



**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
BRITISH COLUMBIA

Chartered  
Professional  
Accountants  
of British Columbia

**2020-2021**

**ANNUAL REPORT**

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## MESSAGE FROM CPABC CHAIR AND PRESIDENT & CEO

By Geoff Dodds, CPA, CA and Lori Mathison, FCPA, FCGA, LLB

*This year, our major initiatives were aligned with CPABC's three-year rolling strategic plan, and continued to enhance the protection of the public, member and student services, and operational effectiveness.*

### COVID-19 Effects

Last fiscal year ended with considerable strain and unprecedented challenges to businesses and individuals, and these conditions continued throughout the year. Health and safety measures had a significant impact on CPABC's operations and program delivery and required the organization to be nimble, creative, and resilient

While challenging, the organization is well positioned to continue managing through the pandemic and has adapted to the conditions. Although many staff are working from home, they are doing so effectively and will continue to protect the public, deliver member services, and maintain a strong fiscal position.

### Working with Government

CPABC continued to support and contribute to relevant provincial government priorities, while acting in the public interest.

CPABC further developed an Indigenous strategy and enhanced the financial literacy program, which will have a positive impact in BC communities as well as being highly aligned with the priorities of the provincial government.

CPABC also focused on finding ways to support the government's anti-money laundering (AML) activities and developed additional resources for members.

The profession testified at the Cullen Commission to highlight how CPABC effectively regulates members, and how the profession is supporting the AML regime.

The organization also actively worked with other business organizations to advise government on how best to support the economy through the COVID-19 crisis.

## Protecting the Public and Supporting Members

With a firm focus on protecting the public, CPABC pivoted all regulatory committees to enable ongoing and effective regulation within a remote environment. To enhance member support, CPABC is implementing a learning management system to better meet members' changing preference for on-line learning and content, especially important given the shift to remote delivery of programs.

There was also an emphasis on providing programs that helped members advise their employers and clients on government COVID supports and programs.

## Meeting Market Demand

While there is great economic uncertainty, we must continue to grow the profession to meet future demand. We need to be thinking broadly about different sources of new members.

We also need to ensure those enrolled in the CPA program have the right skills and employers must be aware of training opportunities.

CPABC continued to build awareness of the education programs and training, with particular focus on the experience verification route, and increased outreach to employers. The profession also undertook an evolution of pre-certification education and the next phase of Foresight.

Looking ahead, CPABC will be focused on critical strategic initiatives that continue to protect the public and support members into the future, as everyone grapples with a new way of doing business and delivering services.

**DATED** May 27, 2021



Geoff Dodds, CPA, CA  
**CPABC BOARD CHAIR**



Lori Mathison, FCPA, FCGA, LLB  
**PRESIDENT AND CEO**

## CPABC'S FIVE STRATEGIC PILLARS

In 2020/21, CPABC implemented its rolling three-year Strategic Plan, which is refreshed annually, to ensure the organization remains on course to deliver on the CPABC Vision, and incorporates the following five strategic pillars:



### PROTECT

CPABC will protect the public by implementing regulation effectively.



### DELIVER

CPABC will deliver sufficient and appropriately skilled CPAs to meet market demand. It will implement effective recruitment programs that make the profession attractive and accessible to a diverse group of candidates and ensure excellence in its education programs.



### SUPPORT

CPABC will support the needs of its members and students by providing relevant and valued services, including high-quality education.



### LEAD

CPABC will provide leadership on business and accounting matters to the public and profession by promoting thought leadership, and providing a valued contribution in national collaboration.



### ACCOUNT

CPABC will discharge its mandate in a responsible, transparent, and proactive manner by developing and delivering efficient and effective governance, operations, fiscal, and human resource management.



## Vision

The Canadian CPA is the pre-eminent, globally respected business and accounting designation



## Mission

CPABC enhances the influence, relevance, and value of the Canadian CPA profession by:

- » Protecting the public interest;
- » Supporting its members and students; and
- » Contributing to economic and social development.

## PROTECT

### Partnership with Government

For more than 100 years, the accounting profession in British Columbia has provided exceptional and effective self-regulation of its members on behalf of the province. This mandate, to protect the public, was especially important in such a challenging year.

To that end, the profession submitted a proposal to government regarding possible funding of professional training positions during the pandemic, and highlighted areas to enhance economic recovery in the annual budget submission. In addition, CPABC and CPA Canada testified at the Cullen Commission to highlight how the profession effectively regulates members and supports anti-money laundering efforts.

And recognizing the government's priorities and the significance of the United Nations Declaration on Indigenous Rights legislation, CPABC furthered its Indigenous strategy that seeks to grow awareness of the profession within Indigenous communities and encourage more Indigenous people to become CPAs.

### Transparent and Accountable Regulation

CPABC is proud of its proactive approach to regulation and considers protecting the public its core mandate, and does so by enforcing the highest professional and ethical standards.

CPA members recognize that a well regulated profession benefits everyone.

Given the significance of this responsibility, CPABC produced an Annual Regulatory Report to the Public that summarized the regulatory activities of the prior fiscal year.

CPABC's regulatory processes are described on the CPABC website, as are the outcomes of investigation and discipline proceedings.



Recognizing the government's priorities and the significance of the United Nations Declaration on Indigenous Rights legislation, CPABC furthered its Indigenous strategy that seeks to grow awareness of the profession within Indigenous communities and encourage more Indigenous people to become CPAs.

## Membership

CPABC only admitted those applicants who met the rigour of the CPA certification process or met the requirements of a CPA international agreement, and provided satisfactory evidence that they were of good character.

Of the 38,000 CPABC members, the majority of them worked in industry in a variety of roles – from entry level to the C-Suite – in every sector of the economy.

## Public Practice

Approximately 18.5% of CPAs worked in public practice, which included 4,126 members licensed to provide public practice services. These members were practitioners and partners who operated in 2,800 public practice offices in BC. Over 98.3% of CPA firms were owned by fewer than five professional accountants.

Practice reviews are inspections of CPA firms to determine whether firm activities meet the standards of the profession. They are carried out over a three-year cycle with 944 taking place this past year remotely in order to facilitate reviews during the pandemic.

## Continuing Professional Development (CPD)

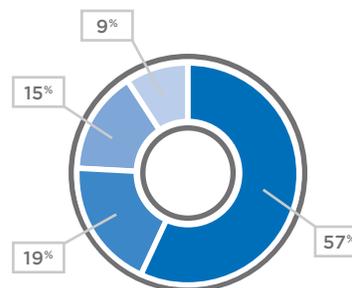
Ongoing education was an important aspect of regulation and active CPAs were required to report their professional development activities.

Over the course of the CPD three-year rolling reporting cycle, active CPAs were required to ensure at least four of their reported verifiable hours related to professional ethics, and were required to report compliance with CPD on a calendar year basis. Those who did not comply ultimately had their membership cancelled.

## Discipline Process

CPABC investigated complaints received about members and students.

Where grounds were found for breach of the bylaws or rules, most complaints were dealt with through education and course work, which ensured that members were better equipped to serve the public. In rare instances there was a fine, suspension, or cancellation of membership.



## Where CPAs Work



## DELIVER

### An Evolving Economy

BC worked with its national and provincial partners to ensure the CPA education programs (CPA Professional Education program (PEP) and CPA preparatory courses) met the needs of students, and provided the competencies required by employers. Given the prevalence of emerging and disruptive technologies, the CPA profession focused on evolving to meet these changing business conditions and updated the competency map to include data analytics and information systems.

### Labour Market Realities

As CPABC is the only educator of professional accountants, attracting quality people to the profession, meeting employer demand is critical. Even during the unprecedented business challenges faced over the past year, demand for CPAs remained strong.

CPABC evolved its employer programming and developed new, virtual options, to allow prospects and CPAs to meet with employers, learn about career opportunities, and network. Uptake in the career events was excellent and employers and job seekers alike were pleased with the ability to connect.

