

**CMA Newfoundland and Labrador**  
Annual Report 2011-2012



**Certified  
Management  
Accountants™**



### **Purpose**

The Certified Management Accountants of Newfoundland & Labrador is an integral partner of CMA Canada and is the self-governing professional organization that awards the Certified Management Accountant (CMA) designation to qualified candidates in Newfoundland and Labrador.

### **Vision**

The CMA is the designation of choice in Newfoundland & Labrador for accounting professionals in management.

### **Mission**

We develop accounting professionals to optimize enterprise performance. CMA leads the advancement and integration of strategy, management and accounting.

# Message from the Chair and CEO



Arnold Adey, CMA, Chair  
Board of Directors



Mark Bradbury, FCMA, CEO  
CMA-NL

*Possibilities were translated into reality for CMA Newfoundland and Labrador as we strived to achieve our vision of being the designation of choice. Services to members are broader than they have ever been with an expanded slate of professional development offerings and heightened brand and designation awareness. Our investment in marketing to raise the profile of the designation has led to improvements in key leading indicators that will lead to continued growth in the profile of the designation and in the membership. **The CMA designation is not only thriving in Newfoundland and Labrador, but now claims the largest share of new graduates of professional accountants in the province. It is the designation of choice for professional accountants in business. This momentum bodes well as we are working closely with the Institute of Chartered Accountants of NL to merge and create the new Chartered Professional Accountant Designation (CPA) in our province. It is the intention of both parties to integrate each other's greatest strengths and the contribution from both sides will be tremendous.***

## Key Strategic Themes:

Public Trust  
Stakeholder/Partnership  
Excellence  
Program Effectiveness  
CMA Growth  
Member Engagement  
and Pride

## Establishing High-Level Strategies

During the past year the Board of Directors of CMA Newfoundland and Labrador strived towards our vision and mission based on the strategic framework, placing emphasis on quality growth that will provide the awareness and resources necessary to ensure the prominence of the designation in the business community. In addition to raising growth targets, the Board approved changes to reflect raised expectations in the areas of member services, maintenance of member competence and standards of practice and competitive positioning.

The Governance Committee continue to thoroughly review our regulations and by-laws which involve extensive research into best practices, legal advisors and input from Board members.

Our national advertising campaign — Create Possibilities™ — was launched again this fiscal year and shows first-hand how CMAs create possibilities in diverse and exciting industries using their unique skill set of accounting, management, and strategy. Having these skills is becoming increasingly critical for the future success of businesses and individuals. The campaign has laid the foundation for continued brand building efforts to support the partnership's goals of demonstrating what is meant by creativity in business, generating positive interest in the CMA designation, and establishing CMA® as the Canadian designation of choice for success in today's economy. National member and employer surveys conducted this year provided valuable feedback so that we can fine-tune our efforts in this area.

Professional Development has been a major focus over the past fiscal year and will continue to be as CMA Newfoundland and Labrador provides on-going professional development opportunities for our members. Our Competency Development Committee have held professional development seminars throughout the province which have all been greatly supported by the membership and according to the follow-up surveys "a great success."

**“ The CMA designation is not only thriving in Newfoundland and Labrador, but now claims the largest share of new graduates in the province. ”**

## Stay Tuned

There continue to be possibilities that are expected to become realities over the coming months. In 2008-09 the CMA-Newfoundland and Labrador Board adopted the National Public Accounting Standard. The Public Accounting Standards committee are providing a provincial framework for members in public practice. While our public practitioners only comprise 10% of the certified membership, they represent the designation to the public every day through their work and have been very supportive of ensuring the CMA Canada National Standard for Public Accounting is upheld in Newfoundland and Labrador.

Our Complaints and Disciplinary committee has been busy ensuring the complaints and disciplinary process is carried out in accordance with the new Certified Management Accountants Act. To provide a process through a disciplinary panel to review, and investigate allegations against the membership with a mandate of making a decision on the validity of the allegation and any warranted disciplinary action.

Stay tuned, the possibilities are endless.

### Fast Facts

**426** Certified Members in Newfoundland and Labrador

**37** Entrance Exam Writers

**118** CMA Candidates and Students

**28** Graduates

**1** Accredited University Program

**2** Accelerated Bridging Programs for the workforce

**1** Executive CMA Program for the senior executive workforce

**25** Countries where CMAs practice

**“ We are providing a provincial framework for members in public accounting. ”**





**“ Being a CMA is one of those things where you can turn it into whatever you want. ”**

Rachel Cuthbert, CMA  
Business Intelligence Analyst, Aritzia LP  
From the national advertising campaign  
Create Possibilities.

