CPABC

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NOVEMBER/DECEMBER 2018

A Changing Trade Relationship:

What does it mean for BC exports?



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CPABC INFOCUS

November/December 2018, Vol. 6, No. 6

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Mailing address: #800 – 555 West Hastings St., Vancouver, BC, V6B 4N6

Publications mail agreement no. PM 40069584

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Connecting with the Membership



Barry Macdonald, FCPA, FCA
CPABC Chair

CPABC's governance committee and executive team have maintained a busy schedule this fall, as we've focused on connecting with members and celebrating important milestones.

First on the docket was the 2018 Fall Pacific Summit, which was held in Victoria from September 26 to 28. Once again, the summit event was an opportunity for members to network, listen to impactful speakers, and attend informative breakout sessions relevant to the profession. Themed "Going Beyond Boundaries," this latest event featured two Olympic gold medallists and an expert on big data as keynote speakers. Each shared their insights on leadership, and one message was clear: Whether it means getting the best out of people or getting the best out of disruptive technology, good leaders are able to fully leverage opportunities and take their organizations to the next level. (For an event recap, see pages 48-49).

Our Pacific Summit events give CPABC's staff and board members an opportunity to ask members about the issues they're facing and how the profession can best support them. This member consultation process is critical, and it's also the primary driver of CPABC's annual Member Engagement Tour (MET). The 2018 MET is well under way—events were held across the province in October, and our schedule continues through November and into December—and we've had a great turnout at each stop thus far.

As in past years, we're also using these MET events to update members about the profession, both provincially and nationally. And this year, we're doing something new: We're celebrating member milestones by welcoming our newest members into the profession and recognizing those who have been members for 10, 25, and 50 years. It's not too late to join in this celebration! Register for the MET stop nearest you to congratulate milestone celebrants, mingle with local chapter members, and meet with members of CPABC's executive team and board. Upcoming MET events are listed at **bccpa.ca/met**.

As your chair, I welcome hearing from you. You can reach me at **chair@bccpa.ca**. ■

CPABC's Thought Leadership at the Forefront



Lori Mathison, FCPA, FCGA, LLB
CPABC President & CEO

Each fall, CPABC releases a series of public affairs pieces that provide economic commentary and public policy recommendations. These initiatives enable the profession to provide vital information to our members, other business leaders and organizations, and government.

The *BC Check-Up* report is a prime example. Released in mid-September, this annual report compares BC's economy to those of Alberta and Ontario, and to the national average. The report examines employment opportunities, labour productivity, quality of life, and the investment climate, and includes a focus piece on one topic area of interest. This year, we honed in on BC's exports, and you'll find a summary of this focus piece in our cover story on pages 16-24.

We use the data from the *BC Check-Up* report and our annual *Business Outlook Survey* (see page 27) to underpin our recommendations to the provincial government. I presented our latest budget submission to the Select Standing Committee on Finance and Government Services at the end of September. This year, we recommended that the government focus on the following policy areas to help BC businesses succeed: ensuring BC's business tax competitiveness; minimizing the labour skills gap; and maximizing BC's export potential. Our recommendations included:

- Delaying the implementation of the Employer Health Tax until 2020 and conducting a full consultation with business.
- Implementing a mechanism to effectively exempt (or, alternatively, credit) PST exemption on business inputs.
- Making work-integrated learning, such as co-op work, a mandatory component of post-secondary education.
- Continuing to diversify BC's export markets and products.

Our full submission, which was sent to the government on October 15, is available at **bccpa.ca**.

Member participation is critical to many of our public policy initiatives. I would like to thank those of you who have helped shape our positions on these important issues, and I encourage all members to share their perspectives with CPABC, whether informally or through our *Business Outlook Survey*. ■

MEMBER ENGAGEMENT TOUR

Celebrating Member Milestones

As mentioned in the September/October issue of the magazine, CPABC launched a new celebratory milestone program in 2018 to acknowledge members as they attain various milestones of membership in BC, including one, two, five, 10, 25, and 50 years.

Approximately 4,800 members reached these membership milestones in 2018.[1] Those celebrating one, two, and five years of membership[2] were offered a choice of gift: a CPA-branded item or the donation of an equivalent dollar amount to one of CPABC's two charitable entities (the CPAEF and the CPABC Benevolent Fund). Members[3] celebrating 10-, 25-, and 50-year milestones were invited to attend the Member Engagement Tour (MET) to be acknowledged by their peers. Many milestone-celebrating members have made it out to MET events this fall, and we hope to see more join us at the remaining stops.

To be included in the milestone program, members must be subscribed to CPABC email.[4] You can modify your email preferences through CPABC's Online Services at **services.bccpa.ca**. This ensures that you receive important news from CPABC, and it also allows us to better connect with you throughout the year on relevant topics and exciting events.

Congratulations to all CPABC members who reached milestones this year!

Missed the email?

If you attained your first, second, or fifth year of membership in 2018 but did not receive an email about the milestone program and would like to receive a gift, please contact **memberservices@bccpa.ca** with your name and member number before the 2018 program closes on November 30, 2018.

[1] Given that this was the inaugural year of the milestone program, CPABC recognized all members who reached 10-, 25-, and 50-year milestones since unification in 2015.

[2] Refers only to members resident in Canada.

[3] Refers only to members resident in BC.

[4] The milestone email is not sent to members who've unsubscribed from "Chapter News" or "Other."

MEMBER RECOGNITION

Join CPABC in Celebrating Excellence at the 2019 Member Recognition Dinner

Each year, CPABC recognizes BC CPAs who make outstanding contributions to the accounting profession and their local communities. Join us for CPABC's Member Recognition Dinner on February 12, 2019, at the Fairmont Waterfront Hotel in Vancouver for a celebratory evening that honours the newest honourees of CPABC's 2018 Member Recognition Program. Family members, colleagues, and friends are all welcome. Honourees will be announced in late fall, and event details will be posted to **bccpa.ca**.



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Nominate a CPA for a 2019 CFO of the Year Award!

2019 BC CFO AWARDS

For the ninth year in a row, *Business in Vancouver* and CPABC are partnering to recognize and celebrate the top CFOs in British Columbia at the BC CFO Awards. Honourees are chosen based on their performance relating to corporate growth, strategic decision-making, overall performance and execution, and reporting.

Awards will be presented in the following categories:

- Large public and private companies (revenues > $75 million);
- Small public and private companies (revenues < $75 million);
- Publicly accountable and non-profit organizations; and
- Transformation agent.

Visit **biv.com/bc-cfo-awards** to nominate a fellow CPA for a BC CFO Award. The deadline for nominations is March 4, 2019.

VOLUNTEER OPPORTUNITIES

Call for Volunteers: 2019-2020 Regulatory Committees

CPABC is looking for expressions of interest from CPAs who want to serve on our regulatory committees for the 2019-2020 committee year. Service on a regulatory committee is a tremendous learning experience that provides an opportunity for you to contribute to the profession in a meaningful way, extend your peer network, and gain insights into the profession's operations.

Effective regulation of the profession speaks to the very essence of the CPA brand. Regulatory committees are central to CPABC's regulatory processes, and these committees rely on the participation of suitably qualified volunteers. CPABC's Board of Directors appoints regulatory committee members annually, and committee members are generally expected to serve six consecutive one-year terms.

CPABC has five regulatory committees with mandates ranging from proactive and educational to reactive and adjudicative. In addition to overseeing relevant regulatory processes, regulatory committee members are called on to advise the board and make recommendations on governance and policy changes.

The five regulatory committees are described below.

Membership Committee

The Membership Committee ensures that only suitably qualified and competent persons are admitted to membership and that CPAs maintain their membership in accordance with requirements. This committee also oversees waiver applications in the event that a member may qualify for full or partial exemption from CPABC fees and CPD requirements.

Public Practice Committee

The Public Practice Committee ensures that members engaged in public practice are meeting the acknowledged standards of the profession by promoting and maintaining their knowledge, skill, and proficiency levels. This mandate is achieved through the issuance of public practice licences, approval of practice review results, and approval of organizations who wish to train students in pre-approved pathways.[1]



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Get involved!

Visit **bccpa.ca/volunteer** to find out how you can volunteer in the profession.

Investigation Committee

In the event that a complaint is approved for investigation, the Investigation Committee will investigate the conduct of members, firms, and students to determine whether grounds exist for disciplinary action. The outcome from this process will be either a dismissal, a settlement agreement requiring the agreement of both the Investigation Committee and the member/firm/student, or a "Statement of Complaint," which refers the matter to the Disciplinary Committee.

Disciplinary Committee

The Disciplinary Committee works independently of CPABC and its board. On receipt of a Statement of Complaint, the Disciplinary Committee conducts hearings into the conduct of members, firms, and students to determine whether disciplinary action is required. If disciplinary action is required, this committee determines appropriate sanctions. Disciplinary hearings are formal, quasi-judicial processes, and are used only for the most serious of matters.

The Disciplinary Committee strikes Disciplinary Panels of three or five members to preside over each matter referred to the committee. Disciplinary Panel members are supported by legal counsel.