### Recruitment at the Forefront

Extensive outreach was undertaken to inform potential students and employers, and to support existing CPA employers in their recruitment efforts.

Prospects continued to inquire about the CPA profession and interest was driven by a provincial advertising campaign that focused on reaching people in the workforce who were considering a career change, those who were in post secondary considering their career options, and those who were responsible for deciding to hire or train CPAs.



**6,182**

students were  
enrolled in the  
CPA PEP program

**1,271**

people were  
enrolled in the  
CPA preparatory  
courses

## Student Achievement

Those who decided to pursue a career in accounting enrolled with the CPA Western School of Business (CPAWSB) for both the CPA PEP and preparatory courses. The school served British Columbia, Alberta, Saskatchewan, Manitoba, Yukon, the Northwest Territories and Nunavut.

Student success rates in the programs were good and the profession continued to grow, with 841 members admitted to membership by way of the CPA Common Final Examination (CFE), which was held safely in hotel rooms across the province to ensure COVID-19 protocols were met.



# 841

members admitted  
to membership by  
way of the CPA  
Common Final  
Examination (CFE).

## SUPPORT

CPAs must meet ongoing professional development requirements in order to maintain their designation. This sets the profession apart from others working in business.

High-quality and relevant education, services, and resources directly supported and enhanced the regulatory compliance of CPABC's members.

These resources were also critical in ensuring members stayed current with industry trends, employer expectations and requirements, and professional news – all while meeting new health requirements.

### Professional Development

While pivoting to a primarily online delivery model, demand for CPABC's PD products remained strong, despite the pandemic. Overall, registrations were able to meet 80% of the pre-COVID targets.

In line with prior years, the PD program was also able to offer 1,226 courses with registrations totalling 70,480, of which 41,889 were registrations in free live stream and on-demand products. Registration in free PD products was up 26% from last year.

With more remote and online learning opportunities, the PD program was able to reach and serve members across the province.

PD courses met the needs of members who work in all sectors of the economy. Some new titles this past year included: CCPCs – The New Hurdles; Application of the New CSRS 4200 Compilation and Engagement Standards; Improving Your Bottom Line Using KPIs; and Improving Collaboration on Remote Teams for Better Teamwork, Engagement and Performance. In addition, the pool of learning content was further expanded by bringing on four new online content providers: CPACrossings, Executive Finance, LumiQ, and Business Learning Institute.

The pandemic was a catalyst for change and the PD program was able to meet the challenge, innovate, and maintain its place as a key provider of quality content to the membership.



CPABC chapters began hosting virtual professional networking events focused on health and wellness.

The Member Engagement Tour held **12** virtual sessions with over **1,407** members in attendance.

**51** member forum events were held virtually.

## Engagement and Services

A sampling of the member support tools included:

- » CPABC created a COVID-19 resources page to keep members up to date with evolving government support programs and health information and requirements.
- » CPABC chapters began hosting virtual professional networking events focused on health and wellness.
- » The Member Engagement Tour held 12 virtual sessions with over 1,407 members in attendance.
- » Approximately 2,018 enquiries from members and the public were handled by Professional Standards Advisors.
- » 51 member forum events were held virtually.
- » All members could access benefit and savings programs, such as the [Employee and Family Assistance Program](#) and numerous national and provincial benefits.
- » The [CPABC Careers site](#) continued to see strong engagement from those seeking to hire CPAs and CPA students.

Ensuring members were aware of programs and services was a substantial undertaking. Information was provided through the member magazine, *CPABC In Focus*, bi-weekly newsletters, the website, podcasts, and social media.

## Member Satisfaction

Member satisfaction with the services provided was a critical performance indicator.

Overall, 72% of members who responded to the members' survey rated the communications from CPABC positively (21% were neutral).

The majority of survey respondents, 62%, rated their overall experience with CPABC positively (28% were neutral) and 88% had trust in CPABC as a regulator (7% were neutral).



A new [COVID-19](#) updates and resources page was launched in May 2020 to meet members' need during the pandemic.

## LEAD

### Leadership in the Profession

CPAs across the country played a vital role in leading business. Here in BC, CPAs worked in every sector of the economy and helped drive business insights, creating value for their organizations and helping them navigate the myriad of government programs brought about by COVID-19.

This year's national advertising campaign highlighted sponsored content that featured CPAs providing leadership as their organization pivoted through the pandemic.

### Provincial Leadership

Provincial advertising materials and content highlighted the benefits of a CPA designation during unstable times. Sponsored content focused on CPAs playing significant roles in their organization in dealing with COVID-19, as well as the opportunities and career flexibility for CPAs.

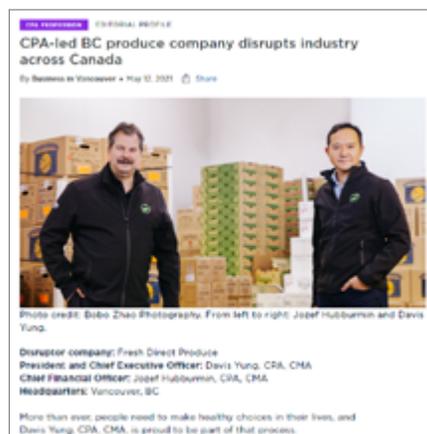
In addition, CPABC produced editorial commentary and press releases on a number of provincial thought leadership initiatives, such as *BC Check-Up*, *INVEST* and *WORK* reports and surveys, RRSP and Tax Tips, and Budget recommendations.

Many sponsorship opportunities were limited, however, CPABC continued to partner where possible with other like-minded organizations to provide information regarding the profession to government and business leaders.

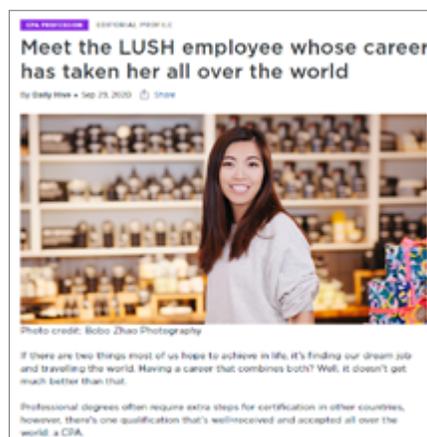
### National Leadership

CPABC staff and volunteers also demonstrated leadership by collaborating on the Council of Chief Executives, Public Trust Committee and sub-committees, CPA Professional Education Management Committee, Board of Examiners, Branding Committee and sub-committees, Member Advisory Services Committee, Professional Learning and Development Strategy Committee and sub-committees, and Information Technology Committee.

## BC sponsored content in *Business in Vancouver* and *Daily Hive*



Jozef Hubburmin, CPA, CMA and Davis Yung, CPA, CMA



Gloria Ching, CPA, CGA

## ACCOUNT

### Governance and Leadership

CPABC's Board of Directors was comprised of three public representatives appointed by the provincial government and 16 CPAs, 15 were elected while one was initially appointed and then had their three-year term extended under the bylaws given their leadership positions.

At the governance level, the national CPA Collaboration Accord governed how the independent national body, CPA Canada, and independent CPA provincial bodies worked together. The profession focused on harmonizing approaches (where appropriate) to common core elements and key functions.

Given this level of collaboration, CPABC staff and volunteers took on key roles to ensure that BC contributed to and influenced the national direction.

### Talent Management

In order to be an employer of top talent, CPABC strove to understand and meet the needs of its team and fostered a healthy and supportive culture. CPABC was recognized with the Corporate Award of Merit by Human Synergistics Canada in 2016 and again in 2018. This award recognizes organizations that have developed and maintained a constructive culture. Constructive cultures place a high value on service and product quality, goal attainment, and the development of their people.

Based on the last team culture survey taken while staff were working remotely, CPABC's employees were very satisfied with working here, intend to stay, and would recommend the organization as a good place to work.

CPABC was also named a Top Employer for BC by Mediacorp Canada in 2020 and 2021.



