At March 31, 2010, accounts payable and accruals included \$19,507 (2009 – \$19,854).

**4. Capital assets**

	Cost	Accumulated Amortization	<i>March 31</i> <b>2010</b> Net Book Value	<i>April 30</i> <b>2009</b> Net Book Value
Office furniture and equipment	<b>\$18,074</b>	<b>\$6,037</b>	<b>\$12,037</b>	\$9,943
Computer hardware and software	<b>8,056</b>	<b>5,665</b>	<b>2,391</b>	3,610
Leasehold improvements	<b>1,175</b>	<b>164</b>	<b>1,011</b>	266
	<b>\$27,305</b>	<b>\$11,866</b>	<b>\$15,439</b>	\$13,819

**5. Restriction on net assets**

The Board of ICANL has internally restricted \$175,000 (2009 - \$150,000) 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**  
**Eleven month Period Ended March 31, 2010**

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**6. Self-funding activities**

	<i>March 31</i> <b>2010</b>	<i>April 30</i> 2009
<b>Revenues</b>		
Convocation	\$ 18,049	\$ 16,774
Final exams	33,000	31,400
Practice inspection	47,558	45,713
Professional development	221,593	226,504
Other	8,680	8,166
	<b>328,880</b>	328,557
 <b>Direct costs</b>		
Convocation	19,410	18,341
Final exams	24,961	29,061
Practice inspection	42,350	42,462
Professional development	158,909	133,859
Other	6,493	6,328
	<b>252,123</b>	230,051
 <b>Excess of revenues over direct costs</b>	<b>\$ 76,757</b>	\$ 98,506

**7. Contract commitment**

ICANL leases its office under an agreement expiring in March, 2014. The lease calls for annual rent of \$28,542.

Under a Memorandum of Agreement with the Chartered Accountants Education Foundation of Newfoundland 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 for the current year was \$29,050.

**The Institute of Chartered Accountants of Newfoundland and Labrador**  
**Notes to the Financial Statements**  
**Eleven month Period Ended March 31, 2010**

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**8. 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 risks.

*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 fulfill 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 of interest rate or foreign exchange risk.

**9. Comparative figures**

Certain of the comparative figures have been reclassified to conform with the method of presentation adopted in the current year.

#### **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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