CPABC

INFOCUS

5 Notes from the Leadership
22 Regulatory Recommendations
32 Public Sector
34 Standards
38 Tax
42 Professional Development
45 Q&A
46 Kudos
54 Member Profile

SEPTEMBER/OCTOBER 2014



Leading the way to a bright future

Dan Little, CPA, FCA, David Sale, CPA, FCGA, and Simon Philp, CPA, FCMA

PM 40062742

CPA CHARTERED PROFESSIONAL ACCOUNTANTS


When your situation stops being ‘business as usual,’
get a Certified Management Consultant.
Learn more about the designation conferred by the Institutes of the Canadian Association of Management Consultants,
or find a Certified Management Consultant at CMC DESIGNATION.COM
CMC

Contents

Cover Story



Galina Peshkova/iStock/Thinkstock

14 To a Bright Future
Dan Little, CPA, FCA, Simon Philp, CPA, FCMA, and David Sale, CPA, FCGA, lead the way in 2014-2015

20 Introducing CPABC's Regulatory Affairs Team
Plus: An update on recommended changes in our regulatory areas

24 New CPABC PD Program
The new integrated PD program has been launched!

25 CPABC Chapters Are Up and Running
Events and blogs now online

26 Working, Investing, and Living in Regional BC
Insights from the 2013 regional *Check-Up* reports

Recurring Columns

32 Public Sector
Understanding Canadian public sector financial statements

34 Standards
An update on accounting standards from the chair of the Accounting Standards Board

38 Tax
Non-residents doing business in Canada face increased scrutiny

5 Notes from the Leadership
10 CGA-BC AGM reminder
17 New org structure & facilities
19 Unification updates

Cover image: Kent Kallberg of Kent Kallberg Studios Ltd.

In Focus

6 Notes & News

30 This and That
Highlights from the regional *Check-Up* reports

42 Professional Development
Fall 2014 highlights from the newly integrated CPABC PD program

45 Q&A
Representing BC on the national standards front

46 Members in Focus
Announcements and accolades; Member Recognition Dinner; CPABC Spring Leadership Conference

54 Member Profile
Fred Bouwman, CPA, CA
Friend to Orphans, Philanthropist, Wayfarer



BFL CANADA
Protecting Corporate Assets and Shareholder Value



- Canada's largest employee owned and independent insurance broker and risk management consultant
- Innovative insurance solutions for all industry segments
- Enterprise Risk Management & Global Solutions

VANCOUVER | KELOWNA | CALGARY
WINNIPEG | TORONTO | OTTAWA
MONTREAL | QUEBEC | HALIFAX

BFL CANADA Insurance Services Inc.
Tel: 604-669-9600
www.bflcanada.ca

BFL CANADA
International Insurance Brokers

CPABC INFOCUS

September/October 2014, Vol. 2, No. 5

British Columbia's CA, CGA, and CMA bodies are currently working to unite under the CPA designation. *CPABC in Focus* is their flagship magazine.

Transitional Steering Committee

President/Chair	Dan Little, CPA, FCA
	Simon Philp, CPA, FCMA
	David Sale, CPA, FCGA
First VP/VC	Brian Friedrich, CPA, FCGA
	David Hallinan, CPA, FCMA
	Barry Macdonald, CPA, FCA
Second VC/VP	Heather Banham, CPA, CGA
	Lindalee Brougham, CPA, FCA
	Diane Kerley, CPA, FCMA
Past Chair & Treasurer	Candace Nancke, CPA, FCGA

Executive Management Committee

CPABC Exec. VP, Regulation	Jamie Midgley, CPA, FCA
CPABC Exec. VP, Marketing and Business Development and CMABC President & CEO	Vinetta Peek, CPA, FCMA, CMA (Hon.)
CPABC President & CEO and ICABC CEO	Richard Rees, CPA, FCA
CPABC Exec. VP, Certification and Operations and CGA-BC CEO	Gordon Ruth, CPA, FCGA
CPABC Exec. VP, Member Engagement and Information Technology	Jan Sampson, CPA, FCA

CPABC in Focus

VP, External Affairs	Kerri Wilcox
Editor	Michelle McRae
Magazine Design	Blindfolio Design

Advertising

For advertising rates, contact Advertising in Print at 604.681.1811 or **info@advertisinginprint.com**. *CPABC in Focus* is the premier way to reach BC's professional accounting community. Advertising in *CPABC in Focus* does not indicate an endorsement of any business, organization, service, or product.

Inquiries and Letters

Contact us at **info@bccpa.ca**.

About

CPABC in Focus is published in British Columbia six times a year, and is sent to more than 36,000 CA, CGA, and CMA members, candidates, and students. Opinions expressed are not necessarily endorsed by the ICABC, CGA-BC, or CMABC.

Copyright *CPABC in Focus* 2014. Visit us online at **bccpa.ca**.

Publications mail agreement no. PM 40062742

MIX
Paper from responsible sources
FSC® C101537

Notes from the Leadership

By Dan Little, CPA, FCA, Simon Philp, CPA, FCMA, and David Sale, CPA, FCGA

What a difference a year makes! Last September—a mere four months after signing the three-way merger agreement—we launched our flagship member publication, *CPABC in Focus*, the first unified CPA magazine in the country. Now, as we embark on our second year of publication, we're celebrating several other milestones on the road to the full unification of the profession in BC.

One major milestone was met in May, when we released the first joint CPABC annual report. The following month, the CA and CMA legacy bodies held their annual general meetings,* and a new CMABC Board and ICABC Council were elected. We would like to thank past-president Karen Christiansen, CPA, FCA, and past-chair Tammy Towill, CPA, FCMA, for their dedication and leadership over the last year. Together with past-chair Candace Nancke, CPA, FCGA, Karen and Tammy made tremendous strides in realizing the goal of three-way unification. Building on their legacy, the three of us, together with every member of the Transitional Steering Committee (TSC), are committed to bringing unification to fruition.

Unification means bringing our people together, so we're pleased to announce that a location has been found for CPABC's new office at Harbour Centre in downtown Vancouver, and that the move will take place in the summer of 2015 (see pages 18-19). In the meantime, some staff members have been relocated at the organization's three legacy locations to bring operational teams together.

The new office space was approved unanimously by the facilities selection team, the Transitional Management Committee, the Transitional Steering Committee (TSC), and the Boards and Council. This unanimity reflects the thorough due diligence undertaken throughout the selection process, and that same rigour will be applied as we analyze our options and determine the future of CGA-BC's premises on West Broadway.

Another significant milestone was met in July when Richard Rees, CPA, FCA, president and CEO of CPABC, unveiled his executive management committee. As detailed on pages 17-18, Richard is ably joined by Jamie Midgley, CPA, FCA; Vinetta Peek, CPA, FCMA, CMA (Hon.); Gordon Ruth, CPA, FCGA; and Jan Sampson, CPA, FCA. The senior management team has also been announced, and you'll find the team's different functional areas highlighted in several issues of *CPABC in Focus*, starting with this one (pages 20-21).

Also in this issue, you'll find a high-level summary of regulatory changes on the horizon (pages 22-23). First and foremost, the new regulatory standards, which will come into place once CPA legislation has been approved, will meet or exceed those developed by the International Federation of Accountants and by our national body, and they will protect the public interest rigorously.

Speaking of CPA legislation… with the likely introduction of legislation this fall, we expect 2015 to be a pivotal year. To that end, the TSC recently held a "blue sky" discussion about the profession's future at a two-day planning retreat. Joining us were CPA Canada's incoming chair, Bob Strachan, CPA, FCMA, and its president and CEO, Kevin Dancey, FCPA, FCA, who discussed some of the national and international issues facing the profession, and described CPA Canada's short- and long-term strategic views.

During the retreat, we also examined a range of issues, including governance, and there was strong consensus that we must be bold, that we must sustain the momentum of the last three years, and that our leadership must continue to assert a strong voice on the national stage. These ideas will guide us in the coming year.



Dan Little, CPA, FCA



Simon Philp, CPA, FCMA



David Sale, CPA, FCGA

Dan Little, CPA, FCA, is the newly elected president of the ICABC Council, and Simon Philp, CPA, FCMA, is the newly elected chair of the CMABC Board. David Sale, CPA, FCGA, has served as chair of the CGA-BC Board since January 1, 2014. Candace Nancke, CPA, FCGA, continues to serve on the CGA-BC Board and the CPABC Transitional Steering Committee.

** The CGA-BC AGM takes place on September 20. More information is provided on page 10.*

Sponsorships & Events

The ICABC, CGA-BC, and CMABC sponsored or attended a number of industry events this past summer to promote the CPA designation. These events included the ICABC Member Recognition Dinner (June 25) and BC Business Top 100 (July 3). Upcoming sponsorships include the CPABC Fall Leadership Conference (September 17-19), the CGA-BC AGM and Chair's Banquet & Awards Gala (September 20), the CGA-BC Convocation Ceremony (November 1), and the CMABC Convocation Ceremony (November 15). For more information on past and upcoming CPABC-sponsored events, visit the News & Events section of **bccpa.ca**.

To promote the profession to students, the ICABC, CGA-BC, and CMABC sponsored or attended a variety of on-campus events, including the CPA Speed Interview Event (June 17); the SFU Leadership Program "Graduation Breakfast" (June 18); the UBC Commerce Undergraduate Society Community Breakfast (July 4); the CPA Cram Session at BCIT (July 4); and SFU Caseware (July 19); as well as info sessions at a Skills Connect for Immigrants event (June 26), SFU (July 2), and Kwantlen Polytechnic University (July 11). Upcoming on-campus events include UVic Workplace Skills Conference (September 11) and the UBC Grad Fair (September 30-October 2).

SFU Connect

On June 3, more than 120 students from SFU's Accounting Student Association attended the latest CPABC Connect event. Held at the Sutton Place Hotel in Vancouver, the SFU Connect event gave students the opportunity to meet and network with a wide variety of CPAs, employers, and CPABC staff. Much like past CPABC Connect events, networking and creating connections were the main focus of the evening. The event also gave students the opportunity to ask questions about the CPA program and learn about the exciting career doors a CPA designation can open.





1. C. Y. Tay, CPA, CGA (far right) networks with SFU students (l to r) Umer Rizwan, Christopher Trotzuk, and Derek Yip. 2. L to R: SFU students Sean Li, Matthew Chan, Brandon Lau, and Elaine Tang. 3. SFU students Caleb Sun and Nick Cu. 4. L to R: Christine Woodington, CPA, CGA, chats with SFU student Jennica Cang. 5. L to R: SFU students Joanna Tung, Eunice Cao, and Carmen Chung. Photos by Alistair Eagle for Ron Sangha Productions.

View more event photos on the CPABC Flickr page at **flickr.com/cpabc/sets**.













CMABC Executive Tour

Outgoing CMABC Board Chair Tammy Towill, CPA, FCMA, and CMABC CEO, Vinetta Peek, CPA, FCMA, CMA (Hon.), met with CMA chapters around the province from April 29 to June 20 as part of the CMABC 2014 Executive Tour. This annual legacy event sends CMABC's board chair and CEO around the province to honour individuals who have been members with the Society for 25 or more years and update the CMA chapters on CMABC's progress.

This year, CMABC was proud to recognize 90 25-year members, 142 30-year members, 38 35-year members, 24 40-year members, 16 45-year members, one 50-year members, and three 55-year members.

Large turn-outs welcomed the Executive Tour throughout the province. The Tour made stops in all corners of the province, including Nanaimo, Victoria, Vancouver, Prince George, Kelowna, Kamloops, Cranbrook, and Nelson. The Tour also featured a stop in Hong Kong!

The first CMABC Executive Tour was held in 2004. Over the past 11 years, CMABC executives have visited CMA chapters annually to honour longstanding members and provide updates on CMABC's growth. This year marked the last time the Tour will be held as an event exclusive to CMABC—this fall, CPABC is proud to be launching the new joint CPABC Executive Tour.







View more event photos on the CPABC Flickr page at **flickr.com/cpabc/sets**.

1. L to R: Outgoing CMA Board Chair Tammy Towill, CPA, FMCA, with 30-year pin recipient Anil Lodhia, CPA, CMA, at the Executive Tour stop in Vancouver. 2. Jean Yan, CPA, CMA (left), with CMA candidate Laurie Farquharson at the Executive Tour stop in Victoria. 3. 40-year pin recipient Douglas Ellison, CPA, CMA (right), with Tammy Towill in Victoria. 4. CMA Kamloops Chapter Director James Fedorak, CPA, FCMA (right), with spouse Jessie Fedorak at the Kamloops event. 5. L to R: Greg Snead, Jennifer Snead, CPA, CMA, Mary Ann Mallett, and Richard Mallet, CPA, CMA, enjoy the Victoria event. 6. L to R: CMA Kamloops Chapter Secretary Judy Wiebe, CPA, CMA, is all smiles with Domenic Montagliani at the Executive Tour stop in Kamloops. Vancouver event photos by Jay Shaw for Jay Shaw Photography; Victoria event photos by Helene Cyr for Helene Cyr Photography; Kamloops event photos by Rick Tolhurst.

CPA Canada's Community Connect Program

The mission of the CPA Canada's Community Connect Program: Adult and School is to give Canadians—from schoolchildren to senior citizens—the knowledge and confidence needed to make the best possible financial choices for their circumstances, and to help individuals achieve the level of prosperity needed to accomplish their life goals. Through this initiative, CPA members are able to step up and play leadership roles in their communities by delivering financial literacy sessions to local groups and organizations, using materials prepared nationally.

CPA Canada held two "Train the Trainer" sessions this spring—the first in Victoria (May 14) and the second in Vancouver (May 15). Both sessions were well-attended, with a total of more than 150 members turning out. Facilitated by Margaret Hope, of Lions Gate Training Ltd., and two CPA Canada staffers—Cairine Wilson, vice-president of member services, and Li Zhang, financial literacy program manager—the sessions outlined the various resources available.

To get involved in the Community Connect Program, register using the following link: **http://cica.ems01.com/CommunityConnectProgram/CCP_Volunteerform_EN.pdf**. (You must be registered for the Community Connect Program to access program materials.)



Representing CPA Canada (l to r): Financial Literacy Program Manager Li Zhang and VP of Member Services Cairine Wilson.

CPABC Forum Events

Auditor General for Local Government Meets with CPABC GOAA Forum

On June 4, Basia Ruta, CPA, CA, British Columbia's auditor general for local government (AGLG), served as the guest speaker at a meeting of CPABC's Government Organizations' Accounting and Auditing (GOAA) Forum.

The office of the AGLG was created in 2012 by the provincial legislature to carry out performance audits of local government operations and provide these local governments with information and advice.

Ruta provided GOAA Forum members with an update of her office's activities, including highlights from her first performance audit report as AGLG, entitled, *Learnings from Local Government Capital Procurement Projects and Asset Management Programs*; the report, which audits the performance of the City of Rossland, was released in April 2014.

Ruta also provided an overview of the AGLG Perspective Series—a series of booklets designed to help local governments account for how well they take care of public assets and achieve value for money in their operations.

The AGLG's reports and other useful resources can be found online at **www.aglg.ca**.



L to R: Acting Auditor General of BC Russ Jones, CPA, CA; GOAA Forum Chair Archie Johnston, CPA, FCA; and AGLG Basia Ruta CPA, CA.

Young Professionals Forum: Getting On Board (Encore Presentation)

On June 18, the Young Professionals Forum hosted a second "encore" presentation of "Getting on Board," led by Michael Blatchford, a lawyer with Bull Housser LLP. This complimentary educational session covered a variety of board basics, including how to find positions on not-for-profit boards and the duties of board members.

For those interested in board governance, CPA Canada is offering a complimentary breakfast seminar on "Governance for Not-for-Profit Organizations" in Vancouver on October 22. This session will focus on helping board directors understand how to ensure that the organizations they serve are equipped with good governance frameworks. Participants will receive a complimentary copy of CPA Canada's practical guidance publication, *Governance for Not-for-Profit Organizations: Questions for Directors to Ask*.

Space is limited, so be sure to register early through the CPAstore at **www.castore.ca** or via the Member/Events tab at **www.bccpa.ca**.



Michael Blatchford reviews the basics of board service.

CPABC Forum Events

Young Professionals Forum Hosts Monte Carlo Night

In what is becoming a popular and annual tradition for the Canadian Bar Association (CBA), the Chartered Financial Analysts Society, and CPABC, young professionals brought their "high-risk, high-reward" attitudes to another sold-out "Monte Carlo Night" event.

Held at the Vancouver Club on the evening of July 24, the event drew over 210 guests, who had the chance to reconnect with colleagues, meeting other professionals, and chance their "fun money" at black jack, poker, roulette, and a variety of other gaming tables.

"At the end of the night, everyone went home a winner," says Kam Nat, CPA, CA, one of the event organizers and a member of the Young Professionals Forum (YPF). "This includes Working Gear Clothing Society, which received all of the funds raised at the event."

Mirza Rahimani, CPA, CA, another YPF member and event organizer, expresses gratitude for the various donated raffle prizes, which included a variety of restaurant gift cards, tickets to local sporting events, golf lessons, yoga passes, and stays at local hotels, saying: "We're greatly appreciative and thankful for the sponsorships and support from the CPABC, the CFA Society, the CBA, and Hart Legal, which made the evening fun and possible!"



Monte Carlo Night in full swing.

Want to join a CPABC Member Forum?

CPABC Member Forums bring together members with common interests. To get involved in any of our 10 forums, sign up using the online volunteer form at **www.bccpa.ca/volunteerform**.

Forums include:

- Executives
- Exposure Draft
- Government Organizations' Accounting and Auditing
- Management
- Mid-Sized Firms
- Mining
- Small Firms
- Sole Practitioners
- Taxation
- Young Professionals (open to designated members 35 years and under)



pay4O4/iStock/Thinkstock

CPABC Sponsors GFOABC's 2014 Annual Conference

The Government Finance Officers Association of BC (GFOABC) held their 2014 annual conference on May 28-30 at the Vancouver Island Conference Centre in Nanaimo, attracting over 300 participants from across the province. Conference topics ranged from risk management and asset management to long term financial planning and timeline financial reporting.

"Our communities have certainly evolved from the days when the early explorers sailed along our unfamiliar shore," said Diana Lokken, CPA, CMA, president of the GFOABC in her opening address. "Local governments are increasingly focused on providing a sustainable future for citizens and businesses. That's why the theme for this year's GFOA Conference [is] 'Finding Safe Harbour.'"

CPABC was a platinum sponsor for this event.



GFOABC President Diana Lokken, CPA, CMA, addresses the crowd.

Upcoming Events

***Reminder:* CPABC Fall Leadership Conference – September 17-19, 2014**

The CPABC Fall Leadership Conference will be held at the Fairmont Empress Hotel and the Victoria Conference Centre from September 17-19, 2014. CPA Canada President and CEO Kevin Dancey, FCPA, FCA, will headline the event, which will also feature an array of PD seminars, keynote presentations from the Globe and Mail's former chief political correspondent, John Ibbitson, and Twitter Canada's Kirstine Stewart, and Western Canada's leading trade show for accounting professionals. All of BC's more than 28,000 professional accountants are invited to attend the three-day event. For details, please visit **bccpa.ca**.

Conference to close with Mardi Gras-themed celebration – September 19, 2014

The CPABC Fall Leadership Conference will be capped off on Friday with a Mardi Gras-themed celebration. Inspired by the masquerade balls of Venice and the street celebrations of New Orleans' French Quarter, the event will feature a buffet dinner and games, entertainment, music, and magic. Come join us as we turn Friday, September 19 into "Fat Tuesday"! To register, contact Jennifer Johnson at 604-714-2350 or **jjohnson@bccpa.ca**.



ppart/iStock/Thinkstock

***Reminder:* CGA-BC AGM & Chair's Banquet and Awards Gala – September 20, 2014**

The CGA-BC AGM will take place on Saturday, September 20 at the Victoria Conference Centre (Salon A). All CPA, CGA members are invited to attend. Following the AGM will be the annual Chair's Banquet and Awards Gala, celebrating CGA-BC's award winners. The gala will take place at Fairmont Empress Hotel (Crystal Ballroom). Please register for the AGM and/or Chair's Banquet and Awards Gala at **www.cga-bc.org**.

