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**Certified
Management
Accountants™**

CMA - Newfoundland and Labrador

November 14th, 2014

On behalf of the Board of Directors of the Society of Management Accountants of Newfoundland and Labrador, I am pleased to present the Annual Report for the year ended June 30th, 2014. The year has been a banner year for the Society. We have continued to grow and recently graduated one of our largest classes to date. The Society entered the year having signed a unification agreement with CA-NL and CGA-NL on June 30th, 2013. The Society, along with its unification partners have moved closer to merging the existing accounting bodies into the new Chartered Professional Accountant designation.

The society has been able to move forward on these goals while at the same time operating in a fiscally prudent manner. The attached annual report indicates a successful year for the society.

The Society ended the year with a strong balance sheet represented by an unrestricted equity position of \$577,077. The Society ended the year with a net operating surplus of \$ 28,291 based on income of \$703,625 and expenses of \$675,334.

These results bode well as the organization anticipates transition to the new Chartered Professional Accounting organization in the near future. The strong equity position will ensure we are financially secure as we make the transition to new facilities, new educational arrangements, and enhanced member services.

It has been a busy year, but CMA-Newfoundland and Labrador, along with its merger partners are ready for the exiting changes ahead.

Thanks for your continued support.

Sincerely,

A handwritten signature in black ink, appearing to read "Arnold Adey".

Arnold Adey, FCMA
Chair, Board of Directors

Society of Certified Management Accountants of Newfoundland and Labrador
Suite 500, 95 Bonaventure Avenue
St. John's, NL A1B 2X5

T: (709)726-3652 | **Email:** admin@cma-nl.com | **F:** (709)753-3609

**The Society of Certified Management
Accountants of Newfoundland and Labrador
Financial Statements**

June 30, 2014

**The Society of Certified Management Accountants of Newfoundland and
Labrador**
June 30, 2014

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Independent Audit Report

Coombs & Associates

Chartered Accountants

To the Members of:
The Society of Certified Management Accountants of Newfoundland and Labrador

Partners:

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

Location:

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

Mailing address:

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

We have audited the accompanying financial statements of The Society of Certified Management Accountants of Newfoundland and Labrador, which comprise the statement of financial position as at June 30, 2014 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Society of Certified Management Accountants of Newfoundland and Labrador as at June 30, 2014 and the result of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Coombs & Associates
Chartered Accountants

Mount Pearl, Newfoundland and Labrador
October 31, 2014



The Society of Certified Management Accountants of Newfoundland and Labrador


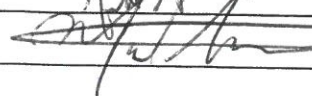
Statement of Financial Position

June 30, 2014

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	\$ 443,521	\$ 488,586
HST receivable	1,721	-
Accounts receivable	-	2,137
Prepays	66,825	19,140
Security deposits (Note 2)	100,000	100,000
	612,067	609,863
Long-term investments (Note 3)	123,387	107,238
Property, plant and equipment (Note 4)	587	1,145
	\$ 736,041	\$ 718,246
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 73,464	\$ 41,796
HST payable	-	33,768
Retention benefits (Note 5)	-	93,896
Separation allowance (Note 6)	85,500	-
	158,964	169,460
Net assets		
Unrestricted	577,077	548,786
	\$ 736,041	\$ 718,246

Commitments (Note 7)

Approved on Behalf of the Board:


 _____, Chairperson

 _____, Treasurer

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

The Society of Certified Management Accountants of Newfoundland and Labrador

Statement of Operations

For the Year Ended June 30, 2014

	2014	2013
Revenue		
Educational services (Schedule 1)	\$ 365,660	\$ 421,979
Member fees	327,160	308,753
Miscellaneous revenue	10,805	19,696
	703,625	750,428
Operating expenses		
Provincial office (Schedule 2)	458,873	418,712
National fees	111,210	98,636
Advertising and promotion	67,368	87,279
Rent	14,293	13,111
Professional development and training	13,609	4,725
Professional fees	5,866	9,466
Insurance	4,115	4,093
Bad debts	-	1,710
	675,334	637,732
Excess of revenue over expenditure	\$ 28,291	\$ 112,696

