

**Chartered Accountants of
Newfoundland and Labrador**



2010-11 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



D. Scott Shears, CA
Chair



Tashia E. Batstone, MBA, CA
Chief Executive Officer

A PROFESSION IN CHANGE

Globalization, growth, relevance – the CA profession is facing a world of tremendous change. As we look at the world we see that with the movement to international standards, the consolidation of accounting bodies and the realities of demographic shifts; our profession will be challenged to remain sufficiently large to maintain a voice in the global accounting profession. To address this concern the Board spent time this year examining the future of the CA Profession in Newfoundland and Labrador and considering how we might rationalize the accounting profession in the province. However, the Board realized that any discussions concerning the future of the accounting profession required the Institute to stay true to its mission to uphold the public confidence and to help our members excel.

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 2010-11, ICANL continued its self-regulatory activities to ensure the on-going protection of the public interest.

Discipline cases have been ongoing throughout 2010-11 and continue to represent a significant portion of the ICANL budget. Volunteer members of the Complaints Authorization Committee, Investigations Committee and the Disciplinary Panel continue to work diligently to ensure that the Institute's

disciplinary processes result in a high level of public protection. The integrity and dedication exhibited by these individuals exemplify the true meaning of professional.

Throughout 2010-11 our practice inspection process continued to function well. We continued to implement the recommendations of the Practice Inspection Working Group and 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 2010 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 2009-10 inspection cycle.

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 marked the end of the first three year continuing professional development cycle in which all members were expected to have met the 120 hour requirement. A robust professional development program was offered this year 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 Accounting Act. As a result of the new Act, Chartered Accountants will now be able to perform public accounting activities, including audits, in a professional corporation. As well, we were extremely pleased that during the period government made a decision to amend the draft legislation such that the PALB would be able to rely on the disciplinary processes of the individual professional accounting bodies rather than having to undertake its own disciplinary activities. This ensures that a member who is also a licensed public accountant would not be subject to two disciplinary regimes. ICANL is now in the process of appointing two members to serve on the new Public Accountants Licensing Board and will be working with government to assist them in identifying public representatives for the new licensing board. Over the next year ICANL and the new PALB will 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.

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 Accounting Countries (IFAC). As a member of IFAC, the Canadian CA profession monitors IFAC developments to facilitate the convergence of national and international standards. It was decided to address this review in two stages. As a first step last fall the CA profession in Canada was asked to assess whether changes should be made to the partner rotation requirement. This assessment culminated with a special general meeting of members to approve changes to the Rules of Professional Conduct and the related Board Interpretations allowing the lead engagement partner or engagement quality control reviewer on an engagement of a reporting issuer to serve in that capacity for up to seven years provided he/she cannot resume either role until a five year period has

elapsed. The second stage of the review will continue over the next year or so as further changes to the Canadian Independence Standards are contemplated.

GROWING THE CA PROFESSION

Newfoundland and Labrador students continued to perform extremely well on the UFE with 22 successful candidates in 2010-11. The performance of students in Newfoundland and Labrador compared quite favorably with students in Atlantic Canada and the rest of Canada. Of particular note this year was the success of three UFE candidates who articulated with the Office of the Comptroller General. These new CAs are the first students in the province to have completed training under the expanded experience route and their ability to successfully complete the UFE having trained outside the traditional public practice is a testament to the fact that training in government and industry can prepare a student for success on the UFE.

As we look to the economic prospects in the province of Newfoundland and Labrador 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. During 2010-11 ICANL was pleased to announce that Fortis Inc. was approved as an EEO Training Office. This year ICANL continues to emphasize the 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. Nationally, the Professional Learning Committee (PLC) has initiated a major project to review programs that will facilitate bridging into the profession through a number of alternate pathways. The paths include a CA Core program which will allow immigrants and non-business graduates to obtain pre-requisite course in a more efficient and timely manner. Also under consideration is an Executive CA Program which will allow mature candidates and immigrants to complete the Professional Education Program (e.g. ASCA program) more quickly and in conjunction with individuals of similar age and experience. Finally the PLC is working on an Evaluation of Experience testing model which will allow individuals with select domestic and foreign professional accounting designations and significant work experience to enter the profession based on an a written evaluation of their work experience rather than writing the UFE. In order to identify which paths would be applicable to a particular individual the profession is also working on the development of a prior learning assessment tool.