For more information and updates on upcoming events, click on the Members tab at **bccpa.ca**.

Optum Employee Assistance Program



New name. Same services.

The confidential employee benefit program for CPABC members and students (and their immediate family members) has changed its name from PPC Canada to Optum.

Optum continues to offer the same range of services, designed to help you manage life's predictable challenges, as well as its less predictable crises. Assistance is available 24/7/365 and includes:

- Counselling
- Work-life services
- Health and well-being management
- Online resources

For confidential assistance at any time, call Optum's toll-free number at 1-800-663-9099 or visit **www.livewell.optum.com** (access code: healthy).

Pixsooz/iStock/Thinkstock

Changes to *CPABC in Focus* Schedule

The schedule for *CPABC in Focus* will be changing effective 2015. We will continue to produce six issues of the magazine per year, but these will now be distributed evenly throughout the year. The new schedule will be as follows:

1. January/February (mailed in January)
2. March/April (mailed in March)
3. May/June (mailed in May)
4. July/August (mailed in July)
5. September/October (mailed in September)
6. November/December (mailed in November)

CPA CHARTERED PROFESSIONAL ACCOUNTANTS CANADA | COMPTABLES PROFESSIONNELS AGRÉÉS CANADA



UPCOMING TAX COURSES FROM CPA CANADA

Current, effective and convenient – CPA Canada's upcoming tax courses provide a solid introduction to key taxation areas for professional accountants and others in industry.

Income Tax Practice Course

WEST – November 1-7, 2014
Banff Part Lodge Resort Hotel & Conference Centre
Banff, AB

OR

EAST – November 29-December 5, 2014
Blue Mountain Village Suites
Blue Mountain, ON

This in-residence tax course is ideal for **general practitioners**. It will improve your ability to recognize tax problems, learn valuable tax planning techniques and achieve a better understanding of Canada Revenue Agency's current assessing positions. Topics include:

- Tax Practice Management
- Business and Property Income
- Partnerships and Trusts
- Personal and Corporate Tax Planning
- Estate and Post-Mortem Planning
- Non-Resident Issues for Individuals
- Issues on Expanding Internationally

CPD Credits: Up to 44 hours

VISIT cpacanada.ca/ITP

Blended Tax Courses

Courses start from early Fall 2014 to Winter 2015

Developed from CPA's flagship "In-Depth Tax Course," these courses feature the ideal combination of elearning and live classroom learning (which can be done in person or virtually). Each course provides you with foundational knowledge in key taxation areas. Courses include:

- Indirect Tax
- U.S. Tax for the Canadian Tax Practitioner
- Accounting for Income Taxes
- Scientific Research and Experimental Development

CPD Credits: 22.5 hours

Register for one **Tax Blended Learning Course** at full price and receive a **$100 discount off** the registration fee for each of the other three courses

VISIT cpacanada.ca/taxblended

Can't find the information you need on our tax courses? Call: 416-204-3263

Notes on Licensing

Pursuant to its meeting of May 9, 2014, the ICABC's Practice Review & Licensing Committee announces that the following public practice offices have been closed:

J.M. Tucker Inc	Vancouver
Kevin Mickelby Corp.	Langley
Lucy Chang, CA	Vancouver
Rodney N Penway CA	Penticton

Pursuant to its meeting of July 11, 2014, the Committee announces that the following public practice offices have been closed:

Bernard Isaacs Chartered Accountant	Whitehorse
DR Financial Services Inc.	North Vancouver
LS Partnership	Vancouver
Schroeder & Associates	Vancouver

Connect with CPABC Online

Like CPABC?

Connect with CPABC online on our Facebook, Twitter, YouTube, and Flickr social media pages:

- Facebook.com/cpabc
- Twitter.com/cpa_bc
- YouTube.com/cpabritishcolumbia
- Flickr.com/cpabc

All CPABC publications are online



CPABC in Focus



Industry Update

Digital editions of *CPABC in Focus*, *BC Check-Up*, *Industry Update*, *CPABC eNews*, and *CPA Today* are available at **www. bccpa.ca** under the Publications tab.

Student & Candidate Resources



Jake Hesseltine/iStock/Thinkstock

This section of *CPABC in Focus* is dedicated to providing legacy students and CPA candidates with information on resources, events, and opportunities to connect with CPABC.

CPA Prerequisite Education Program (PREP)
Summer 2014 intake
Module 5: Intermediate and Adv. Financial Accounting
- *Mid-term evaluation – October 18*

Winter 2014 intake
Module 9: Intermediate and Adv. Mgmt Accounting
- *Classes begin – September 15, 16, and 20*
- *Mid-term evaluation – October 25*

CPA Professional Education Program (PEP)
Summer 2014 term – key dates:
Core Module 2: Tax and Performance Mgmt electives
- *Exam date – September 27*

Fall 2014 term – key dates:
Core Module 1 – *Please note: Pre-work is due September 19*
- *Module start – September 20*
- *Module workshop – October 25-26*
- *Withdrawal deadline – October 17*
- *Exam date – November 22*

Core Module 2: Tax, Assurance, and Finance electives
- *Module start – October 18*
- *Withdrawal deadline – November 14*
- *Exam date – December 19 & 20*

Summary schedule at **www.cpalearningwest.ca**.

Legacy info:
CASB: **www.casb.com**
CGA Program of Studies: **www.cga-bc.org/students-home.aspx**
CMA Strategic Leadership Program: **www.cmabc.com**

YOUR TEAM OF EXPERTS IN

Insurance & Retirement Solutions | Private Investment Management*

Business Family Succession | Employee Benefits | Structured Settlements



Peter G. Lamb
B.A., CLU, TEP, EPC, CSA



Garry Zlotnik
F.C.A., B.COMM., CFP, CLU, CH.F.C.



Martin Zlotnik
B.COMM., LL.B



Mark A. Zlotnik
C.A., CLU



P.M. (Pip) Steele
B.COMM., CFP, CLU, CH.F.C.



Robert E. Olson
B.A.



H.G. (Howie) Young
CFP



Amin E. Jamal
A.C.I.I., CLU, TEP



John V.R. Wark
B.COMM., C.A, CFP, CLU, CH.F.C.



Ross Gibson
DIP.T



Ken McNaughton
CFP, CLU, CH.F.C., RHU, CSA



W.A. (Bill) Finlay
B.A., C.A.



Bruce K. Berger
B.A., CFP, CLU



Michael A. Healey
B.A., CFP, CLU, CHS



Heidi U. Pullem
CFP, CDFA



Matthew W.P. Anthony
B.A., CFP



Aeronn Zlotnik
B.A.



Nancy Pereira
GBA



Philip Levinson
C.A.



John McKeachie



Jack Shaffer
CFP, CLU, CH.F.C.



Francesca Chan
CFA., B.COMM.
PORTFOLIO MANAGER



Jon McKinney
B.COMM., C.A., CIM
PORTFOLIO MANAGER



Liza Bugar
GBA



Dan Eisner
C.A.



John Peacock
B.ECON., RHU



Wintson Kuit

* PRIVATE INVESTMENT MANAGEMENT IS OFFERED THROUGH ZLC PRIVATE INVESTMENT MANAGEMENT INC.

For more information, contact our Associates at:

Vancouver 1200 Park Place, 666 Burrard Street Vancouver, BC V6C 2X8
Tel: 604.688.7208 Fax: 604.688.7268 Toll Free: 1.800.663.1499

Victoria 3711 Grange Road Victoria, BC V8Z 4S9
Tel: 250.727.3445 Fax: 250.479.9716 Toll Free: 1.800.906.5666

www.zlc.net

ZLC FINANCIAL GROUP



Cover Story
By Patrick Schryburt

Leading the Way to a Bright Future

The leaders of BC's professional accounting bodies look forward to an engaged and dynamic CPABC

Modern organizational leadership can include many diverse styles and approaches, and as the leaders of the ICABC, CGA-BC, and CMABC can attest, the unification of the three professional accounting bodies in BC is proof that different perspectives and backgrounds can not only help achieve organizational goals—they can lead to even more desirable outcomes.

Our two newly elected leaders for the ICABC Council and CMABC Board are Dan Little, CPA, FCA, and Simon Philp, CPA, FCMA, respectively. They join David Sale, CPA, FCGA, who became chair of CGA-BC in January 2014. All three have participated in their organizations' leadership ladders, serving at the executive level prior to assuming their current roles. Dan and Simon have served on CPABC's Transitional Steering Committee (TSC) since its first meeting in November 2012, and David joined the TSC once the three-way merger agreement was signed in May 2013. They have already made numerous contributions to unification, and are now poised to take the unifying bodies forward to the next big milestone: the official formation of CPABC, which is likely to happen in 2015. Each is passionate about the profession and excited to take part in its evolution.

Dan Little, CPA, FCA

Dan Little is the managing partner of Hayes Stewart Little & Co., a public accounting firm with more than 50 partners and staff, and offices in Victoria, Duncan, and Nanaimo.

Dan's journey to become a professional accountant started with an important detour after university. While waiting to write the admissions test for law school, he heard that enrolling in the accounting program could mean getting paid to go to school.

"It was tough to find a job at the time," Dan says, "so I changed course towards accounting."

It proved to be a good fit, as he soon discovered that accounting interested him more than law.

"Understanding how different businesses work was fascinating," he says, "and it has kept my interest ever since. I love guiding my clients through financial opportunities and challenges. My work is always interesting and never the same."

As the managing partner of his practice, Dan is also keenly aware that change is a constant—particularly in terms of the intergenerational differences among partners and staff, accounting rules and standards, technology, and communication.

"Keeping the firm moving forward with all these changes is a great challenge," he says," but it's very rewarding.

Galina Peshkova/iStock/Thinkstock

Simon Philp, CPA, FCMA

Simon Philp has worked in commercial banking for the past 15 years, both in British Columbia and Washington State. Now director of commercial banking for CIBC in Victoria, Simon leads the commercial banking teams responsible for the bank's clients on Vancouver Island and in the Yukon. It's a role uniquely tailored to his people management skills and his technical business expertise.

"I work in commercial banking, but as I always remind my team, we're in the 'ideas business,'" he says. "My job is to work with the best and brightest businesses to help them succeed, which is tremendously exciting and rewarding."

It was during his early days working as an associate with a boutique investment firm in Vancouver that Simon chose to pursue his accounting designation.

"I wanted skills to analyze investments and better understand the links between strategy, operations, and finance," he explains. "And I wanted the flexibility to work internationally. Accounting is the global language of business, applicable to HR, operations, and sales and marketing, as well as finance. The strength of accounting is that it gives you the ability to apply business skills and an understanding of what drives performance to a wide variety of non-traditional roles."

David Sale, CPA, FCGA

David Sale is a professor of accounting at Kwantlen Polytechnic University, where he previously served as chair of the University's accounting discipline and as secretary-treasurer of its Faculty Association.

His passion for education is undeniable, but it was the harsh reality of limited career prospects in his post-secondary field of study that motivated him to focus on accounting.

"I decided to pursue accounting when I realized there were very few jobs for history majors," he says. "I also had a strong background in mathematics, so I thought accounting would be a good fit.

"That was a bad assumption," he adds with a laugh, "but I think everything turned out well."

Daily interaction with students has enabled him to gain a unique insight into the challenges involved in educating and mentoring the next generation of accountants.



Left to right: ICABC President Dan Little, CPA, FCA, CGA-BC Chair David Sale, CPA, FCGA, and CMABC Chair Simon Philp, CPA, FCMA. Photo by Kent Kallberg of Kent Kallberg Studios Ltd.

"The biggest issue I face as an educator, is teaching students that accuracy and depth of knowledge are paramount," he says, "superseding any other aspect in the delivery of accounting services."

Unique perspectives; shared vision

With professional pedigrees that weave through education, industry, and public practice, these three leaders bring unique perspectives to their current roles, and yet they share many beliefs about and goals for CPABC.

Looking back over the past year, each is impressed by the accomplishments to date—especially given the fact that the joint venture agreement was only signed last fall.

Dan is especially pleased with how the leadership group has come together seamlessly for productive joint meetings during the year, and, similarly, by the collaboration and progress of all three legacy bodies' staff in building a single, combined organization.

"My biggest surprise has been how quickly we have been able to integrate the organizations and get ready for the future," he says, "particularly within a national framework that is also proceeding through tremendous change."

David shares this sentiment.

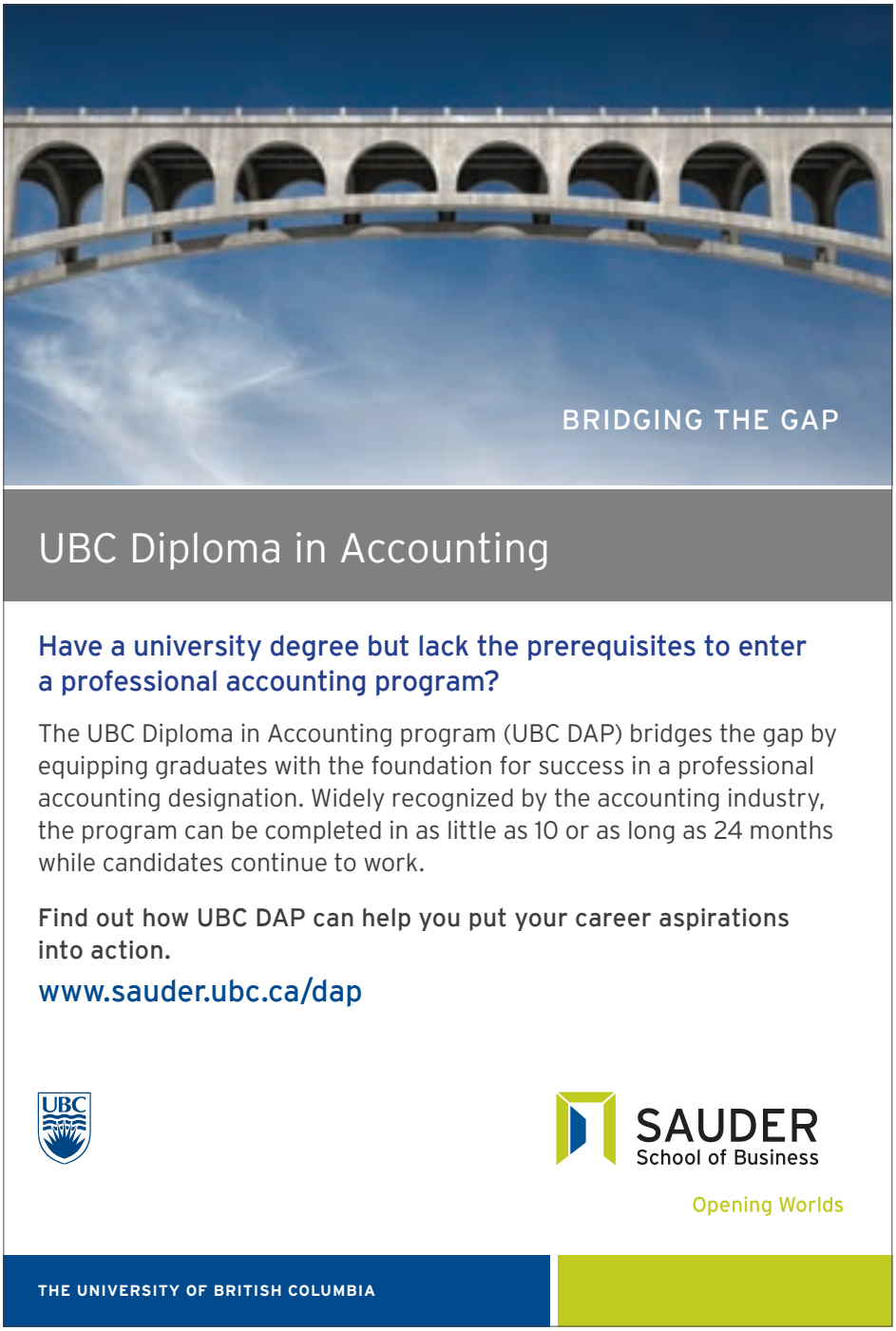
"It's hard to believe all that we have achieved in such a short period of time," he says. "I think it's due in large part to a collective understanding that the legacy organizations were not so different after all, and that we were all on the same page about what needed to be achieved."

For his part, Simon is pleased to see that all professional accounting bodies in Canada are now committed to CPA, but he admits he expected the government to move more quickly on unifying legislation once all three accounting bodies in BC were in agreement.

"While government is supportive, and the process is moving now, I didn't expect this to require as much of our focus as it has," he says.

Having served on the TSC for several years prior to taking on their current leadership roles, Dan, Simon, and David are quick to point out that instead of three sets of legacy representatives, they are all part of a very integrated team focused on unification.

"We may bring slightly different ideas about process to the table," Simon explains, "however all members are committed to the best interests of the profession, and that has allowed us to reach consensus on every issue."



All three feel very fortunate to have had the opportunity to be part of the TSC and to work with the leadership to advance the profession in BC at such a critical and exciting time.

"The experience has been remarkable," says Dan. "We have had some very difficult issues to work through, and working together as a group, with good information, we have been able to work through the issues in a very positive way. I can honestly say it has been fun."

If the year that has just passed is any indication, the leadership team of BC's professional accounting bodies can expect even more excitement in the coming year. The major items on BC's "to-do" list include legislation, a fully operational CPA Western School of Business, a functioning Advanced Certificate in Accounting and Finance Program (formerly the Mid-Tier Certificate Program), and the full integration of all staff into one new office (see page 18).

While Dan, Simon, and David are focused on the goals for their current terms, they are also keenly aware that there is a bigger and brighter future for CPABC.

"I believe this will be the year members start to truly integrate, which is very exciting," Dan says. "With legislation in sight and an education system unfolding, we can redouble our focus on helping members truly integrate and meet as Chartered Professional Accountants."

Simon agrees.

"I want to see us develop our own CPA traditions—convocation, member recognition events, conferences, and chapters," he says. "We all need to move forward and embrace the changes."

David adds that CPABC staff will be crucial to ensuring that the needs of all members are being met.

"We have a great leadership team to set the major goals," he says, "but the issue that probably keeps me up at night the most is HR. It's really important that the staff know how much we need them and that we continue to thank them for all their hard work. They are experiencing integration each and every day."

David also stresses the importance of education and certification.

"The economic and demographic projections in BC are just reaffirming what we already suspected," he says. "We need to produce enough qualified accountants to meet the demands of our economy."

In addition to building the profession, stronger member engagement is at the heart of how Simon defines success going forward.

"All three legacy groups had tremendous pride in their designations," he says, "but CPABC is a much larger and more diverse professional body, so strong, constructive engagement of all members is really the key to drawing on the inherent strength of that diversity."

Dan adds that the focus must also extend beyond provincial borders.

"We need to ensure we continue to lead the profession nationally and internationally as well," he says. "By taking the lead, we can support business and contribute to the economy while maintaining the public trust."

There is little doubt that these three individuals bring unique experiences to their roles. As the past year has demonstrated, this kind of diversity is a key strength in the efforts to create CPABC. As they continue to work together constructively, Dan, Simon, and David believe a similar spirit of collaboration and collegiality will soon be infused into the broader CPA membership in BC. ■

Patrick Schryburt is a member of CPABC's communications team.

CPABC has a new organizational structure and a new home

A message from Richard Rees, CPA, FCA, president and CEO of the Chartered Professional Accountants of BC, and the CEO of the Institute of Chartered Accountants of BC.