CPABC was also named a Top Employer for BC by Mediacorp Canada in 2020 and 2021, which is a special designation that recognizes employers in BC that lead their industries in offering exceptional places to work.

## Systems and Processes

CPABC maintained robust and consistent internal accounting and administrative control systems in a remote working environment, and met the requirements of statutes, such as the *Freedom of Information and Protection of Privacy Act* and the Canadian anti-spam legislation.

Such systems provided reasonable assurance that the financial information was relevant, reliable, and accurate, and that CPABC's assets were appropriately accounted for and adequately safeguarded.

CPABC has pivoted effectively to mostly remote working and believed there were no mission-critical systems, controls, procedures, or deficiencies that impaired its ability to provide reliable and timely disclosure, or affected its ability to execute the strategic and operational plans. CPABC continued to improve and enhance the functionalities of existing systems and integrate new systems to support operational efficiencies.

Strong security processes and systems were also critical as CPABC's staff shifted to working from home in March 2020.



CPABC has pivoted effectively to mostly remote working and believed there were no mission-critical systems, controls, procedures, or deficiencies that impaired its ability to provide reliable and timely disclosure, or affected its ability to execute the strategic and operational plans.

## 2020-2021 CPABC'S BOARD OF DIRECTORS



**Geoff Dodds, CPA, CA**  
Chair



**Karen Horcher, FCPA, FCGA**  
First Vice-Chair



**Sheila Nelson, CPA, CA**  
Second Vice-Chair



**Christopher Gimpel, CPA, CA**  
Treasurer



**Craig Elliott, CPA, CGA**  
Director



**Lisa Ethans, FCPA, FCA**  
Director



**J. Alain LeFebvre, FCPA, FCA**  
Director



**Josie Lim, CPA, CA**  
Director



**John Mackenzie, CPA, CA**  
Director



**Jeanette McPhee, CPA, CA**  
Director



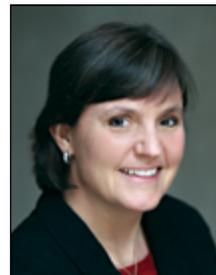
**Stuart Newton, CPA, CA**  
Director



**Alexander (Sandy) Stedman, FCPA, FCA**  
Director



**Andrew Sweeney, CPA, CA**  
Director



**Martha Thomas, CPA, CA**  
Director



**Peter Tingling, CPA, CGA**  
Director



**Alicia Williams, CPA, CPA (Arizona)**  
Director



**Elizabeth Jackson**  
Public Representative



**Bereket Kebede**  
Public Representative



**Grace Wong**  
Public Representative

## FINANCIAL PERFORMANCE

In 2020/21, CPABC generated a net surplus of \$9,240,000 compared to a deficit of \$1,144,000 in the prior year. The surplus was largely due to:

- » Unrealized gains from investment income experienced during the year as the market recovered due to overwhelming monetary and fiscal stimulus. As a result, net investment income was \$6,101,000 for the year compared to investment loss of \$1,375,000 in the prior year due to the disruption of the COVID-19 pandemic across the global markets;
- » Net contribution or recoveries from CPA Western School of Business (CPAWSB) of \$4,323,000 compared to \$2,705,000 in the prior year as the school saw significant cost savings from delivering all workshops and examinations, with the exception of the CFE, online in the interim due to the pandemic health restrictions;
- » Net contribution from the Professional Development program of \$2,098,000 compared to \$873,000 in the prior year due to savings from deferring projects and transitioning to virtual delivery of almost all courses given the health restrictions.

The above net contributions were offset by:

- » Investment in strategic initiatives for the profession, such as the development of the Indigenous Initiative and Financial Literacy Program in BC as well as national projects such as Foresight: Reimagining the Profession and the Collaboration Accord Task Force.

### Revenues

Total revenue in 2020/21 for the CPABC was \$54,813,000 compared to \$49,991,000 in the prior year.

As a result of the operating agreement with CPAWSB as an agent delivering education on behalf of the four western provinces, the portion of student annual dues and module fees pertaining to BC students and candidates are now recorded on CPABC's financial statements. Student annual dues and module fees (\$21,579,000) accounted for 39% of the 2020/21 revenues.



## 2020/21 Revenues

**39%** Student Annual Dues and Module Fees

**27%** Membership Dues

**14%** Other Revenue

**12%** Professional Development

**8%** Public Practice and Regulatory Affairs

## Total Revenues

2020/21	<b>\$54,813,000</b>
2019/20	<b>\$49,991,000</b>

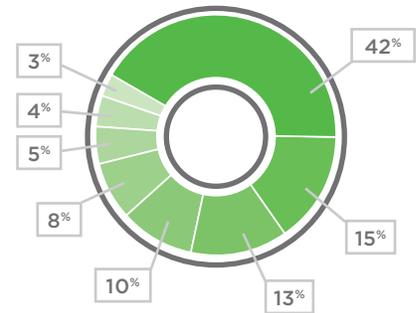
Aside from the student dues and module fees other significant sources of funding for the profession's programs and services were membership dues (\$14,625,000), professional development revenue (\$6,466,000), and public practice and regulatory affairs revenue (\$4,600,000), which represented 27%, 12%, and 8% of revenues respectively.

For 2020/21, investment income of \$6,101,000 was also a significant source of revenue representing 11% of revenue.

### Expenditures

Total expenditures in 2020/21 for CPABC were \$45,573,000, compared to \$51,135,000 in the prior year. As a result of the Operating Agreement with CPAWSB mentioned above, expenses incurred by CPAWSB in the delivery of education on behalf of CPABC were also recorded in CPABC's financial statements as Student Education Program expenses in the amount of \$17,592,000. In addition to the ongoing programs to protect the public and support members and students, the 2020/21 expenditures reflect initiatives, such as the continued development of the Indigenous Initiative strategy and the expansion of the Financial Literacy program both of which will have significant positive impact on BC communities.

The ongoing health restrictions have necessitated CPABC transitioning the delivery of its programs and services to virtual platforms. As CPABC successfully adapted its operations from being in-person to virtual, significant savings were realized in the 2020/21. However savings realized may be temporary as it is expected that when large gatherings are allowed, in-person events and courses will be offered again to better meet the needs of those members who prefer in-person delivery of programs and services.



### 2020/21 Expenditures

- 42%** Student Education and Practical Experience Program
- 15%** Administration Support & IT
- 13%** Public Practice and Regulatory Affairs
- 10%** Professional Development
- 8%** External Affairs and Communications
- 5%** Member Services and Engagement
- 4%** Governance and Executive Office
- 3%** Student Recruiting and Employer Relations

### Total Expenditures

2020/21	\$45,573,000
2019/20	\$51,135,000

## FINANCIAL RISKS AND RISK MANAGEMENT

The ongoing operations of CPABC were primarily funded from three sources:

- » Student annual dues and module fees were 39% of total revenue with a net contribution of \$3,987,000. The profession must ensure the CPA education program continues to be accessible and attractive to students and meet the needs of employers in order to attract sufficient recruits to meet market demand.
- » Member dues were 27% of total revenue and funded many critical programs. With many members close to retirement and continued economic uncertainty due to the pandemic, increasing both membership numbers and member support and satisfaction is critical for maintaining sustainable levels.
- » The professional development program accounted for 12% of CPABC's total revenue. Introducing new products has financial risks due to uncertain participation rates and the potential for competition. The pandemic also created risk, as product delivery method shifted and there was uncertainty regarding member use. CPABC manages these risks by collaborating with other CPA bodies, conducting advanced market research and pilot offerings, and targeting its marketing.

One significant funding risk is related to CPABC's role as a regulator. Discipline cases can be complex and have unpredictable costs, causing uncertainty in terms of time, effort, and resources. CPABC has no control over these variables. To mitigate this risk, the Board established the Protection of the Public Reserve to ensure funding is available for CPABC to fulfil its regulatory mandate.