# Public Trust/ Stakeholder Excellence

*Public Trust and Stakeholder Excellence is a critical strategic theme for CMA Newfoundland and Labrador. It is the backbone of the organization's key strategy of becoming the voice of management accounting via the creation and dissemination of research content and of positioning CMA as a product leader in applied research. CMA Newfoundland and Labrador contributes greatly towards this research via national assessment dues and input on national committees.*

## CMA Canada Research Foundation

The purpose of the Foundation is to expand the conceptual boundaries of management accounting by generating leading-edge research for CMAs, other management accounting professionals, the business community and prospective members in educational institutions. The flagship product of the Foundation is the Management Accounting Guidelines (MAGs)®. Additional product offerings include Management Accounting Practices (MAPs)® and Emerging Issues Papers (EIPs).

## New Research Publications & New CMA Research Website

The Foundation produced eight new research publications in 2011 – 12:

### Scenario Planning: Plotting a Course Through an Uncertain World

*This MAG focuses on the practical application of scenario planning tools and techniques in different business situations. Date published: July 2010*

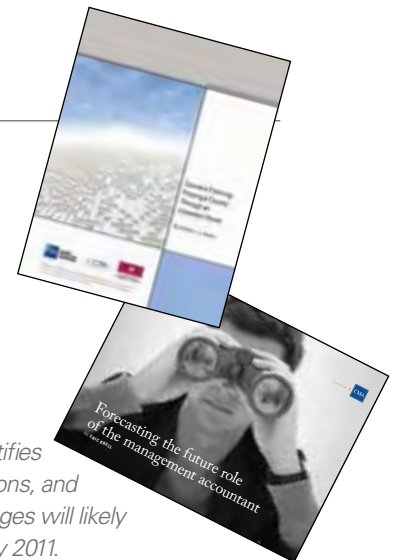


### The Performance Management Maturity Framework

*The framework identifies and describes the factors that affect business performance. Date published: January 2011*

### Forecasting the Future Role of the Management Accountant

*This paper organizes drivers of change into three categories, identifies the resulting challenges these drivers will likely pose to organizations, and describes the resulting demands that these organizational challenges will likely place on the management accountant's role. Date published: May 2011.*



The CMA Canada website hosts a portfolio of more than 150 research publications. They may be downloaded for free by CMA members.

*Through the CMA Research Foundation, CMA Canada ensures that members, the academic community and other professional accountants have access to relevant and contemporary management accounting research and related products.*

In April 2012, CMA Canada launched the new CMA Canada Research and Innovation website ([www.managementaccounting.org](http://www.managementaccounting.org)). As the “source for management accounting knowledge” for CMA members, candidates and other professional accountants in management, the website hosts numerous publications and resources, including Management Accounting Practices (MAP@s), Management Accounting Guidelines (MAGs), Emerging Issues Papers, case studies and webinars. The website also hosts a forum where management accountants can connect to share ideas and best practices. CMA members are encouraged to participate in blog discussions or become guest bloggers. Feedback on the site has been very positive and work has commenced on the second phase to enhance the user experience.



## Scenario Planning Webinar Record-Breaking Attendance

Nearly 1,000 accounting professionals from across Canada and 25 additional countries registered for CMA Canada’s inaugural webinar, Scenario Planning: Plotting a Course through an Uncertain World. An archived version — along with the Scenario Planning concept overview, MAG and case study — is available on the new CMA Canada Research and Innovation website.



## Three-Part Format Introduced for MAGs

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During this fiscal year, a new format was introduced for CMA Canada's MAGs. The three-part format consists of an overview, a guideline and a case study. Depending on their level of knowledge in a subject (e.g., divestitures), readers can select the format best suited for their needs. The following MAGs have been published with the new userfriendly format: Divestitures, Scenario Planning and Strategy Mapping. Ten additional MAGs are in production; they should be completed by June 2013.

MAGs are the flagship research publications for CMA Canada and provide guidance for the implementation of advanced management accounting concepts in the workplace. Written by experts, MAGs are suitable for several audiences including CMA members and other professional management accountants, CMA candidates and academics.

**Part 1:** Concept Overview   **Part 2:** Management Accounting Guideline   **Part 3:** Case Study



## New Map Portfolio

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In 2012, a brand new portfolio of MAPs based on the CMA® Competency Map was created to provide readers with the tools and techniques needed to develop and evaluate internal decisions. MAPs are publications that deal with concepts that are directly linked to CMA Canada's functional competencies. Between three and four pages in length, they each contain a brief introduction to the concept, a series of practice statements that outline the professional proficiencies expected of a CMA and a list of additional sources for readers who want more information on the concept. The MAP product line is suitable for several audiences including CMA members, CMA candidates and academics. The complete MAP portfolio will be available at the end of 2012.