New organizational structure

As part of the ongoing integration of BC's three professional accounting bodies under the CPA designation, I am pleased to announce our new organizational structure and the members of the CPABC Executive Management Team. I am delighted to be joined by such a talented group of professionals as we work to build CPA in British Columbia and beyond.*

The new structure is effective immediately and is as follows:

CPABC Executive Management Team and Senior Reporting Structure

Regulatory Affairs

- Executive VP, Regulation: Jamie Midgley, CPA, FCA. Jamie will support the new organization as it seeks provincial legislation and builds a regulatory framework that meets and protects the public interest. Reporting to Jamie:
  - > VP, CMA Regulation and Facilities: Rick Lightheart, CPA, FCMA;
  - > VP, Public Practice Regulation: Pam Skinner, CPA, FCGA; and
  - > Director, Ethics: Liz Chan, CPA, CA and Chris Utley, CPA, CA (who is retiring September 30, 2014—see page 47).
  - > Director, Ethics and Documentation: Ted Tanaka; and
  - > Director, Regulation and Registrar: Roger Merkosky, CPA, CA.

** While all staff members are focused on building the new organization, they will continue to have ongoing responsibilities for their legacy organizations until new legislation is enacted.*

Continued on page 18

ODLUMBROWN.COM

Disciplined Value Investing That Works

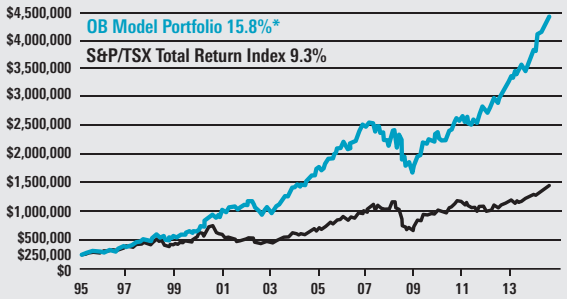


Ross Turnbull, CA, CBV, CFA
Vice President, Director, Portfolio Manager

T 604 844 5363 or 1 888 886 3586
rturnbull@odlumbrown.com
Visit odlumbrown.com/rturnbull for more information.

ODLUM BROWN
Investing for Generations

OB Model Portfolio vs S&P/TSX Total Return Index



*Compound annual growth rates are from inception December 15, 1994 to July 15, 2014. The Model was established by the Research Department in December 1994, with a hypothetical investment of $250,000. The Model provides a basis with which to measure the quality of our advice and the effectiveness of our disciplined investment strategy. Trades are made using the closing price on the day a change is announced. These are gross figures before fees. Past performance is not indicative of future performance. Member-Canadian Investor Protection Fund.

New organizational structure *continued*

Marketing and Business Development

- Executive VP, Marketing and Business Development: Vinetta Peek, CPA, FCMA, CMA (Hon.). Vinetta will lead all business development, marketing, and branding activities in British Columbia as we work to foster CPA's growth as the pre-eminent business and accounting credential, and build awareness of the new designation in our key markets. Until new CPA legislation is enacted, Vinetta will also continue to serve as the CEO of CMABC. Reporting to Vinetta:
  > VP, Marketing and Business Development: Diane Chung, CPA, CMA;
  > VP, Communications: Edward Downing; and
  > VP, External Affairs: Kerri Wilcox.

Certification and Operations

- Executive VP, Certification and Operations: Gordon Ruth, CPA, FCGA. Gordon will be responsible for overseeing the new organization's financial performance, its operations, and the delivery of student programs and services in conjunction with the CPA School of Business. Until CPA legislation is enacted, Gordon will also continue to serve as the CEO of CGA-BC. Reporting to Gordon:
  > VP, Human Resources and Administration: Dan Cheetham, CPA, FCGA;
  > VP, Curriculum and Education Delivery: Bob Gautama, CPA, CMA;
  > VP, CGA Certification: Bill Johnson, CPA, FCGA;
  > VP, Education Standards and Assessment: Simone Leonard, CPA, CGA; and
  > Director, Finance, Integration and Transformation (Acting): Marlyn Won, CPA, CA, CMA.

Member Engagement and Information Technology

- Executive VP, Member Engagement and Information Technology: Jan Sampson, CPA, FCA. Jan's responsibilities will include building programs and services to ensure that members have the resources needed to succeed, as well as overseeing the transition to a robust IT infrastructure for CPABC. Reporting to Jan:
  > VP, Professional Development: Moira Bryans, CPA, CA;
  > VP, Member Services: David Chiang, CPA, CA;
  > IT Project Director: Derek Belyea, CPA, CA; and
  > IT Manager: Jay Caldwell.

Executive Office

- Manager, Executive Office: Sandy Parcher. Sandy will manage the executive office for CPABC. Until CPA legislation is enacted, she will also continue to manage the executive office of the ICABC.



New home

Since this spring, staff and volunteers have put in a significant effort and followed a rigorous process in order to find a new home for CPABC.

The Facilities Working Group, a work group comprised of senior staff from all three unifying bodies, worked closely with an outside consultant to conduct a needs assessment that included a visioning session with the Transitional Management Committee, staff interviews, and a transportation survey, and a cultural survey. Key decision criteria were established to create a functional space plan and identify important location attributes. These criteria included: accessibility; affordability (value for money); functional and integrated space; alignment with professional branding; and safety and security.

Expressions of interest were subsequently issued for lease and buy options. This process yielded numerous responses for lease

options; however, despite significant effort, no properties of an appropriate size that met the key criteria were available to purchase. In April and May, the Facilities Working Group toured eight properties: seven lease properties and the existing CGA-BC office on West Broadway. A request for proposal was sent to five shortlisted properties, and in-depth financial analysis was completed on six properties, including the Broadway building. After all of this work was completed, letters of intent were sent to three finalist lease properties; these finalists, along with the Broadway building, were evaluated against the key decision criteria.

Ultimately, the Facilities Working Group determined that while the Broadway building is very affordable, it would only meet the current space requirements of the new organization with no room for future growth. In addition, the building does not meet all of the key criteria, and renovating this property would mean facing a number of zoning risks.

The lease option that met every key decision criteria was office space at Harbour Centre in downtown Vancouver. This property was the unanimous recommendation of the Transition Steering Committee, the CPABC Executive Management Team, the Facilities Working Group, and our consultants. At a joint board meeting held on May 28, all three volunteer boards/council unanimously endorsed and approved the recommendation.

We anticipate moving into this new location as of August 1, 2015. In the meantime, CPABC's functional teams have been relocated temporarily to facilitate better service to our members and students. The marketing, external affairs, communications, and recruitment team have moved to the CMABC legacy building at 1000 - 900 West Hastings Street; the professional development and member engagement teams are now located at the ICABC legacy building at 500-505 Burrard Street; and education is located at the CGA-BC legacy building at 300-1867 West Broadway.

Unification Update: Developments in Bermuda and across Canada

- On March 26, the governor of Bermuda gave his assent to the *Institute of Chartered Accountants of Bermuda Amendment Act 2014*. The Act became effective on April 11. CPA Bermuda is the third body to join the CPA Canada national organization as a full member, and all of its CA members in good standing have now been granted the CPA designation. These requirements will similarly apply to any CMA and CGA members as they join CPA Bermuda.

- On May 1, new bylaws came into effect on Prince Edward Island to allow members to use the CPA designation in conjunction with their legacy designations. CPA legislation is expected to be introduced this fall.

- On May 24, the CA, CGA, and CMA bodies in Nova Scotia received the approvals needed to enter into a merger agreement. The merger agreement was signed in July, and CPA legislation is expected to be introduced and passed this fall.

- On June 17, Saskatchewan's CPA Transitional Steering Committee named Shelley Thiel, FCA, of Regina as CEO. Thiel is working closely with Betty Hoffart, FCMA, the CEO of CMA Saskatchewan and Prabha Vaidyanathan, (Hon.) CGA, CEO of CGA Saskatchewan, on the operation of the CPA Saskatchewan Joint Venture, and in planning for the integration of the three legacy organizations. Thiel, Hoffart, and Vaidyanathan will continue to lead the CPA Saskatchewan Joint Venture until proclamation. Thiel will then assume the role of CEO for CPA Saskatchewan once the *Accounting Profession Act* is proclaimed by the Saskatchewan government. CPA legislation is expected to be proclaimed this fall.

- On June 18, CPA Ontario and CGA Ontario announced that their members voted to support the unification of the accounting profession in Ontario. The two bodies will soon sign a unification agreement and begin working toward integration (once integrated, CPA Ontario will support a combined membership of more than 80,000 CPAs and 20,000 students). CPA Ontario will seek CPA legislation as soon as possible. On July 22, Carol Wilding, FCPA, FCA, accepted the offer to begin serving as president and CEO of the unified body, effective October 2014.

- On July 3, the CA, CGA, and CMA bodies in the Yukon signed an agreement to pursue a merger. The three self-regulating accounting bodies will work together to become the Chartered Professional Accountants of the Yukon under the national CPA banner.

Introducing CPABC's Regulatory Affairs Team

As discussed in the Notes from the Leadership article on page 5, the different functional areas of the senior management team will be profiled in four separate instalments of *CPABC in Focus* magazine. We begin the series in this issue, with the spotlight focused on the Regulatory Affairs team.

Protection of the public interest is an ongoing priority for the unifying (legacy) bodies. Until new legislation becomes effective, the responsibilities under each piece of legislation must continue to be met while the transition to CPABC progresses.

Here are the individuals tasked with both winding down the legacy organizations and creating the new regulatory regime in British Columbia:



Jamie Midgley, CPA, FCA – Executive VP, Regulation

In this role, Jamie will work to support the new organization as it seeks provincial legislation and builds its regulatory framework.

Jamie was appointed senior director of regulatory affairs at the ICABC in 2009. In addition to carrying out his provincial responsibilities, he also participated on several national regulatory committees that focused on establishing recommendations to meet the needs of the evolving CPA profession. For example, Jamie served on the National Regulatory Steering Committee, which oversaw the development of the initial CPA regulatory recommendations. Currently, he chairs the Public Accounting Work Group, which is tasked with developing the recommendations for CPA public accounting requirements.

Prior to joining the ICABC, Jamie spent much of his career—21 years—with HSBC Bank Group in Canada. He most recently served as the chief operating officer and chief financial officer of the bank's subsidiary company, HSBC Global Asset management (Canada) Ltd.

Jamie was elected to the ICABC Fellowship in 2013.

Those reporting to Jamie include: Rick Lightheart, CPA, FCMA; Pam Skinner, CPA, FCGA; Liz Chan, CPA, CA; Ted Tanaka, Barrister & Solicitor; and Roger Merkosky, CPA, CA.



Rick Lightheart, CPA, FCMA – VP, CMA Regulation and Facilities

In this role, Rick will oversee legacy CMABC discipline matters and work closely with the rest of the regulatory team to facilitate the transition of CMABC regulatory processes to those of CPABC.

Rick joined CMABC in 1980, and serves as its VP of operations. In addition to his provincial responsibilities, he most recently participated nationally as chair of a task force focused on developing a harmonized set of rules of professional conduct for CMAs nationally.

Rick also served as the CMA lead on the CPA National Regulatory Steering Committee, which oversaw the development of the initial CPA regulatory recommendations.

Prior to joining CMABC, Rick spent three years with Canada Trust, where he served as an assistant branch manager. Rick was elected a Fellow (FCIS) of the Institute of Chartered Secretaries & Administrators in Canada in 1998, and a Fellow (FCMA) of the CMABC in 2004.



Pam Skinner, CPA, FCGA – VP, Public Practice Regulation

In this role, Pam will provide leadership for the Public Practice Regulation department—developing, directing, and delivering all public practice compliance, registration, and practice inspection programs.

Pam is the director of member services and public practice for CGA-BC, having joined the organization in 2007.

Pam served on the CPA National Regulatory Steering Committee, which oversaw the development of the initial CPA regulatory recommendations, and she continues to serve on two national public accounting work groups, as well as on the recently constituted group that is tasked with considering the regulation of services (other than public accounting services) offered to the public.

Prior to taking on her role with CGA-BC, Pam spent the majority of her career in the trust and banking industry—most recently with the HSBC Bank Group in Canada, where she served as chief executive officer of the bank's subsidiary company, HSBC Trust Company (Canada).

Pam was awarded the CGA Fellowship designation in 2014.



Liz Chan, CPA, CA – Director, Ethics

In this role, Liz will work closely with other senior team members in regulatory affairs to direct and deliver the regulatory programs dealing with legacy ICABC and CMABC discipline matters. She will also play a key role in the design and implementation of the new CPABC discipline processes.

Once new legislation comes into effect, Liz will work with Ted Tanaka to lead the CPABC regulatory programs in the discipline area.

Liz joined the ICABC as the director of ethics, regulatory affairs in April 2014. She previously worked with the BC Securities Commission, serving as a senior investigator in their enforcement division, where she conducted investigations of major cases. Prior to her work with the BCSC, Liz worked as a financial analyst for a publicly traded company and as a tax manager with KPMG, where she completed the In-Depth Tax Course. Liz obtained her CA designation in 1999 after placing on the honour roll for the national Uniform Final Evaluation (UFE).



Ted Tanaka, Barrister & Solicitor – Director, Ethics and Documentation

In this role, Ted will oversee the ethics and discipline processes, and maintain appropriate governing documentation to enable effective regulation of the key regulatory areas.

He currently serves on the CPA Canada Unified Rules Standing Committee.

Ted joined CGA-BC as manager of regulatory practices in 2009. In addition to overseeing CGA-BC's professional conduct area, he continues to serve as secretary to each of the following committees: ethics, discipline, appeals, and member readmission. Ted previously served on the CGA Canada Ethics Task Force, responsible for maintaining the national rules of conduct.

Prior to joining CGA-BC, Ted ran his own litigation practice in Vancouver. He subsequently spent a number of years with the Legal Services Society of BC, ultimately serving as its general counsel and as director of legal advice and representation, overseeing the provision of legal services to low-income British Columbians.



Roger Merkosky, CPA, CA – Director, Regulation and Registrar

In this role, Roger's primary responsibilities will be in the areas of continuing professional development (CPD), membership, and other regulatory matters.

Roger was recently appointed chair of the National CPD Group, which reports to the CPA Public Trust Committee.

Roger joined the ICABC in 2011. His previous work included 11 years with a Big Four firm, where he spent four years in the national office in the areas of professional development and practice advisory services. Roger then spent 10 years in industry with AB InBev, holding several senior financial roles based in Belgium, Croatia, and most recently in Toronto (where he served as CFO of Labatt). Roger relocated to Vancouver in 2008 and subsequently held senior financial roles with two Vancouver-based companies before joining the ICABC. ■

Look for part II of our series in the November/December issue of *CPABC in Focus*.

Recommended changes in our regulatory areas ➔



Building a New Framework:
Recommended Changes in Our Regulatory Areas

From the Regulatory Affairs Team

One of the most critical and complex components of the unification process is the merging of our three legacy regulatory frameworks into one new framework that will best fulfil our mandate to protect the public while also serving our members. As you can imagine, this requires a detailed, thoughtful process involving much research, consideration, and collaboration.

Many of these recommendations have already been developed and approved by the Transitional Steering Committee (TSC), which is recommending that they be adopted by the CPABC Board following the enactment of, and subject to, CPABC legislation. For the time being, they remain recommendations; however, many are consistent with current legacy practices—therefore, the likelihood of their ultimate adoption is high. The regulatory processes of each legacy body are robust and, collectively, present a very compelling picture. The development of the CPABC recommendations has allowed us to select the very best of these practices, resulting in an even more robust approach towards regulation.

When developing CPABC's new regulatory structure for membership, continuing professional development, practice inspection, and ethics and discipline, international and national standards were reviewed and existing legacy practices were compared. Consideration was also paid to the practices of other provinces and regulatory bodies. This research provided the platform on which the CPABC recommendations could be created. Once draft recommendations had been developed, they were presented to a volunteer group consisting of members from each legacy body and several public representatives. Input was received from this group and appropriate amendments were made. The resulting recommendations were then presented to the TSC for approvals and reviewed by the legacy Boards/Council.

Although the timing for the implementation of some of the recommendations will depend on the timing of CPA legislation in BC, some changes *will* be implemented early in 2015—in time for the next CPD and member billing cycles; if CPA legislation is not enacted in BC by then, the legacy bodies will make adjustments to their governing documentation, where necessary, to enable the changes.

Below, you'll find a list of key areas in which changes are recommended. More details will be available later this fall on our website and in future issues of our various publications.

Area: Membership

New for all three legacy bodies:

- Changes to the definitions and relief of various fee exemption and fee reduction categories.

New for the ICABC:

- A stricter and tighter process for the suspension and cancellation of members who do not pay their membership dues.

New for CMABC:

- The introduction of an ethics course as a pre-certification requirement.
- Permission to hold multiple provincial memberships.

New for CGA-BC:

- Moving the ethics course requirement for new admissions from the *post*-certification stage to the *pre*-certification stage.
- Permission to hold multiple provincial memberships.
- The introduction of a suspension and cancellation process in place of a deemed resignation process for members who do not pay their membership dues.

Area: CPD

New for all three legacy bodies:

- Changes to the definitions and relief of various CPD exemption categories.

New for the ICABC:

- Moving from a *fixed* three-year reporting cycle to a *rolling* three-year reporting cycle (2014-2016 will be the last fixed cycle, and 2015-2017 will be the first rolling cycle).
- Four hours of mandatory ethics education for each three-year cycle, beginning with the 2015-2017 cycle.
- The introduction of a late reporting administrative fee.

New for CMABC:

- A reporting period that coincides with the calendar year, and *learning hours* instead of *credits* (already effective for the current reporting period).
- Requiring members to report the number of hours for two categories (verifiable and unverifiable) rather than providing detailed reporting, beginning with 2015 CPD.
- Four hours of mandatory ethics education for each three-year cycle, beginning with the 2015-2017 cycle.
- The introduction of a suspension and cancellation process within the current CPD reporting year for members who do not report sufficient hours.
- An annual audit process.

New for CGA-BC:

- Requiring members to report the number of hours for two categories (verifiable and unverifiable) rather than providing detailed reporting, beginning with 2015 CPD.
- Requiring members to accumulate four hours of ethics education in each cycle, beginning with 2015 CPD (replaces the mandatory four-hour ethics course per cycle).
- The introduction of a suspension and cancellation process for members who do not report sufficient hours.

Area: Practice Inspection

For the ICABC and CMABC, the new practice inspection process will be very similar to existing ones. For CGA-BC, there will be some substantive changes, as summarized below.

New for CGA-BC*

- Moving from the assessment of individual practitioners to the assessment of firms, whereby the results of the individual partners will affect the overall results of the firm, and partners will be made aware of the outcomes of inspections for their fellow partners.
- As assessment relates to the firm, re-inspection will also focus on the firm, and the scope of the re-inspection may include all partners in the firm who perform the type of engagements that did not meet the inspection requirements.
- The introduction of a substantially different practice inspection methodology—one that includes different file selection, different categorization and evaluation of deficiencies, and different consequences; the most significant of these consequences is the re-inspection requirement if the firm is deemed not to have met the standards.
- Assessing practitioners based solely on their adherence to the standards of the *CPA Canada Handbook* (currently, CGA practitioners are assessed on their adherence to both the *CPA-Canada Handbook* standards and the *CGA-Canada Public Practice Manual*).
- Adopting the CPA national practice inspection approach, and no longer providing practitioners with practice review questions in advance (currently, CGA practitioners are provided with a copy of the practice review questions on registration or on request. In addition, they also receive a full report at the time of practice review, which includes all review questions).
- Practice review officers (PROs) will share preliminary assessments and preliminary recommendations/consequences at the conclusion of inspections (currently, CGA practice reviewers do not provide practitioners with any assessments during reviews).

* CGA-BC practitioners will receive a targeted communication in September with more detailed information.



Sergey Nivens/iStock/Thinkstock

Area: Practice Registration (Licensing)

Recommendations for this area are currently under development.

Area: Ethics & Discipline

We anticipate that changes in this area will affect a very small number of members. Further details will be provided at a later date.

More details to come

Once again, be sure to watch for more information on regulatory changes on our website and in future issues of our various publications. In the meantime, if you have any questions about changes to regulatory processes, or existing policies, please contact the regulatory affairs team member of your legacy body. ■





BDO PROVIDES CREDIBILITY WHERE IT COUNTS

Business Valuations Litigation Support Fraud Investigations

Spencer Cotton, CPA, CA, CBV
Partner
scotton@bdo.ca

Rosanne Walters, CPA, CA, CBV, CFE
Senior Manager
rwalters@bdo.ca

600 – 925 West Georgia Street
Vancouver BC
604 688 5421
www.bdo.ca

BDO

New CPABC PD Program Launched!