In the normal course of business, CPABC was exposed to financial risks, such as those related to credit, liquidity, and market, that have the potential to adversely affect operating and financial performance. For an explanation of CPABC's exposure to the risks associated with its financial instruments, refer to the notes to the audited financial statements for the year ended March 31, 2021.

## NON-FINANCIAL RISKS AND RISK MANAGEMENT

### Regulatory

There were several risks associated with regulation of members and adherence to new standards that CPABC actively mitigated throughout the course of the year.

CPABC had representatives on national regulatory committees. Accounting regulation is harmonized wherever possible across Canada, which enhances the profession's adoption of best practices. However, this means that CPAs must stay abreast of emerging accounting and assurance standards, and must be aware of and adapt to regulatory change in a timely manner.

There is a risk that members will not put in the effort required to manage the increasing complexity and volume of standards changes. To mitigate this, CPA Canada and the provincial bodies provided tools and support to help members adjust to evolving standards and maintain the quality of their work.

In addition, CPABC focused on member education to ensure awareness and compliance during a time of extensive regulatory change, and monitored the quality of the work performed by public practitioners through practice review with a goal of helping them deal with the increased complexity.

In terms of managing and ensuring compliance of members, CPABC worked with volunteers (members and public representatives) to effectively deliver its regulatory mandate: maintaining admission, licensing, and mandatory continuing education requirements; conducting reviews of public practice firms; investigating complaints; and disciplining members, firms, and students.

To mitigate the risks associated with the use of volunteers in such a critical area, CPABC ensured that those participating on regulatory committees at both the staff and volunteer levels had an appropriate level of expertise.

With the exception of the Disciplinary Committee, which received most of its powers directly from the CPA Act, CPABC's Board played a very active role in the oversight of regulatory committees.

Oversight activities included:

- » Appointing a board member to be a liaison officer for each of the key regulatory committees.
- » Approving governance policies that determined how the committees were to operate.
- » Approving all committee appointments.
- » Having regular updates on committee activities throughout the year.
- » Requiring committee chairs attend a board meeting and formally present the activities of the committee at least annually.

## Attracting Students

The CPA PEP focused on growth while maintaining its excellent reputation. However, there was a risk that the program would not attract sufficient applicants, especially during the pandemic. The profession monitored the program to ensure CPA PEP evolved to meet or exceed standards expected by the marketplace, in addition to meeting health requirements, and was accepted by both employers and candidates/students.

There was an additional risk this year as the September 2020 Common Final Examination (CFE) had to be written across the country following evolving health requirements. Students wrote the exam in individual hotel rooms, with invigilators monitoring from hallways. Overall, students were satisfied with the writing experience and there were no health issues.

## CPA Brand

CPAs worked in every sector of the economy and provided insight and guidance on many significant financial decisions. They operated in a complex, fluid, and changing environment where public and government expectations could shift with respect to financial reporting, transparency, and the role of auditors.

One of CPABC's members or firms could come under the media spotlight in a negative way, which could have a negative impact on the CPA brand and the reputation of the profession. CPABC monitored media daily to assess how CPAs and CPABC was being portrayed in the media.

## CPABC Operations

When looking at delivery of services, CPABC relied on the services of volunteers to complete many of its planned projects and regulatory responsibilities. The talent and expertise of volunteers are among its most valuable resources.

There is always some risk that volunteers may not be as willing or able to donate their time and CPABC could eventually incur a significant cost in trying to replace lost expertise. To mitigate this risk, CPABC ensured positive and rewarding experiences for volunteers and created flexible volunteer opportunities.

Human resources is a key element of success for any organization, and ensuring employee engagement is critical. There was also the added risk of deteriorating mental wellness during the pandemic. To mitigate the risk of high staff turn over or burn out, CPABC offered a high-quality work environment with a competitive total compensation package. There was also a focus on remote engagement activities and training opportunities focused on mindfulness, mental wellness, and resilience.

## CAPABILITY TO DELIVER RESULTS

At March 31, 2021, cash and investments available to the organization totalled \$48,682,000 (2020 - \$35,377,000), an increase of \$13,305,000 largely due to the recovery of investment losses and further gains experienced in the financial markets combined with cost savings from successfully pivoting the delivery of our programs in light of the COVID-19 pandemic. In addition, collection activities for member dues were deferred by four months due to the pandemic resulting in lower cash balances in the prior year.

CPABC continued to engage an external investment advisor and the Audit Committee reviewed the investment policy and portfolio performance annually. The primary objective of CPABC's investment policy was preservation of capital, with secondary objectives of maximizing return on investments, providing sufficient liquidity to allow the organization to meet its changing cash requirements, and cash flow generation.

The goal was to achieve an annual return that exceeds a benchmark based on the asset allocation weighting.

CPABC believes its current cash and short-term investments, combined with the anticipated cash flow from operations, are sufficient to meet the working capital and capital expenditure requirements for the foreseeable future.

## NET ASSETS

The net assets available are as follows:

	March 31, 2021	March 31, 2020
Total unrestricted net assets	\$ 22,916,000	13,107,000
Invested in tangible and intangible assets	2,761,000	2,912,000
Protection of the Public Reserve	2,500,000	2,500,000
Fee Stabilization Fund	1,000,000	1,000,000
Strategic opportunity fund	6,149,000	6,567,000
Total Net Assets	\$ 35,326,000	26,086,000

In 2020/21, the total capital expenditures were \$686,000, of which \$564,000 related to computer hardware and software purchases and \$122,000 for CPABC's website enhancement.

The increase in total Net Assets of CPABC reflects the net surplus generated by the organization in 2020/21. In 2014/15, the respective Boards and Council of the legacy bodies internally restricted amounts for the Strategic Opportunity Fund. \$6,149,000 (2020 - \$6,567,000) for projects benefiting the profession and its members and students. This year, \$418,000 was spent on outreach to Indigenous communities through collaboration with key partners, and the online delivery of the CPA Canada Financial Literacy program.

In 2017/18, the Board internally restricted \$2,500,000 for the Protection of the Public Reserve, which is comprised of those resources to offset unexpected costs in the event of a significant disciplinary case that could not be absorbed within the operational budget. The Board also internally restricted \$1,000,000 for the Fee Stabilization Fund to set aside resources to maintain stable provincial member fees that could otherwise be impacted by one-time operational priorities.

The Board and management believe the net assets of the profession are sufficient to:

- a) Provide the financial capital needed to meet any unexpected financial risks CPABC may encounter in the near future; and
- b) Maintain reasonable stability in the annual membership dues payable by members.

## OUTLOOK FOR 2021/22

It is likely that the existing health restrictions impacting the province will continue for the better part of 2021. Although, these measures had, and continue to have a significant impact on CPABC's operations, as was noted earlier the organization adapted quickly and continued to deliver on its mandate of protecting the public and supporting members and students. Program enhancements planned for the coming year will further support these efforts.

### Digital Transformation

Many of our programs and services transitioned to virtual platforms, accelerating CPABC's adoption of technology. Continuing this digital transformation will be critical to service delivery, regulation, and meeting member needs now and into the future.

For the coming fiscal year, CPABC will leverage the learnings gleaned from 2020. The organization will focus primarily on enhancing technology to support the strategic plan and goals, and ensure that CPABC is well positioned for the "next normal" state of operations post pandemic.

### Protecting the Public and Supporting Members

Work will begin on replacing the current practice review software, which will not be supported as of December 2023. The practice review program is a critical part of CPABC's mandate to protect the public and an integrated and in-house solution will enhance efficiency, security, and the user/member experience.

To better support members, resources will be dedicated to enhancing both content and course design for effective and engaging on-line learning.

### Operational Effectiveness

The pandemic has had a profound impact on how and where we work, and a more flexible, remote work environment will likely continue in some form. Similarly, it is anticipated that members will continue to want the option of accessing relevant learning virtually even when in-person gatherings are permitted. CPABC has been able to transition its operations, program, and service delivery to virtual platforms and investment will continue to enhance both security and member experience in a virtual environment.