# CMA Growth

*During the fiscal year, CMA Newfoundland and Labrador continued to strengthen existing relationships with university and employer partners to ensure the prominence of the designation and to develop flexible pathways to the designation.*



## Marketing Efforts Continue

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We expanded our marketing platform to include twelve new pieces of marketing collateral in Newfoundland and Labrador, approximately 15 advertisements/sponsorships in the Newfoundland and Labrador marketplace, an expanded presence on campuses and workplaces around the province through information sessions and drop-by booths, Board of Trade bronze sponsorship, and radio advertisements on leading stations throughout the province including being a major sponsor for a summer road show providing us with CMA branding at all major events throughout Newfoundland and Labrador.

Leading indicators reflect these efforts including: transcript evaluations which were up 100% over prior fiscal years, and Accelerated Bridging Program winter registrations have increased 100%.

# Professional Development

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## St. John's Board of Trade Article

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The St. John's Board of Trade contacted CEO Mark Bradbury on submitting an article that explains what a CMA is and how it offers an accessible opportunity for Professional Development for the workforce. See next page for the article that made the cover story for the April 2012 Business News edition magazine.

*Are you looking to advance your career? Find out if the CMA Accelerated Program is for you.*

Why is the Certified Management Accountant (CMA) designation valued by the business community, university students, candidates and others who are looking to advance their careers? To answer this question you need to consider the changes in business organizational structures (e.g. moving from a vertical top-down structure to a horizontal management team-based structure), the growth of small and medium-sized enterprises (SMEs), and the shift in demand for accounting designations that stems from employees currently in the workforce.

## What is the CMA Accelerated Program?

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The CMA Accelerated Program was developed to fulfill the need for education and training of professional accountants in business versus the traditionally trained external accountants. Business owners required an accountant that was not only technically sound, but also had in-depth management and strategy training. This accountant would not only measure value, but also create value for their organizations. The CMA Accelerated Program enables candidates to qualify more quickly for the CMA Entrance Examination. It can be completed by distance learning over eight months, or through the new 14-month extended program. With a 95 per cent pass rate on the Entrance Examination the Accelerated Program is considered a tremendous success. Many believe that a MBA (Master of Business Administration) in some ways resembles a CMA designation. Although some of the training is similar, the difference is that the CMA designation is the continuous integration of accounting along

with the in-depth management and strategy training. It is important to keep in mind that a MBA graduate does not necessarily have a strong accounting background. CMAs have a proven sound technical accounting/financial background and integrate this knowledge while applying their management and strategy skills in a company.

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## Changes in organizational structures and emphasis on SMEs

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With the increased growth of SMEs in today's economy, the requirement for financial officers to have a broader knowledge base in management and strategy training is greater than ever. Having undergone a full two years of management and strategy training, the CMA is the designation equipped to contribute to any organization's success, particularly SMEs. It is important to stress that the CMA difference, particularly relative to the other accounting designations, is mostly emphasized at point of graduation. After graduation all accounting designations seem to cross each others' fields of work, particularly with continuous professional development learning opportunities.

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## Creating professional development opportunities

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CMA Canada has long recognized the need for a bridging program for the non-accounting concentration graduates in the workforce that now prefer to have a professional accounting designation. Individuals who were watching their co-workers climb the corporate ladder to success and achieve director, vice-president and even CEO roles felt that they have hit a brick wall. In 1999, CMA Ontario created the CMA Accelerated Program to bridge the advanced accounting, management, tax, and audit competencies required for individuals to enter the CMA program. The Accelerated Program was met with huge success. When CMA Newfoundland and Labrador introduced the program locally in 2006, it saw its graduating class grow from 10 to 20 graduates. It now leads the province in accounting graduates and expects to reach 55 to 60 graduates as early as 2014. These numbers could continue to grow with the renewed surge of interest from business students at Memorial University of Newfoundland. CMA Newfoundland and Labrador recently sponsored the first PhD Professor of Accounting position at Memorial which was given to Dr. Jeffrey Pittman, an internationally renowned researcher in corporate governance. He is the lead moderator for the CMA Program and stresses that "the CMA is the best alternative for many candidates wishing to pursue professional development in the areas of management, strategy and accounting. The distance learning Accelerated Program allows people in the workforce to obtain these competencies and their professional accounting designation; whereas in the past they would have had to go back to university for a much longer period of time."