By Moira Bryans, CPA, CA

We are delighted to announce the launch of the new CPABC PD program, effective September 1, 2014! This new integrated program represents a significant milestone in the unification process. Building on the strengths of the legacy PD programs, it will enable members to access a much larger and broader selection of courses—all from one source.

Here's a high-level summary of the new program.

A new schedule for all

The integrated PD program will be divided into two periods annually: fall/winter (September through March) and spring/summer (April through July). This is a new schedule for all three legacy bodies, as the ICABC and CMABC previously had three distinct seasons (fall, winter, and spring), and CGA-BC had one continuous season (September through July).

The new schedule will enable many members to plan their PD much further ahead, and with more information about future course titles and dates. A printed catalogue of PD offerings will be available for each PD period.

More choices, more conferences, more free offerings

With a greatly expanded PD program, members will have access to more PD titles and multiple offerings of our most popular titles. You'll find professional development more convenient and relevant than ever before.

In the Fall/Winter Program alone, we're offering more than 650 sessions. More than 250 of these sessions will be offered outside of Vancouver, and almost 300 are unique titles. Additionally, we're offering more than 30 web-based titles (audio-web recordings, as well as interactive online seminars).

More PD weeks

We've also increased the number of PD weeks. There will now be two PD weeks held in Vancouver, Victoria, and Kelowna, instead of only one in each city. Here's a breakdown of the PD weeks being offered in the Fall/Winter Program:

- Kelowna – Oct 20-24, Coast Capri Hotel
- Kelowna – Nov 17-21, Ramada Hotel and Conference Centre
- Nanaimo – Dec 2-6, Coast Bastion Hotel *(new location for CAs and CMAs)*
- Parksville – Oct 20-24, Quality Resort Bayside
- Surrey – Nov 17-21, Sheraton Guildford Hotel
- Vancouver – Nov 3-8, Vancouver Convention Centre, West
- Vancouver – Dec 8-13, Vancouver Convention Centre, West
- Victoria – Oct 27-31, Victoria Conference Centre
- Victoria – Nov 24-28, Marriott Inner Harbour

Special PD conferences on deck

We have three PD conference days lined up in October and November, all of which will take place in the Vancouver Convention Centre:

- *New for all members:* **Estate Planning Conference Day**. This is a joint conference between CPABC and the Society of Trusts and Estate Practitioners, and it will take place on October 15.
- *New for CPA, CGAs:* **Practitioners' Potluck**. This biannual conference for public practitioners addresses issues relevant to managing a successful public practice in BC. The Practitioners' Potluck will take place on October 24.
- *New for CPA, CGAs:* **Members in Business and Industry PD Day**. This conference, which addresses emerging trends in industry, is now available for all members in industry. It will take place on November 25.

Free PD for all

Free PD is very popular with members from all three legacy bodies. The new integrated program will continue to offer free PD on topics of general interest to the membership—in fact, we are committed to scheduling more free PD seminars in the coming year, so be sure to read our email alerts, look out for our *PD Pathways Newsletter*, and check our website often!

As many of you know from experience, these free PD sessions fill up quickly, so it's important to register early. To accommodate those who don't register in time and those who simply aren't able to attend (due to scheduling or geography, for example) we record the sessions in audio-web format whenever possible and make them available to all members for free.

Executive programs – new offerings added

Executive programs are multi-day, interactive, in-residence programs. With the launch of the new CPABC program, the suite of executive programs has been expanded to include:

- The CPABC Controllership Program – a two-part certificate program comprised of:
  1. The Controller's Management Program (Sept 10-13, 2014) – *NEW*
  2. The Controller's Operational Skills Program (Oct 19-22, 2014; Apr 19-22, 2015)
- The CPABC CFO Program – a two -part certificate program comprised of:
  1. The CFO Leadership Program – coming in fall 2015
  2. The CFO's Operational Skills Program (Nov 23-26, 2014) – *NEW*
- Advanced Program: The CFO as Navigator – May 24-27, 2015

PD passport program continues to offer great savings

Our PD passport program enables members to save up to 40% off regular seminar prices. The passports entitle holders up to six days of PD passport-valid seminars between September 1, 2014 and July 31, 2015.

MjDigitalArt/iStock

Two kinds of passports are available:

1. Personal PD Passport - Available to all members and registered students *(introduced to CPA, CGAs in 2014)*.
   - $1,550+GST (early bird—purchased prior to September 5, 2014: $1,350 + GST).
   - Non-transferable – only for use by the passport holder.
2. Flexi PD Passport – Available to members and non-members.
   - $1,950+GST (early bird—purchased prior to September 5, 2014: $1,750 + GST).
   - Transferable – share it with colleagues!

More products available

A number of products are available for those who cannot attend PD seminars in person.

1. *New for CPA, CGAs:* In-house presentations
   - Subject to instructor availability, any course in the CPABC PD brochure can be customized and delivered in-house, in a cost-effective manner.
2. *New for CPA, CGAs:* Audio-web recordings
   - Direct recordings from live PD seminars.
   - Qualify for verifiable CPD hours on successful completion of a quiz.
3. *New for CPA, CGAs:* Interactive online seminars
   - Flexible 14-hour seminars with access to an instructor for Q&As.
   - Topics available: ASPE, IFRS, CASs, and personal and corporate tax.

Contact CPABC PD for more info

For highlights of the Fall/Winter Program, see pages 42-43. Information about the integrated CPABC PD program is also available online at **pd.bccpa.ca**. If you need any help navigating through your PD choices, feel free to contact the CPABC PD department at 604-681-3264 or **pdreg@bccpa.ca**. Be sure to register early to secure your spot and avoid disappointment!

As detailed in this issue (page 18), Moira Bryans, CPA, CA, was recently appointed vice-president of the CPABC PD Program.

CPABC Chapters Are Up and Running!

It's official—CPABC chapters are open for business! Building on the strengths of the CGA-BC and CMABC chapters and the ICABC associations, the 15 newly launched CPABC chapters will provide a local presence for the profession throughout the province.

The CPABC chapters will connect and engage with members, students, and candidates by organizing a broad range of activities in their respective communities, including networking sessions and professional development opportunities. While members, students, and candidates are welcome to attend the events of any chapter in BC, each has been assigned a specific chapter based on their preferred mailing address.

To facilitate engagement, each chapter has set up its own blog at **www.chapters.bccpa.ca**. There they will post any news about upcoming events—such as the CPABC Member Engagement Tour, which will see CPABC President & CEO Richard Rees, CPA, FCA, and the provincial board chairs/president attending inaugural chapter events. The blogs will also feature event recaps (including photos).

FAQs about the new CPABC chapters

Q: How can I get involved with my chapter?

A: If you are interested in volunteering with your chapter, please fill out the online volunteer form at **www.bccpa.ca/volunteerform**. A member of the chapter board will then contact you over the coming weeks regarding volunteer opportunities. Alternatively, you can attend an upcoming chapter event and let one of the chapter board members know of your interest in volunteering.

Q: How can I stay informed about events in my area?

A: As mentioned above, each CPABC chapter has its own blog, via which it will provide the latest news and details on upcoming events, including any professional development opportunities it will be hosting.

The chapters will also send out regular emails to promote upcoming events, so make sure your legacy body has your current email address in its membership database.

Additionally, you can sign up to receive an RSS feed, which will keep you informed of any updates made to the blog.

Q: I recently moved, and my current chapter is no longer correct. What should I do?

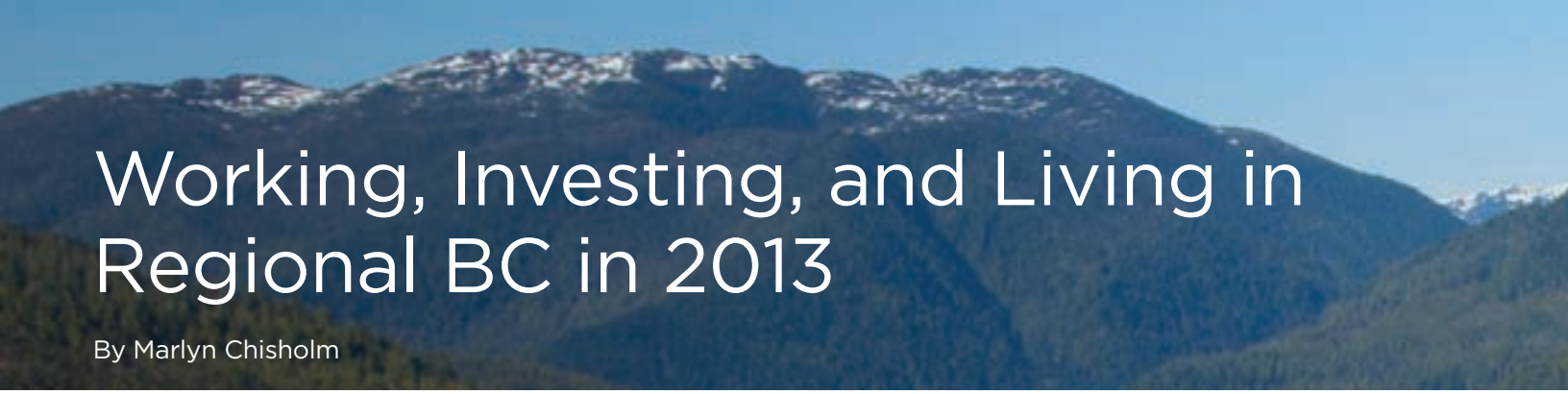
A: Please ensure that your legacy body has your new address and make sure it is listed as your primary or preferred mailing address. The CGA-BC, CMABC, and ICABC databases send emails based on this information. *Note:* Only members in BC have assigned chapters; non-resident members do not have assigned chapters.

Q: I live in one chapter's region but work in another. Can I receive information from both chapters?

A: Not at this time. Again, the chapter distribution lists are based on each member's primary/preferred mailing address as listed in their legacy body's membership database. However, members are welcome to attend events hosted by other chapters—to stay informed about other chapters' upcoming events, check their blogs at **www.chapters.bccpa.ca** and/or subscribe to their RSS feeds.



STILLFX/iStock/Thinkstock



Working, Investing, and Living in Regional BC in 2013

By Marlyn Chisholm

Note to readers: In addition to producing the annual *BC Check-Up* report, which evaluates British Columbia's economic health as a whole, CPABC also produces regional reports each year that measure the vital stats of the province's eight Development Regions. Combined, the provincial and regional reports provide valuable insight into the province's current and future well-being, and what it means to work, invest, and live here. Look for a summary of the 2013 *BC Check-Up* to appear in the November/December issue of this magazine.

Slow economic recovery continues in BC

Last year, British Columbia continued in its path to full economic recovery post-recession with limited economic growth. BC's economic performance in 2013 was lacklustre, with annual GDP growth staying at 1.5% for the second consecutive year. On the positive side, however, the value of the province's export sector rose by 5.9%—reaching $33.3 billion—with lumber, natural gas, and metallic minerals all registering respectable gains. An upturn in the US and BC housing markets also helped to restore some market confidence, although this was not reflected in consumer spending or job creation rates.

Overall, the outlook for our provincial economy is positive. For the first time since 2009, the BC government is projecting small surpluses over the next few years, due to a combination of reduced spending and proposed tax increases (including an increase in tobacco taxes). BC is also expecting a real GDP growth rate of up to 2.3% in 2014,[1] based on the assumption that exports of natural resources will continue to increase.

One of the province's greatest economic opportunities lies with the liquid natural gas (LNG) industry in Northern BC, where there are presently 12 proposed pipeline and gas processing projects. If even a small number of these proposed projects get the go-ahead, enormous amounts of capital will be injected into the provincial economy, creating thousands of new jobs, helping to put government revenues well into the black, and bringing untold indirect economic benefits.[2]

Working in regional BC

Job creation

After three successive years of growth, BC's employment trend reversed in 2013, with the number of employed workers in our province dropping to 2.3 million—a decline of 4,400 workers.

Employment changes varied across the Development Regions. The Kootenay Development Region saw the greatest regional job creation last year with a gain of 3,100 jobs—almost entirely in the service sector. The Mainland/Southwest was second in terms of job gains last year with the creation of 2,100 new positions. The Vancouver Island/Coast and Northwest BC both experienced modest employment gains, with the creation of 1,900 and 600 new jobs, respectively.

By contrast, the Northeast, Cariboo, and Thompson-Okanagan all experienced employment losses in 2013.The Northeast saw its first net loss of jobs in four years, as employment dropped by 800 jobs. The Cariboo saw total regional employment losses of 3,900 in 2013, ranking second only to the Thompson-Okanagan in terms of job losses, as the latter recorded a loss of 7,500 jobs.

[1] TD Bank Economics, *Provincial Economic Forecast*, April 2014.

[2] For thought-provoking articles on LNG, be sure to check out the fall 2014 issue of CPABC's e-magazine *Industry Update* (at **bccpa.ca** under the Publications tab), which examines the economic potential of LNG in BC, the global LNG market, transportation logistics, infrastructure requirements, the need for meaningful engagement with local First Nations, and environmental concerns.

dan_prat/iStock

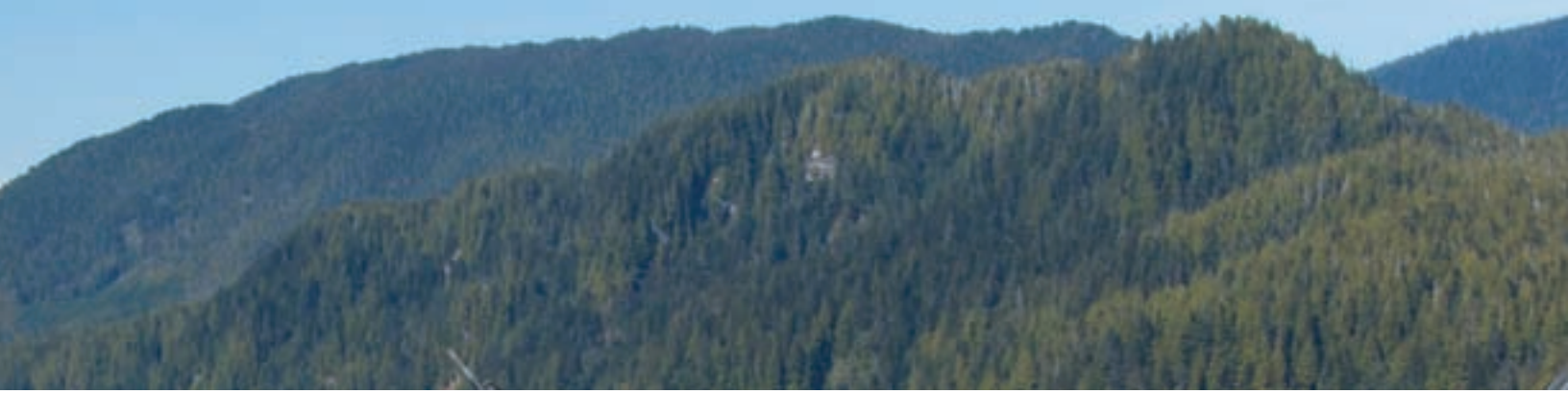


Table 1: Employment in All Development Regions, 2008-2013 (000s)

							Job Creation (000)	
Region	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**5-Year 2008-13**	**1-Year 2012-13**
Cariboo	83.5	75.5	80.3	81.2	85.2	81.3	-2.2	-3.9
Kootenay	71.6	71.0	69.4	72.1	74.8	77.9	6.3	3.1
Mainland/Southwest	1,382.9	1,369.2	1,388.4	1,419.1	1,447.4	1449.5	66.6	2.1
Northwest BC	44.8	41.5	40.4	43.3	39.3	39.9	-4.9	.6
Northeast	37.7	35.8	37.0	37.2	39.7	38.9	1.2	-.8
Thompson-Okanagan	256.6	248.0	257.2	254.7	256.7	249.2	-7.4	-7.5
Vancouver Island/Coast	389.3	377.0	383.8	367.1	369.5	371.4	-17.9	1.9
British Columbia	**2,266.4**	**2,217.9**	**2,256.5**	**2,274.7**	**2,312.5**	**2308.1**	**41.7**	**-4.4**
Goods	490.9	438.8	442.7	447.4	459.1	446.2	-44.7	-12.9
Services	1,775.6	1,779.1	1,813.8	1,827.2	1,853.4	1861.9	86.3	8.5

Source: Statistics Canada

Unemployment

Last year, BC's unemployment rate declined slightly, dropping by 0.1 percentage points (ppt), down to 6.6%.

The largest decline in the unemployment rate occurred in Northwest BC, where it dropped by a dramatic 4.1 ppt in one year. The unemployment rates of the Kootenay, Cariboo, and Mainland/Southwest declined by 2.1 ppt, 1.3 ppt, and 0.1 ppt respectively. Conversely, the unemployment rate in both the Thompson-Okanagan and Vancouver Island/Coast rose by 0.2 ppt in 2013, while the Northeast saw a rise of 0.8 ppt—its first increase since 2009.

Table 2: Unemployment Rate in All Development Regions, 2008-2013

							Percentage point change	
Region	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**5-Year 2008-13**	**1-Year 2012-13**
Cariboo	6.7	12.1	8.1	7.6	7.0	5.7	-1.0 ppt	-1.3 ppt
Kootenay	4.9	8.7	9.3	8.2	7.3	5.2	0.3 ppt	-2.1 ppt
Mainland/Southwest	4.3	7.2	7.6	7.3	6.8	6.7	2.4 ppt	-0.1 ppt
Northwest BC	7.8	10.6	10.2	8.6	10.7	6.6	-1.2 ppt	-4.1 ppt
Northeast	4.8	7.0	6.8	4.9	4.1	4.9	0.1 ppt	0.8 ppt
Thompson-Okanagan	5.5	8.8	8.6	7.9	6.9	7.1	1.6 ppt	0.2 ppt
Vancouver Island/Coast	4.4	7.3	6.3	7.7	6.0	6.2	1.8 ppt	0.2 ppt
British Columbia	**4.6**	**7.7**	**7.6**	**7.5**	**6.7**	**6.6**	**2.0 ppt**	**-0.1 ppt**

Source: Statistics Canada

Investing in regional BC

Business and investment activity

By the end of 2013, there were 963 major projects proposed, underway, completed, or on hold in BC, with a combined value of $309 billion. Residential and commercial projects accounted for half, with the remaining projects occurring in utilities, mining, oil and gas extraction, transportation and warehousing, public services, manufacturing, and other services industries. As of December 31, 2013, 380 projects were underway and another 35 projects had been completed.[3]

Several of the largest projects either proposed or underway are located in Northern BC. In fact, approximately half of the total value of projects in our province in 2013 was located in the North Coast, Nechako, and Northeast. The feasibility of the northern projects will depend on market developments for natural resources, as well as the nature of the BC investment climate. Resource industries in the North have attracted tremendous amounts of capital investment during the past few years. If at least a few of the proposed major projects in this region proceed, investments will increase, bringing corresponding economic benefits locally and provincewide.