## Serving the Public Interest

CPABC will continue to foster its relationship with the provincial government and contribute to relevant government priorities that serve the public interest.

The organization will continue to engage with the Cullen Commission of Inquiry highlighting CPABC's commitment to protecting the public. In addition, additional anti-money laundering resources will be developed for members.

CPABC will also continue to consult and engage with other organizations and Indigenous members to inform the Indigenous strategy, and develop meaningful recruitment events and materials that highlight the value of the CPA designation to Indigenous people and communities.

The organization will also focus on sustainability as well as equity, diversity, and inclusion initiatives to ensure the profession reflects the diversity of the communities in which our members serve.

Lastly, CPABC will continue to enhance the Financial Literacy program to facilitate greater volunteer engagement and increase awareness of the program amongst British Columbians.

## Looking Ahead

To date CPABC and the CPA membership have been resilient and adaptable, and these skills will continue to be important as we navigate through unstable and uncertain economic conditions. The strong foundation that was in place before the pandemic will continue to support us, and these critical program investments will modernize systems, drive efficiencies, and provide value to members and the province at large.

# FINANCIAL STATEMENTS

## Management responsibility for financial reporting

The accompanying financial statements and all other information contained in this annual report are the responsibility of the management of the **Chartered Professional Accountants of British Columbia (CPABC)**. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and have been approved by the Board of Directors.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of CPABC. Management maintains a system of internal accounting controls to provide reasonable assurance that transactions are accurately recorded on a timely basis and are properly approved, resulting in the presentation of reliable financial information. Such information also includes amounts based on management's best estimate and judgment.

The Audit Committee (the "Committee") reviews the annual financial statements and recommends them to the Board of Directors for its approval. In addition, the Committee meets periodically with management and the external auditor. The Committee reports directly to the Board of Directors and reviews the annual report in its entirety.

The accompanying financial statements have been audited by BDO Canada LLP, who is engaged by the Board of Directors, on the recommendation of the Committee, and whose appointment was approved by the members at the annual general meeting. The external auditor has access to the Committee, without management present, to discuss the results of the audit.

**DATED** May 27, 2021



Lori Mathison, FCPA, FCGA, LLB  
**PRESIDENT AND  
CHIEF EXECUTIVE OFFICER**



Amy Y. Lam FCPA, FCA  
**EXECUTIVE VICE PRESIDENT,  
CORPORATE SERVICES AND  
CHIEF FINANCIAL OFFICER**



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1055 West Georgia Street  
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## Independent Auditor's Report

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To the Members of  
Chartered Professional Accountants of British Columbia

### Opinion

We have audited the accompanying financial statements of the Chartered Professional Accountants of British Columbia, which comprise the Statement of Financial Position as at March 31, 2021, and the Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Chartered Professional Accountants of British Columbia as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Chartered Professional Accountants of British Columbia in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Chartered Professional Accountants of British Columbia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Chartered Professional Accountants of British Columbia or to cease operations, or has no realistic alternative but to do so.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Those charged with governance are responsible for overseeing the Chartered Professional Accountants of British Columbia's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Chartered Professional Accountants of British Columbia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Chartered Professional Accountants of British Columbia's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Chartered Professional Accountants of British Columbia to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
May 27, 2021

## Statement of Financial Position

As at March 31, 2021

All in \$000's

	2021		2020
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash	\$ 9,832	\$	7,223
Accounts receivable (Note 14)	13,265		11,698
Short term investments (Note 2)	7,322		6,865
Prepaid and other assets	1,000		1,082
	<b>31,419</b>		<b>26,868</b>
<b>Investments</b> (Note 3)	<b>31,528</b>		21,289
<b>Equipment and leaseholds</b> (Note 5)	<b>2,791</b>		2,898
<b>Intangible assets</b> (Note 6)	<b>1,255</b>		1,436
	<b>\$ 66,993</b>	<b>\$</b>	<b>52,491</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities (Note 7, 13)	\$ 8,499	\$	6,094
Deferred revenue (Note 8, 14)	21,884		18,890
	<b>30,383</b>		<b>24,984</b>
<b>Deferred Lease Inducements</b> (Note 9)	<b>1,284</b>		1,421
<b>NET ASSETS</b>			
Invested in capital and intangible assets (Note 12)	2,761		2,912
Internally restricted (Note 11)	9,649		10,067
Unrestricted	22,916		13,107
	<b>35,326</b>		<b>26,086</b>
	<b>\$ 66,993</b>	<b>\$</b>	<b>52,491</b>

On behalf of the Board.



Geoff Dodds, CPA, CA  
Chair of the Board



Christopher Gimpel, CPA, CA  
Treasurer

## Statement of Operations

For the year ended March 31, 2021

All in \$000's

	2021	2020
<b>REVENUES</b>		
Membership dues	\$ 14,625	\$ 14,454
Student annual dues and module fees (Note 14)	21,579	21,223
Professional development	6,466	8,889
Regulatory affairs:		
Public practice fees	3,610	3,600
Admission fees	982	941
Discipline fines	8	17
Member services and events	10	580
CPA Western School of Business (Note 14)	336	328
Employment referral services	196	316
Investment income (loss) (Note 4)	6,101	(1,375)
Other revenue	900	1,018
	<b>\$ 54,813</b>	<b>\$ 49,991</b>
<b>EXPENSES (Note 17)</b>		
Education program (Note 14)	\$ 17,592	\$ 18,846
Professional development	4,368	8,016
Regulatory affairs		
Public practice registration and review	2,699	2,477
All other regulatory affairs	3,242	3,154
Administration support	4,430	4,340
External affairs and communications	3,735	4,150
Information technology	2,451	2,189
Member services and engagement	2,366	3,250
Practical experience program	1,657	1,563
Governance and executive office	1,622	1,533
Student recruitment and employer relations	1,411	1,617
	<b>\$ 45,573</b>	<b>\$ 51,135</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ 9,240</b>	<b>\$ (1,144)</b>

## Statement of Changes in Net Assets

For the year ended March 31, 2021

All in \$000's

	<b>Invested in Capital &amp; Intangible Assets (Note 12)</b>	<b>Internally Restricted (Note 11)</b>	<b>Unrestricted</b>	<b>Total Net Assets</b>
Opening Net Assets, April 1, 2019	\$ 2,827	\$ 10,067	\$ 14,336	\$ 27,230
Deficiency of revenue over expenses	(773)	-	(371)	(1,144)
Net investments (Note 12)	858	-	(858)	-
<b>Net Assets, March 31, 2020</b>	<b>\$ 2,912</b>	<b>\$ 10,067</b>	<b>\$ 13,107</b>	<b>\$ 26,086</b>
Opening Net Assets, April 1, 2020	\$ 2,912	\$ 10,067	\$ 13,107	\$ 26,086
Excess (deficiency) of revenue over expenses	(837)	(418)	10,495	9,240
Net investments (Note 12)	686	-	(686)	-
<b>Net Assets, March 31, 2021</b>	<b>\$ 2,761</b>	<b>\$ 9,649</b>	<b>\$ 22,916</b>	<b>\$ 35,326</b>

## Statement of Cash Flows

For the year ended March 31, 2021

All in \$000's

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ 9,240	\$ (1,144)
Adjustments to determine net cash provided by (used in) operating activities		
Amortization of equipment and leaseholds	595	541
Amortization of intangible assets	379	355
Write off of leaseholds	-	15
Reinvested distributions from pooled funds	(550)	(263)
Realized gain on sale of investments	(21)	(264)
Unrealized (gain) loss on investments	(4,732)	2,834
Amortization of deferred lease inducements	(137)	(138)
	\$ 4,774	\$ 1,936
Change in non-cash working capital items		
Accounts receivable	(1,567)	(3,348)
Prepaid and other assets	82	206
Accounts payable and accrued liabilities	2,405	(2,124)
Deferred revenue	2,994	(2,492)
	\$ 8,688	\$ (5,822)
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	\$ (16,720)	\$ (7,325)
Proceeds on sale of investments	11,327	12,067
Purchase of equipment and leaseholds	(488)	(591)
Purchase of intangible assets	(198)	(267)
	\$ (6,079)	\$ 3,884
Net change in cash	\$ 2,609	\$ (1,938)
Cash, beginning of year	7,223	9,161
Cash, end of year	\$ 9,832	\$ 7,223

## Purpose and Nature of Organization

On June 24, 2015, the Chartered Professional Accountants of British Columbia (CPABC) was legally established under the *Chartered Professional Accountants Act (CPA Act)*. Under the CPA Act, only members of CPABC are recognized as Chartered Professional Accountants in BC and are subject to regulation by CPABC. CPABC is a member organization of the Chartered Professional Accountants of Canada (CPA Canada) and is a tax-exempt body under Section 149 of the Income Tax Act.