Bylaws Committee

The Bylaws Committee reviews the bylaws, bylaw regulations, and *CPABC Code of Professional Conduct* to ensure that the governing documentation remains appropriate. When policy amendments are proposed, the committee ensures that the revised governing documentation properly captures the intent of the change. This committee also initiates changes for board approvals in the event of redundancies or refinements.

How to volunteer

Visit CPABC's new online Volunteer Resource Centre to access the volunteer form and get details about the time commitment and suitability criteria for each committee. Go to **bccpa.ca/volunteer** and choose CPA Volunteer Opportunities > Regulatory Committees. And if you're interested in serving on more than one regulatory committee, please rank your preferences in order of interest.

If you have questions regarding any of our regulatory committees, please contact Shauna Shortt, executive assistant to CPABC's executive vice-president of regulation and registrar, at 604-730-6234 or **sshortt@bccpa.ca**. We very much look forward to hearing from you.

[1] In this article, "students" refers only to those enrolled in CPA PEP.

CRA CONSULTATION

CPABC and CPA Canada Co-Host CRA's "Serving You Better" Roundtable

In September, CPABC collaborated with CPA Canada to host a roundtable with senior officials from the Canada Revenue Agency (CRA) in Victoria, as part of the CRA's "Serving You Better" consultation program.



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This consultation program is key to the CRA's overarching commitment to serving the needs of small and medium-sized businesses and their accounting service providers. The program gives stakeholders a forum in which to share valuable feedback, which the CRA can then use to streamline its programs and services and make these programs and services more client-focused.

The CRA conducted similar consultations in 2016, at which time participants suggested that the organization modernize and raise awareness of its digital services; make tax information easier to access, understand, and use; clarify information about payment options; and improve services related to the audit, collections, and appeals processes.

The CRA is expected to release a report summarizing the 2018 consultation process in early 2019. CPABC will notify members when the report is available to the public.

In the meantime, you can view the CRA's key initiatives and check for progress reports online at **canada.ca/en/revenue-agency**. Go to: About the Canada Revenue Agency > Corporate reports and information > Small and medium businesses: the Canada Revenue Agency is committed to Serving You Better (under the Service heading).

Professional Development **IT PAYS** TO KNOW

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Marty S., CPM - Member, Ontario Region

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EXPOSURE DRAFTS

AcSB Update: Consultations on the Draft Framework for Reporting Performance Measures

On September 6, Linda Mezon, FCPA, FCA, chair of the Accounting Standards Board (AcSB), and Rebecca Villmann, CPA, CA, director of reporting initiatives and research for Financial Reporting & Assurance Standards Canada (FRAS), led several roundtable stakeholder consultations in Vancouver to discuss the framework outlined in *Draft Framework for Reporting Performance Measures: Enhancing the Relevance of Financial Reporting*.[1]

Users of financial information consider performance measures when making decisions about investing, contributing, lending, and other resource allocation. The growing use of performance measures—both under GAAP and not under GAAP—can create challenges with regard to the relevance, faithful depiction, consistency, comparability, verifiability, timeliness, and understandability of information. It's not surprising then that many users—investors, contributors, lenders, and other resource providers—are asking for better-quality performance measures, determined with rigour and explained with transparent disclosures.

The AcSB drafted the framework as a first step to addressing these concerns. As Mezon explains in the report, "We want this Framework to start the conversation."[2] The AcSB's goal is to enhance the relevance of financial information for all entities. While this project initially focused on the performance measures of public companies, it has since been expanded to include not-for-profit organizations, private companies, and pension plans, as there is support for a Framework that applies to many types of entities. The AcSB welcomes your feedback to guide standard-setters as they consider next steps.

Visit **frascanada.ca** for more information on AcSB exposure drafts or contact David Chiang, CPA, CA, CPABC's VP of member advice and programs, at **dchiang@bccpa.ca** to request hard copy resources (while supplies last).

[1] Accounting Standards Board, *Draft Framework for Reporting Performance Measures: Enhancing the Relevance of Financial Reporting*, 2018.

[2] Ibid. "Message from the Chair," page 3.

AcSB Update: Consultation on Agriculture Exposure Draft

On September 25, the Accounting Standards Board (AcSB) held a roundtable consultation in Abbotsford to discuss its new exposure draft *Agriculture*. More than 20 members attended this roundtable session to share their opinions with standard-setters. The AcSB was represented by AcSB board member Paul Hargreaves, CPA, CMA, general manager of the BC Dairy Association, and AcSB staff members Michelle Thomas, CPA, CGA, principal of accounting standards with CPA Canada, and Kelly Khalilieh, CPA, CA, senior principal of accounting standards with CPA Canada.

Currently, there are diverse accounting practices for biological assets, and this diversity is causing significant problems for a number of stakeholders—primarily financial statement users. Accordingly, the AcSB project is seeking to provide clarity by addressing the following questions:

- When should a biological asset be recognized?
- How should it be measured on initial recognition?
- How should it be measured in subsequent periods?
- How should agricultural produce be accounted for?
- What disclosures should be required?

The AcSB Agriculture Advisory Group is working with the AcSB to develop a set of standards. The advisory group's role is to develop authoritative guidance related to the accounting for biological assets and agricultural produce. Two Chilliwack-area CPABC members—David Guthrie, CPA, CA, an audit partner with KPMG LLP, and Denise Parker, CPA, CGA, a partner with MNP LLP and regional agriculture services leader for the firm's Fraser Valley region—are members of this advisory group and also attended the September roundtable consultation.

The comment deadline for this exposure draft closed on October 31.

STANDARDS

IES 8: New Competency Assessment for Audit Licensees

If you're a practitioner with an audit licence, here's what the changes will mean for you

Beginning in January 2019, any practitioners seeking to obtain or renew an audit licence will be required to complete an annual self-assessment and a declaration stating that they've undertaken sufficient relevant continuing professional development (CPD) to develop and maintain professional competence for their role. This new requirement is the result of revisions made to International Education Standard (IES) 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)*, and CPABC's adoption of this revised standard in accordance with its commitment to comply with international standards.

The objective of IES 8 (Revised) is to protect the public, contribute to audit quality, enhance the work of engagement partners (see definition after table), and promote the credibility of the audit profession. IES 8 (Revised) requires that professional accountants serving as engagement partners develop and maintain the professional competence required of the role by achieving competence in a variety of areas, including those set out below, per Table A of the standard.[1] Practitioners will need to use professional judgment to determine what constitutes sufficient and relevant CPD to maintain professional competency.

Table A: Learning outcomes for the professional competence of an engagement partner

Competence Area	Learning Outcomes
Technical competence	
a) Audit	i. Lead the identification and assessment of the risks of material misstatement as part of an overall audit strategy. ii. Evaluate responses to the risks of material misstatement. iii. Evaluate whether the audit was performed and documented in accordance with applicable auditing standards (e.g., ISAs) and relevant laws and regulations. iv. Develop an appropriate audit opinion and related audit report, including a description of key audit matters as applicable.
b) Financial accounting and reporting	i. Evaluate whether an entity has prepared, in all material respects, financial statements in accordance with the applicable financial reporting framework and regulatory requirements. ii. Evaluate the recognition, measurement, presentation, and disclosure of transactions and events within the financial statements in accordance with the applicable financial reporting framework and regulatory requirements. iii. Evaluate accounting judgments and estimates, including fair value estimates, made by management. iv. Evaluate the fair presentation of financial statements relative to the nature of the business, the operating environment, and the entity's ability to continue as a going concern.
c) Governance and risk management	i. Evaluate corporate governance structures and risk assessment processes affecting the financial statements of an entity as part of the overall audit strategy.
d) Business environment	i. Analyze relevant industry, regulatory, and other external factors that are used to inform audit risk assessments, including, but not limited to, market, competition, product technology, and environmental requirements.
e) Taxation	i. Evaluate procedures performed to address the risks of material misstatement in the financial statements in respect of taxation, and the effect of the results of these procedures on the overall audit strategy.
f) Information technology	i. Evaluate the information technology (IT) environment to identify controls that relate to the financial statements to determine the impact on the overall audit strategy.
g) Business laws and regulations	i. Evaluate identified or suspected non-compliance with laws and regulations to determine the effect on the overall audit strategy and audit opinion.

h) Finance and financial management	i. Evaluate the various sources of financing available to, and financial instruments used by, an entity to determine the impact on the overall audit strategy. ii. Evaluate an entity's cash flow, budgets, and forecasts, as well as working capital requirements to determine the impact on the overall audit strategy.
Professional skills	
i) Intellectual	i. Resolve audit issues using inquiry, abstract and logical thought, and critical analysis to consider alternatives and analyze outcomes.
j) Interpersonal and communication	i. Communicate effectively and appropriately with the engagement team, management, and those charged with governance of the entity. ii. Resolve audit issues through effective consultation when necessary.
k) Personal	i. Promote and undertake lifelong learning. ii. Act as a role model to the engagement team. iii. Act in a mentoring or coaching capacity to the engagement team.
l) Organizational	i. Evaluate whether the engagement team, including auditor's experts, collectively has the appropriate objectivity and competence to perform the audit. ii. Manage audit engagements by providing leadership and project management of engagement teams.
Professional values, ethics, and attitudes	
m) Commitment to the public interest	i. Promote audit quality in all activities with a focus on protecting the public interest.
n) Professional skepticism and professional judgment	i. Apply a skeptical mindset and professional judgment in planning and performing an audit and reaching conclusions on which to base an audit opinion.
o) Ethical principles	i. Apply the ethical principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior in the context of an audit and determine an appropriate resolution to ethical dilemmas. ii. Evaluate and respond to threats to objectivity and independence that can occur during an audit. iii. Protect the confidential information of the entity in accordance with ethical responsibilities and relevant legal requirements.