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

**The Society of Certified Management Accountants of Newfoundland and
Labrador**

Statement of Changes in Net Assets

For the Year Ended June 30, 2014

	2014	2013
Net assets, beginning of year	\$ 548,786	\$ 436,090
Excess of revenue over expenditure	28,291	112,696
Net assets, end of year	\$ 577,077	\$ 548,786

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

The Society of Certified Management Accountants of Newfoundland and Labrador

Statement of Cash Flows

For the Year Ended June 30, 2014

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Excess of revenue over expenditure	\$ 29,955	\$ 112,696
Amortization	557	2,295
Decrease (increase) in receivables	2,137	5,064
Decrease (increase) in prepaids	(47,685)	30,178
Decrease (increase) in security deposits	-	(100,000)
Increase (decrease) in accounts payable and accruals	30,004	20,578
Increase (decrease) in HST payable	(35,489)	4,946
Increase (decrease) in deferred revenue	-	(2,379)
Increase (decrease) in retention benefits	(93,896)	93,896
Increase (decrease) in separation allowance	85,500	-
	(28,917)	167,274
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	-	(1,055)
Purchase of long term investments	(16,148)	(2,394)
NET CASH USED BY INVESTING ACTIVITIES	(16,148)	(3,449)
Net cash increase (decreases) in cash and cash equivalents	(45,065)	163,825
Cash and cash equivalents at beginning of period	488,586	324,761
Cash and cash equivalents at end of period	\$ 443,521	\$ 488,586

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

The Society of Certified Management Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended June 30, 2014

1. Significant Accounting Policies

Purpose of organization

The Society of Certified Management Accountants of Newfoundland and Labrador is incorporated under the Newfoundland Management Accountants' Act as a not for profit organization and, as such, is exempt from income tax. The Society promotes and regulates the management accounting profession in the Province of Newfoundland and Labrador.

Cash and cash equivalents

Cash and cash equivalents includes short-term investments, cash on hand and balances with banks.

Property, plant and equipment

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

Leasehold improvements	5 years
Computer hardware	3 years
Furniture and office equipment	5 years
Signs	5 years

Impairment of long lived assets

In the event that facts and circumstances indicate that the society'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 society considers that no circumstances exist that would require such an evaluation.

Financial instruments

The Society has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

Revenue recognition

Revenue is recognized as services are provided and programs delivered.

The Society of Certified Management Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended June 30, 2014

1. Significant Accounting Policies continued

Use of estimates

In preparing the Society's financial statements in accordance with Canadian generally accepted accounting principles management is required 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 these estimates.

2. Security deposit

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

3. Long-term investments

	2014	2013
Guaranteed Investment Certificates, various interest rates from 2.2% to 2.55%, maturing May 2015 to May 2019.	\$ 109,732	\$ 107,238
Chartered Professional Accountants Atlantic School of Business Association promissory note, non-interest bearing, repayable annually based on a minimum threshold equity requirement for the Association, but not later than June 30, 2019.	13,655	-
Total	\$ 123,387	\$ 107,238

The Society of Certified Management Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended June 30, 2014

4. Property, plant and equipment

Property, plant and equipment consist of the following:

	Cost	Accumulated Depreciation	2014 Net Book Value	2013 Net Book Value
Leasehold improvements	\$ 14,994	\$ (14,994)	- \$	-
Computer hardware	12,577	(11,990)	587	1,145
Furniture and office equipment	7,334	(7,334)	-	-
Signs	5,147	(5,147)	-	-
	\$ 40,052	\$ (39,465)	587 \$	1,145

5. Retention benefit

As a result of impending merger, management employees were offered a retention benefit if they remain in their current role until merger, or their scheduled employment termination date. If CMA-NL ends the employment prior to the scheduled termination date, the retention benefit will still apply. The Board of Directors authorized the payout of these balances during the year.