CPABC has the following objectives as outlined in the [\*Chartered Professional Accountants Act\*](#):

1. to promote and maintain the knowledge, skill and proficiency of members and students in the practice of accounting;
2. to establish qualifications and requirements for admission as a member and continuation of membership, and for enrollment and continuation of enrollment of students;
3. to regulate all matters, including competency, fitness and professional conduct, relating to the practice of accounting by members, students, professional accounting corporations and registered firms;
4. to establish and enforce professional standards; and,
5. to represent the interests of members and students.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a) *Basis of Accounting*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations applied within the framework of the accounting policies summarized below.

#### b) *Revenue Recognition*

CPABC follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

*Membership dues and admission fees*, are recognized as revenue in the year in which they apply. Membership fees received in advance of the membership year to which they relate are recorded as deferred revenue.

*Professional development revenue* is recognized when the course is delivered. The liability is recorded as deferred revenue for the portion of course revenues collected but not yet delivered and passport revenue not yet used. The passport term runs from September 1 through August 31 of the following fiscal year.

*Public practice fees* are recognized as revenue in the year in which they apply and the amount collected are allocated proportionately over 12 months commencing September 1, first day of the licensing year, and the portion not yet earned is recorded as deferred revenue.

*Discipline fines* are recognized when their collection is assured and all of CPABC's internal processes and any known external appeals are complete.

*Student annual dues* are recognized as revenue in the year in which they apply. Student annual dues received in advance of the year to which they relate are recorded as deferred revenue.

*Module fees* are recognized when the courses are delivered. The liability for the portion of module fees collected but not yet delivered is recorded as deferred revenue.

*Investment income* includes interest income, dividends and realized and unrealized gains and losses.

*Other revenue* is recognized on an accrual basis as earned.

# Notes to Financial Statements

For the year ended March 31, 2021

All in \$000's

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### c) *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Management has taken into consideration the financial impact of the COVID-19 global pandemic when making these estimates and assumptions. Actual results could differ from those estimates. The most significant areas requiring management estimates and assumptions include the useful lives of equipment, leaseholds and intangible assets for calculating amortization; the determination of the deferred portion of Professional Development (PD) passport fees; the allocation of education program expenses from the CPA Western School of Business; and the allocation of expenses to the appropriate functional category and contingencies.

### d) *Short term investments*

Short-term investments consist of guaranteed investment certificates with maturity dates up to twelve months from the date of acquisition and the portion of fixed income fund that will be redeemed within the next fiscal year.

Guaranteed investment certificates are measured at amortized cost. Investment in fixed income funds are initially recognized and subsequently measured at fair value, determined using market information. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in the statement of operations. Transaction costs are added to the initial acquisition cost for instruments carried at amortized cost.

### e) *Investments*

Investments consist of fixed income and equity funds, which are initially recognized and subsequently measured at fair value, determined using market information. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in the statement of operations.

### f) *Equipment, Leaseholds and Intangible Assets*

Equipment and leaseholds are recorded at cost. Amortization is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Leasehold improvements	remaining term of lease
Office furnishings and equipment	five to ten years
CPABC member database	ten years
Computer equipment and software	three years
Printing equipment	six years
Website	five to seven years

Equipment, leaseholds and intangible assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the equipment, leaseholds, or intangible asset to its fair value or replacement cost. Any impairment of these assets is charged to income in the period in which the impairment is determined.

An impairment loss is not reversed if the fair value of the equipment, leaseholds or intangible asset subsequently increases.

# Notes to Financial Statements

For the year ended March 31, 2021

All in \$000's

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### g) *Lease Inducements*

CPABC accounts for lease inducements received by deferring such amounts and amortizing them on a straight-line basis over the term of the lease.

### h) *Controlled Entities*

Controlled not-for-profit entities are not consolidated in CPABC's financial statements as the bylaws and trust agreements of the entities specify that the entities' assets are to be used for specific purposes only, and are not available to CPABC even in the event of the entities' dissolution. CPABC believes separate note disclosure of controlled entities provides a more meaningful presentation of CPABC's activities.

### i) *Significantly Influenced not-for-profit organization*

The Board of Directors of CPA Western School of Business (CPAWSB), a charitable organization, is comprised of the CEOs from the four western provinces and CPABC has 25% representation on the board of directors which meets the definition of significant influence over CPAWSB. CPAWSB is a registered charity incorporated under the Canada Not for Profit Corporations Act, and is not subject to income taxes. In the event of dissolution or winding up of the charitable organization, all of its remaining assets after payment of liabilities shall be distributed to qualified donees as defined in Subsection 149.1(1) as amended, of the Income Tax Act (Canada), and therefore not available to CPABC. Accordingly, no ownership interest of CPAWSB is reflected in the financial statements. If a member body withdraws from the agreement prior to operations ceasing, that body would have no right to any of the assets or other property of CPAWSB.

### j) *Allowance for Doubtful Accounts*

Accounts receivable are reviewed on a monthly basis and are provided for when it is determined that the likelihood of collection is low.

### k) *Donated Services*

CPABC and its members benefit greatly from donated services in the form of volunteer time for various activities. Since these services are not normally purchased by CPABC and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

## 2. SHORT TERM INVESTMENTS

	March 31, 2021	March 31, 2020
Guaranteed investment certificates (GICs)	\$ 175	\$ 175
Pooled fixed income funds	7,147	6,690
Total short term investments	\$ 7,322	\$ 6,865

GICs have an effective interest rate of 0.45% (2020 – 1.5%) with a maturity date of November 2021 (2020 – November 2020). Fixed income funds include high grade corporate and government bonds.

## Notes to Financial Statements

For the year ended March 31, 2021

All in \$000's

### 3. INVESTMENTS

	March 31, 2021	March 31, 2020
Pooled fixed income funds	\$ 13,529	\$ 9,498
Pooled equity funds	16,986	10,661
US money market fund	1,013	1,130
<b>Total investments</b>	<b>\$ 31,528</b>	<b>\$ 21,289</b>

Fixed income funds include high grade corporate and government bonds, with a varying mix between medium and longer term maturities. Equity funds are invested in Canadian, US and international securities holding publicly-traded common shares, and convertible securities. The Canadian, US and International portion of the portfolio was 70%, 15%, 15% respectively as at March 31, 2021 (2020 – 74%, 13%, 13%). As at March 31, 2021, CPABC has committed capital held in a US money market fund to be invested in private and diverse infrastructure projects.