Under IES 8 (Revised), an engagement partner is defined as "The partner or other person in the firm who is responsible for the audit engagement and its performance, and for the auditor's report that is issued on behalf of the firm, and who, where required, has the appropriate authority from a professional, legal, or regulatory body."[2] Practitioners with audit licences have the authority to assume these responsibilities and are therefore required to complete the annual self-assessment and declaration. Demonstration of these competencies and learning outcomes will be monitored through the CPABC practice inspection program.

Stay up to speed

For more information, please contact Stella Leung, CPA, CA, professional standards advisor, by email at **professionaladvisory@bccpa.ca** or by phone at 604-488-2609.

[1] International Federation of Accountants, IES 8, *Professional Competence for Engagement Partners Responsible for Audits of Financial Statements (Revised)*, Table A, pp. 5-7, December 2014. (**ifac.org**)

[2] Ibid, Table B: IAASB definitions adopted in IES 8, p. 8.

FINLIT

Take Part in Financial Literacy Month!



FabrikaCr/iStock/Getty Images

November is national financial literacy (FinLit) month in Canada, and here are some of the ways you can support the cause:

Spread the word about free FinLit sessions

CPA Canada's Financial Literacy Program now offers more than 40 free financial literacy sessions designed to meet the needs of nine different target audiences: adults, seniors, new Canadians, school-aged students, post-secondary students, small and medium-sized businesses, entrepreneurs, not-for-profit organizations, and remote communities.

To arrange for one of these one-hour sessions, all a hosting organization needs to do is book a room, set a date, and request a session online through CPA Canada. A local CPA member who volunteers with CPA Canada's Community Connect program will provide the presentation and distribute take-home materials to those in attendance. Visit **cpacanada.ca/financialliteracy** for details.

Book a financial wellness workshop for your workplace

Did you know that 46% of Canadian employees say financial stress affects their performance at work?[1] Why not contribute to a happier, more productive workplace by hosting a free financial wellness workshop for your office? There are several topics available. Visit **cpacanada.ca/financial-literacy** for details.

Reach out to schools and parent advisory councils

FinLit is also an important life skill for young people. So if you have a child attending a public school and/or are a member of the school's parent advisory council (PAC), why not encourage the PAC to book a FinLit session designed to help parents teach their kids about money? You can also encourage your child's teacher or the school principal to request a FinLit session for the classroom. Visit **cpacanada.ca/financialliteracy** for details.

Talk about FinLit online

Join the FinLit conversation via social media and stay connected with others who are interested in supporting this cause by using the hashtag **#CPAfinlit**.

Attend the 2018 Mastering Money Conference in Vancouver

As noted in the September/October issue of *CPABC in Focus*, CPA Canada will be hosting its second annual FinLit conference on November 22 and 23. CPABC will be co-presenting this year's conference, which is being held in Vancouver.

Members interested in learning about the latest developments in financial literacy and financial empowerment should attend, as this conference is an opportunity to connect with thought leaders and industry experts from across Canada. It will bring together government officials, industry experts, non-profit leaders, CPA members, and many others who are directly involved with FinLit education, allowing for an exclusive and collaborative networking experience. Register today at **cpacanada.ca/finlitconference**.

Expand your financial literacy through PD

CPABC's PD Program is offering several seminars related to personal finance and retirement planning in November. See page 47 for more information or visit **pd.bccpa.ca** for a comprehensive list of offerings this fall.

Find out more

A comprehensive list of financial literacy course titles, books, and other resources is available on the CPA Canada website at **cpacanada.ca/financialliteracy**. Alternatively, you can contact David Chiang, CPA, CA, CPABC's VP of member advice and programs, at **dchiang@bccpa.ca** to request a hard copy catalogue of all available resources.

[1] The Canadian Payroll Association, *National Payroll Week 2018 Employee Research Survey*, national press release results, August 2018.

DIVERSITY INITIATIVE

The Presidents Group: Creating a More Accessible and Inclusive Business World

Are you interested in creating a more accessible and inclusive work environment? According to the Presidents Group, it's not only the right thing to do—it's good business.

BC is expected to have 903,000 job openings by 2028,[1] and the more than 334,000 working-age British Columbians who have a disability represent a robust and largely untapped labour market.[2] Despite this, the unemployment rate for people with disabilities is 11.6%—much higher than the rate of 7.1% for people without disabilities.[3]

Research shows that organizations that are diverse and inclusive see improved productivity. These organizations are twice as likely to meet or exceed financial targets, six times more likely to be innovative, and six times more likely to effectively anticipate change.[4]

Formed in 2013, the Presidents Group is a network of business leaders in BC who are working with small and large employers and business owners around the province to close the employment gap for people with disabilities and make the business world more accessible and inclusive.

To learn more about this important initiative and access free resources, visit **accessible employers.ca**

1 WorkBC, *British Columbia Labour Market Outlook: 2018 Edition*, **workbc.ca**.

2 Statistics Canada, *Canadian Survey on Disability 2012*, Table 2.11 Adults With and Without Disabilities By Sex and Age Group, British Columbia, 2012.

3 Ibid.

4 PR Newswire, *New Deloitte Research Identifies Keys to Creating Fair and Inclusive Organizations*, May 10, 2017.

DEAL ANNOUNCEMENT

TNT Garment Manufacturing Ltd (Eco Boardroom Apparel) a manufacturer of custom clothing has been acquired by a Strategic Buyer.

Pavilion was retained by Eco Boardroom Apparel as its exclusive sell-side advisor, assisting and negotiating the structure of the transaction, as well as due diligence.

"The Pavilion team surprised me with the fact that their research and outreach process identified numerous buyers who I wasn't aware. Their privacy approach enabled the complete process to be done securely without the knowledge of staff, customers or suppliers.

I'm very pleased with the transaction process and advice from the team at Pavilion, they implemented an outreach program secured multiple bidders and helped me choose the right buyer partner."



Pavilion Business Services is a Canadian M&A advisory firm dedicated to assisting companies with divestitures, acquisitions, and other strategic plans. We have led numerous transactions across Canada for discerning clients when the time comes for sale, merger or acquisition.

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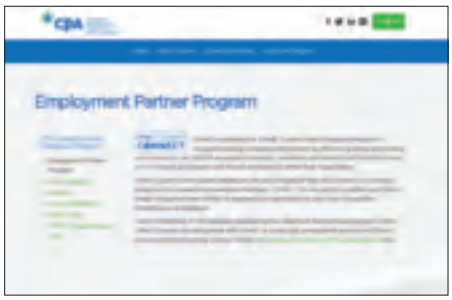
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Cover Story

A Changing Trade Relationship: What Does It Mean for BC Exports?

2018 *BC Check-Up* focus piece

By Marlyn Chisholm



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Since its early days in the fur trade, long before it became Canada's sixth province, British Columbia has relied economically on its natural resources. Over time, as trade relations flourished in North America, the flow of BC's natural resource exports to the United States increased, making the US our largest export market.

While our ensuing dependence on the US has had its benefits, it has also posed challenges. Recent protectionist actions taken by the United States are the latest example—these actions are threatening existing trade patterns and affecting the export of BC's goods and services. In fact, this protectionism has already shaken the foundations of global trade arrangements. Despite the announcement of a new trade agreement with the United States and Mexico on September 30, 2018, the recent rounds of trade negotiations with the US remind us that Canada must continue to diversify its exports.

Exports remain vital to the BC economy

As evidenced by the numbers, the export of our goods and services is still the foundation of BC's economy. In 2017, the export of these goods and services to other provinces and international destinations constituted 38% of BC's real gross domestic product (GDP).[1] And in addition to generating thousands of direct jobs, this sector generated many more jobs indirectly.

In 2017, BC earned $43.7 billion from the export of goods to international destinations, with over three-quarters of this amount attributable to the natural resources sector.[2] Based on total value, BC's top five export products in 2017 were:

- Energy products – $11.1 billion (25.3% of total exports);
- Wood products – $9.7 billion (22.3%);
- Metallic minerals – $5.3 billion (12.2%);
- Machinery and equipment – $4.9 billion (11.2%); and,
- Pulp and paper – $4.4 billion (10.1%).[3]

[1] BC Stats, *BC Economic Accounts Data for 1981-2016*, released November 2017. Includes exports to other provinces and other countries.

[2] BC Stats, *Annual BC Origin Exports to Selected Destinations*, released April 5, 2018.

[3] Ibid.