As well, during the year the Board approved a Mutual Recognition Agreement with the Institute of Chartered Accountants of Zimbabwe and also approved a Memorandum of Understanding with the Institute of Chartered Accountants of India. Under this MOU, any CA from India would be required to

The Institute of Chartered Accountants of Newfoundland & Labrador

successfully complete the UFE but would be exempt from having to complete the ASCA program. The MOU with India is the first of its kind for the CA Profession.

PROVIDING MEMBER SERVICES AND HELPING MEMBERS EXCEL

With 750 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 profession wide lifelong learning network to assist members in identifying and 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 2011 the Institute implemented Phase 2 of a three phase database upgrade. Phase 2 of the project allows for online payment of annual membership fees. Phase 3 which will allow for online database updating and CPD reporting will be implemented in Fall 2011.

The Institute of Chartered Accountants of Newfoundland & Labrador

In the Fall of 2010 ICANL opened a new training centre at our offices on Bonaventure Avenue. This state of the art facility is equipped with the latest technology for facilitating meetings and professional development. Undertaking professional development activities in the training centre proved much more cost effective than utilizing outside facilities. The Institute was able to provide additional courses to members due to the fact that the lower breakeven allowed us to offer courses with fewer registered participants. All of ICANL's professional development will now be held on site and opportunities for rental of the centre are available to members at a discounted price.

During the year ICANL was able to avail of funding from the Council of Senior Executives to hire a new Communications and Professional Development Coordinator. This funding has been provided in recognition of the significant contributions made by ICANL staff at the national level. The Board and CEO welcomed Nancy Ollerhead to the new role.

COMMUNICATIONS

During 2010-11 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 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 the Spring of 2011 the Foundation launched a new communications program aimed at educating high schools students about the benefits of a career as a professional accountant. The cornerstone of this new high school program was the awarding of three \$1,000 scholarships to high school students who plan on entering business school and pursuing a career in Chartered Accountancy. In the fall of 2011 we will be launching Phase 2 of the high school strategy by developing a speaker series to reach out to students at career fairs and other school sponsored activities.

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. With the hiring of a Communications Coordinator it is planned that the Institute will increase the number and timing of newsletters and other communications to members.

Finally, the Board continues to support the value of the CA brand. Through our national advertising campaign in 2010/2011, we continued to emphasize the profession's stellar reputation and the value CAs bring to business. In 2010/2011, there was a renewal of the 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 remained central to the campaign.

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 continue to 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 who volunteer their time so generously. With approximately 670 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 two of these individuals as the Institute awarded the FCA designation to the Honourable Elizabeth E. Marshall, FCA and Jason P. Silver, FCA. The Board was also pleased to award our Certificate of Meritorious Service to Dr. Alex Faseruk in recognition of his long service to the profession as Chair of the Public Accountants Licensing Board.

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.



D. Scott Shears, CA
Chair



Tashia E. Batstone, CA, MBA
Chief Executive Officer

MEMBERS OF THE BOARD 2010/11

OFFICERS



*Scott Shears, CA
Chair*



*Dorothy Keating, CA
Vice-chair*



*David Pine, 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*

No photo
Available

*Douglas Munn, CA
Board Member*



*John O'Brien, CA
Board member*



*Shellagh Murphy, LLB
Public Representative*



*Donna Rideout, CA
Board Member*

COMMITTEES OF THE BOARD 2010/11

AUDIT

David Pine, Chair
Thomas Brockway
Dorothy Keating

CORPORATE GOVERNANCE

Dorothy Keating, Chair
Mark Cook
Thomas Cooper**

FCA NOMINATING

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

HUMAN RESOURCES

Scott Shears, Chair
Dorothy Keating

INVESTMENTS

David Pine, Chair
Dorothy Keating
Scott Shears

NOMINATING

Scott Shears, Chair
Dorothy Keating
David Pine

STRATEGIC PLANNING

Dorothy Keating, Chair
Tashia Batstone
John Barrett
Susan Cohlmeier
Thomas Cooper**
Michelle Jewer
Lori Menchenton
Kim Mayo
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