Business bankruptcies

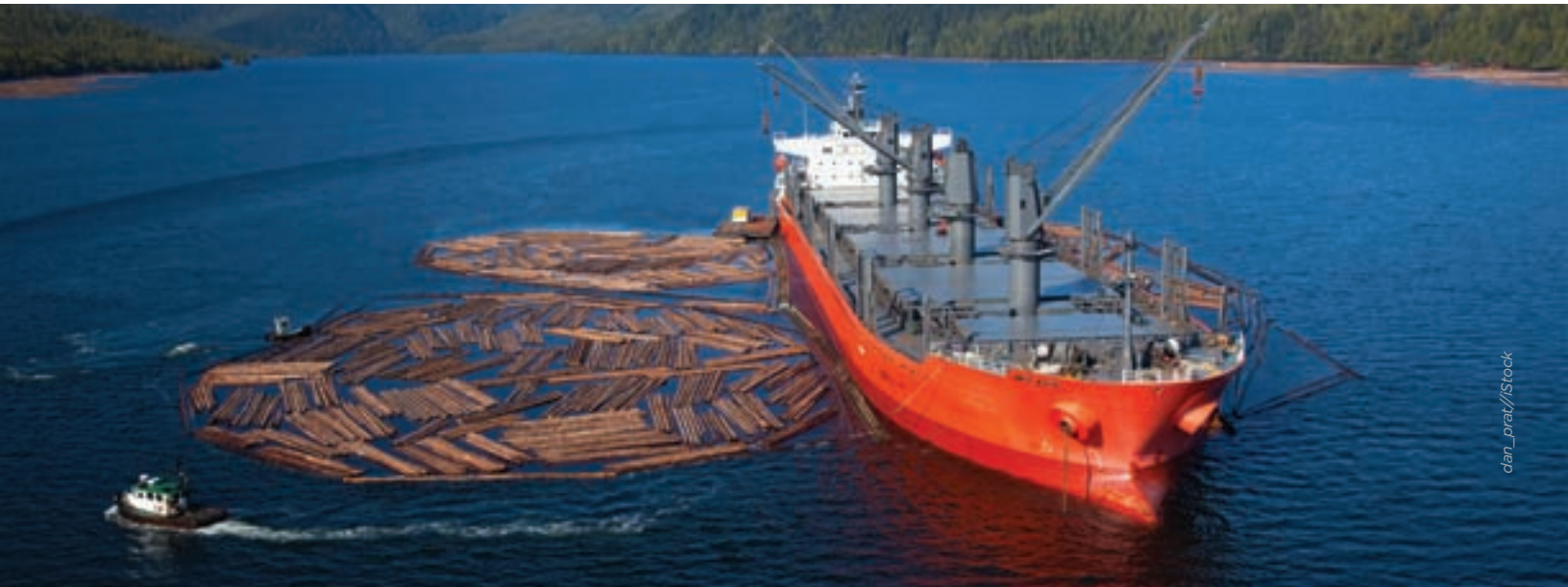
The number of business bankruptcies in BC fell by 5.1% in 2013. The greatest decline in terms of percentages occurred in the North Coast; however, in absolute terms, the number was small, as a decline of two bankruptcies signified a decline of 100%. The number of bankruptcies also declined in the Cariboo, Kootenay, and Mainland/Southwest. By contrast, the number of bankruptcies increased in the Thompson-Okanagan and Vancouver Island/Coast.

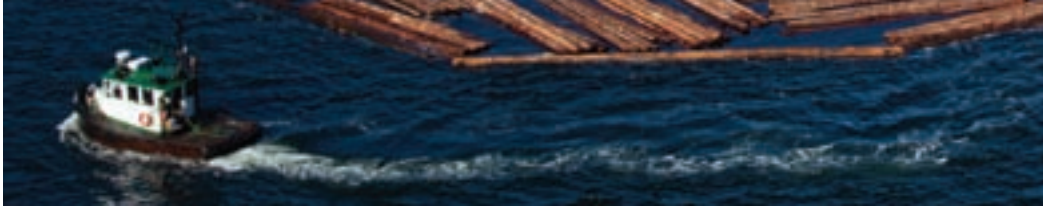
Table 3: Business Bankruptcies in all Development Regions, 2008-2013

							Percentage point change	
Region	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**5-Year 2008-13**	**1-Year 2012-13**
Cariboo	42	36	3	3	2	1	-97.6%	-50.0%
Kootenay	16	9	7	7	11	5	-68.8%	-54.5%
Mainland/Southwest	181	205	127	108	108	86	-52.5%	-20.4%
Nechako	8	4	4	1	0	0	-100.0%	0.0%
North Coast	5	6	0	2	2	0	-100.0%	-100.0%
Northeast	9	4	5	4	3	3	-66.7%	0.0%
Thompson-Okanagan	86	67	42	33	43	54	-37.2%	25.6%
Vancouver Island/Coast	92	49	40	34	23	40	-56.5%	73.9%
British Columbia	**453**	**380**	**229**	**192**	**198**	**188**	**-58.5%**	**-5.1%**

Source: Statistics Canada

[3] BC Ministry of Jobs, Tourism and Skills Training, *BC Major Projects Inventory*, December 2013.





Educational attainment

Since 2000, BC's labour force has continued its trend towards a higher level of educational attainment. In 2013, the share of BC's labour force aged 25 to 54 with at least a post-secondary certificate or diploma rose by 1.5 ppt to 68.1%—its highest rate ever.

With the exception of the Cariboo, educational attainment in the labour force improved in all jurisdictions in 2013. The greatest increases took place in the Mainland/Southwest and Northeast, where the indicator rose by 2.1 ppt. Educational attainment rose by 1.7 ppt in the Thompson-Okanagan, while the Kootenay Development Region and Northwest BC experienced an increase of 0.4 ppt. The Vancouver Island/Coast experienced a negligible increase of 0.1 ppt, while educational attainment in the Cariboo declined by 3.1 ppt.

Consumer insolvencies

The consumer insolvency rate, defined as the number of personal financial insolvencies per 1,000 adult population, is an indicator that reflects the collective outcome of economic change, consumer behaviour, and/or credit market developments such as a hike in interest rates. In previous years, we have focused on bankruptcy data only, but due to provincial growth in the number of consumer proposals, we now include both indicators in our discussion.[4]

The provincial consumer insolvency rate rose by 28% between 2008 and 2013, with the greatest spike occurring in 2009 (at the time of the global financial crisis), but it has dipped to lower levels since that spike. In 2013, BC's consumer insolvency rate remained at the same rate as in the previous two years: 3.2 per 1,000 adult population.

The one-year trend in insolvency varied widely throughout BC. In the North Coast and Northeast, insolvencies declined significantly, dropping by 40.9% and 29.2%, respectively. The Thompson-Okanagan and Cariboo saw smaller reductions, while the Kootenays saw no change in this indicator at all. The insolvency rate rose slightly in the Vancouver Island/Coast (2.6%) and Mainland/Southwest (3.6%), but Nechako recorded the largest increase of 11.1%.

A closer look at the insolvency data shows that most Development Regions are enjoying lower bankruptcy rates since 2009. On the other hand, most have also seen an increase in the number of consumer proposals.

Table 4: Annual Consumer Insolvency Rates per 1,000 Population Aged 18 Years and Older in All Development Regions, 2008 to 2013

							Percentage point change	
Region	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**5-Year 2008-13**	**1-Year 2012-13**
Cariboo	3.7	5.3	4.7	4.0	4.0	3.9	5.4%	-2.5%
Kootenay	1.7	3.4	3.5	2.9	3.3	3.3	94.1%	0.0%
Mainland/Southwest	2.4	3.3	3.1	2.9	2.8	2.9	20.8%	3.6%
Nechako	2.5	3.2	4.3	2.3	1.8	2.0	-20.0%	11.1%
North Coast	1.8	3.1	3.6	1.9	2.2	1.3	-27.8%	-40.9%
Northeast	2.2	3.0	4.4	2.2	2.4	1.7	-22.7%	-29.2%
Thompson-Okanagan	2.7	4.4	4.5	4.2	4.0	3.8	40.7%	-5.0%
Vancouver Island/Coast	3.0	4.2	4.0	3.8	3.8	3.9	30.0%	2.6%
British Columbia	**2.5**	**3.7**	**3.5**	**3.2**	**3.2**	**3.2**	**28.0%**	**0.0%**

Note: Insolvency rate calculations include both bankruptcies and proposals.
Sources: Office of the Superintendent of Bankruptcy Canada and Statistics Canada

Full reports available online

Full versions of the regional *Check-Up* reports are available at **www.bccheckup.com**. For more information about the reports, contact Vivian Tse, manager of public affairs for the ICABC, at **vtse@bccpa.ca**.

Marlyn Chisholm is the principal of Chisholm Consulting and the lead economist on CPABC's annual BC Check-Up *report, a summary of which will appear in the next issue of* CPABC in Focus.

[4] A consumer proposal is an alternative to bankruptcy whereby the indebted consumer negotiates to repay only a part of their debt. This allows the debtor to keep their assets as long as they continue to make payments on any loans secured by those assets, such as a home mortgage.



Left to Right:
Vern Blair, Cheryl Shearer, Robert D. Mackay, Kiu Ghanavizchian, Malcolm Ellison, Gary M. W. Mynett, Chris Halsey-Brandt, Andy Shaw, Jeff P. Matthews, Farida Sukhia

Blair Mackay Mynett Valuations Inc.

is the leading independent business valuation and litigation support practice in British Columbia. Our practice focus is on business valuations, mergers and acquisitions, economic loss claims, forensic accounting and other litigation accounting matters. We can be part of your team, providing you with the experience your clients require.

Blair Mackay Mynett
VALUATIONS INC

Suite 1100
1177 West Hastings Street
Vancouver, BC, V6E 4T5
Telephone: 604.687.4544
Facsimile: 604.687.4577
www.bmmvaluations.com

Vern Blair:	604.697.5276	Jeff Matthews:	604.697.5203	Chris Halsey-Brandt:	604.697.5294
Rob Mackay:	604.697.5201	Cheryl Shearer:	604.697.5293	Kiu Ghanavizchian:	604.697.5297
Gary Mynett:	604.697.5202	Farida Sukhia:	604.697.5271	Malcolm Ellison:	604.697.5242
Andy Shaw:	604.697.5212				

Highlights from the Regional *Check-Up* Reports

All numbers are from 2013.
Increases/decreases are in comparison to 2012 data.

WORKING:

Development Region (DR) with lowest unemployment rate: **Northeast (4.9%)**

DR with largest gain in employment numbers: **Kootenay (3,100 new jobs created)**



BC's unemployment rate: **6.6%**

Job creation in BC: down by **4,400**

Average labour compensation in BC: **$50,086**

INVESTING:

BC's real GDP growth: **1.5%**; forecast for 2014: **2.3%**

Exports rose by 5.9%, reaching **$33.3 billion**

# of major projects across BC: **963**; combined value: **$309 billion**

(half of this value was located in the North Coast, Nechako, and Northeast DRs)

BC's two largest export markets: **US (46%)** and **China (20%)**

LIVING:

BC's population grew by 0.9%, reaching **4.6 million** residents

61% of BC's population (2.8 million residents) lived in the Mainland/Southwest DR

# of international immigrants who moved to BC: **35,175**

Data source: Chartered Professional Accountants of British Columbia, regional Check-Up reports, 2014 (www.bccheckup.com/).
Map: BC Stats (www.bcstats.gov.bc.ca/App_Themes/BCStats/Maps/DR_blue.jpg).

Understanding Canadian Public Sector Financial Statements

From the Office of the Auditor General of British Columbia

Public sector organizations generally exist to provide services to the public rather than to generate profits. Business enterprises focus on generating profits and wealth for shareholders. So how do these two sectors differ in their preparation of financial statements?

Public sector financial statements differ from those of business enterprises. Individuals reviewing public sector financial statements for the first time often wonder how to interpret the unfamiliar presentation, and many ask: "Why are the organization's assets separated on the statement of financial position?"; "What is 'net debt'?"; and "Why is the budget reported in the financial statements?" The answers to these questions rest with the fact that public sector organizations differ fundamentally in terms of their objectives, and, therefore, in terms of performance measurement. While a comprehensive description of public sector financial statements is beyond the scope of this article, the most unique features are discussed below.

When the Public Sector Accounting Board (PSAB) sets accounting standards for the public sector, it must factor in the sector's unique characteristics[1]; these unique characteristics drive many of the standards contained within the *CPA Canada Public Sector Handbook*. The principle characteristic unique to the public sector is that it generally exists to provide services to the public rather than to generate profits; this has a number of financial reporting implications, including the following:

- **Public sector entities provide services and redistribute wealth** – A significant portion of a public sector entity's operations are funded by non-exchange transactions, such as taxation revenues and grants. In order for financial statements to provide a full understanding of the nature and extent of these transactions for accountability purposes, accounting standards that address the recognition, measurement, presentation, and disclosure of these transactions are needed.
- **Budgets are used to communicate priorities** – The financial statements include the approved budget compared with the actual results. This enables readers to see how actual resource allocation and revenue generation differed from those originally planned.
- **Tangible capital assets are held to provide services** – In the public sector, tangible capital assets and other assets are not used to generate cash flow. In the financial statements, these assets are presented as non-financial assets, separate from the assets that generate cash flow or that can be used to repay liabilities (financial assets). The separation of financial and non-financial assets in the statement of financial position is the basis for the presentation of "net debt," a performance measure unique to public sector financial statements (described on the facing page).

[1] Section 1100 Financial statement objectives – Appendix A of the *CPA Canada Public Sector Handbook* includes a full list of unique characteristics and the resulting financial reporting implications.

US and cross-border tax is our business.

Let us help you with yours.



US citizens resident in Canada

Cross-border business activities

Canadians with US investments

US tax return preparation

Liz McLeish, CA
Sidhartha Rao, JD I LLM
Warren Dueck, CPA I FCA
Lori Lui, CGA
Steven Flynn, CPA I CA
Daren Raoux, CPA I CA

T: 604.448.0200
Toll Free: 1.855.448.0200
uscrossbordertaxblog.com
wldtax.com

W. L. Dueck & Co. LLP
US and Cross-Border Tax Solutions

VANCOUVER RICHMOND CALGARY

Measuring Performance in Public Sector Financial Statements

While the primary focus is often on the annual operating surplus or deficit, this measure only tells part of the story. Performance measurement is much broader in the public sector than it is for a business enterprise focused primarily on delivering profits.

The statement of financial position

This financial statement presents net debt or net financial assets, as well as accumulated surplus or deficit. Both measures help readers see the cumulative impact of past transactions and events on future revenue requirements and service capacity.

Net debt or net financial assets

Net debt, a term unique to public sector financial reporting, refers to the difference between an entity's financial assets and its liabilities at a specific point in time. Because this performance measure is presented directly within the statement of financial position, readers do not see total assets presented in public sector financial statements (again, non-financial assets are reported separately).

Being in a net debt position means financial assets are insufficient to repay existing liabilities, and future revenues will be required to fund costs incurred in prior years for the delivery of services, investments in tangible capital assets, and other transactions. By contrast, a net financial asset position may provide opportunities for future services to be financed from existing resources. Given the importance of this performance measure, public sector financial statements also include the statement of change in net debt (or net financial assets).

Accumulated surplus or deficit

An accumulated surplus position means net resources (both financial and non-financial) are available that may be used to provide future services. An accumulated deficit position means that annual operating deficits (which reflect the amortization of tangible capital assets) have been financed through borrowing. Being in an accumulated deficit position means that an entity will require future revenues to finance its historic operations.

It is important to assess the strength or weakness of the position presented, as well as how the position is trending over time. For example, an entity in a strong financial position may incur operating deficits over several years, yet continue to maintain a relatively strong financial position.

The statement of operations

This financial statement presents annual operating surplus or deficit, which is the measure most readers focus on when reviewing public sector financial statements. This statement also provides information on revenue generation and resource allocation.

Reporting budget information within financial statements is unique to the public sector. This information primarily appears on the statement of operations, but it also appears in other statements where budget authorizations are normally required, such as tangible capital asset acquisitions or the issuance of new debt.

Annual budgets approved by elected officials and boards provide financial accountability information that explains how an entity intends to finance operations and spend available resources to achieve its objectives. Including the budget in the financial statements enables readers to compare actual results to the original plan.

Revenues are classified by source, providing readers with useful information on an entity's use of taxation or fees to finance operations, and on its potential dependency on transfers from other governments to provide services. Expenses are presented by program or functional classification rather than by type; this presentation by program informs readers of resource allocation decisions related to the entity's objectives, and explains how actual resource allocation compared to the allocation communicated in the original budget.

As is the case with the financial position performance measures discussed earlier, it is important to assess trends when evaluating financial performance.

Reporting the full financial performance story

Financial statements alone cannot tell the full story of financial performance. This is particularly true in the public sector, where performance objectives extend beyond profitability. For example, financial statements do not demonstrate how efficiently an entity has used its available economic resources when delivering services, or why the actual financial results differ from original plans. Recognizing these limitations, PSAB has developed four statements of recommended practice (SORPs) to help entities prepare accountability information not present in basic financial statements:

- SORP-1, *Financial statement discussion & analysis*;
- SORP-2, *Public performance reporting*;
- SORP-3, *Assessment of tangible capital assets*; and
- SORP-4, *Indicators of financial condition*.

The additional reporting recommended in the SORPs is meant to supplement basic financial statements and provide a more complete picture of performance in the public sector.

Additional resources

To increase awareness and understanding of public sector financial reporting, the Office of the Auditor General of BC has published several online resources, available at **www.bcauditor.com**:

- *Understanding Canadian Public Sector Financial Statements*
- *Public Sector Accounting Standards - Model Financial Statements for Government Organizations*
- *Summary of Canadian Public Sector Accounting Standards for Government Organizations*

In addition, the PSAB website (**www.frascanada.ca**) includes information on the financial reporting framework and current standard-setting activities. ■

Alexander Grischenko/iStock/Thinkstock



Linda Mezon is the chair of the Accounting Standards Board.

An Update on Accounting Standards: Major Changes and Developments

By Linda F. Mezon, FCPA, FCA, CPA (MI)

Note to readers: Linda Mezon has served as the chair of the Accounting Standards Board (AcSB) since July 2013. Prior to her appointment as chair, Linda was the chief accountant at the Royal Bank of Canada, where she was responsible for the interpretation and application of IFRS and US GAAP; there she also monitored compliance with Canadian regulatory requirements on financial disclosure and was responsible for auditor independence. Linda has been a frequent speaker on the topic of IFRS, being able to represent both the preparer and standard-setter points of view. She served as the AcSB vice-chair from January through June of 2013, and as an AcSB member from 2004 to 2012.

Here, Linda provides an update on the major changes and developments in the world of standard-setting.

Major private enterprise accounting standards on the horizon

We had two major changes to accounting standards for private enterprises (ASPE) that became effective for fiscal years beginning on or after January 1, 2014. "Employee Future Benefits," which is the new Section 3462 in Part II of the *CPA Canada Handbook – Accounting*, significantly changed the accounting for defined benefit plans. It eliminated the defer and amortize accounting option, and it requires the obligations and plan assets to be measured as of the balance sheet date. The old Section 3461 on employee future benefits permitted measurement up to three months earlier. This change eliminates a complex accounting model and results in more comparability for users.

Another major update concerned the definition of discontinued operations in Section 3475 of the *Handbook*. The AcSB's existing standard on this topic actually required more disposals to be classified as discontinued operations than the international financial reporting standards (IFRS). Users on the AcSB's Private Enterprise Advisory Committee

Dentons' Vancouver tax team.

From domestic and international tax planning to resolving tax disputes, and everything "tax" in-between, you can count on our advice.

Marie-Claire Dy
Partner, Vancouver
D +1 604 443 7106

Lori Mathison
Managing Partner, Vancouver
D +1 604 443 7118

Joel Nitikman
Partner, Vancouver
D +1 604 443 7115



Dentons. The new Global Elite law firm created by Salans, FMC and SNR Denton.*

DENTONS Know the way

dentons.com

© 2014 Dentons. Dentons is a global legal practice providing client services worldwide through its member firms and affiliates. Please see dentons.com for Legal Notices.

*Acritas Global Elite Law Firm Brand Index 2013.

agreed that the additional work wasn't appropriate, so the definition was changed to align with IFRS.

We also expect two major changes to ASPE to be issued in the third quarter of 2014 that will be effective for fiscal years beginning on or after January 1, 2016. One pertains to subsidiaries and the other to accounting for joint arrangements.

When we first introduced ASPE, we recognized that Accounting Guideline AcG-15, "Consolidation of Variable Interest Entities," was complex and difficult to apply. AcG-15 just did not meet the cost/benefit test for private enterprises, so we committed to replace it. We are doing this with new Section 1591, "Subsidiaries." This carries forward the current Section 1590 and incorporates new guidance on identifying entities that are controlled by means other than voting rights. ASPE does not require private enterprises to consolidate subsidiaries, but we think this new standard will benefit those that wish to do so.