While just over half of our exported goods were destined for the US market in 2017,[4] these exports actually made up only 5.4% of all Canadian goods exported to the US last year.[5] Ultimately, despite our dominance in Canada's softwood lumber industry, BC is a comparatively small player in trade with the United States.

While most discussion of trade focuses on goods, it should be noted that service-sector exports have expanded. In 2016, BC's service exports to other countries were valued at $16.9 billion, or 17% of all of the province's exports of goods and services.[6] This figure was up from 14% in 2008. Moreover, BC's service exports to other Canadian provinces were valued at $26.8 billion in 2016, twice the value of goods shipments to these same destinations.

Detailed information on the types of services exported by BC is not available, but it is reasonable to assume that BC's profile is similar to that of the rest of Canada. The greatest share of Canada's service exports is commercial and includes professional, scientific and technical; legal; architecture; and computer and information services.[7] Tourism, including travel services, also makes up a significant share of Canadian service exports, and it likely plays an even greater role in BC.

We also know that transportation services account for a significant percentage of BC's service exports. With BC being Canada's Asia-Pacific gateway, our ports, airport terminals, and railway systems are instrumental to the flow of commodities and people worldwide. For example, the Port of Prince Rupert's export volume climbed 28% in 2017, reaching a record 24 million tonnes, while the Port of Vancouver's export volume increased by 5%, surpassing 142 million tonnes.[8] Other smaller but growing service industry exporters in BC include film and television production and international education.[9]

Challenges in the current trade landscape

Current disruptions in international trade relations are already having an impact on BC exporters and could affect the trade patterns and volume and revenue of BC's exports in the years to come. These disruptions include the expiry of the North American Softwood Lumber Agreement, the United States' withdrawal from negotiations for the Trans-Pacific Partnership Agreement, and the results of the Brexit referendum in the United Kingdom. Here's a closer look at the major trade agreements that affect, or will affect, our province's export sector.

4 BC Stats, *Annual BC Origin Exports to Selected Destinations*, released April 5, 2018.

5 Statistics Canada, *Imports, Exports and Trade Balance of Goods on a Balance-of-Payments Basis, by Country or Country Grouping*, updated April 5, 2018.

6 Statistics Canada, *Gross Domestic Product, Expenditure-Based, Provincial and Territorial*, CANSIM Table 384-0038. Current $.

7 Global Affairs Canada, *Canada and Trade in Services*, **international.gc.ca**.

8 Port of Prince Rupert, *2017 Annual Report*, 2017, **2017.rupertport.com**, and Vancouver Fraser Port Authority, *2017 Statistics Overview*, **portvancouver.com/2017-stats-overview.**

9 Ken Peacock, "A Closer Look at BC's Exports," *Policy Perspectives*, Volume 24, Issue 2, Business Council of BC, May 2017.

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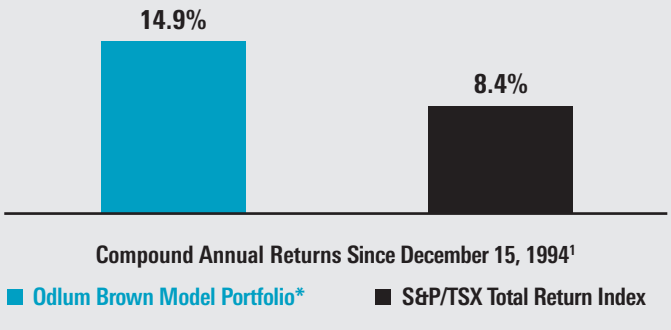
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Odlum Brown Model Portfolio: A Proven Track Record



[1] Performance measured mid-month from December 1994 - September 2018. *The Odlum Brown Model Portfolio is a hypothetical all-equity portfolio that was established by the Odlum Brown Equity Research Department on December 15, 1994 with a hypothetical investment of $250,000. It showcases how we believe individual security recommendations may be used within the context of a client portfolio. The Model also 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. Performance figures do not include any allowance for fees. Past performance is not indicative of future performance.

North American Softwood Lumber Agreement

Softwood lumber has been a contentious topic between the US and Canada for more than 30 years. There have been four iterations of this dispute since 1982 (all of which have been won by Canada at the World Trade Organization), with the most recent Softwood Lumber Agreement being implemented in October 2006.[10] After this agreement expired on October 12, 2015, the dispute between Canada and the US resumed. In January 2018, the US finalized and imposed a series of anti-dumping and countervailing duties on Canadian softwood lumber exports, which averaged to 20.23% for most Canadian lumber producers.[11]

Canadian negotiators are hoping for the formation of a binational NAFTA panel in 2018 to settle this dispute and overturn the US Commerce Department's decision that Canadian lumber is unfairly subsidized.

The impact on BC's lumber exporters

It is estimated that 140 BC communities depend on forestry, and that logging and sawmilling account for one out of every 17 jobs in the province.[12] High lumber market prices have allowed BC producers to absorb the tariffs and remain profitable thus far, but a prolonged dispute with no resolution in sight may dampen US demand for Canadian lumber and place an onerous burden on smaller producers with lower profit margins and higher per-unit costs.

USMCA (previously NAFTA)

On September 30, the United States, Mexico, and Canada established a new trade agreement dubbed the United States-Mexico-Canada Agreement or USMCA. This agreement was the culmination of a series of negotiations that took place after the US threatened to withdraw from NAFTA in 2017. Once ratified, USMCA is expected to reinforce the strong economic ties between the three nations. It is also expected to provide Canadians with a secure and stable trade environment through:

- The continued facilitation of trade;
- The preservation of the dispute settlement process that was set out in NAFTA;
- Revised rules of origin for the auto sector, requiring higher levels of North American content;
- An exemption from potential future use of US Section 232[13] measures against Canada;
- Ongoing modernization of USMCA, with a requirement for a formal review at least every six years; and
- A commitment to increasing the United States' market access to the Canadian dairy industry.[14]

At the time of writing on October 5, the US tariffs on Canadian steel and aluminum before the establishment of the USMCA remained in place.

[10] Alyse Kotyk, "Tensions over Time: A Primer on the Canada-U.S. Softwood Lumber Dispute," *Globe and Mail*, May 9, 2017.

[11] Brent Jang, "Canada Calls for Stop to U.S. Softwood Lumber Duties," *Globe and Mail*, January 5, 2018.

[12] PwC, *British Columbia's Forest Industry and the B.C. Economy in 2016*, September 2017.

[13] For information on US Section 232, visit **commerce.gov/news**.

[14] Government of Canada, "Summary Backgrounder: United States-Mexico-Canada Agreement (USMCA)," Oct 1, 2018, **international.gc.ca**.





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It's too soon to tell what impact USMCA will have, but the agreement is a positive sign for BC exporters



The impact on BC's exporters

While it's too early to assess the potential impact of USMCA on BC exporters, it's clear that NAFTA negotiations over the past year and a half have had some impact on the BC economy. For example, Canada's retaliatory tariffs on American steel, aluminum, and other targeted goods have affected BC's construction projects,[15] as some construction firms now face challenges in getting US suppliers to provide a firm price on affected materials. Ultimately, the price of construction projects will likely go up as a result of these tariffs.

Comprehensive Economic and Trade Agreement (CETA)

CETA is a free-trade agreement between Canada and the European Union (EU) to promote trade between Canada and the world's second-biggest market.[16] Signed in October 2016, this agreement removes 98% of the tariffs between Canada and the EU, provides greater recognition of accreditation between countries, and offers regulation of investment disputes.

The impact on BC's exporters

Under CETA, 98% of EU tariff lines become duty free for BC goods; this includes information and communications technology (ICT) products, forest products, metals and minerals, medical devices, and most fish and seafood. Under this agreement, BC suppliers of ICT, R&D, environmental and engineering, and technical consulting services (for example) enjoy better access to the EU, including improved opportunities to bid on government contracts.[17]

[15] Derrick Penner, "Canada-U.S. Tariff Battle to Hit B.C. Construction Projects," *Vancouver Sun*, July 11, 2018.

[16] Government of Canada, *Canada-European Union Comprehensive Economic and Trade Agreement (CETA)*, Global Affairs Canada, **international.gc.ca**.

[17] Government of Canada, Canada-European Union, *Comprehensive Economic and Trade Agreement: Benefits for British Columbia*, **international.gc.ca**.