For more information on the CMA Accelerated program and to RSVP for upcoming information sessions near you during the month of April, contact Allison Tilley, Programs Coordinator, at [atilley@cma-nl.com](mailto:atilley@cma-nl.com) or visit [www.becomeacma.com](http://www.becomeacma.com). Mark Bradbury, CMA, FCMA, is the chief executive officer at CMA Newfoundland & Labrador.

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**“ I think that becoming a CMA opens up more employment opportunities because a CMA is capable of handling different things, changing quickly and adapting to any situation. ”**

Josée Roberge, CMA  
Senior Financial Analyst, Hasbro Canada

From the national advertising campaign  
Create Possibilities.



## Create Possibilities

The national campaign “Create Possibilities” has laid the foundation for continued brand building efforts to support the partnership’s goals of demonstrating what is meant by creativity in business, generating positive interest in the CMA designation, and establishing CMA as the designation of choice for success in today’s economy. The

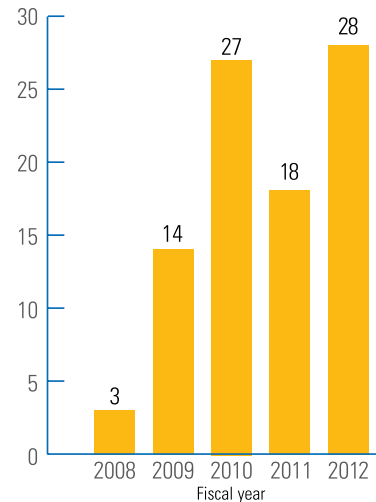


largely online campaign shows first-hand how CMAs create possibilities in diverse and exciting industries using their unique skill set of accounting, management, and strategy. CMAs are profiled throughout Canada and featured at their place of work, creating value in innovative and creative ways. Members were filmed, documentary style in 30 and 90 second formats. See the difference CMAs are making by visiting the new recruitment website: [www.becomeacma.com](http://www.becomeacma.com).

## Increase in New Graduates

The demand for the CMA designation in Newfoundland and Labrador remains strong as the number of new graduates will attest. Given that most of our candidates undertake a three-year program of study that includes the 8 or 12-month Accelerated Program, the Entrance Exam and the 18-month Strategic Leadership Program, we can predict, quite reliably, the number of graduates we can expect in the coming year. With the introduction of the Accelerated Program in 2008, we experienced a 93% increase in new graduates with 27 (44% market share) in 2010. In 2011 we had a very respectable graduating class of 18. In the year 2012 we again experienced growth with a graduating class of 28. In the year 2013 we are expecting 33 graduates and in 2014 we expect over 60 graduates. **This fall of 2012, due to the high number of candidates, we will have two Strategic Leadership Program classes.** The CMA designation is truly the designation of choice for professional accountants in business in Newfoundland and Labrador.

**CMA Graduates in Newfoundland and Labrador**



# CMA Convocation 2012

*A graduation ceremony was held to honour our eighteen newest members of the Society. In St. John's, all of the graduates received their certificates at an event held in early November at the Capital Hotel with over 200 invited guests, members, and graduates. Our largest attendance yet.*

During this ceremony, special recognition was given to the following award winner:

## **CMA SLP Highest Achievement Award**

» Lynette Noble-Hobber, CMA

The graduates below have worked hard to achieve their designation and we are proud to call them our newest CMAs:



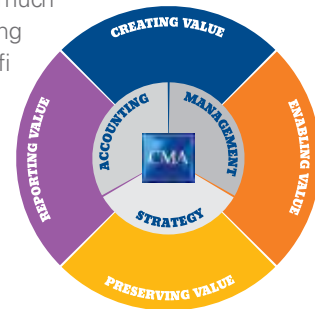
**Back row, from left to right:** Wendy Samantha Pardy, CMA, Adam Doyle, CMA, Amy C. Skinner, CMA, Jennifer J. V. Jennings, CMA, Sean Andrews, CMA, Anthony McGuire, CMA, Michael Harris, CMA, Bronson I. G. Dawe, CMA, Bridget M. Walters, CMA, Ken T. Kelly, CMA, Cathy M. Mandville, CMA, Ryan W. Antle, CMA.  
**Middle row, from left to right:** Jennifer M. Kavanagh, CMA, Roxann M. Maddigan, CMA, Stacey Mary Lynn Dicks, CMA, Amanda Kari Whiteway, CMA, Jeff P. Brewer, CMA, Donna Ryan, CMA, Christopher W. Somerton, CMA, Jennilynn Hoben, CMA, Susan R. Squires, CMA, Samantha S. Fitzpatrick, CMA, Lynette Noble-Hodder, CMA. **Front row, left to right:** Douglas Woodford, CMA, Steven Montgomery Penney, CMA, Darrin Edward Kitchen, CMA, Steven Reginald Fagan, CMA.  
**Missing from photo:** Ashley Mary Dwyer, CMA.