Pauline Downer, Chair
Tom Brockway
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
Wilson Hoffe
Colleen Menchions
Glenn Mifflin
Donald Powell
Philip Quinlan
Greg Roberts
Cheryl Whitten

MEMBERSHIP

Jason Silver, Chair
Geoff Cochrane
Rexanne Crawford
Heather Whelan
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
Nicole Miller
Krista Morgan
Beth Porter

GOVERNMENT AFFAIRS

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

** Public Representative

JOINT APPOINTMENTS WITH THE ATLANTIC REGION

BOARD OF EVALUATORS

Steve Clarke, NBICA
Ian Hutchinson, ICANS (in part)
Kim Langille, ICANL (in part)

CICA BOARD OF DIRECTORS

Tom Conyers, ICAB
Nicola Young, ICANS

COMPETENCY MAP COMMITTEE

Brian Dunsten, NBICA
Judy Cumby, ICANL (in part)
Jason Varner, ICANS (in part)

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

Scott Shears
Dorothy Keating

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

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. Cumbly

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

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	

WELCOME TO NEW MEMBERS

BY EXAMINATION

Gillian Andrews	William Dawe	Maria Quigley
Kerri Blundell	Ross Foley	Jeffrey Quinlan
Jessica Bitsack	Sabrina Guy	Jason Riddle
Jennifer Button	Mary Beth Handrigan	Brad Robichaud
Daniel Burke	Vaughn Hoskins	Mark Seaborn
Mark Carew	Jonathan Kelly	Ian Stark
Christopher Cavanagh	Paul McCarthy	Jonathan Walsh
Heather Comerford	Andrew Orsborn	Todd White

BY AFFILIATION

Welcome to:

Catherine C. **Atkinson**, Ontario
André M. **Boudreau**, Nova Scotia
Allan L. **Jenkins**, Nova Scotia
Lynn A. **Healy**, Ontario
Simon M. **Kent**, New Brunswick
Jayme L. **King**, Alberta
Joseph **McKenna**, Ireland
Keith C. **Minaker**, Alberta
Teri **Pike**, Ontario

MEMBERSHIP STATISTICS

	<u>March 31, 2011</u>	<u>March 31, 2010</u>
Active members	669	638
Retired members	84	81
Honorary members	1	1
Total Membership	754	720
Students		
UFE Graduates awaiting admission	9	14
Pre-UFE ASCA Students	61	39

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 the Honorable Elizabeth Marshall and Jason Silver 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 2010/11 were awarded to:

Susan Butler	\$1,250
Gina Fudge	\$2,000
Michael Gibbons	\$2,000
Justin Hearn	\$1,250
Travis Kemp	\$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, Inc. and is awarded to the successful Newfoundland and Labrador UFE candidate who achieves the highest average in ASCA's professional program. Congratulations to Mark Seaborn, recipient of the Roberta L. Hunt, CA, Memorial Award for 2010.

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 Mark Carew, MaryBeth Handrigan, James Nelson and Mark Seaborn for placing on the David Hope Honour Roll for 2010.

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 Andrew Orsborn.

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.

Roger Coombs, CA has been appointed by the membership as the Institute's auditors to express his opinion on the fair presentation of the financial statements. He has full and unrestricted access to the Audit Committee and management to discuss matters pertaining to his 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, 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 750 members and 70 students.

GOVERNANCE

Under *The Chartered Accountants Act, 2008*, CA Newfoundland and Labrador is now 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, Complaints Authorization, 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 Institute's strategic plan and the national strategies of the CA Profession.

PROVINCIAL STRATEGIES

The priorities for the Institute for 2011-2012, as approved by the Board in February 2011, 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. 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.

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 2011-2012 the CSE has set as a 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. This year the CA Profession will be focusing on strategies to attract immigrants, career changers and non-business degree holders.
- Enhance, promote and protect the CA profession. In particular this year the Public Trust Committee will be reviewing professional liability insurance requirements and evaluating the independence standard in relation to new international standards.
- Ensure organizational effectiveness.
- Pursue standards and knowledge development initiatives. Through continued participation at the international level the CA Profession continues to have a voice in the development of international accounting and assurance standards.