### 4. INVESTMENT INCOME (LOSS)

	March 31, 2021	March 31, 2020
Interest and dividend income	\$ 798	\$ 932
Reinvested distribution from pooled funds	550	263
Realized gain on sale of investments	21	264
Unrealized gain (loss) on fair value of investments	4,732	(2,834)
<b>Total investment income (loss)</b>	<b>\$ 6,101</b>	<b>\$ (1,375)</b>

### 5. EQUIPMENT AND LEASEHOLDS

	Cost	Accumulated Amortization	Net Book Value March 31, 2021	Net Book Value March 31, 2020
Harbour Centre leasehold improvements	\$ 2,832	\$ 969	\$ 1,863	\$ 2,052
Office furnishings and equipment	662	357	305	368
Computer equipment	1,959	1,391	568	386
Printing equipment	253	198	55	92
<b>Total equipment and leasehold</b>	<b>\$ 5,706</b>	<b>\$ 2,915</b>	<b>\$ 2,791</b>	<b>\$ 2,898</b>

### 6. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net Book Value March 31, 2021	Net Book Value March 31, 2020
Computer software	\$ 845	\$ 636	\$ 209	\$ 292
Website	337	75	262	184
CPABC member database	1,779	995	784	960
<b>Total intangible assets</b>	<b>\$ 2,961</b>	<b>\$ 1,706</b>	<b>\$ 1,255</b>	<b>\$ 1,436</b>

# Notes to Financial Statements

For the year ended March 31, 2021

All in \$000's

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	March 31, 2021	March 31, 2020
Trade payables	\$ 4,779	\$ 1,013
Accrued liabilities and other	2,598	3,376
Government remittances	1,122	1,705
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 8,499</b>	<b>\$ 6,094</b>

## 8. DEFERRED REVENUE

	March 31, 2021	March 31, 2020
Membership dues	\$ 11,329	\$ 8,631
Student annual dues and module fees	7,922	7,196
Public practice fees	1,560	1,491
Professional development	1,046	1,430
Other	27	142
<b>Total deferred revenue</b>	<b>\$ 21,884</b>	<b>\$ 18,890</b>

## 9. DEFERRED LEASE INDUCEMENTS

CPABC received leasehold inducements of \$2,063 to fund leasehold improvements for the Harbour Centre premises in 2015 and 2016. These inducements have been deferred and are being amortized on a straight-line basis over the term of the lease.

	March 31, 2021	March 31, 2020
Opening balance	\$ 1,421	\$ 1,559
Current year amortization	(137)	(138)
<b>Closing balance</b>	<b>\$ 1,284</b>	<b>\$ 1,421</b>

## 10. COMMITMENTS AND CONTINGENCIES

- a) Commitments include the Harbour Centre lease and the Hastings Lease. The lease term for Harbour Centre commenced August 1, 2015 and extends through to July 31, 2030 with two options to renew for two further 5-year terms. In addition to the minimum lease payments, CPABC is required to pay a portion of operating costs and property taxes.

CPABC is committed to the Hastings Lease for a 10-year term which ends in July 2021. These premises have been subleased to an unrelated party. A provision of \$21 (2020 - \$103) has been provided for the estimated loss to be realized where the lease rate of the sublease agreement is below CPABC's contracted lease rate.

## Notes to Financial Statements

For the year ended March 31, 2021

All in \$000's

### 10. COMMITMENTS AND CONTINGENCIES (continued)

Minimum lease payments required under the terms of the Harbour Center and Hastings leases are as follows:

2022	\$	736
2023		689
2024		689
2025		689
2026		731
2027 and thereafter		<u>3,258</u>
Total	\$	<u>6,792</u>

- b) CPABC has issued statements of complaint and is involved with certain legal actions related to various matters arising from its regulatory process. The outcomes of these matters are not determinable and the associated costs cannot be reasonably estimated. CPABC has no reason to expect that the ultimate disposition of any of these matters will have a material adverse impact on its financial position, results of operations or its ability to carry on any of its business activities.

### 11. INTERNALLY RESTRICTED NET ASSETS and CAPITAL MANAGEMENT

CPABC's main objective when managing capital is to maintain financial flexibility in order to preserve its ability to meet financial commitments, including possible contingencies and unforeseen external events. CPABC has established criteria for sound financial management through the unrestricted net assets policy which sets an appropriate target range.

CPABC maintains a policy to internally restrict an amount equal to the net assets invested in equipment, leaseholds and intangible assets, net of leasehold inducements.

In addition, the Board approved the following categories of internally restricted net assets:

- Strategic Opportunity Fund of \$6,149 (2020 - \$6,567), which is comprised of those resources the Board is restricting for projects that will benefit the profession and its members and students.
- Protection of the Public Reserve of \$2,500, which is comprised of those resources restricted to fund significant disciplinary activities which protect the public.
- Fee Stabilization Fund of \$1,000, which is comprised of those resources available to offset potential costs in order to minimize fluctuation in provincial member fees.

These internally restricted amounts are not available for any other purpose without prior approval of the Board. As at March 31, 2021, the following amounts remain internally restricted:

	March 31, 2021	March 31, 2020
Invested in capital & intangible assets	\$ 2,761	\$ 2,912
Strategic opportunity fund	6,149	6,567
Protection of the public reserve	2,500	2,500
Fee stabilization fund	1,000	1,000
Closing balance	<u>\$ 12,410</u>	<u>\$ 12,979</u>

# Notes to Financial Statements

For the year ended March 31, 2021

All in \$000's

## 11. INTERNALLY RESTRICTED NET ASSETS and CAPITAL MANAGEMENT (continued)

	Internally Restricted					Unrestricted	Total Net Assets
	Invested Capital & Intangible Assets	Strategic Opportunity Fund	Protection of the Public Reserve	Fee Stabilization Fund	TOTAL Internally Restricted		
Net Assets, April 1, 2020	\$ 2,912	\$ 6,567	\$ 2,500	\$ 1,000	\$ 12,979	\$ 13,107	\$ 26,086
Less:							
Excess (Deficiency) of revenue over expense	(837)	(418)	-	-	(1,255)	10,495	9,240
Net investments (Note 12)	686	-	-	-	686	(686)	-
<b>Net Assets, March 31, 2021</b>	<b>\$ 2,761</b>	<b>\$ 6,149</b>	<b>\$ 2,500</b>	<b>\$ 1,000</b>	<b>\$ 12,410</b>	<b>\$ 22,916</b>	<b>\$ 35,326</b>

## 12. NET ASSETS INVESTED IN CAPITAL AND INTANGIBLE ASSETS:

a) Net assets invested in capital and intangible assets are calculated as follows:

	March 31, 2021	March 31, 2020
Equipment and leaseholds	\$ 1,388	\$ 1,358
Intangible assets	1,373	1,554
	<b>\$ 2,761</b>	<b>\$ 2,912</b>

b) Changes in net assets invested in capital and intangible assets is comprised of the following:

	2021	2020
Deficiency of revenue over expenses		
Amortization of equipment and leaseholds	\$ (595)	\$ (541)
Amortization of intangible assets	(379)	(355)
Amortization of deferred lease inducements	137	138
Write off of leaseholds	-	(15)
	<b>\$ (837)</b>	<b>\$ (773)</b>
Net investment in invested in capital and intangible assets:		
Purchase of equipment and leaseholds	\$ 488	\$ 591
Purchase of intangible assets	198	267
	<b>\$ 686</b>	<b>\$ 858</b>

# Notes to Financial Statements

For the year ended March 31, 2021

All in \$000's

## 13. RELATIONSHIPS WITH OTHER ORGANIZATIONS

The transactions described below are measured at the exchange amount – the amount of consideration established and agreed to by the other parties.

- a) **Chartered Professional Accountants of Canada (CPA Canada)** is the national body which supports the provincial accounting bodies that have unified as Chartered Professional Accountants (CPA) in Canada.

During 2013, CPA Canada established a Collaboration Accord that defines roles and governance processes for the unified profession going forward. Under these mechanisms, CPA Canada and the participating unifying provincial bodies undertook a series of projects to implement the CPA profession's strategic initiatives and to collaborate nationally. CPA Canada accumulates the related costs and invoices the participating provincial bodies their proportionate share totaling \$2,324 (2020 - \$5,371). CPABC's contribution to funding these projects amounted to \$393 (2020 - \$868). These transactions are reflected in the appropriate cost function on the statement of operations.

During 2021, CPABC collected member dues on behalf of CPA Canada totalling \$13,280 (2020 - \$9,627). At March 31, 2021, a net amount of \$3,842 (2020 - \$1,523) was owed to CPA Canada.