# Program Effectiveness

*CMA Newfoundland and Labrador continues to offer state-of-the-art, leading-edge programs and professional development materials that are relevant to all target groups.*

## CMA Competency Map

In fiscal 2011–12, the new CMA Competency Map was introduced. As a result, much of the CMA Canada program content is under development to ensure the existing activities and concepts are now aligned with the new Map. These changes significantly affect both the CMA Strategic Leadership Program™ as well as the CMA Executive Program. Program activities and assignments are being rewritten to demonstrate how the learning concepts create value, preserve value, enable value or report value. In addition, the changes to the Map also affected the national Entrance Examination. Testing is now performed on five topic areas (i.e., corporate finance, financial accounting, management accounting, internal control and taxation) instead of on six functional competencies. As a result, it is easier for candidates and instructors to understand the material and relate it to lessons learned.



## Creating Business Leaders

In early 2011, the National Board of Directors adopted a renewed framework for the core competencies for the CMA®. The new CMA Competency Map organizes the diverse skills that a CMA must possess around a common thread: the delivery of value.

**Creating Value:** The design and formulation of strategies, policies, plans, structures and initiatives

**Enabling Value:** The execution of strategy and the planning, implementing, monitoring and improving of supporting processes

**Preserving Value:** The protection of value against strategic and operational risks

**Reporting Value:** The transparent communication of the delivery of value to stakeholders and the public

## National Examination Process

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A key responsibility of CMA Newfoundland and Labrador is the coordination and administration of the CMA Entrance Examination and preparation workshop, the CMA Case Exam and the Board Report. The exams involve registering candidates, ordering exams, room bookings, and exam invigilation. The Board Report involves registering candidates, ordering envelopes, room bookings, scheduling presentations, and coordinating Mock Board members. In 2011–12, a total of 40 Entrance, 27 Case, and 6 Group Board Reports and presentations to mock Board of Directors.

## CMA Program Enhancements

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In 2011–12, CMA Canada expended substantial effort on the development of the CPA Certification Program and CPA Competency Map. However, we have also successfully completed projects related to the ongoing quality and relevancy of the CMA Professional Programs.

During this fiscal year, enhancements were implemented as part of our continuous improvement process:

- » a marker queries function that allows Strategic Leadership Program™ candidates to submit assessment inquiries directly to their marker
- » improvements to the marker mentor program
- » an online marking application that provides real-time mark results for markers
- » enhanced candidate assessment and feedback forms
- » the establishment of a volunteer marker task group to review and provide feedback on the assessment materials
- » the establishment of a volunteer moderator task group to review and provide feedback on the moderator materials



**“ The CMA  
program gave me  
the necessary tools  
to really handle  
management and  
leadership at  
a much higher  
level. ”**

Dan Clarke, CMA  
President, Helly Hansen Canada Ltd.

From the national advertising campaign  
Create Possibilities.





# Member Engagement and Pride

*CMA Newfoundland and Labrador continues to provide many opportunities for members to get involved with the activities of our organization. We wish to thank you for your overwhelming support to both Council and the CMA-NL office. We have made some significant strides over the past few years, and membership engagement and support have been an integral part of our success. There has been a noticeable increase in attendance at our AGM and annual convocation; great support for the new Continuous Professional Learning & Development policy; volunteering with the SLP's mentorship program and Mock Board of Directors final Board Report, and more.*

*CMA-NL is well positioned to continue to grow and further increase member services. We thank you for your amazing support and look forward to the upcoming years.*

*We are also very pleased with our three new public representatives to the CMA Newfoundland and Labrador Board of Directors; Dr. Gary Gorman (former Dean of Business, MUN), Mr. David Frew (VP Human Resources, Newfoundland Labrador Liquor Corp) and Mr. Keith Collins (President and CEO, St. John's International Airport Authority). All of whom add much value to our organization!*

**Think Creatively,  
Execute Logically.**

Our selection of topics for 2011 focuses on the core competencies of the CMA Competency Map and will help delegates meet their career goals by creatively applying new concepts and methods in their own work environment.



# Unification

**Vision for the Profession:** *to be the pre-eminent, internationally recognized canadian accounting designation and business credential that best protects and serves the public interest.*

To secure the strongest possible future for the Canadian accounting profession, the leaders of CMA Canada and the CICA began discussions in May 2011 to explore the merits of uniting the organizations through the creation of a new professional designation. The following is a summary of the significant progress made to date.