Highlights from the 2018 *BC Check-Up* Report

EMPLOYMENT OPPORTUNITIES

BC's employment opportunities were abundant

+87,300 jobs to 2.5 million

3/4 are service-sector positions

Unemployment to 5.1% (–0.9ppt)

–0.1ppt **Long-term unemployment** to 0.5%

Four years of economic growth pushed BC's labour market to full capacity

LABOUR PRODUCTIVITY

BC's labour productivity stayed the course

Labour force with at least some post-secondary education: **RECORD IN BC!**

+2.0ppt to 71.4%

Employment in the natural and applied sciences: –0.2ppt to 6.8%

Average labour compensation: –0.1% to $55,096

Aggregate compensation actually grew, but it was outpaced by the rate of job creation

QUALITY OF LIFE

BC's quality of life deteriorated

Consumer debt per capita

+7.1% to $67,294

largely due to rising mortgage debt

Housing affordability **WORSENED** due to record housing prices

Share of median income spent on housing:

- +2.3ppt to 80.6% Vancouver
- +7.3ppt to 59.4% Victoria

Percentage of labour force between ages 19 and 25 with less than a high school education: **-0.1ppt to 5.4%**

INVESTMENT CLIMATE

BC's investment climate remained stable

Private-sector non-residential building investment: –2.6% to $4.5 billion

Value of international exports: +12.7% to $43.7 billion

Due to low Canadian dollar and spike in energy exports

TOP 3 export commodities

ENERGY	WOOD	METALLIC MINERALS
$11.0 billion	$9.7 billion	$5.3 billion

Government net debt as a percentage of GDP: **+0.9ppt to 15.2%**

Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

This is a multilateral free-trade agreement that gives member countries, including Canada, improved access to a market of 500 million consumers.[18] After the US withdrew from the Trans-Pacific Partnership (TPP) in January 2017, the remaining 11 nations at the table negotiated a new trade agreement, known as the CPTPP, which was signed on March 8, 2018. The signatory countries—Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, and Vietnam—account for 13.4% of the world economy, making the CPTPP one of the world's largest trade agreements.

The impact on BC's exporters

The CPTPP has many provisions designed to improve trade. Highlights include the elimination of tariffs on most major BC exports to participating countries, better access for service suppliers, easier access for temporary entry of highly skilled business professionals, and a reduction in the number of non-tariff barriers. On average, it is expected that the economies of CPTPP member countries will be 1.7% larger by 2030 as a direct result of this agreement.[19]

Opportunities for BC exporters

Although the US will remain BC's major export market for the foreseeable future, BC is less dependent on the US market than other Canadian provinces like Ontario and Alberta. For more than a decade, BC's exporters and government have worked to enter new markets and diversify their products to reduce dependency on the US and open up new opportunities with other countries.



However, entering new markets is not simply a matter of finding new customers in other countries. Exporters looking outside their traditional markets must understand different technical and government requirements, cultures, and competitors. Over the years, programs launched nationally and provincially have helped BC businesses looking to export their goods and services. Among them is the recently launched Trade Accelerator Program in BC, run by the World Trade Centre Vancouver, which provides companies with the access, resources, and training needed to develop and execute an export plan.[20]

Another opportunity lies within our service sector. The quiet but steady growth in BC's service exports is not well understood and garners less attention than activity in our export of goods. Because services are harder to quantify, they are more difficult to track; for this reason, they're only reported by Statistics Canada at the national and provincial levels.[21] However, this broader provincial data shows that the value of service exports from BC to other countries and to other Canadian provinces has grown steadily in recent years, rising by almost 35% between 2008 and 2016.[22]

[18] Government of Canada, *Comprehensive and Progressive Agreement for Trans-Pacific Partnership*, International Trade and Investment, **international.gc.ca**.

[19] A.F., "What on earth is the CPTPP?", *The Economist*, March 12, 2018.

[20] Greater Vancouver Board of Trade, *Canada's Trade Accelerator Program*, **boardoftrade.com/wtc/tap**.

[21] Statistics Canada currently uses the aggregate balance of payments method, but it is now developing a new reporting system—the Canadian Export Reporting System—which may provide a breakdown of how service exports are recorded and implemented into the balance of payments. It's expected that the Canadian Export Reporting System will be implemented in 2020.

[22] Statistics Canada, *Gross Domestic Product, Expenditure-Based, Provincial and Territorial*, CANSIM Table 384-0038. Current $.


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BC exporters will continue to face challenges, but there will be opportunities for growth



We know that a myriad and growing array of services from BC are being sold worldwide, including those related to high technology. BC has seen the inception of hundreds of new high-technology companies in the past few years, with specialties that include digital media and gaming, wireless communications, film and audio production, life sciences, and alternative energy. Many of these firms sell their services to foreign buyers, either as independent entities or through captive service providers such as Microsoft and PayPal.[23]

Among its various growth opportunities, BC still enjoys preferential trade relations with markets throughout the Americas, Asia, and Western Europe. And in addition to free-trade agreements with several countries and a low Canadian currency relative to the US dollar, BC exporters enjoy a locational advantage—particularly with the US and Asia—with efficient and modern water, rail, road, and air connections to both markets.

[23] When a business organization outsources some part of its business process to a wholly owned subsidiary rather than a third-party vendor, the subsidiary is considered a "captive" service provider.

Ways to support BC's exporters

BC exporters of goods and services will continue to face challenges and competition in the years to come. However, BC *is* growing its share of world trade, and it will continue to do so by diversifying the product mix for goods and services, by adding value to products where possible, entering new markets, and working both independently and with government to market its brand and create international partnerships.

Detailed report available online

A full version of the *BC Check-Up* report is available at **bccheckup.com**. For more information about the report and other CPABC public affairs initiatives, contact Vivian Tse, CPABC's public affairs manager, at **vtse@bccpa.ca**. ■

Marlyn Chisholm is the principal of Chisholm Consulting and the lead economist on CPABC's annual BC Check-Up *and* Regional Check-Up *reports.*

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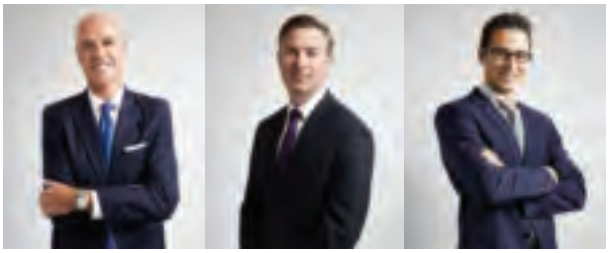
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HIGHLIGHTS FROM CPABC'S 2018

Business Outlook Survey

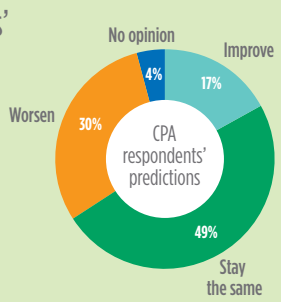
CPABC's annual *Business Outlook Survey* measures members' perceptions of the current and future economic climate and asks members to weigh in on the challenges for business success in BC. A total of 2,121 members responded to the 2018 survey.

65% of respondents perceive BC's economy to be "excellent" or "good"

from **71%** in 2017



CPA respondents' predictions for BC's economy **over the next two years**:



23% **believe it will grow faster** than the Canadian average

BC's TOP 3 challenges to business success:

1. Ability to attract and retain high-calibre employees/skilled labour
2. Government red tape
3. Personal taxation level

BC's TOP 3 economic issues:

1. Housing prices
2. Barriers to trade
3. Current value of CAD vs. USD



TOP 3 ways the Employer Health Tax will affect BC businesses:

1. Increase costs of doing business
2. Reduce other employee benefits
3. Shift from full-time employment to contract/temporary hiring

TOP 3 actions to minimize the impact of the Employer Health Tax on BC businesses:

1. Postpone implementation until 2020
2. Apply a base exemption
3. Create a fairer split between businesses and individuals

1/3 of respondents think BC's tax rates and incentives are competitive

Significantly lower than in 2017 (**47%**)

TOP 4 priorities to improve BC's economy:

1. Invest in infrastructure
2. Improve regional economic development
3. Reduce government red tape
4. Increase skills training opportunities

More results from CPABC's 2018 *Business Outlook Survey* are available at **bccpa.ca/outlooksurvey**.

Infrastructure Resilience

Building capacity to weather the shocks and stresses of a changing world

By Chris Sainsbury, CEng (UK), PMP, Ross Ryken, and Alexandra Hewitt



On May 31, 2018, Chris Sainsbury presented "Infrastructure Resilience: Are You Ready?" at the annual conference of the Government Finance Officers Association of British Columbia. In the following article, he and colleagues Ross Ryken and Alexandra Hewitt explain why infrastructure resilience is a major concern not only for the public sector but for the private sector as well.

Canada, like the rest of the world, is facing disruption on an unprecedented scale. The global climate is shifting, mass urbanization is on the rise, automation is reshaping the labour market, and the pace of development is increasing. As detailed in KPMG's 2018 *Emerging Trends in Infrastructure* report, these are some of the trends that will have a dramatic impact on the infrastructure landscape in the years to come.

Increasingly, public and private organizations are realizing the importance of infrastructure resilience. Resilience, as a concept, is the capacity of individuals, communities, institutions, businesses, governments, and systems within a city to survive, adapt, and grow amid major upheaval. This capacity stems from preparedness—a truly resilient city is one that has the capacity to thrive in spite of both acute shocks and chronic stresses.

Acute shocks are sudden events, such as natural disasters, disease outbreaks, acts of terrorism, and infrastructure failure. These are the events that often spring to mind when people think about resilience. Yet, equally relevant are longer-term chronic stresses such as housing affordability, unemployment, aging infrastructure, and commodity supply/demand. These chronic stresses are particularly pertinent in a province like British Columbia, which is struggling with soaring house prices, increasing poverty (especially in Indigenous communities), and an opioid crisis.