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) have now been finalized. The Accounting Standards Board has determined that effective January 1, 2012 non-governmental not for profit organizations will have the choice of selecting between two accounting frameworks:

- International Financial Reporting Standards (IFRS), or
- Part II of the *CICA Handbook* - Accounting standards for private enterprises, to the extent that they would apply to NFPOs.

At the present time, management is of the view that the IFRS option is unlikely to be chosen for the Institute.

FINANCIAL POSITION AND LIQUIDITY

At March 31, 2011 CA Newfoundland and Labrador's net assets were \$466,066 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 one year's level of annual membership fees.

During fiscal 2010-11, the Institute generated cash flows from operating activities of \$100,565 while its financing and investing activities utilized cash of \$34,852, resulting in net positive cash flows of \$65,713. Management believes that cash, cash equivalents and investments, as well as anticipated cash flow from operations, are sufficient to meet its working capital and capital expenditure requirements.

The majority of the Institute's working capital, which is in excess of its normal operating needs, is invested in fixed income investments. The Institute's Investment Policy is designed to mitigate market risk. Eligible investments include: Canadian treasury bills; commercial paper; federal, provincial and municipal bonds and debentures; provincial treasury bills; term deposits, Guaranteed Investment Certificates; CMHC Mortgage Back Securities; and corporate bonds or debentures. The amount placed in each type of investment is based on predetermined limits. The purchase of any securities carrying a DBRS rating below A for bonds or R-1-Low for commercial paper is strictly prohibited.

RESULTS OF OPERATIONS

During 2010-11 member fee revenue increased by \$25,265. This increase was a result of an increase in fees in the year of \$15 for all members and an unexpected increase in the number of new members.

The 2010-11 continuing professional development program resulted in a net contribution to operations of \$60,627 and is consistent with the prior year. This contribution is used to support the non-allocated (indirect) costs of providing professional development to members. Conduct and discipline costs continued to encompass a significant portion of the ICANL expenses largely due to the number and complexity of cases being brought forward. 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 anticipated costs.

CICA Committee expenditures of \$24,842 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 2010-11 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 proportionately on a per member basis to all the provinces.

In 2010-11 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 environment in the province of Newfoundland and Labrador remained strong in 2010-11. 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:

- 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 2010-11 the Complaints Authorization Committee received two new allegations and continued eight investigations from previous years. As of March 31, 2011, two of these allegations were dismissed, three complaints were made to the Disciplinary Panel and investigations are continuing in the remaining five cases. Discipline hearings for two of the complaints made to the Disciplinary Panel resulted in the members being found guilty and a hearing on the final complaint is scheduled for summer 2011.

PRACTISE INSPECTION

The practice inspection program continued to function well throughout 2010-11 with several practicing units being inspected in accordance with the three year risk adjusted inspection cycle. 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 2010. This report highlighted the common deficiencies identified in the 2009-10 program. A similar report will be prepared in Fall 2011 based on 2010 – 11 results. Practice inspections were completed during the year by three 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 will be implemented for Fall 2011 practice inspections. Changes resulting from the harmonization project will be 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 2011 ICANL opened its training centre at 95 Bonaventure Ave. in St. John's. The training centre allowed us to run courses for members with smaller class sizes than in the past. As a result, the number of courses offered in the 2010-11 year was slightly higher than 2009-10 with fewer overall registrations. Courses were also offered in Gander and Corner Brook. The changes to the audit standards with the implementation of the new Canadian Audit Standards for audits commencing after December 14, 2010 contributed significantly to the Fall and Winter PD sessions with members attending a 2 day session on Auditing in the new CAS Environment as well as a ½ session on the New Audit Reporting Model. Accounting Standards for Private Enterprises continued to be popular in the Fall as members were getting closer to the implementation date for the ASPE's. Given the continuing need for CPD, the level of course offerings for 2011-12 are planned to be consistent with the 2010-11 program and new courses are continually being considered to meet member needs.