## GUIDING PRINCIPLES FOR UNIFICATION

- 1 Evolution to a single designation
- 2 Continued use of existing designations
- 3 Retention, but no expansion, of rights
- 4 Development of a new highquality Certification Program
- 5 A single designation with specialties
- 6 Branding the CPA designation
- 7 Common code of conduct, regulations, and the practice of public accountancy
- 8 Merged operations and governance

## The Unification Framework

In January 2012, after extensive consultation, CMA Canada, the CICA and CGA-Canada jointly presented a proposed framework for uniting Canada's accounting profession. The Unification Framework was supported by all CMA and CA bodies and by the majority of CGA bodies. It presents the vision for the profession and the guiding principles for unification.



one  
cpa

## Provincial Merger Proposals

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While the fundamental elements of the merger are the same across Canada and based on the eight principles, the profession is governed under provincial/territorial statutes, and decisions about merger proposals must be made provincially amongst the bodies involved in unification discussions. As of June 30, 2012, seven provinces have presented merger proposals to their memberships. One additional proposal was presented after year end. Members of ICA-NL voted on June 2012 with 68% favorable. Members of CMA-NL voted in October and November 2012 with 86% favourable as of November 8th, with the vote remaining open for only one more day (closing on November 9th).

## Current Status

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As of June 30, 2012, 27 of the 40 Canadian accounting bodies are involved in merger discussions. They represent every province across the country and a majority of Canada's professional accountants. Included are all CMA bodies (except Ontario), all CA bodies (except Alberta) and two CGA bodies (Alberta and Quebec). They represent approximately 65 per cent of the members of all three bodies.



The future holds exciting opportunities for a globally recognized, highly esteemed accounting and business credential. The Chartered Professional Accountant designation will ensure the sustainability of the Canadian accounting profession, and your place within it. We're better as one.

CHARTERED PROFESSIONAL ACCOUNTANT

Learn more at  
**cpaone.ca**

# Financial Overview 2011-2012

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The 2010-2012 financial statements were audited by Grant Thornton LLP. The audit team was lead by Roger Cooper, CA, Partner and Robert Mitchell, CMA, Senior Manager. Both are Licensed Public Accountants with the Public Accounting Licensing Board of the Govt. of NL. We are pleased once again to report on another successful financial year that well exceeded our budget expectations.

## Statement of Financial Position

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### **Assets**

The financial position of the Society continues to improve; for the year ended June 30, 2012 cash and cash equivalents stand at \$429,605 with \$225,201 invested in GICs. Accounts receivable stand at \$7,201 and Prepaid Expense is due to the 1st installment of national dues assessment.

### **Liabilities**

Total liabilities at June 30, 2012 were \$50,041 in accounts payable/accrued liabilities. One student postponed and therefore \$2,378 was recorded as deferred revenue.

### **Net Assets**

Net Assets had an increase of \$57,966 to \$436,090 for the fiscal year.

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# Statement of Operations

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## **Revenues**

Total revenues for the year were increased by \$50,681 over 2010/2011 to \$588,718.

Educational services revenue was greatly bolstered by increased registration in the Accelerated Bridging Program. An increase of \$15,332 to \$286,800 in member fees revenues is attributable solely to growth in membership. We are pleased to report that in accordance to our multi-year budget plan and due to our planned budgeted growth now realized, dues for 2011/2012 were not raised and remained the same as 2010/2011. This is despite the increase in national assessment dues in 2011/2012 that were absorbed.

## **Expenses**

Total expenses for this fiscal year increased by \$70,429 over 2010/2011 to \$530,752. The increase in expenses is mainly attributable to our increase in our marketing spend in our CMA branding and designation awareness which is linked to higher registrations/revenues and can be associated with employer, partner, and member pride. National fees increase in rate and our increase in members reflects a \$12,425 increase and the provincial office increase is reflected in Schedule 2.

## **Overview Summary**

As aforementioned the excess of revenue over expenditures at year end was \$57,966 which contributed to the \$436,090 in equity. This has allowed CMA-NL to once again defer its request for funding from CMA Canada which was once a major part of our 5 year Strategic Plan for growth and presence in Newfoundland and Labrador. We have made such progress that we plan to fund and invest on our own merits in our future growth and therefore will invest our own equity, if need be, over the upcoming 2 to 3 years in order to sustain increased member services such as professional development opportunities, website upgrading, and CMA Brand awareness within the province. We are pleased to report that your accounting body is in sound financial state with solid governance and leadership. We are now poised to maintain our operation, expect reasonable growth and increasing member and student services!