The other major change relates to accounting for joint arrangements. We were concerned that the current level of free choice is too extensive and could cause an interest in a joint arrangement to be accounted for in a way that does not provide clear information. For example, under the current standard, an interest in a joint arrangement that, in substance, reflects interests in individual assets and liabilities could be accounted for by using the equity method, which would not show the liabilities. New Section 3056, "Joint Arrangements," will, therefore, restrict the accounting choices, and will require investors in jointly-controlled assets and operations to account for their interest in the individual assets and liabilities.

At the same time, the new standard will likely see most investments in jointly-controlled enterprises accounted for using the equity or cost method, unless the entity decides to do additional analysis. If the facts provided by the additional analysis support it, an interest in a jointly-controlled enterprise may actually provide an interest in the individual assets and liabilities—and companies will have the option to account for those as such.

One other major project relates to agriculture—an area that currently does not have a standard to support its accounting needs.

"Different perspectives are important to the standard-setting process. I hope that my preparer's perspective is bringing more focus to potential difficulties when it comes to applying the standards, including disclosure implications. At the same time, it is critical to carry on my predecessor's mandate to ensure that the technical aspects of each project the AcSB undertakes are sound. "I'm excited to have the opportunity to lead the AcSB. In particular, I greatly enjoy my interactions with stakeholders to help ensure the standards we set are the best they can be."

Agriculture is also an example of a topic on which the AcSB's current thinking differs from IFRS, as the latter requires biological assets to be measured at fair value. A discussion paper on agriculture is currently being developed, so stayed tuned.

In addition to major projects, the AcSB issues annual improvements each year. These are small changes to clarify the standards or address unintended consequences. The 2014 improvements will be issued this fall. While they are not required to be adopted until 2015, they may be helpful in preparing 2014 financial statements.

Reviewing accounting standards for not-for-profits

There was a lot of activity regarding not-for-profit accounting standards last year, and there's much more to come. Standards for not-for-profit organizations (NFPOs) include the not-for-profit sections from previous Canadian GAAP (now Part V of the *CPA Canada Handbook – Accounting*). These NFPO standards are now in Part III of the *Handbook*. To the extent that these standards do not address reporting topics, an NFPO applies the standards in Part II.

Following the issuance of the Part III standards, we developed a statement of principles (SOP) jointly with the Public Sector Accounting Board (PSAB) that addresses topics such as contributions, controlled entities, capital assets, and expense disclosures. This was issued for public comment in 2013, and during the comment period, we held extensive consultations to discuss the SOP at meetings across Canada.

We received an unprecedented number of comment letters from our stakeholders—290 in total. Given the volume of input received and range of views expressed, we're still analyzing the responses. The AcSB and the PSAB held a joint meeting to discuss next steps this past June. We'll be keeping stakeholders informed as we move forward.

Converging IFRS and US GAAP on a global scale

There are currently 122 countries around the world that use IFRS as their "language for financial reporting" to some extent, with the countries and regions that have not fully adopted IFRS providing for partial adoption in some manner. Companies that have adopted IFRS can use one set of financial statements to access capital markets in most countries around the world. This includes the US, as the US Securities and Exchange Commission (SEC) accepts IFRS financial statements from non-US companies.

However, the SEC has not undertaken any steps to begin adopting IFRS for use by US public companies as of yet, as it is dealing with other regulatory issues. Pending any decision by the SEC on the US adoption of IFRS, the US Financial Accounting Standards Board (FASB) continues to carry out its role and responsibility of setting US GAAP.

FASB also participates in international forums, including the IASB's Accounting Standards Advisory Forum, which I also participate in, but the program of IASB/FASB convergence on several key topics is winding down. Converged positions between the two boards were finalized on some standards, such

as with the recent release of a jointly-issued converged standard on revenue recognition. But, increasingly, they are coming to different conclusions on key aspects of their remaining joint projects.

That said… the AcSB and FASB have taken steps to achieve closer contact in the last year. FASB's chair and I, together with members from both boards, now meet periodically to provide updates and exchange views on global issues.

By participating in various global standards activities, we are continuing to seek ways to influence the IASB and FASB to narrow the differences between their standards.

Other key projects for the AcSB

We currently have a very important initiative ramping up: developing our next strategic plan, which would cover the years 2016 through 2021. To develop this, the board and its staff will be undertaking two main tasks.

First, we've undertaken a review of the effects of applying our current strategy, which is that we have separate sets of standards for publicly accountable enterprises, private enterprises, NFPOs, and pension plans. Our review of this strategy began back in 2010 when the AcSB started monitoring the experiences Canadians faced as they moved to apply IFRS, ASPE, and the other standards. We believe that this current strategy still holds true, and we will be continuing with these separate frameworks—in line with our belief that one size doesn't fit all.

Next, the AcSB will build on our findings from this review by identifying how we can better implement our various financial reporting strategies. We'll then develop a draft of our next strategic plan, which will be issued for public comment in 2015.

We look forward to hearing from our stakeholders and working with them on this initiative. ■

Additional information

Keep up with the AcSB and its activities by:

- Visiting **www.frascanada.ca** regularly, and
- Subscribing to *The Standard*, a weekly email from the standards boards and oversight councils that can be tailored to the standards news you want—from IFRS to ASPE to CASs—via **www.frascanada.ca/subscribe.**



Mertens Valuation Services Ltd.

Independent Expert Advice

Rick Mertens has been assisting fellow accountants and their clients with independent business valuation and related services for the past 10 years. Rick is located in the Greater Vancouver area but regularly works with clients located throughout British Columbia.

Rick is committed to providing high quality service in a personalized, timely and cost effective manner. He has extensive experience in business valuations, economic loss claims and transaction advisory.

In addition to his CBV and CPA / CGA designations, Rick has also completed the 3-Year In-Depth Tax Program of the CICA and other specialized courses, and can assist with various planning matters.

Business Valuation | Litigation Support | Transaction Advisory

Rick Mertens, CBV, CPA, CGA

#2300 – 2850 Shaughnessy Street
Port Coquitlam, BC, V3C 6K5
604-518-7551 | rick@mertensvaluation.com

www.mertensvaluation.com | facebook.com/mertensvaluation
www.linkedin.com/in/rickmertens

Standards Update Events

CPABC recently hosted two roundtables with staff of the Auditing and Assurance Standards (AASB) and Accounting Standards Boards (AcSB), as well as a free, "sold-out" PD session covering recently passed and proposed stan



L to R: Jan Sampson, CPA, FCA, Linda Mezon, FCPA, FCA, CPA (MI), Peter Martin, CPA, CA, and Nicky Lahner, CPA, CA.



AcSB Strategic Initiative Roundtable on June 23, 2014.

Roundtable Discussion on "Other Information":

On June 20, 2014, Chi Ho Ng, CPA, CA, CPA (IL), a principal with the AASB, led a roundtable discussion to gather stakeholder views on the International Standard on Auditing (ISA) 720 (revised) – *The Auditor's Responsibilities Relating to Other Information*. In recent years, there have been significant developments in corporate reporting, particularly in relation to companies' annual reports, as well as the importance ascribed by users to information contained in annual reports. The proposed ISA 720 specifies the responsibilities of the auditor relating to the range of other information in documents containing audited financial information. Over 25 members attended this session including Gord Cumming, CPA, CA, chair of the Review Engagement Task Force.

Roundtable Discussion on the AcSB Strategic Initiative:

On June 23, 2014, a second roundtable discussion was held to discuss the AcSB Strategic Initiative (developing the next strategic plan for the AcSB), which is expected to be issued for public comment in late 2015. This session was led by Linda Mezon, FCPA, FCA, CPA (MI), chair of the AcSB (and author of the Standards article on pages 34-36), and also featured speakers Nicky Lahner, CPA, CA, and Peter Martin, CPA, CA, both of whom are AcSB staff. Stakeholders were asked about their experience applying the existing accounting frameworks (primarily Part II), and input was sought on how the AcSB can better implement strategies going forward.

Complimentary PD on Accounting Standards:

CPABC hosted a complimentary PD breakfast session, "Accounting Standards Board Update," on June 23 at the Vancouver Convention Centre. Over 450 members attended this presentation by AcSB chair Linda Mezon, FCPA, FCA, CPA (MI). Mezon discussed how stakeholders shape accounting developments and provided an overview on developments in Canadian generally accepted accounting principles (GAAP). She was introduced and thanked by Jan Sampson, CPA, FCA, CPABC's executive VP of member services. This session has been taped and is available as a free Audio Web session (visit **http://pd.bccpa.ca/audio_courses/accounting_standards_board_update**).

How to stay up to date:

To stay up to date with standards, please visit the Financial Reporting & Assurance Standards Canada (FRAS) website at **www.frascanada.ca** and subscribe to its electronic newsletter. This website contains useful information such as discussion papers, exposure drafts, comment letters, and summaries of various standards projects currently underway. Also, contact information is available if you want to discuss any of these topics with staff of the various standards boards and oversight councils.

About the AASB

The Auditing and Assurance Standards Board (AASB) has the authority, as reflected in federal and provincial Business Corporations Acts and other legislation and securities regulations, to set generally accepted auditing standards (GAAS) for financial statement audits. The AASB also sets standards for other services performed by public accountants, including assurance services other than audits of financial statements such as reviews of financial statements and audits and reviews of information other than financial statements, as well as related services such as compilation engagements and engagements to perform agreed-upon auditing procedures. The AASB conducts its activities under the oversight of the Auditing and Assurance Standards Oversight Council (AASOC). Members of the AASB are volunteers appointed by AASOC. The AASB is supported by a staff consisting of a Director, six principals and one administrative assistant. Consultants are also engaged on an as-needed basis.

About the AcSB

The Accounting Standards Board (AcSB) is an independent body with the authority to develop and establish accounting standards for use by all Canadian entities outside the public sector. The activities of the AcSB are overseen by the Accounting Standards Oversight Council (AcSOC). AcSOC appoints the members of the AcSB and provides input to the AcSB, primarily in terms of its strategic direction and priorities. AcSOC also assesses and reports to the public on the performance of the AcSB.

Source: www.frascanada.ca



Melanie Campbell is a manager with PricewaterhouseCoopers in Vancouver, and is part of the technology tax services group, which specializes in providing tax consulting to private and public companies.



Sherri DuMerton is a manager with PricewaterhouseCoopers in Vancouver, and is part of the technology tax services group, which specializes in providing tax consulting to private and public companies.

Non-Residents Doing Business in Canada Face Increased Scrutiny

By Melanie L. Campbell, CPA, CA, and Sherri DuMerton, CPA, CA

With taxation authorities, including those in Canada, increasingly looking for ways to augment their cash flows, the taxation of non-residents has become an area of focus for many jurisdictions. Non-residents doing business in Canada also face increased scrutiny as a result of significant (and ongoing) changes made to the transfer pricing landscape, starting in 2013.

Contributing to these changes is the Organization for Economic Development (OECD), which has published an action plan to address the perceived flaws in the international tax rules in order to address tax base erosion and profit shifting (BEPS).[1] In its 2014 federal budget, Canada signalled that the OECD mandate around BEPS is an area of focus for the Department of Finance.

With the increased attention on non-residents doing business in Canada, non-resident persons/companies need to make sure they understand the current framework and the associated taxation and filing requirements.

"Carrying on business" in Canada

Generally, a non-resident that carries on business in Canada is subject to income tax on any income earned in Canada.[2] The term "carrying on business" is not defined for Canadian tax purposes in the *Income Tax Act* (the Act or ITA),[3] except in the extended meaning. As described in the extended meaning, a non-resident soliciting orders or offering anything for sale in Canada through an agent or servant[4] —whether the contract or transaction is to be completed in or outside of Canada—qualifies as carrying on business in Canada.[5]

Substantial jurisprudence has set out the factors to consider in determining whether a non-resident is carrying on business in Canada, and the CRA has elaborated on these factors in its administrative policy.[6] Canadian courts have generally accepted the principle that a corporation carries on business in the place or country in which its operations take place and from which its profits arise.

The place where profit-producing contracts, such as sales contracts, are entered into is recognized as a key factor in determining where a business is carried on. However, there are a number of other factors to consider as well, including:

- The place where services are rendered;
- The place from which transactions are solicited;
- The place where a non-resident's name and business are listed in a directory;
- The location of inventory;
- The location of a branch office; and
- The place where the non-resident's agents or employees are located.[7]

All relevant factors such as these should be considered in making the determination of whether a non-resident is carrying on business in Canada.

Understanding the impact of tax conventions

Where Canada has a tax convention with a non-resident's country, and where the non-resident is considered to be carrying on business in Canada, the tax convention determines to what extent the profits arising in Canada are taxable. Under most tax conventions, only those profits that are attributable to a permanent establishment[8] ("PE") in Canada are taxable in Canada.

[1] Included in the OECD action points are permanent establishments and the digital economy.

[2] *Income Tax Act* 2(3) – Tax payable by non-resident persons and ITA 219(1) – Additional tax (branch tax).

[3] ITA (Canada), R.S.C. 1985, c.1 (5th supplement) as amended. All statutory references herein are to the Act, unless otherwise noted.

[4] ITA 248(1) defines a servant or employee as a person holding the employment position of an individual in the service of some other person.

[5] ITA 253(b).

[6] See "Carrying on Business in Canada," *Report of the Canadian Tax Journal*, 1995 (Vol. 45, No. 5), for a synopsis of the jurisprudence vis-a-vis "carrying on business," as well as the CRA's administrative position.

[7] *CRA Audit Manual*, Section 15.2.7.

[8] Article VII(1) of the Canada – US Treaty ("the Treaty").

Nastco/iStock/Thinkstock

Most tax conventions into which Canada has entered are based on the OECD model, but for the purposes of this discussion, let's focus on the Canada-US convention ("the Treaty").[9]

Fixed place of business

The Treaty defines a PE to include a fixed place of business through which the business is wholly or partly carried on[10]; it includes: a place of management; a branch; an office; a factory; a workshop; and a mine, an oil or gas well, a quarry, or any other place of extraction of natural resources.[11]

The Treaty further expands the definition of a PE to include any building, construction site, or installation project that lasts longer than 12 months[12]; similarly, the Treaty expands the definition to include any installation, drilling rig, or ship in the exploitation of natural resources that is in use for more than three months during a 12-month period.[13]

Dependent agent

The Treaty includes a provision that will cause a PE in Canada if a dependent agent in Canada has and habitually exercises in Canada the authority to conclude on contracts.[14] Under this provision, a non-resident does not have to have a fixed place of business to have a PE in Canada. Note, however, that the provision will not apply if the agent is both legally and economically independent.

[9] The Treaty refers to the "Convention between the Government of the United States of America and the Government of Canada with Respect to Taxes on Income and on Capital," which was signed September 26, 1980, and amended by protocols signed June 14, 1983; March 28, 1984; March 17, 1995; July 29, 1997; and September 21, 2007.

[10] Article V(1) of the Treaty.

[11] Article V(2) of the Treaty.

[12] Article V(3) of the Treaty.

[13] Article V(4) of the Treaty.

[14] Article V(5) of the Treaty.

Services

The Treaty includes provisions to capture the growing services sector.[15] A services PE is deemed to exist if a non-resident person/company provides services in Canada in certain circumstances. Even if there is no fixed place of business, a services PE could still be created if:

- Services are provided for more than 183 days by an individual in any 12-month period, and more than 50% of the gross active business revenue earned by the non-resident during that period consists of income derived from services performed in Canada[16]; or
- Services are provided for 183 days or more and relate to the same or connected projects for customers in Canada.[17]

Preparatory or auxiliary services

The Treaty exempts certain activities of a preparatory or auxiliary nature from constituting a PE, even if they are being carried on through a fixed place of business. These activities could include the storage or display of goods, the maintenance of inventory for the processing or collection of information, and other activities of a preparatory or auxiliary nature (such as advertising, the supply of information, and scientific research).[18]

[15] Article V(9) of the Treaty was introduced in 2010 for an enterprise in a contracting state that provides services but does not have a PE by virtue on any other paragraph.

[16] Article V(9)(a) of the Treaty.

[17] Article V(9)(b) of the Treaty.

[18] Article V(6) of the Treaty.

Business Valuation
Litigation Support
Mergers & Acquisitions

Independence. Integrity. Experience.



VANCOUVER 604.678.6411
TORONTO 416.255.0993
KELOWNA 250.448.7450
TOLL FREE 800.658.7450

Don Spence FCA, FCBV, C.ARB
Derek Sanders CA, CBV, CFA
Tracey Harrop-Printz CGA

SVG spencevaluation group inc.
www.spencevaluation.com

TAILWIND CORPORATE FINANCE GROUP INC.
www.tailwindgroup.ca

Canadian tax compliance requirements

Generally, all non-resident corporations carrying on business in Canada are required to file an annual Canadian corporate income tax return. Canadian corporate tax returns are due six months after year-end (for example, a June 30 due date for a December 31 year-end). While the Treaty (or another tax treaty) may grant a company relief from Canadian income taxes, the requirement under the Act to file a Canadian income tax return still exists if the company is carrying on business in Canada. In such cases, the company should file a Canadian corporate income tax return, claiming the treaty exemption, by the filing due date.

A non-resident of Canada who carries on business in Canada through a PE is subject to the ordinary principles contained in the Act for the calculation of taxable income and must pay corporate income tax on any taxable income attributable to the PE.

The business income of a US company's Canadian PE should be calculated as if the PE were a separate and distinct person engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the head office and with any other person related to the company.[19] Accordingly, the transfer pricing policies should be applied to ensure that the income of the PE correctly reflects compensation for the PE's activities in Canada.

In addition to being subject to Canadian corporate income taxes, a non-resident corporation carrying on business in Canada through a PE (branch) will also be subject to a branch tax of 25%[20] on any after-tax profits that have not been reinvested in qualifying property in Canada.[21] This branch tax essentially replaces the dividend withholding tax that would be payable on dividends if the non-resident carried on business in Canada through a Canadian subsidiary.

Non-residents should also be aware of the withholding taxes they could face, and should determine if they are eligible to apply for a waiver to have withholding taxes reduced. Generally, in Canada, anyone who pays a non-resident a fee, commission, or other amount for services rendered in Canada needs to deduct and withhold 15% tax from such payments; this includes non-residents who pay other non-residents for services rendered in Canada.

Non-residents should also be aware of the withholding taxes they could face...

Taking stock

Non-resident companies need to understand the Canadian corporate tax rules and review all of their activities in Canada with the rules in mind. These activities will determine if they are carrying on business in Canada, and if they have a PE in Canada to which profits can be allocated. Failure to comply with the related income tax and tax filing requirements could lead to penalties and interest. ■

[19] Branch tax is reduced to 5% under the Treaty Article VII(2).

[20] Article VII(2) of the Treaty.

[21] ITA 219(1).

Vancity Investment Management meets high standards: your standards.

Your clients have come to expect a high standard of service. We're proud to extend the same standards of professionalism, expertise, and care and attention your clients deserve. Our team of experienced and accredited portfolio managers will provide your clients with objective advice and customized investment services, just as we have done for other high net-worth individuals, non-profit groups, foundations, unions, and organizations for the past 20 years.

Contact Kim Ly, Investment Management Consultant, to find out how Vancity Investment Management can help your valued clients reach their financial goals.



kim_ly@vancity.com
778.233.8158
vcim.ca/infocus

Vancity Investment Management



Global Integrator

Are you in control

of your multi-entity tax process?

***Get* your complimentary white paper today –**
Creating an Effective Tax Process to Mitigate Risk

Visit
www.cch.ca/cchglobalintegrator



To speak to an account manager, call 1.800.268.4522

Brought to you by the global tax experts at Wolters Kluwer

Global Integrator streamlines data collection, reporting and tax provisioning for multi-entity corporations. With *Global Integrator*, you're in full control of your tax process.

Save time.

Global Integrator drives efficiency with functions such as bulk data import from multiple accounts and instant computation change updates to all schedules and reports.

Enhance accuracy and compliance.