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

The Institute of Chartered Accountants of Newfoundland & Labrador

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 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



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AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of The Institute of Chartered Accountants of Newfoundland and Labrador, which comprise the statement of financial position as at March 31, 2011, and the statements of financial activities and 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 Generally Accepted Accounting Principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure's selected depend on the auditor's 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 purposes 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2011 and the results of its operations and the changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Other Matters

The financial statements of The Institute of Chartered Accountants of Newfoundland and Labrador for the eleven months ended March 31, 2010 were audited by another firm of chartered accountants who expressed an unmodified opinion on those statements on May 28, 2010.

Mount Pearl, Newfoundland and Labrador
June 3, 2011

CHARTERED ACCOUNTANT

The Institute of Chartered Accountants of Newfoundland and Labrador
Statement of Financial Position
March 31, 2011

	<i>March 31</i>	<i>March 31</i>
	2011	2010
ASSETS		
Current		
Cash and cash equivalents	\$ 422,730	\$ 357,017
Accounts receivable (Note 2)	64,618	84,275
Prepaid expenses	32,064	25,449
	519,412	466,741
Property plant and equipment (Note 4)	40,230	15,439
	\$ 559,642	\$ 482,180

LIABILITIES AND NET ASSETS

Current		
Payables and accruals	\$ 93,576	\$ 45,447

Net Assets

Investment in property plant and equipment	40,230	15,439
Internally restricted (Note 5)	200,000	175,000
Unrestricted net assets	225,836	246,294
	466,066	436,733
	\$ 559,642	\$ 482,180

Commitments (Note7)

On behalf of the Board:

Chair

Secretary - Treasurer

See accompanying notes

The Institute of Chartered Accountants of Newfoundland and Labrador
Statement of Operations
Year Ended March 31, 2011

	<i>Budget</i>	<i>March 31 2011</i>	<i>11 months ended March 31 2010</i>
Revenues			
Membership fees	\$ 379,625	\$ 398,981	\$ 373,716
Self-funding activities (<i>Note 6</i>)	260,500	308,722	328,880
Interest and other revenue	9,000	10,588	9,487
Professional Corporation fees	3,000	-	-
Training Centre rentals	7,500	-	-
Admission fees	10,200	22,200	9,400
	<u>669,825</u>	<u>740,491</u>	<u>721,483</u>
Expenses			
Self-funding activities (<i>Note 6</i>)	187,100	239,087	252,123
Salaries and wages	182,004	182,886	160,010
Conduct and discipline	80,000	71,071	75,718
Communications	22,000	21,673	
Stationery and office	31,300	34,489	31,900
Rent and municipal taxes	60,220	47,453	25,961
Insurance	26,000	25,025	22,968
CICA committees	28,439	24,842	18,909
Travel	21,500	12,886	16,064
Interest and bank charges	9,000	13,283	13,224
Meetings, socials and member activities	13,000	15,011	12,031
Strategic planning activities	3,000	1,037	10,799
Governance activities	2,300	300	7,033
Professional fees	5,000	8,847	6,768
Bad debt expense	-	3,209	-
Amortization	6,550	10,059	5,157
	<u>677,413</u>	<u>711,158</u>	<u>691,742</u>
Excess of revenues over expenses for the year	\$ (7,588)	\$ 29,333	\$ 29,741

See accompanying notes

The Institute of Chartered Accountants of Newfoundland and Labrador
Statement of Changes in Net Assets
Year Ended March 31, 2011

	Investment in Property plant and equipment	Internally restricted	Unrestricted	March 31 2011	March 31 2010
Net assets, beginning of year	\$ 15,439	\$ 175,000	\$ 246,294	\$ 436,733	\$ 406,992
Excess (deficiency) of revenues over expenses	(10,061)	-	39,394	29,333	29,741
Purchase of property plant and equipment	34,852	-	(34,852)	-	-
Increase in appropriated surplus	-	25,000	(25,000)	-	-
Net assets, end of year	\$ 40,230	\$ 200,000	\$ 225,836	\$ 466,066	\$ 436,733

See accompanying notes

The Institute of Chartered Accountants of Newfoundland and Labrador
Statement of Cash Flows
Year Ended March 31, 2011