Financial Statements

The Society of Management Accountants of

Newfoundland and Labrador

June 30, 2012

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# Independent Auditors' Report

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To the Members of  
**The Society of Management Accountants of Newfoundland and Labrador**

We have audited the accompanying financial statements of **The Society of Management Accountants of Newfoundland and Labrador**, which comprise the statement of financial position as at June 30, 2012, and the statements of operations and net assets and statement of 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**

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 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 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 is sufficient and appropriate to provide a basis for our audit opinion.

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Society of Management Accountants of Newfoundland and Labrador** as at June 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The image shows a handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

November 9, 2012  
Marystown, Newfoundland and Labrador

Chartered Accountants

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The Society of Management Accountants of  
Newfoundland and Labrador



Statement of Financial Position

June 30	2012	2011
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	\$ 429,605	\$ 412,970
Receivables	7,201	1,504
Prepays	<u>49,318</u>	<u>24,659</u>
	486,124	439,133
Capital assets (Note 3)	<u>2,385</u>	<u>8,417</u>
	<u>\$ 488,509</u>	<u>\$ 447,550</u>
<b>Liabilities</b>		
<b>Current</b>		
Payables and accruals	\$ 50,041	\$ 66,413
Deferred revenue	<u>2,378</u>	<u>3,013</u>
	<u>52,419</u>	<u>69,426</u>
<b>Net Assets</b>		
Unrestricted	<u>436,090</u>	<u>378,124</u>
	<u>\$ 488,509</u>	<u>\$ 447,550</u>

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Commitments (Note 6)

On behalf of the Board

 Chairperson  Treasurer

See accompanying notes to the financial statements.

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The Society of Management Accountants of  
Newfoundland and Labrador  
Statements of Operations and Net Assets

Year Ended June 30	2012	2011
<b>Revenue</b>		
Educational services (Schedule 1)	\$ 285,740	\$ 255,530
Member fees	286,800	271,468
Miscellaneous revenue	<u>16,178</u>	<u>11,039</u>
	<u>588,718</u>	<u>538,037</u>
<b>Expenditure</b>		
Advertising and promotion	128,789	85,349
Bad debts	-	900
Insurance	4,086	4,053
National fees	99,200	86,775
Professional development and training	5,319	4,613
Professional fees	2,450	3,136
Provincial office (Schedule 2)	278,413	263,658
Rent	<u>12,495</u>	<u>11,839</u>
	<u>530,752</u>	<u>460,323</u>
Excess of revenue over expenditure	57,966	77,714
Net assets, beginning of year	<u>378,124</u>	<u>300,410</u>
Net assets, end of year	<u>\$ 436,090</u>	<u>\$ 378,124</u>

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See accompanying notes to the financial statements.



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# The Society of Management Accountants of Newfoundland and Labrador

## Statement of Cash Flows

Year Ended June 30	2012	2011
Net increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenue over expenditure	\$ 57,966	\$ 77,714
Amortization	<u>6,032</u>	<u>6,414</u>
	63,998	84,128
Changes in non-cash operating working capital		
Receivables	(5,697)	5,648
Prepays	(24,659)	(2,707)
Payables and accruals	(16,372)	(16,590)
Deferred revenue	<u>(635)</u>	<u>(16,034)</u>
	<u>16,635</u>	<u>54,445</u>
<b>Investing</b>		
Purchase of capital assets	<u>-</u>	<u>(1,607)</u>
Increase in cash and cash equivalents	16,635	52,838
Cash and cash equivalents		
Beginning of year	<u>412,970</u>	<u>360,132</u>
End of year	<u>\$ 429,605</u>	<u>\$ 412,970</u>

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# The Society of Management Accountants of Newfoundland and Labrador

## Notes to the Financial Statements

June 30, 2012

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### **1. Purpose of the organization**

The Society of Management Accountants of Newfoundland and Labrador is incorporated under the Newfoundland Management Accountants' Act as a non-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.

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### **2. Summary of significant accounting policies**

#### **Use of estimates**

In preparing the Society's financial statements in conformity with Canadian generally accepted accounting principles management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

#### **Financial instruments**

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates fair value due to the relatively short-term maturities of these instruments.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand and balances with banks.

#### **Revenue recognition**

Revenue is recognized as services are provided and programs delivered.

#### **Contributed services**

Members and service providers, may from time to time, donate services to the Society. Because these contributed services are free, they are not recorded in the Society's financial statements.

#### **Amortization**

Capital assets are being amortized over their estimated useful lives using the straight line basis at rates indicated in Note 3.