Designed for seamless compliance integration with *Corporate Taxprep*®, *Global Integrator* minimizes the need for manual journal entries and ensures consistency across the various charts of accounts.

Boost transparency and security.

Global Integrator lets you drill down to the source trial balance and define your reports. Strict administrative controls ensure data security.

Work more effectively.

From automated roll forwards and currency conversion to integrated calculations of head office GAAP, local GAAP and local tax, every function in *Global Integrator* helps you achieve the best results.

Wolters Kluwer
When you have to be right

Taxprep is a registered trademark of Wolters Kluwer Limited.

HIGHLIGHTS FROM OUR INTEGRATED FALL 2014 PD PROGRAM

With the launch of our newly integrated CPABC PD program, we now have an expanded selection of PD seminars to choose from! The fall 2014/winter 2015 program is now posted on our website at **pd.bccpa.ca**, where you'll find approximately 265 unique titles and more than 650 scheduled seminars. (By the time you receive this magazine, you should have also received a hardcopy version of the fall/winter PD catalogue.) Please email us at **pdreg@bccpa.ca** if you have any questions.

PD PASSPORTS FOR 2014-2015

PD Passports are a great way to save on your professional development training costs. With either the Personal or Flexi PD Passport, you can save up to 40% on seminar prices!

The 2014-15 PD Passports—valid for courses between Sep 1, 2014 through Jul 31, 2015—are available to all members now. Check for details online at pd.bccpa.ca, or contact us at pdreg@bccpa.ca to find out how you can save on your PD training needs.

FALL PD CONFERENCE DAYS

The Estate Planning Conference Day

This joint conference hosted by the Society of Trust and Estate Practitioners (STEP) Vancouver and CPABC is designed to provide STEP Vancouver and CPABC members with up-to-date, practical, and leading-edge information on estate planning. Don't miss out on this information-packed conference, where you'll get the chance to meet and network with other estate-planning professionals.

Oct 15, 8:30am-5pm, Vancouver

Practitioners' Potluck

We're pleased to host this popular annual conference for members in public practice once again. The conference was developed in response to feedback from practitioners who wanted a forum in which to discuss issues related to managing a successful public practice in BC. The conference features relevant and practical learning sessions that focus equally on professional development and technical knowledge, and the format is designed to encourage discussion.

Oct 24, 8:30am-5pm, Vancouver

Members in Business and Industry PD Day

This conference is designed to provide members in industry with practical information on timely issues in the most efficient way possible. The lineup features two plenary sessions and a selection of interesting and relevant breakout sessions for participants to choose from. Note: You will be required to make your choice of breakout sessions during the registration process.

Nov 25, 8:30am-5pm, Vancouver

CERTIFICATE PROGRAMS

Certificate in Executive Leadership

Great business leadership requires a unique blend of confidence, vision, and acumen. Strategic planning, adherence to ethical standards, sophisticated communication capabilities, project management, team building, and leading through crises—these are just a few of the skills needed. If you're looking to realize your leadership potential and take your career to the senior executive level, this is the certificate program for you.

To earn the certificate, participants must successfully complete a minimum of 60 hours from a qualifying list of 14 core seminars, each of which focuses on critical components of leadership (strategic planning, team development, social responsibility, and change management). Participants must also complete an additional 24 hours of course work, consisting of one-on-one public speaking coaching, one-on-one executive coaching, and case studies. For the list of course titles, cases, and coaches, please visit our website at **pd.bccpa.ca**, or email us at **pdreg@bccpa.ca**.

Strategic Management Certificate Program

This four-part certificate-based program focuses on the critical components of leadership and strategy. The four program modules are: "Strategic Planning"; "Risk Management and Governance"; "Team Development"; and "Change Management."

This program will be most valuable to mid-managers and those who are transitioning to senior management or executive roles, where this knowledge plays a key role in the decision-making process. To earn the certificate, participants must fulfil the competencies to successfully guide strategic planning and implementation through all phases of an organization's product/service life cycle.

NEW TITLES AVAILABLE THIS YEAR

Advanced Financial Statement Analysis

This seminar will focus on how to analyze financial statements, with a particular emphasis on the lesser known techniques that are becoming more and more important when comparing IFRS and ASPE reporting. It will review the right situations in which to use straightforward financial ratio analysis and will also address the adjustments that must be made to statements prior to the use of ratios so that financial analysis techniques can be applied effectively.

Nov 26, 9am-5pm, Vancouver

ASPE: Construction Industry

This course will explore the ASPE standards that are applicable to the construction industry. The course will also cover the disclosure requirements of ASPE and other issues specific to construction contracts.

Oct 20, 9am-5pm, Victoria
Oct 28, 9am-5pm, Vancouver
Nov 12, 9am-5pm, Surrey

MJDigitalArt/iStock

ASPE: Income Taxes

This half-day seminar will review the accounting policy choices for income tax accounting under ASPE. It will review the application of the liability method under future income taxes, including the identification of common temporary differences, the meaning of "more likely than not," and accounting for outside basis differences.

Oct 16, 9am-12:30pm, Prince George
Nov 4, 9am-12:30pm, Vancouver
Nov 18, 9am-12:30pm, Kelowna
Nov 24, 9am-12:30pm, Surrey
Nov 27, 9am-12:30pm, Abbotsford

Beyond the Numbers: A Closer Look at Retirement Options

This seminar will provide the opportunity to look at different models of retirement or semi-retirement, and will include insights from individuals who have made this major work/life transition. Participants will learn how to avoid the pitfalls of retirement and take a proactive approach to retirement.

Mar 10, 9am-5pm, Vancouver

Corporate Governance & Business Dispute Strategies for Accountants

This breakfast session will approach corporate governance and business disputes from a dispute prevention perspective, drawing on real life examples from an experienced dispute strategist. Topics will include incorporation, shareholders' agreements, board issues, contract troubleshooting, business operations, shareholder expectations, and dispute resolution options.

Oct 30, 7:30-9:30am, Vancouver

Costing and Profitability

In this interactive seminar, you'll learn how to contribute directly to your organization's bottom line by analyzing profitability by product, customer, segment, or geographical region. You'll also learn how to identify the main drivers of profitability, as well as the hindrances.

Nov 24, 9am-5pm, Vancouver

Exempt Market Securities: Legal Requirements and the Opportunities for Raising Capital and Investing

This executive breakfast is designed for members who want to gain a basic understanding of securities laws in order to be better able to advise clients on options for raising capital. It will also be beneficial to those who provide financial-planning advice to their clients, and to those who advise clients on issuing exempt market securities.

Oct 29, 7:30-9:30am, Vancouver

Governance – Embarking on a Board

This seminar will provide participants with a practical approach to evaluating boards and basic tools for effective board participation. It will be most beneficial to professionals who are about to join a board, who have recently joined a board, or who support a board.

Nov 26, 9am-12:30pm, Vancouver

Presentation Skills Boot Camp

This seminar will give participants the skills they need to make effective presentations to board members, team members, and colleagues in business units outside the accounting/finance field. Team leaders, business unit leaders, executives, and managers will benefit from attending this seminar.

Dec 2, 9am-5pm, Vancouver

ANNUAL UPDATES

Accounting, Auditing & Professional Practice Update

This seminar will review recent revisions to the CPA Canada Handbook, with a particular emphasis on Accounting - Part II (ASPE), Part III (Accounting Standards for Not-for-Profits), and Assurance. It will also provide a high-level outline of the changes in IFRS. Although the course is designed as an update, it will also provide specific examples of the implementation of the new recommendations, and practice guidance on other current and relevant matters.

Multiple dates available – check website

Income Tax Update 2014

This seminar will provide a detailed summary of tax law changes in the past year. It will also examine current tax issues that affect individuals and most businesses in the private sector. Participants will learn how the current levels of personal and corporate tax rates affect and possibly change accepted tax-planning techniques.

Multiple dates available – check website

PSAB Update

This half-day seminar will provide up-to-date information on the recent releases of the Public Sector Accounting Board (PSAB) and on proposals currently under PSAB's consideration.

Nov 6, 9am-12:30pm, Victoria
Nov 7, 9am-12:30pm, Vancouver
Nov 10, 9am-12:30pm, Kelowna

Public Company Reporting: Annual Update

The reporting requirements for public companies are ever-evolving. Whether you work in public practice or industry, you need to be aware of these changes in order to do your job properly. This annual update will be beneficial whether you're an auditor, a public practitioner, or a preparer in industry.

Nov 27, 9am-12:30pm, Vancouver

CGA-BC LEGACY PROGRAMS

The "CGA-BC Public Practice Series" (for CGA public practitioners), and "The Essence of Professionalism: Ethics, Rules and Standards for New CGAs" (mandatory for new CGA members) are available for registration on our website at **pd.bccpa.ca** under Required PD Seminars. Our website also lists all the dates and locations for the seminar, "Ethics 24/7 for CPAs," which meets the CGA four-hour verifiable ethics workshop requirement.

Contact us

For more information on any of our seminars and programs, please contact the PD department at **pdreg@bccpa.ca**. And remember to check our new website at **pd.bccpa.ca**!

Representing BC on the national standards front: Anna Moreton, CPA, CA, CPA (Illinois)



Anna Moreton, CPA, CA, CPA (Illinois). Photo by Kent Kallberg of Kent Kallberg Studios Ltd.

Anna Moreton is a full-time line partner with Wolrige Mahon in Vancouver, with a focus on audit—and, in particular, on reporting issuers and private businesses that may consider going public in the future. She is also a volunteer member of the Canadian Audit and Assurance Standards Board (AASB).

How did you get involved in the standards arena?

I first became involved with the AASB in 2009, volunteering on a task force that was looking at updating the 1978 Joint Policy Statement on Audit Inquiries with the Canadian Bar Association to reflect international financial reporting standards. This resulted in AuG 46, aka the *Interim Guidance (Assurance and Related Services Guidance AuG-46 or AuG 46)*.

In late 2012, an opportunity arose to apply for a position on the AASB. I enjoy standards, and the opportunity to be involved at the drafting stage and to bring the western Canadian and smaller-issue perspective to the board appealed to me very much. I've served on the board for just over one year now, having been appointed for a three-year term.

What motivated you to get involved?

Robust, useable standards are critical to our profession, and it feels good to be a part of that. I would encourage all members to get involved in this area, as input from members is crucial to ensure that the adopted standards are meeting the needs of all users.

How have you found the experience?

I've enjoyed the experience very much. The board is comprised of 13 volunteer members, supported by an exceptional staff at CPA Canada, and it has been a pleasure to work with such dedicated individuals.

Rediscover the Love For Your Payables Process

BeanworksAP multi-entity solution gives you control over your payables. It can reduce your payables processing cost by up to 70% and it integrates with your existing accounting software.

Automate your accounts payable workflow

- Get rid of the paper and lower your filing costs
- Improve visibility-get the information you need, when you need it, from anywhere
- Increase productivity



Beanworks
ACCOUNTING EVOLVED

Find out how to work smarter, not harder, at **beanworks.com/InFocus**

Is there anything about the standard-setting process that has surprised you or that you think would surprise others?

Not so much surprised, maybe, but I have been very pleased to see what an excellent reputation Canada has on an international level. Currently, Canada has two members on the International Auditing and Assurance Standards Board (IAASB); via these members and via AASB responses to IAASB releases, our profession participates in the global standard-setting process at a greater level than you would expect, given our relatively small population as professionals and as Canadians.

What are some standards that may have an impact for BC members?

The AASB has committed to adopting the international standards on auditing (ISAs), after ensuring that there is due process and consideration has been made of any uniquely Canadian needs. The IAASB is in the exposure draft stage on a number of standards, including auditor reporting (ISA 700), and other information (ISA 720) that will have implications for any member signing audit reports. The Canadian board has spent considerable time considering these standards, conducting outreach to members, and providing comment letters to the IAASB with our concerns and recommendations. The AASB is also working on new Canadian-only standards in specialized areas such as auditor review of interim financial statements and association.

Any final thoughts?

Just a thank-you. The fact that my partners continue to support my involvement in this area and see it as a valuable use of my time is crucial to my ability to participate as a volunteer. ■

Call for FCA Nominations

As we move into CPABC, a new member recognition program for CPABC will be developed and introduced in 2015. This is, therefore, the last opportunity for ICABC members to identify peers who have provided outstanding service to the profession and/or brought distinction to the profession, and to nominate these individuals for election to the ICABC Fellowship.

The FCA nomination form is available in both PDF and Word format on the ICABC's legacy website at **www.ica.bc.ca** under Member Centre>Forms>Member Recognition>Nomination Forms. Alternatively, you can access the form directly at **www.ica.bc.ca/pdf/fca_nomination.pdf** or by contacting Sandy Parcher, manager of the executive office, at **parcher@ica.bc.ca** or 604-488-2602. Nomination forms must be received at the Institute office no later than October 15, 2014.



Image Source/Getty Images



Kudos!



Helen Blackburn, CPA, CA, has been appointed to the position of senior VP of strategy and analytics at Pacific Blue Cross. Helen has more than 15 years of experience as a senior executive overseeing the management and strategic direction of complex financial services in member-based organizations. Prior to joining Pacific Blue Cross/BC Life, she held the position of CFO, senior VP of strategy and served as interim president and CEO for Central 1 Credit Union, where she was instrumental in supporting and overseeing the strategic vision for the organization.



Warren Everton, CPA, CMA, recently joined BC Tree Fruits Cooperative in Kelowna BC as CFO. Warren has over 15 years of experience in accounting and strategic management in the fruit industry as well as five years in municipal government management. His focus over the next few years will be on strategic planning, risk management, the upgrading of facilities and systems, and the expansion of overseas markets.



Cheryl (Cher) Wood, CPA, CGA, has been appointed a director of Reid Hurst Nagy Inc. Certified General Accountants (RHN), effective August 1. Cher joined RHN as manager of client services in November 2008. She has over 20 years of tax and accounting experience with municipal audits, not-for-profits, vineyards, and farming operations, and has been instrumental in the establishment of RHN's location in Osoyoos.

In Memoriam



William Perrault, ACIS, FCGA
We wish to send our condolences to the family and friends of William (Bill) Perrault, who passed away on May 27. Bill was a dedicated and esteemed volunteer in the CGA profession who provided leadership on a number of levels.

The New Westminster native began his CGA career in 1951, with the distinction of being a charter student in Canada's first course in the new CGA program, and graduated from the program in 1956. That same year, Bill moved to North Vancouver, where he and his wife Margaret raised two children. He gave generously to his community, serving as a board member for Lions Gate Hospital and the North Vancouver Chamber of Commerce, and as a director of Outward Bound in BC.

In 1975, Bill's expertise as a senior financial officer for construction and real estate companies helped CGA-BC select its first building at 1555 West 8th Avenue in Vancouver. That same year, he entered public practice with his own firm in North Vancouver, where he not only advised clients as a public practitioner but also worked as a notary public. His firm was a fixture on Lonsdale Avenue for decades. Bill later co-founded the national firm Evancic Perrault Robertson, which now has offices in 40 locations across Canada.

Bill was the first supernumerary member of CGA-BC's Board, which he joined in 1975. He served as president of the Board in 1980, and subsequently led CGA-Canada as president in 1985. While serving as chair of CGA-BC's Bylaws Advisory Group, Bill was responsible for rewriting the bylaws and the code of ethics; once adopted, these became the basis for the revamped bylaws and code of ethics at the national level.



Parveen B. Karsan
Direct: 604-891-3630
Email: pbk@kkbl.com

KOFFMAN KALEF LLP
BUSINESS LAWYERS

Koffman Kalef LLP welcomes Parveen B. Karsan to the law firm partnership as a partner practicing in the areas of corporate taxation, tax litigation and estate planning. Parveen has completed all three parts of the Canadian Institute of Chartered Accountants' In-Depth Tax Course and In-Depth GST Course and is fluent or proficient in a number of languages including French, Spanish, Hindi, Punjabi and Gujarati.

www.kkbl.com

19th Floor, 885 West Georgia Street
Vancouver, British Columbia, Canada V6C 3H4
Telephone (604) 891-3688 Fax (604) 891-3788

Do you have an announcement you'd like to share in the magazine? Email us at: ***info@bccpa.ca***

Celebrating the contributions of Chris Utley, CPA, CA – Keeping the Badge Shiny!



At the end of September, Chris Utley, CPA, CA, will be retiring from the ICABC as director of ethics, a role he held for 14 years.

During his time at the Institute, Chris made it a top priority to provide education on ethical issues, seeing education as the central pillar of the discipline process, enabling the Institute to protect the public interest effectively and fairly.

In addition to teaching the "You and Your CA" course to our students for many years, Chris spoke about ethics to a variety of outside organizations and at a number of conferences. But he may be best remembered by the ICABC membership for his "Ethical Dilemmas" column, which ran regularly in *Beyond Numbers* magazine for approximately 10 years. In his column, Chris examined some of the ethical dilemmas faced by professional accountants and often provided fictionalized versions of real cases, all with the goal of helping readers stay onside of professional conduct rules. Notably, complaints against CAs declined during Chris's tenure.

Through his work as director of ethics, Chris also became involved with numerous provincial and national CA task forces and working groups, covering such topics as best practices. He also served as the provincial media liaison for ethics-related matters, effectively balancing the protection of privacy with the need for transparency.

In 2012, Chris celebrated 40 years as a chartered accountant. He has enjoyed working at the Institute and is grateful for the support he has received from his colleagues and from member volunteers, especially those on the Professional Conduct Enquiry Committee, the committee he supported. He and his wife Heather recently celebrated 40 years of marriage, and they're planning to travel, golf, and spend a lot of time with family, including their three sons and two grandchildren.

Chris' role as the Institute's director of ethics will be filled by Liz Chan, CPA, CA (profiled on page 21).

ICABC Award Winner

~ COMMUNITY SERVICE AWARD ~

In our June/Summer issue, we neglected to profile Andrew Jackson, CPA, CA, one of the ICABC's 2014 Community Service Award winners. Our sincere apologies to Andrew for this oversight. Without further ado, here's a snapshot of his considerable volunteer service!



Andrew Jackson, CPA, CA

Andrew has been a partner with Trenholme & Company Chartered Accountants LLP in Victoria since 1985, and office managing partner since 2007. Throughout his career, he has also been an active volunteer in the community.

In addition to coaching and volunteering for Victoria-area youth soccer and baseball teams, Andrew has served on the boards of several local organizations. He volunteered with the Greater Victoria Library for a seven-year term, during which he chaired the board and various committees. He also contributed extensively to the YM-YWCA of Greater Victoria, serving as a board member and treasurer for eight years, and volunteered as treasurer for both the Vancouver Island Rugby Union and Oak Bay Little League.

Since 2010, Andrew has served as a board member and treasurer of the Victoria Foundation, which currently manages over $200 million in assets. His duties include chairing the finance and audit committee, presenting the annual operating budget and financial statements to the board for approval, providing quarterly updates of results, overseeing the external audit function, and liaising with the investment committee. Andrew's ability to bring clarity to complex financial matters is considered a tremendous asset to the board.



wavebreakmedia/iStock/Thinkstock



The ICABC's 2013-2014 award winners (from left to right) – Standing: Erfan Kazemi, CPA, CA, CFA (Early Achievement); Andrew Jackson, CPA, CA (Community Service); Tanya Georget, CPA, CA (Community Service); Dallas Leung, CPA, CA (Ritchie McCloy Award); Chuck Burkett, CPA, FCA; Jack Arnold, CPA, FCA; Susan Burns, CA (Hon.); Jim Pickles, CPA, FCA; Al McNair, CA (Hon.); Iain Mackay, CPA, FCA (Lifetime Achievement); Mike Lam, CPA, FCA; Jamie Midgley, CPA, FCA; Tom Chambers, CPA , FCA (Lifetime Achievement); Ross Fraser, MA, CA (Hon.); Brian Bentz, CPA, FCA; Kin Lo, CPA, FCA, Ph.D.; J. Cowan McKinney, CPA, FCA; Don Thomson, CPA, FCA; and Ali Pejman, CPA, FCA. Seated: Maureen McCurdy, CPA, CA (Community Service); Praveen Vohora, CPA, FCA; Sandra Blair, CPA, CA (Community Service); Pete Blake, CPA, FCA; Donna Cloutier, CPA, CA (Community Service); Colin Bennett, CPA, FCMA, CA (Hon.), LL.D (Hon.); Betty Ann Shiels, CPA, FCA; and Tom Ferries, CPA, FCA.