Policy-makers and governments in international cities like Vancouver, Boston, and London are leading the charge to develop resilience strategies, and private corporations are beginning to follow suit. As shocks and stresses become harder to ignore, it's expected that leaders in both the public and private sectors will place increasing emphasis on resilience planning.

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There were only 3 megacities in 1975. Now there are 33.

Mass urbanization and the rise of the "megacity"

While the environmental, economic, and societal impact of climate change has been a high-profile topic of discussion and debate for many years, the impact of mass urbanization is perhaps less commonly understood. Up until 1975, the world had only three megacities (cities with more than 10 million people): Mexico City, New York City, and Tokyo.[1] By 2018, that number had risen to 33.[2] In a 2008 report, UN-Habitat estimated that three million people were moving to cities each week,[3] and that momentum has shown no signs of slowing down. While 55% of the world's population lives in urban areas today, the United Nations expects this number to rise to 68% by 2050.[4]

When you consider that urban centres already account for 60% of global GDP[5] and 60-80% of global energy consumption,[6] it's clear that this ongoing urban shift will have major implications for both governments and businesses—here in Canada and around the world.

Automation is shifting labour demand

Automation is another major source of global stress, eliminating certain job categories and creating new ones. Historically, automation has produced drastic shifts in labour demand between sectors—most notably during the agricultural and industrial revolutions. Consider, for example, the fact that agricultural workers dropped from 55% of the American labour force in 1850 to less than 5% today, as reported by the McKinsey Global Institute (MGI).[7]

Looking forward, shifts of such magnitude are expected in a variety of sectors. According to MGI, at least one-third of the activities in approximately 60% of all occupations are automatable.[8] Based on a study of six countries (China, Germany, India, Japan, Mexico, and the United States), MGI predicts that labour demand for specific jobs in "predictable environments"—such as production workers, machine operators, food preparation workers, and general mechanics—could fall by more than 35% by 2030.[9] Further, MGI predicts that 375 million workers around the world may have to change occupational categories by 2030.[10]

As with mass urbanization, the stress caused by automation will be felt by governments and businesses alike, so leaders in both the public and private sectors will need to better plan and prepare for future disruption.

Global initiatives

The concept of resilience remains relatively new. Early initiatives, such as the Kyoto Protocol (adopted in 1997), isolated and addressed aspects of resilience related to climate change. Recent initiatives have taken a more holistic approach to resilience, broadening sustainability to include financial, operational, technological, and social concerns as well as environmental ones.

The 100 Resilient Cities (100RC) initiative, launched by The Rockefeller Foundation in 2013, was one of the first to approach resilience from a holistic perspective. In its own words: "[100RC] is dedicated to helping

1 United Nations, Department of Economic and Social Affairs, Population Division (2006), *World Urbanization Prospects: The 2005 Revision* (working paper no. ESA/P/WP/200), **un.org**.

2 United Nations, Department of Economic and Social Affairs, *World Urbanization Prospects: The 2018 Revision – Key Facts*, **un.org**.

3 UN-Habitat, *State of the World's Cities 2008/2009 – Harmonious Cities*, 2008. (**unhabitat.org**)

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5 Richard Dobbs, Sven Smit, Jaana Remes, James Manyika, Charles Roxburgh, and Alejandra Restrepo, *Urban World: Mapping the Economic Power of Cities*, McKinsey Global Institute: March 2011. (**mckinsey.com**)

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cities around the world become more resilient to the physical, social and economic challenges that are a growing part of the 21st century. [It] supports the adoption and incorporation of a view of resilience that includes not just the shocks—earthquakes, fires, floods, etc.—but also the stresses that weaken the fabric of a city on a day to day or cyclical basis."[11]

To date, the 100RC's City Resilience Framework (CRF) has been adopted by 100 major cities around the world, including the Canadian cities of Calgary, Montreal, Toronto, and Vancouver.[12] With the CRF as a guide, these cities are leading the charge toward comprehensive resilience planning at a municipal level. Although still in its infancy, this framework has already served as a catalyst for change, elevating the importance of resilience to city councils and corporate boardrooms around the world. In short, 100RC has effectively placed the concept of resilience on the map.

Corporate actions

Corporations, too, are beginning to think in terms of resilience, albeit to a lesser extent than municipal governments. Some multinational corporations have implemented climate change strategies designed to help them survive, adapt, and grow in a world challenged to reduce greenhouse gas emissions,[13] while others have tackled IT resilience, developing strategies to maintain acceptable service levels no matter what challenges arise.[14] Still, few—if any—corporations have developed and deployed a comprehensive organization-wide resilience strategy.

Overcoming structural barriers

Going forward, public and private organizations that want to survive, adapt, and grow will need to sharpen their focus on resilience planning. This will require brave, forward-thinking leadership, as structural barriers will be encountered along the way and difficult decisions will have to be made. Structural barriers include budget constraints, a lack of resources and/or expertise, siloed departments, and a short-term mindset. Siloed departments can be particularly problematic, as effective resilience planning must, by necessity, span the entire enterprise. Likewise, short-term thinking (tied, for example, to one election cycle or fiscal year at a time) is a sure-fire way to hinder effective resilience planning.

To guide organizations in overcoming these kinds of structural barriers, KPMG has developed a set of key enablers that should be built into any resilience strategy. These enablers include:

- **Vision and leadership:** A long-term vision for the organization, stemming from the leadership team and enacted at every level, will ensure that the whole organization is on the same page, and that each individual is working toward the same goals.
- **Effective strategy and policies:** Buy-in from executives across the organization will be needed to ensure that each department and individual employee is aware of the overall strategy, and that the policies are in place to make this strategy a reality.
- **Collaboration:** Open communication is necessary to break down silos and encourage co-operation and collaboration across departments.
- **The right organizational attitude:** Changing the mindset of an entire organization requires careful planning and management from the leadership team.
- **The right people:** An evolving skill base with the right competency, capacity, and capability will be needed.

Many organizations will find that they must first work on one or more of these enablers before they can effectively take on the task of resilience planning.

Corporate organizations need to start planning for resilience, and not just in terms of climate change or IT

To download a copy of KPMG's 2018 *Emerging Trends in Infrastructure* report, visit **kpmg.com**.



[11] See: **100resilientcities.org/about-us**, accessed October 2, 2018.

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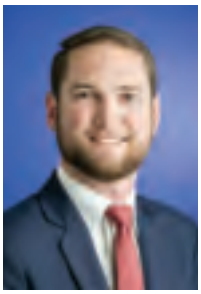
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The time is now

The public sector, led by 100RC cities, is well on the road to building enablers for resilience. Due to differing priorities (such as profit maximization versus social objectives), the private sector is farther behind, and few businesses are taking a similarly holistic approach. With global trends like mass urbanization and automation driving acute shocks and chronic stresses, forward-thinking government and business leaders would be wise to adopt infrastructure resilience planning now to ensure that their organizations have the capacity to survive, adapt, and grow well into the future. ■



Chris Sainsbury is the national infrastructure lead for smart cities in KPMG Canada's Global Infrastructure Advisory team. He is a chartered civil engineer and project management professional with over 18 years of experience in the construction industry.



Ross Ryken is a consultant in KPMG Canada's Global Infrastructure Advisory team. He began his career as a field engineer for large oil & gas, mining, and transportation projects and now specializes in infrastructure strategy and capital projects.



Alexandra Hewitt is a senior consultant in KPMG Canada's Global Infrastructure Advisory team. She specializes in strategy development for high-profile infrastructure investments, with a focus on transportation.

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After Livent – A BC Perspective

By David Wende, LLB, CPA (Hon.)

It may be some time before we understand the full impact of the Supreme Court of Canada's decision in the *Livent* case. In the meantime, auditors must consider the potential implications of this decision and mitigate against some new risks. As noted by CPA Canada, "Auditors may need to reconsider the audit engagements they are willing to accept, the terms of these engagements, and the fees they charge. They may need to consider including additional wording in their audit reports to clarify the limitations of to whom they owe a duty of care to avoid the spectre of indeterminate liability, which Canadian courts uniformly view as contrary to the public interest."[1] In the following article, legal expert David Wende explains the complexity of the *Livent* decision and offers some practical advice for auditors in British Columbia.



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With its December 20, 2017, decision in *Deloitte & Touche v. Livent Inc. (Receiver of)*, 2017 SCC 63 (*Livent*), the Supreme Court of Canada (SCC) changed the law of British Columbia regarding auditor liability. As a result of this decision, auditors could now be held liable to their corporate clients for failing to discern the deliberate deceit of their clients' directing minds. In addition, the SCC permitted creditors, otherwise without a remedy owing to an earlier SCC decision, to sue the auditor in the name of the client through a receiver, and it held that the auditor could be liable for the loss in value of the corporate client between the time when the auditor should have discovered the fraud versus when it was later discovered.

The Ontario trial judge in *Livent* found that the directing minds of Livent Inc., in concert with the company's internal CFO, began to manipulate Livent's financial statements in 1991, presenting them for audit in a manner deliberately designed to deceive the auditor, Deloitte. It was not until the summer of 1997 that Deloitte learned these quarterly financial statements could not be correct. However, the firm did not attribute the errors to ongoing internal fraud—instead, it assisted Livent in preparing a positive press release and provided a "comfort letter" to securities regulators to aid the company in obtaining additional equity investment. Moreover, in April 1998, Deloitte released a clean audit opinion on the company's fraudulently overstated 1997 financial statements.