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# The Society of Management Accountants of Newfoundland and Labrador

## Notes to the Financial Statements

June 30, 2012

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3. Capital assets			<u>2012</u>	<u>2011</u>	
	<u>Rate</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	Net Book <u>Value</u>
Leasehold improvements	SL 5yrs	\$ 14,994	\$ 14,772	\$ 222	\$ 3,222
Computer hardware	SL 3yrs	11,522	10,719	803	1,339
Furniture and office equipment	SL 5yrs	7,334	6,933	401	1,867
Signs	SL 5yrs	<u>5,147</u>	<u>4,188</u>	<u>959</u>	<u>1,989</u>
		<u>\$ 38,997</u>	<u>\$ 36,612</u>	<u>\$ 2,385</u>	<u>\$ 8,417</u>

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### 4. Provincial Society/Memorial University Agreement

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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 contributes funds to the University towards a business scholarship and to management accounting research. The current agreement expires June 30, 2018.

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### 5. 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 totalled \$8,372 (2011 - \$5,690).

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### 6. Commitments

The Society is committed to minimum annual payments pursuant to a lease agreement for office space as follows:

2013	\$12,750
2014	\$13,600
2015	\$14,448

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# The Society of Management Accountants of Newfoundland and Labrador

## Notes to the Financial Statements

June 30, 2012

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### 7. 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.

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### 8. Risk management

The Society's policy for managing significant risks 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 liquidity and credit risks.

#### *Liquidity risk*

Liquidity risk is the risk that the Society will be unable to meet its contractual obligations and financial liabilities. The Society manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities.

#### *Credit risk*

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Society's credit risk is attributable to receivables. The Society believes that the credit risk concentration with respect to financial instruments included in receivables is negligible.

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# The Society of Management Accountants of Newfoundland and Labrador

## Schedule 1 - Schedule of Educational Services

Year Ended June 30	2012	2011
<b>Revenue</b>		
Education	\$ 197,208	\$ 141,109
Student fees	45,080	35,550
Accelerated program fees, net of expenses of \$ 32,989 (2011 - \$30,737)	<u>224,351</u>	<u>220,458</u>
	<u>466,639</u>	<u>397,117</u>
<b>Direct costs</b>		
Amortization	6,032	6,414
CMA program, MUN, scholarships	40,264	30,215
Examination expenses	16,179	8,483
National fees	3,581	1,920
Professional program	<u>114,843</u>	<u>94,555</u>
	<u>180,899</u>	<u>141,587</u>
Net contribution	<u>\$ 285,740</u>	<u>\$ 255,530</u>

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The Society of Management Accountants of  
Newfoundland and Labrador

Schedule 2 - Schedule of Provincial Office Expenses

Year Ended June 30	2012	2011
<b>Provincial Office</b>		
Bank charges and interest	\$ 17,738	\$ 21,230
Courier and postage	2,437	1,995
Meeting expenses	3,595	4,508
Miscellaneous	-	118
Office supplies	9,112	8,953
Offsite storage	1,149	1,234
Telephone and internet	6,725	6,159
Other	3,917	2,346
Wages and benefits	<u>233,740</u>	<u>217,115</u>
	<u>\$ 278,413</u>	<u>\$ 263,658</u>

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# Board of Directors and Committees 2011-2012

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*The Board of Directors has led a number of key initiatives that would not have been a success without the contribution of many dedicated volunteers.*

## **Board of Directors**

Arnold Adey - Chair  
Jesse DeVilla - Vice Chair  
Keith Collins - Board Member  
Dennis Dober - Board Member  
Gary Gorman - Board Member  
Matt Stevenson - Board Member  
David Frew - Board Member  
Adam Lippa - Board Member  
Karen Wade - Board Member  
Neil Pittman - Board Member  
Brian Whiteway - Treasurer  
Mark Bradbury - Chief Executive Officer

## **Finance and Audit Committee**

Brian Whiteway - Chair  
Arnold Adey - Ex-officio  
Matt Stevenson  
Karen Wade  
Neil Pittman  
Mark Bradbury

## **Governance Committee**

Arnold Adey - Chair  
Dennis Dober  
Adam Lippa  
Mark Bradbury

## **Competency Development Committee**

Dennis Dober - Chair  
Arnold Adey - Ex-officio  
Gary Gorman  
Karen Wade  
Mark Bradbury

## **Public Accounting Standards Committee**

Jesse DeVilla - Chair  
Arnold Adey - Ex-officio  
Adam Lippa  
Matt Stevenson  
Mark Bradbury

## **Complaints & Disciplinary Committee**

Arnold Adey - Chair  
David Frew  
Neil Pittman  
Mark Bradbury

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