6. Separation allowance

Effective July 4, 2014 CMA-NL executed a separation agreement with former staff which included a retiring allowance and transitional employment assistance. Subsequent to year end the Board of Directors authorized the payout of these balances.

7. Commitments

Unification agreement

Pursuant to a formal agreement to pursue unification with the Certified General Accountants Association of Newfoundland and Labrador (CGANL) and the Institute of Chartered Accountants of Newfoundland and Labrador (ICANL), CMANL is working to form a new accounting body under the name of Chartered Professional Accountants of Newfoundland and Labrador (CPANL), which is to be established by legislation.

The Unifying Bodies will contribute at a level that is proportionate to the size of their membership, as and when financing is required, to a non-refundable fund to finance the Transition Preparation Stage and the start-up of the CPANL.

The Society of Certified Management Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended June 30, 2014

8. Provincial Society/University Agreement

The Society and Memorial University have entered into an agreement under which the CMA Pre-Professional Program academic courses are offered as university credit courses through the Faculty of Business Administration. The Society has entered an agreement to make annual contributions of \$35,000 (2013 - \$35,000) and contributes funds to the University towards a business scholarship and to management accounting research. The current agreement expires June 30, 2018.

9. Employee future benefits

The Society participates in a multi-employer defined contribution plan. The assets of the plan are held separately from those of the Society in an independently administered fund. Contributions paid and expensed by the Society during the year totaled \$11,310 (2013 - \$9,586).

10. Capital management

The capital structure of the Society consists of unrestricted net assets. The primary objective of the Society's capital management is to provide adequate funding to ensure efficient operations.

Net assets are available for future operations and are preserved so the Society can have financial flexibility in the future.

11. Risk management

The Society's policy for managing risk includes 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 risks managed by the Society include the following:

Credit risk

Financial instruments which potentially subject the Society to concentrations of credit risk consist of cash equivalents and accounts receivable. The cash equivalents consist mainly of short-term deposits. The Society has deposited the cash equivalents with reputable financial institutions, from which management believes the risk of loss to be remote. The Society has accounts receivable from members and are not concentrated in any specific geographic area. Management believes that the credit risk concentration with respect to financial instruments included in receivables is negligible.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet cash flow commitments associated with financial instruments. To manage this risk, the Society monitors its cashflows ensuring that it has sufficient cash available to meet its obligations and liabilities.

The Society of Certified Management Accountants of Newfoundland and Labrador

Notes to the Financial Statements

For the Year Ended June 30, 2014

12. Related party transactions

Relationships with other Associations and organizations

The Society of Certified Management Accountants of Canada ("SCMAC") is the national body of certified management accountants. All members of the CMA-NL are also members of SCMAC. CMA-NL collected member fees on behalf of SCMAC totaling \$111,210 (2013 - \$98,636).

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

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

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

The Society of Certified Management Accountants of Newfoundland and Labrador

Schedule 1 - Schedule of Educational Services

For the Year Ended June 30, 2014

	2014	2013
Revenue		
Education	\$ 461,632	\$ 275,138
Student fees	117,350	57,960
Accelerated program fees, net of expenses of \$3,995 (2013 - \$52,093)	74,014	278,637
	652,996	611,735
Direct costs		
Professional program	236,037	129,190
CMA Program, MUN, scholarships	35,400	35,627
Examination expenses	14,220	20,902
National fees	1,122	1,742
Amortization	557	2,295
	287,336	189,756
Net contribution	\$ 365,660	\$ 421,979

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

The Society of Certified Management Accountants of Newfoundland and Labrador
Schedule 2 - Schedule of Provincial Office Expenses

For the Year Ended June 30, 2014

	2014	2013
Wages and benefits	\$ 347,670	\$ 359,962
Meeting expenses	66,824	10,095
Bank charges and interest	21,630	21,019
Other	9,200	9,187
Office supplies	4,731	6,875
Telephone and internet	4,225	7,387
Courier and postage	2,525	2,378
Offsite storage	1,268	1,199
Miscellaneous	800	610
	\$ 458,873	\$ 418,712

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