[1] From "Livent Decision and the Profession." This and other CPA Canada perspectives on the *Livent* decision can be found at **cpacanada.ca** (enter "Livent" in the search field). As detailed in "Assessing Deloitte v. Livent," CPA Canada "intervened in the *Livent* case to ensure that issues affecting the broader public interest were fully considered." Its work in monitoring the consequences of the *Livent* decision is ongoing.

In 1998, Livent brought in new management, and it was they who discovered the material accounting errors that subsequently caused Deloitte to withdraw its 1997 audit opinion. In November 1998, Deloitte issued a new opinion on the company's 1997 restated financial statements that prompted Livent to seek insolvency protection. The creditors, through the company receiver, sued Deloitte in the name of Livent Inc.

Had this claim been brought in British Columbia, it should have failed at the trial level. In *Hercules Managements Ltd. v. Ernst & Young* [1997], 2 SCR 165, the SCC significantly limited the negligent auditor's liability to those persons whom the auditor could reasonably foresee relying on the audit opinion, ***provided*** the audit opinion was used for the specific purpose for which it had been rendered. Since the Livent audit was intended to comply with company law alone, and not for the creditors' benefit, the creditors had no claim against Deloitte.

In *International Culinary Institute of Canada, Inc. v. Grant Thornton LLP*, 2010 BCSC 541, I persuaded the BC Supreme Court (BCSC) that this limited purpose test applied equally to the company. The creditors' "end run" around *Hercules*—employing the receiver to sue Deloitte in Livent's name—should also have failed at the trial level in BC.

In 1985, the SCC held that since a company can only act through its directing minds, any criminal or fraudulent acts on the part of these directing minds were attributable to the company itself. The BCSC applied this same reasoning in the case of *Hart Building Supplies Ltd. v. Deloitte & Touche*, 2004 BCSC 55, finding that the fraud of the directing minds of the audit client should be attributed to the company, thereby precluding the company from seeking recovery from the auditor for failing to detect said fraud. In light of a subsequent SCC decision in *Bhasin v. Hrynew*, 2014 SCC 71, this outcome made sense.

In *Bhasin*, the SCC held that within every contract is a duty of honest performance by the parties to that agreement. The corporate defendant, having acted through its directing minds, was held liable for its dishonest dealings with the plaintiff (Mr. Bhasin). Thus, if Livent had similarly breached its contractual obligation to deal with its auditor honestly, shouldn't this breach have precluded it from seeking a remedy for its own fraud? Not according to the Ontario courts, which rejected the *Hart* defence. Livent's obligation of honest performance in its engagement with Deloitte under *Bhasin* was never even considered.

At trial and on appeal, the lower Ontario courts held that Deloitte did not meet the standard of care expected of an auditor when it failed to discover the ongoing fraud and act on that discovery in August 1997, and again when it issued its auditor's report on Livent's 1997 financial statements in April 1998. Damages in the amount of $84,750,000 (less 25% for contingencies) were awarded against Deloitte; the figure was based on the difference between Livent's value in August 1997 and its value at the time of insolvency.

In its 4:3 decision, the SCC majority overruled *Hart* on public policy grounds, stating that "the very purpose of a statutory audit is to provide a means by which fraud and wrongdoing may be discovered" and that it would be "perverse" and "would render the statutory audit meaningless" to protect the auditor from negligently failing to find fraud.[2] In undertaking this

[2] See paragraph 103 of the SCC ruling, which is available online at **https://scc-csc.lexum.com/scc-csc/scc-csc/en/item/16920/index.do**.





"duty of care" analysis, the SCC did not refer to its earlier decision in Bhasin and made no attempt to explain why Livent's breach of its duty of honest performance in the audit engagement did not protect Deloitte in contract. This is important because, as discussed under "Practice points" below, contractual rights in your engagement letters can define and limit any potential liability to your clients.

Insolvency law has long permitted a receiver or trustee in bankruptcy to bring proceedings in the name of the company for the benefit of its creditors. At issue in *Livent* was whether this form of proceeding could prevail over the substantive philosophy of *Hercules* under which Deloitte would have owed the creditors no duty of care. The SCC found that it did not matter that procedural insolvency law had been employed to circumvent the protection afforded to auditors under *Hercules*, because it held that it is irrelevant *who* causes the company to come before the courts. The SCC also agreed that if the corporate client's value diminishes between the time when a reasonable and prudent auditor applying generally accepted auditing standards would have discovered the fraud and the time of its eventual discovery, the decline in value is recoverable against the negligent auditor. This could have huge ramifications—especially if a company goes from success to insolvency during that period.

The silver lining in *Livent*? All seven of the SCC judges affirmed that *Hercules* otherwise remains the law and applies equally to the company itself. Therefore, since the purpose of Deloitte's August 1997 comfort letter was not to uncover fraud, no liability could follow under the *Hercules* principles. However, with the SCC having now imposed on the statutorily appointed auditor the purpose of uncovering fraud for the benefit of the company as a matter of law, a claim by the company for negligently failing to do so fell squarely within the *Hercules* principles. As a result, Deloitte was still held liable; however, the amount was reduced (after a further 25% reduction for contingencies) to $40,425,000, representing the decline in Livent's value between the time when the original auditor's report was issued in April 1998 and when the new auditor's report was issued seven months later.

Lessons learned

Aside from underlining the importance of maintaining high professional standards and skills, the fundamental risk management lesson to be learned from *Livent* is the importance and power of engagement letters to limit an auditor's liability in any kind of engagement. In 1997, the then-Institute of Chartered Accountants of Ontario would not permit auditors to limit their liability to clients within their engagement letters. Times have changed.

In *Felty v. Ernst & Young LLP*, 2015 BCCA 445, the BC Court of Appeal rejected any policy arguments against CPAs contractually limiting their liability to their clients. In the *Felty* case, EY had—wisely—refused to accept the engagement unless the client accepted its liability limits. Because EY had given the client the choice and opportunity to seek the assistance of another accounting expert, our BC trial and appeal courts held that the client was bound to the limitation of liability terms set out in the firm's engagement letter.

Practice points

What should you do if you're an auditor in BC? I recommend that you include limitation of liability terms in your engagement letters; specifically, limit the amount you can be sued for and the time in which a claim may be brought against you. Refuse to proceed with any assurance engagement unless those terms are accepted by your client. Drawing the limiting terms to your client's attention while there is still enough time for the client to go elsewhere for its professional accounting services, or—better yet—permitting the client to negotiate higher liability limits, should render the monetary limit in a properly drafted engagement letter unassailable in a court of law.

Given that your purpose now in any statutory audit is to provide a means by which fraud may be discovered, why should you alone be answerable to the company, and not those in senior management who perpetrated the fraud, or those serving on the company's board of directors, if the board failed to properly supervise management? Consider including within your audit engagement letters a term further

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"Including these protections in your engagement letters will significantly limit your exposure..."

limiting your liability severally to your proportion of the company's losses caused by all wrongdoers, including, specifically, its management and board. And for assurance engagements other than statutory audits, consider excluding liability for such fraud.

Including these protections in your engagement letters will significantly limit your exposure to creditors or shareholders who might otherwise use insolvency and corporate law to bring action against you in the name of your client.

Finally, to readily avail yourself of the protection under *Hercules*, ensure that you record in your engagement letter the limited purposes for which the assurance report may be used. Where possible, also stipulate in the engagement letter that you reserve the right to include a "Restriction on Use" in your assurance report—one that limits those who may lawfully rely on this report. Note that if the engagement letter does include a restriction on distribution or the use of the auditor's report, an "other matters" paragraph, as required by Canadian Auditing Standard (CAS) 706 (Restriction on distribution or use of the auditor's report), should be included with a corresponding disclosure in the engagement letter regarding the expected form and content of the auditor's report. ■



David Wende is a recently retired lawyer who devoted much of his professional career to serving the accounting profession. Today he provides mediation and arbitration services in matters requiring an understanding of both legal and accounting principles. He also chairs the board of directors for McElhanney Consulting Services Ltd., an engineering and geomatics company with offices throughout Western Canada.



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Job Search: "You're Hired!" Now What?

By Suzanne Berry

The following article by CPABC Career Advisor Suzanne Berry is the third in a three-part series aimed at helping any CPA job seeker make the most of their next employment opportunity—whether they're just beginning their career, embarking on a mid-career transition, or starting a new life in Canada. Parts 1 and 2 of the series appeared in the July/August and September/October 2018 issues of *CPABC in Focus*, available online at **bccpa.ca**.



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There's nothing sweeter than the feeling of victory you experience when you land a job, especially after an exhausting search process. But that feeling soon wears off as you set about proving yourself to the people who hired you. Just how do you do that? And how do you realize your full potential? Here are four suggestions to help you thrive on the job:

Be a great communicator

Just as water is essential to the human body, so is communication to the functioning of an organization. When co-workers and business partners communicate openly and easily, the work they handle flows smoothly. When communication is difficult or disordered, it causes blockages in flow—work can hit barricades, stagnate, or come to a halt. For a business to thrive and customers/clients to be kept happy, these blockages must be avoided at all costs.