2014 ICABC Member Recognition Dinner

On June 25, 2014, the Institute held its 14th annual Member Recognition dinner and awards ceremony to recognize CA achievement. ICABC honourees and their family members, friends, and peers gathered at the Vancouver Marriott Pinnacle Hotel to celebrate.



Photos by Kent Kallberg of Kent Kallberg Studios Ltd. For more event photos, visit CPABC's Flickr page at **flickr.com/cpabc/sets**.













1. Past ICABC president Karen Christiansen, CPA, FCA (left), presents Susan Burns with her Honorary CA certificate. 2. Honorary CA Colin Bennett, CPA, FCMA (second from left) celebrates with his family. 3. Brian Bentz, CPA, FCA (right), receives his certificate from one of the night's emcees, past president Gord Holloway, CPA, FCA. 4. Karen Christiansen presents Erfan Kazemi, CPA, CA, CFA, with the award for Early Achievement. 5. Newly elected Fellow Chuck Burkett (holding certificate) celebrates with family and friends. 6. Dan Little, CPA, FCA, presents Maureen McCurdy, CPA, CA, with her award for Community Service. 7. Lifetime Achievement Award winner Tom Chambers, CPA, FCA (centre), surrounded by family. 8. Newly elected FCA Cowan McKinney with his granddaughter Stephanie Elmitt. 9. Praveen and Shama Vohora celebrate Praveen's election to Fellowship. 10. Dallas Leung, CPA, CA (centre), receives the Ritchie McCloy Award for volunteerism in the profession from ICABC President Dan Little, CPA, FCA (left) and Nikki Katz, CPA, CA (née McCloy).









2014 Spring Leadership Conference

Inaugural Spring Conference attracts more than 400 CPAs

On May 22 and 23, more than 400 CPAs exhibited their drive to excel by attending the 2014 CPABC Spring Leadership Conference. With its "Do More. Be More" theme, the Conference set out to challenge attendees to accomplish more with their time, while helping them avoid the pitfalls of unnecessary busyness.

Held at the Hyatt Regency Vancouver, the CPABC Spring Leadership Conference treated delegates to a roster of internationally renowned speakers, including Diane Francis, the *National Post*'s editor-at-large; Jim Carroll, a global futurist and trends and innovation expert; and David Eaves, an open government activist and negotiation expert. Attendees also packed the main ballroom to hear Keith Baldrey, Global BC's chief political correspondent, discuss the local political climate with *Vancouver Sun* columnist Vaughn Palmer.

An innovative feature was introduced during the Conference: "Pigeonhole," an application that allows users to pose and vote on questions. This feature gave delegates the opportunity to hear speakers answers the questions that mattered most to the audience as a whole.

In addition to its lineup of keynote speakers, the Conference also boasted an array of dynamic sessions. Popular sessions included: "How Critical Thinking Influences Strategy Design and Implementation"; "Master the Art of Thriving: How to Lead and Live Better"; "Speaking as a Leader: Inspiring Every Interaction"; and "Advanced Googling for Accountants."

On hand were CPABC and ICABC CEO Richard Rees, CPA, FCA; CPABC executive VP of marketing and business development/CMABC CEO Vinetta Peek, CPA, FCMA, CMA (Hon.); and CPABC executive VP of certification and operations/CGA-BC CEO Gordon Ruth, CPA, FCGA; as well as outgoing ICABC president Karen Christiansen, CPA, FCA; outgoing CMABC chair Tammy Towill, CPA, FCMA; and CGA-BC chair David Sale, CPA, FCGA. The leaders spoke to members about the progress made in the pursuit of unification.

The CPABC Spring Leadership Organizing Committee would like to thank all of the Conference sponsors, including **Tacit Management Consulting**, **KNV Chartered Accountants**, **Robert Half**, and **Optinet Systems**, and the host venue—the Hyatt Regency Vancouver—for their help in making the inaugural CPABC Spring Leadership Conference a great success.



Photos by Jay Shaw for Jay Shaw Photography. For more Conference photos, visit CPABC's Flickr page at **flickr.com/cpabc/sets**.



















1. L to R: Keynote speaker David Eaves with CPABC and ICABC CEO Richard Rees, CPA, FCA. 2. L to R: Richard Rees with keynote speakers Vaughn Palmer and Keith Baldrey. 3. Brian Friedrich, CPA, FCGA, and Laura Friedrich, CPA, FCGA, lead their session, "How Critical Thinking Influences Strategy Design and Implementation." 4. Spring Leadership Conference participants network before the start of a session. 5. Karen Horcher, CPA, CGA, provides delegates with insight into the topics behind the financial headlines. 6. Session speaker Cheryl Stafford discusses the concept of ego development. 7. Session speaker Michael Parrish answers audience questions about business insurance. 8. Participants attend an interactive session. 9. CPABC executive VP of marketing and business development/CMABC CEO Vinetta Peek, CPA, FCMA, CMA (Hon.), addresses delegates.

Financial Security

Personalized Portfolio Management
Taxable, RRSP, and Pension Fund Accounts



John S. Clark, CA, CFA, CFP - President
2011 & 2012 Five Star Wealth Manager Award Winner

Pacific Spirit | Investment Management Inc
1100 - 800 West Pender Street, Vancouver, BC V6C 2V6
Phone: 604-687-0123 Fax: 604-687-0128

1-800-337-1388 (in BC) E-mail: pacificspirit@telus.net

EXCLUSIVE COVERAGE
for CAs and CA firms.

- Term Life Insurance
- Medical and Dental
- Long Term Disability
- Office Contents

Visit caipw.ca or call 1.800.661.6430

CA Insurance Plans West
Coverage that counts.

CA

KOTLER van den BRINK & COMPANY
U.S. & Cross-Border Tax Consultants

KvdB

- U.S. Federal and State Compliance
- Cross-Border Tax Structures
- Corporations • Partnerships • LLC's
- Individuals • Estates • Trusts

SERVING OTHER PROFESSIONALS SINCE 1988
Wes van den Brink, CPA, CGA, MS Tax
T (604) 531-6207 ■ F (604) 538-9713 ■ E wes@kvdb.com

www.kvdb.com

Trade consulting

Our team provides trade compliance solutions to importers and exporters doing business globally

- Compliance reviews
- NAFTA & FTA qualification and solicitation
- Tariff classification and valuation
- Customs audit assistance
- Appeals and rulings

Wyatt S. Holyk
For more information, call 604-685-3555 (8042)
Email wholyk@livingstonintl.com
Visit www.livingstonintl.com/BN

LIVINGSTON Trade up

PROGROUP Sales and Leasing Inc.
"The Way Professionals Buy Cars"

Tel: 604-270-4466
Fax: 604-270-8355
Toll Free: 1-888-385-4466
390 Howard Avenue
Burnaby, BC V5B 3P8

visit us on-line:

NEW CAR PURCHASE PLANS
All Makes & Models

member benefit
for Chartered Professional Accountants of BC

www.progroupbc.ca

Need to update your CaseWare software skills?

Join us for classroom or web based training in CaseWare Working Papers, CaseView Fundamentals or CaseView Advanced.

There are 'hands on' classroom sessions coming to an area close to you. Don't delay, register today!

To register online visit **www.bankaco.com** or **www.caseware.com**

CASEWARE



Gabriele Banka,
DAcc., BApplBA, P.Mgr., CPA, CGA
CaseWare Qualified Instructor - BC Region
Banka & Company*
Certified General Accountant
Phone: 250-763-4528

*denotes a Professional Corporation

Private Cloud Services

welcome networks
www.welcomenetworks.com
info@welcomenetworks.com

- Servicing Accounting Professionals over 14 years.
- Run all tax and accounting software in a private cloud.
- Reliable and affordable IT support with visible results.
- Free evaluation of your existing network.

Call 800-466-0073 or 604-515-1700
Private Cloud provider for CPA firms in Canada & USA

PADGETT

No. 1 Accounting & Tax Franchise
A network of 400 offices

DO YOU WANT TO BRANCH OUT ON YOUR OWN?
Padgett offers a fresh yet proven alternative to the challenges of going it alone.

As a Padgett franchise owner, you will have access to time-tested systems and marketing techniques as soon as you open your doors for business. You can count on a highly qualified professional support team, one-on-one training, ongoing courses and seminars, and state-of-the-art systems.

Since 1966, we're helping to grow success stories, one entrepreneur at a time.
It's time you started accounting for yourself.

1-888-723-4388, ext. 222 - www.padgettfranchises.ca

At Your Service

quinellaauto.com

Save on the purchase and lease of new and used vehicles

Call ***Greg Huynh*** *for your* ***best possible price***

WE MAKE YOUR VEHICLE PURCHASES HASSLE-FREE



Phone: 604.929.GREG (4734) or 1.800.300.GREG (4734)
www.quinellaauto.com
Dealer: 8262

Serving BC Professional Associations since 1973

Use this space to deliver your message to members, students and stakeholders of the ICABC, CGA-BC and CMABC.

Your Ad Here!

CPABC in Focus magazine is printed 6x per year. To reach 34,000 readers, call to book your space.

AdvertisingInPrint • 604-681-1811

Classifieds

Purchase of Accounting Practice

Leed Advisors Inc. is looking to expand in the Surrey and Fraser Valley regions. We are a progressive CA firm interested in acquiring a practice or block of business located in these regions. We provide personalized service to our clients and are a full-service firm (tax, audits, reviews, NTRs) with a focus on owner-managed businesses, professionals, and not-for-profits. We will work closely with you to ensure the successful transition and integration for your clients. Reply in confidence to: gdeck@leedadvisorsinc.com.

Succession or Purchase

CGA sole practitioner is looking to purchase a block of clients with another CGA/CA who is looking to semi-retire or retire. Vancouver West Side. For more information please contact: 604-790-4549 or sylviakatz@shaw.ca.

Purchase of Accounting Practice

CA sole practitioner is looking to purchase an accounting practice or a block of clients in the Lower Mainland. Please reply in total confidence to email: r_h20081113@yahoo.ca or telephone number: 604-817-4337.

Succession or Retirement Purchase

Downtown Vancouver multi-partner firm is looking to expand by assisting with your retirement or succession plan. Please reply to: successionpurchase@gmail.com.

Greater Vancouver

D+H Group LLP is looking to expand through client acquisition. Possibilities include purchase or merger; ideal for retiring or late-career practitioners but all enquiries are welcome. We take pride in providing great personal service to our clients, with a focus on tax and advisory services for privately held businesses (both domestic and cross-border). Your clients will be well looked after. Reply in confidence to: gcummings@dhgroup.ca.

Merger or Succession Opportunity

Smythe Ratcliffe Chartered Accountants, a successful mid-size Vancouver-based firm, is looking to expand through practice purchase, succession, or affiliation opportunities throughout the Lower Mainland or Fraser Valley. Reply in confidence to the managing partner: vicic@smytheratcliffe.com.

Victoria – Practice Succession

Upcoming retirement may be your partnership opportunity. Established Victoria public practice with a solid record of service to many small and medium-sized businesses. This successful practice consists primarily of compilations, corporate and personal tax and some reviews.
Current partner is available to stay for reasonable transition period to ensure success. Reply in confidence to: SVIpractice@gmail.com.

CA Practice for Sale

Established practice for sale based in Langley. Clientele consists of compilations, personal tax, some reviews, and a few NFP audits. Volume $250K. Principal willing to remain on a part-time basis to assist with transition. Please reply to: LangleyCA4sale@outlook.com.

Victoria Opportunity

Established Victoria firm seeking recently qualified CPA (CA or CGA) to join our growing tax-focused practice, servicing privately held companies. See our website http://sskca.com/careers/ for details.



Living on the edge - Fred perched atop a volcano in Indonesia.

MEMBER PROFILE

Fred Bouwman, CPA, CA

Friend to Orphans, Philanthropist, Wayfarer

Profile by David Ferman
Photos by Fred Bouwman

After more than seven months and 12,500 km of rugged roads through eight countries on three continents, it seems almost cruel to point out that Fred Bouwman is only a quarter way through his epic solo bike ride around the planet. But Fred couldn't be happier.

He's on a mission to raise funds and awareness for a small orphanage in the Philippines called Angel House, and nothing will stop him. Not nasty Australian crocs, not territorial Canadian grizzlies (of which he has a warranted paranoia—read his blog), and definitely not a fear of the unknown.

Fred's most recent job was as vice-president of an insurance company in Bermuda. It was there that he saw a film showing street kids in Manila swimming in rivers of muck winding through a garbage dump. Within days, Fred had dropped his old life to volunteer in Tacloban, Philippines, working with an orphanage.

"Tacloban is a very poor area, with no running water, no air-conditioning, etc., but I loved it," he says. "I particularly loved the children at the orphanage. They had nothing—absolutely no possessions other than the clothes donated to them—and yet they were, without a doubt, the happiest children I had ever seen. The poor put us to shame with our constant search for happiness through our accumulation of possessions."

And that was *before* Typhoon Yolanda brutalized the area on November 8, 2013. Fred had been preparing to leave in November, but after the storm hit, he postponed his trip to help build homes and to raise money for the young orphans of Tacloban.

"They lost everything when I was there, yet I saw nothing but smiles and laughter," he says. "In fact, it was actually difficult to raise money because people would see all the happy faces and assume everything was okay."

At the time of this interview, Fred was in Jasper, Alberta. His circumnavigation of the globe had gone smoothly no injuries, no stomach bugs, and no crashes. He started his odyssey in Bangkok, then travelled through Thailand, Laos, Cambodia ("humid," he says), Malaysia, Indonesia ("some terrible potholes"), the Philippines, across the entire Australian Outback ("blazing heat"), before reaching northern Canada ("bears!").



The angels of Angel House, in Tacloban, Philippines. To learn more about Angel House Orphanage, visit www.angelhousephilippines.org.

His toughest road so far? "In Canada, I started in Inuvik and cycled down 730 km of gravel road on the Dempster Highway," he recounts. "The scenery was breathtaking, but the rough roads [consisting of sharp shale rock] made it very difficult."

Just as the man has had to change his journey, the journey has altered the man.

"It has definitely changed my priorities in life," he says. "You can't keep putting things off… sudden events such as illness can end all your future plans in the blink of an eye, and there is no do-over button to press." ■

Update: *On August 18, we were shocked and saddened to learn that Fred had been struck by a pick-up while cycling near Bend, Oregon. Fred contacted us from the ICU of a Bend-area hospital, where he was recovering from multiple injuries, including two collapsed lungs, 14 broken ribs, and three fractured vertebrae. His spirit remains intact, however. Said Fred: "I am living and very grateful for the support around the world." He has since been released from hospital and is now on the road to recovery. To send him your well wishes, please visit his blog, Bike for Orphans, at* ***www.bikefororphans.blogspot.ca/****.*

CPA CHARTERED PROFESSIONAL ACCOUNTANTS CANADA
COMPTABLES PROFESSIONNELS AGRÉÉS CANADA



CPA CANADA'S CORPORATE FINANCE COURSES – TAILORED FOR YOU

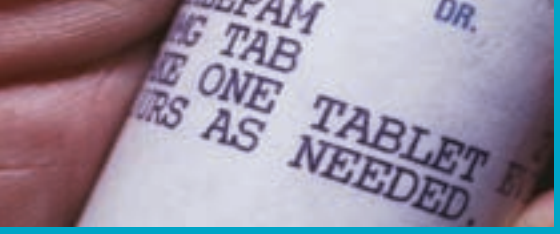
In the world of corporate finance, knowledge and experience are power. That's why CPA Canada has designed a suite of corporate finance courses that are comprehensive, yet flexible, so that you can focus your learning on what you need to know – right now – to enhance your skills or grow your business.

- Valuation in Corporate Finance
- Debt and Equity in Corporate Finance
- Governance, Ethical and Regulatory Issues in Corporate Finance
- Advanced Corporate Finance

Take one course in a specific area, or enroll in the entire series of courses, culminating in the prestigious **CF qualification** – it's your choice. The only prerequisite? Readiness to take your corporate finance knowledge and tools to the next level.

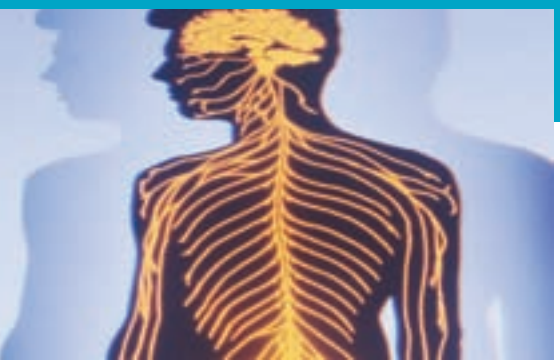
CPA Canada's Corporate Finance Courses: Tools, Knowledge, Networking

VISIT cpacanada.ca/CorporateFinance



Accountants

We've made Private Health Services Plans cookie-cutter simple!







Canada Revenue Agency (CRA) Federal Legislation allows business owners to fully tax deduct 100% of their healthcare costs as a business expense using a Private Health Services Plan.

Who qualifies?

Anyone who owns a business of any size, employees and dependents. No health questions or age limits. This is not insurance.

What's covered?

100% of virtually all dental and medical expenses. Visit our website www.trustedadvisor.ca for a complete list.

What's the cost?

There is a one-time set-up fee plus applicable taxes. The additional cost is 10% administration fee plus applicable taxes, depending on which province you live in.

Who uses a Private Health Services Plan?

Business owners who:

- > do not qualify for group insurance or find it too expensive
- > find group insurance coverage too restrictive; i.e.; orthodontics
- > have sick child or spouse
- > want front of line treatment
- > want to write-off child support relating to healthcare expenses
- > large groups who have been struggling with significant cost increases each year.

A partial list of qualified expenses:

Acupuncture
Alcoholism Treatment
Ambulance
Anesthetist
Attendant Care
Birth Control Pills
Blood tests
Catscan
Chinese medicine
Chiropractor
Crowns
Dental Treatment
Dental Implants
Dental X-rays
Dentures
Dermatologist
Detoxification Clinic
Diagnostic Fees
Dietitian
Drug Addiction Therapy
Eyeglasses
Fertility Treatments
Guide Dog
Hair Transplant
Hearing Aid and Batteries
Hospital Bills
Insulin Treatments
Lab Tests
Laser Eye Surgery
Lodging (away from home for outpatient care)
MRI
Naturopath
Nursing Home (incl. board & meals)
Optician
Oral Surgery
Orthodontist
Orthopedist
Osteopath
Out-of-Country Medical Expenses
Physician
Physiotherapist
Prescription Medicine
Psychiatrist
Psychologist
Psychotherapy
Registered Massage Therapy
Renovations & Alterations to Dwelling (for severe & prolonged impairments)
Special School Costs for the Handicapped
Surgeon
Transportation Expenses (relative to health care)
Viagra
Vitamins (if prescribed)
Wheelchair
X rays

Note: This is a partial list. All allowable expenses must qualify as outlined in the Income Tax Act

Why are your clients doing this with their healthcare expenses?

Healthcare Costs	$1600
(3% of net income) Deduct	$1500
Available for credit	$100
Tax Credit*	**$25**

When they could be doing this!

Healthcare Costs	$1600
Admin Fee (10%)	$ 160
Tax-deductible total	$1760
Tax Deduction	**$1760**

EXAMPLE:
Net income of $50,000 per year with family medical expenses of $1600
*Based on a combined Federal and Provincial rate of 25%.





Be the one to advise your clients...or someone else will.

Trusted Advisor™
Member of Trusted Advisor Network

The John Robinson Group Inc.
June Borlé: 604.874.4429 Fax: 604.873.5600
Toll Free: 1.888.880.2266 Email: june@trustedadvisor.ca
www.trustedadvisor.ca