	<i>March 31</i> 2011	<i>March 31</i> 2010
Operating activities		
Excess of revenues over expenses	\$ 29,333	\$ 29,741
Items not requiring and outlay of cash		
Amortization	10,059	5,157
	39,392	34,898
Changes in		
Accounts receivable	19,657	(18,019)
Prepays	(6,615)	(4,838)
Accounts payable and accrued liabilities	48,131	(38,705)
	61,173	(61,562)
Cash flow from operating activities	100,565	26,664
Investing activity		
Purchase of property, plant and equipment	(34,852)	(6,777)
Increase (decrease) in cash resources	65,713	(33,441)
Cash and cash equivalents, beginning of year	357,017	390,458
Cash and cash equivalents, end of year	\$ 422,730	\$ 357,017

See accompanying notes

The Institute of Chartered Accountants of Newfoundland and Labrador
Notes to the Financial Statements
Year Ended March 31, 2011

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.

1. 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 the Institute's financial statements in conformity 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 is comprised of funds held on hand and in bank accounts, and 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 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.

The Institute of Chartered Accountants of Newfoundland and Labrador
Notes to the Financial Statements
Year Ended March 31, 2011

1. Summary of significant accounting policies (continued)

Property plant and equipment

Property plant and equipment are stated at cost less accumulated amortization. Property plant and equipment 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)

2. Accounts receivable

	<u>2011</u>	<u>2010</u>
Trade	\$58,793	\$69,755
Harmonized sales tax	9,743	15,058
	<u>68,536</u>	<u>84,813</u>
Less: allowance for doubtful accounts	<u>3,917</u>	538
	<u>\$64,619</u>	<u>\$84,275</u>

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 (2011 – \$290,320; 2010 – \$267,088). Costs for the Uniform Evaluation administered by the CICA on behalf of ICANL are fully recovered from ICANL (2011 – \$19,768; 2010 – \$19,133). The CICA also recovers costs incurred for activities jointly funded by ICANL and CICA (2011 – \$24,842; 2010 – \$18,909). At March 31, 2011, payables and accruals included \$35,970 (2010 – \$64,419) due to the CICA and \$21,063 (2010 – nil) due to the Institute of Chartered Accountants of Alberta.

The Institute of Chartered Accountants of Newfoundland and Labrador
Notes to the Financial Statements
Year Ended March 31, 2011

4. Property Plant and Equipment

	Cost	Accumulated Amortization	March 31 2011 Net Book Value	March 31 2010 Net Book Value
Office equipment	\$33,329	\$11,178	\$22,151	\$12,037
Computer hardware and software	20,855	9,669	11,186	2,391
Leasehold improvements	7,972	1,079	6,893	1,011
	\$62,156	\$21,926	\$40,230	\$15,439

5. Restriction on net assets

The Board of ICANL has internally restricted \$200,000 (2010 - \$175,000) 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
Year Ended March 31, 2011

6. Self-funding activities

	Budget	<i>March 31</i> 2011	<i>11 months</i> <i>ended</i> <i>March 31</i> 2010
Revenues			
Convocation	\$ -	\$ 22,050	\$ 18,049
Final exams (note 3)	-	29,675	33,000
Practice inspection	37,500	37,679	47,558
Professional development	220,000	212,315	221,593
Other	3,000	7,003	8,680
	<u>260,500</u>	<u>308,722</u>	<u>328,880</u>
Direct costs			
Convocation	-	21,005	19,410
Final exams	-	23,179	24,961
Practice inspection	32,100	37,173	42,350
Professional development	155,000	151,688	158,909
Other	-	6,042	6,493
	<u>187,100</u>	<u>239,087</u>	<u>252,123</u>
	<u>73,400</u>	<u>\$ 69,635</u>	<u>\$ 76,757</u>

7. Commitments

ICANL leases its office and training centre under an agreement expiring in March, 2014. The lease calls for annual rent of \$56,630.

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 or payable for the current year was \$30,700 (2010 - \$29,050).

The Institute of Chartered Accountants of Newfoundland and Labrador
Notes to the Financial Statements
Year Ended March 31, 2011

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. Subsequent event

Subsequent to year end a discipline case was finalized resulting in costs of \$30,000 awarded to the Institute.

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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