On February 1, 2017, CPA Canada and the provincial bodies signed the Education Agreement which outlines the model to allocate costs and resulting net deficits or surplus for the national CPA pre-certification programs. Under this agreement, CPA Canada accumulates the related revenues and costs and distributes to the provincial bodies their proportionate share of the net surplus totalling \$3,597 (2020 - \$1,851) of which CPABC's share is \$614 (2020 - \$294).

- b) The **Chartered Professional Accountants of Yukon (CPA Yukon)** is administered by CPABC and administrative fees of \$37 (2020 - \$37) were charged to CPA Yukon for the services rendered. CPABC also runs practice review and licensing on behalf of CPA Yukon. Fees of \$18 (2020 - \$17) were charged by CPABC for services rendered in relation to practice review and licensing.
- c) **CPA Insurance Plans West (CPAIPW)** administers benefit plans for members of the CPA bodies in British Columbia, Alberta, Saskatchewan, Manitoba, the Northwest Territories, and the Yukon. CPAIPW is a not-for-profit organization under the Income Tax Act. Each of the four western provinces, including CPABC, nominates two persons to serve on CPAIPW's eight-member board.

## 14. SIGNIFICANTLY INFLUENCED NOT-FOR-PROFIT ORGANIZATION

**CPA Western School of Business (CPAWSB)** is responsible for delivering pre-certification education to students in the four western provinces and the territories, in accordance with an agreement reached in 2000 by the Institutes of Chartered Accountants of British Columbia, Alberta, Saskatchewan, and Manitoba ("member body"). This agreement was replaced and superceded with a revised agreement signed by the CPA bodies in Alberta, British Columbia, Saskatchewan, and Manitoba and CPAWSB effective September 29, 2015. Effective June 1, 2018, the western CPA provincial bodies approved changes relating to the governance structure of CPAWSB. The new Board of Directors of CPAWSB is comprised of the CEOs from the four western provinces. CPAWSB and the four western provinces signed an operating agreement effective April 1, 2019 whereby CPAWSB acts as an independent agent collecting revenue and incurring costs on behalf of the western provinces for delivery of the CPA Education Program.

CPABC recognized \$21,579 (2020 - \$21,223) student annual dues and module fees as revenue of which of \$16,245 (2020 - \$13,989) was collected by CPAWSB on behalf of CPABC during the year and \$5,334 (2020 - \$7,234) was collected in the prior year. As at March 31, 2021, CPABC recorded \$7,922 (2020 - \$7,196) (note 8) as deferred revenue with a corresponding amount in accounts receivable, pertaining to student programs to be delivered on or after April 1, 2021.

# Notes to Financial Statements

For the year ended March 31, 2021

All in \$000's

## 14. SIGNIFICANTLY INFLUENCED NOT-FOR-PROFIT ORGANIZATION (continued)

Student annual dues and module fees deferred revenue	March 31, 2021	March 31, 2020
Opening balance	\$ 7,196	\$ 7,234
Collected during the year	22,305	21,185
Student annual dues and module fees recognized during the year	(21,579)	(21,223)
Closing balance	\$ 7,922	\$ 7,196

Education program costs of \$36,969 (2020 - \$39,864) were incurred by CPAWSB on behalf of the western provinces, of which \$17,592 (2020 - \$18,756) were allocated to CPABC.

Cost recoveries in the amount of \$336 (2020 - \$328) were charged to CPAWSB during the year for use of CPABC's premises.

At March 31, 2021, \$12,060 (2020 - \$9,784) was owing from CPAWSB.

## 15. CONTROLLED ENTITIES

All of the entities noted below are controlled by CPABC as it appoints the members, directors and trustees that govern each entity. The accounts of the controlled entities noted below have not been consolidated in CPABC's financial statements, as the bylaws and trust agreements of these entities specify that the entities' assets are to be used for specific purposes only, and are not available to CPABC even in the event of the entities' dissolution. It is believed that a separate note disclosure provides a more meaningful presentation of activities.

The transactions described below are measured at the exchange amount, being the amount of consideration, established and agreed to by the related parties. The summary financial statements of each entity have been provided.

- a) The **Chartered Professional Accountants' Education Foundation of British Columbia (CPAEF)** is a registered charity under the Income Tax Act. The CPAEF's mandate is to enhance the quality and quantity of students entering the CPA profession, sponsor relevant and practical research, and stimulate the ongoing educational experience of CPABC's members. CPAEF elects its board members from candidates recommended by CPABC.

At March 31, 2021, a net amount of \$13 was owing to CPAEF (2020 – CPABC owed \$10 to CPAEF).

- b) The **Benevolent Fund of the Chartered Professional Accountants of British Columbia (Benevolent Fund)** is a registered charity under the Income Tax Act. It was established to provide financial assistance to CPABC's members who are experiencing unusual financial hardships.

At March 31, 2021, an amount of \$11 was owing to the Benevolent Fund (2020 - \$9).

CPABC provides administrative and support services for the above entities without charge.

# Notes to Financial Statements

For the year ended March 31, 2021

All in \$000's

## 15. CONTROLLED ENTITIES (continued)

### Summarized Financial Information

	CPAEF		Benevolent Fund	
	2021	2020	2021	2020
<b>Financial position</b>				
Total assets	\$ 3,880	\$ 3,058	\$ 602	\$ 491
Total liabilities	7	9	6	3
Net assets	\$ 3,873	\$ 3,049	\$ 596	\$ 488
<b>Results of operations</b>				
Investment income (loss) earned during the year	\$ 920	\$ (235)	\$ 84	\$ (25)
Donations	95	66	33	20
Total revenue	\$ 1,015	\$ (169)	\$ 117	\$ (5)
Education funding, benevolence and expenses	\$ 192	\$ 288	\$ 9	\$ 4
Excess (deficiency) of revenues over expenses	\$ 823	\$ (457)	\$ 108	\$ (9)
<b>Cash Flows</b>				
Operating	\$ (7)	\$ (86)	\$ 31	\$ 27
Net investments (acquired) sold	(4)	117	(17)	(83)
Net (decrease) increase in cash	\$ (11)	\$ 31	\$ 14	\$ (56)

## 16. FINANCIAL INSTRUMENTS

CPABC's financial instruments consist of cash, short-term investments, accounts receivable, investments, and accounts payable and accrued liabilities.

### Interest Rate Risk

CPABC mitigates the risk and volatility of the fair value of its fixed income investments caused by market interest rate fluctuations by investing in bonds and guaranteed investment certificates with varying terms and maturity dates.

### Currency Risk

CPABC mitigates the currency risk of its foreign bonds and equities by limiting its currency exposure and investing mostly in Canadian securities. The Canadian portion of the portfolio was 70% at March 31, 2021 (2020 – 74%).

### Credit and Market Risk

CPABC has an investment policy that restricts the types and amounts of its eligible investments, and requires dealing with highly rated counterparties. Risk and volatility of investment returns are mitigated through the diversification of investments in different geographic regions and different investment vehicles.

# Notes to Financial Statements

For the year ended March 31, 2021

All in \$000's

## 17. ALLOCATION OF OVERHEAD COSTS

Expenses directly related to a functional area are charged to that area, including salaries and benefits, contractor costs and all other expenses. Overhead costs have been allocated to the various functional areas on the basis of estimated usage as follows:

- Expenses related to premises, including rent, maintenance and amortization – proportionately based on the office space used;
- Expenses related to general administration, including insurance, telephone and supplies – proportionately based on the number of staff; and
- Expenses related to information technology, including computer equipment and connectivity – proportionately based on the number of staff.

The overhead costs allocated per functional areas are as follows:

	March 31, 2021	March 31, 2020
Professional development	\$ 400	\$ 464
Regulatory Affairs:		
Public practice registration and review	328	310
All other regulatory affairs	460	468
Practical experience program	356	329
Member services and engagement	263	285
External affairs and communications	350	365
Student recruitment and employer relations	263	279
Governance and executive office	137	128
Administration support	641	738
Information technology	464	474
	\$ 3,662	\$ 3,840



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