This is where your awareness comes in—you have the opportunity to positively influence communication at your new organization. But what does it take to be a great communicator?

Great communicators probably all have "conversational intelligence," a term coined by author and organizational anthropologist Judith E. Glaser. As Glaser puts it: "Conversational Intelligence is our most powerful and human and hardwired skill of connecting with others through conversations. When leaders turn to each other to draw out our best thinking and translate that into action, we are exercising our Conversational Intelligence. When leaders engage with others, value their suggestions, and inspire new thinking, they create a community that looks forward to co-create the future."[1]

[1] Judith E. Glaser, "Conversational Intelligence," *HuffPost*, December 6, 2017. (**huffingtonpost.com**)

You have the opportunity to positively influence communication at your new organization

Glaser's five-step "TRUST Model" encapsulates this concept[2]:

- **Step 1: T**ransparency. Be open and transparent about what's on your mind.
- **Step 2: R**elationship. Extend the olive branch, even with people you may see as a foe.
- **Step 3: U**nderstanding. We learn what is really on people's minds by seeking to understand their needs and emotions and seeing the world through their eyes.
- **Step 4: S**hared success. Create a shared vision of success with others.
- **Step 5: T**esting assumptions and telling the truth. [Empathy] is the highest level of trust we can experience together.

Being a great communicator doesn't mean you're never allowed to disagree—it just means you need to consider carefully how your message is *delivered* and how it might be *received*. You must also be readily open to receiving the messages of others.

Connect with the culture

Harmony in the workplace obviously has a positive effect on employee morale and productivity, but there's another obvious benefit to building harmonious relationships with co-workers: It can help with career building. Human resources specialist Margaret Morford notes that the strong relationships you form with co-workers and key decision-makers can help you weather both major changes—such as a company downsizing, a departmental reorganization, or a merger—and smaller setbacks, including those resulting from your own mistakes.[3]

Executive career consultant Ian Christie echoes this philosophy when he warns that you're putting yourself at risk if your boss is the only person in your organization who knows how good you are at your job.[4] What would happen if your boss abruptly left the organization? Who would be left to champion your work or advocate for your promotion? By taking the time to connect with co-workers and key decision-makers, you can build up a network of individuals companywide who know your track record and can vouch for your character.

[2] Glaser, "Go the Distance! From Distrust to Trust Using Conversational Intelligence," *HuffPost*, December 6, 2017. Suzanne thanks certified coach Eileen Chadnick for sharing Judith Glaser's concepts in her on-demand webinar for CPA Canada, "Are Your Conversations Building Trust?"

[3] Margaret Morford, "The Hidden Language of Business: Workplace Power, Politics, and Influence," presented at the 2018 CPHRBC & Yukon Annual Conference on May 2, 2018.

[4] Suzanne thanks Ian Christie of the Bold Career Project for sharing this point in his PD seminar, "Maximizing Marketability for Finance & Accounting Professionals," presented by CPABC on August 10, 2018.



Adopt a system that helps you manage your time and effort effectively

And the great news is that connecting with the culture isn't as difficult as it may sound, even though it may require you to step out of your comfort zone. You can connect by attending work functions/social events; having lunch with co-workers and discussing your respective work projects; volunteering to join a committee or run a training session for another department; initiating an interdepartmental project; and/or inviting a co-worker to attend a networking event outside of work.

Meet or exceed the organization's goals—and your own

Inevitably, your role is going to require you to achieve certain deliverables and goals. You should also set your *own* goals, because personalized goals will make your work more meaningful and help you on your career path over the long term. Wise managers will support you in this endeavour.

My advice for accomplishing any goal is the same: Adopt a system that helps you manage your time and effort effectively. There are many time-management resources out there, but here are two concepts that were game-changers for me:

a) **Tasks should be ranked according to correlative importance and urgency:** In his seminar, "Time Management – The Essentials of Productivity Skills," facilitator and professional keynote speaker Greg Campeau shared a task priority matrix that measures importance and urgency correlatively. As Campeau explained, you will always be pulled to the tasks that are highly urgent even if they're of lower importance, and that's why you must carve out time for the less urgent but highly important tasks on your plate.[5]

b) **You can make your brain more productive:** It's one thing to make time for an important task, but it's another to make that time deeply productive. In the February 2018 issue of *Observe* magazine, neuroscientist Dr. Brynn Winegard describes eight ways to "boost your brain."[6] You may already know that multitasking isn't really possible, but did you know that you should focus on a task for no more than 90 minutes at a time, followed by a 15-minute break, for optimal performance?

Practise self-awareness and self-reflection

The last tip I want to leave you with is to perpetuate your self-improvement by checking on your progress regularly. Author and corporate trainer Joe Hirsch recommends that you evaluate yourself in terms of your strengths, passions, values, goals, and relationships on a regular basis to "generate more self-awareness about how you work and develop next-level strengths."

And don't be afraid of what you find! It's all a part of the process of discovering who you are through your work.

Final thoughts

No matter how experienced you are, job searching can be highly stressful. The probationary period for new hires can also be highly stressful—whether you're starting at the entry level or in the C-Suite. The strategies outlined in all three articles of this series are designed to help you wherever you may be in your career—I hope you find them useful, and I wish you success! ■

Suzanne Berry is the career advisor for CPABC.

[5] Suzanne thanks Greg Campeau of Campeau Learning for sharing the priority matrix concept in his PD seminar, "Time Management – The Essentials of Productivity Skills," presented by CPABC on December 14, 2017.

[6] Dr. Brynn Winegard, "Boost Your Brain," *Observe – The Odgers Berndtson Global Magazine*, No. 14, Issue 02/2018: p. 49, June 26, 2018, **odgersberndtson.com**. Suzanne thanks Dr. Winegard for sharing her brain productivity tips in her opening keynote, "Engaging People," presented at the 2018 CPHRBC & Yukon Annual Conference on May 1, 2018.
Joe Hirsch, "5 Coaching Questions to Build Your Self-Awareness," (blogpost), **joehirsch.me/blog-2**, December 13, 2017.

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Are You (and Your Professional Standards) Ready for Busy Season?

By CPABC's Professional Conduct Team

We're at the time of year when many CPAs start gearing up for their busiest work cycles: year-end and tax season. CPABC's Professional Conduct department often has a busy season as well, as a result of year-end and tax-related client complaints. Accordingly, this article reminds public practitioners of the key questions they should ask to help keep complaints at bay.

If you're a public practitioner, ask yourself the following questions:

Are my engagement letters ready and up to date?

The *CPABC Code of Professional Conduct* (CPA Code) does not specifically require members to obtain engagement letters. However, because engagement letters can help members address several of the rules contained in the CPA Code—such as 202.1 (Integrity and due care), 206 (Compliance with professional standards), 214 (Fee quotations and billings), and 218 (Retention of documentation and working papers)—it is always wise to obtain a signed engagement letter from a client. (Consider also that engagement letters often form "Exhibit A" in any client-service dispute that ends up being litigated.)

A well-written engagement letter is one that outlines the nature and extent of the services to be provided. It may stipulate the:

- Objectives and purpose of the engagement;
- Scope of the work;
- Timelines and deliverables;
- Responsibilities of both the accountant and the client;
- Fees, billings, and retainers;
- Dispute resolution process;
- Limitation of legal liability[1]; and
- Document ownership (especially when bills go unpaid).

Some of the complaints received by the Professional Conduct department can be attributed to poorly written (or non-existent) engagement letters. "Scope creep" commonly occurs when members aren't clear about the services they'll provide, and it often leads to complaints about fees.

In addition, we frequently encounter members who have used generic engagement letter templates from practice manuals or software programs. These are never ideal. So we recommend instead that you take the time to customize your engagement letters and ensure that they're written in plain language.

Have I reviewed my document retention practices and procedures?

Rule 218 of the CPA Code (Retention of documentation and working papers) requires that members take reasonable steps to maintain the information for which they are responsible, including working papers and records that support their work. The guidance to Rule 218 recommends that practitioners maintain such records for a minimum period of 10 years, recognizing that some other documents (such as financial statements, tax files, and corporate documents) may need to be maintained permanently. Note: This rule applies to the documentation relating to existing and former clients.

Many professionals have opted to go paperless, and it is indeed acceptable to maintain all your records electronically. In British Columbia, the *Electronic Transactions Act* provides that, except for a small subset of legal documents (such as wills and powers of attorney), all documents can be managed and stored electronically without a corresponding paper copy. Bear in mind, however, that members who have clients in the public sector in BC may be subject to the requirements of the *Freedom of Information and Protection of Privacy Act* as well. If you fall under this category and you're using cloud services, you must ensure that any personal information in your files is being stored in Canada.

Am I saying "no" to work that's outside my licensed category or skill set?

Each year, we encounter members who took on engagements that ultimately proved too challenging for their skill sets, particularly during the deadline-driven peak season. Rule 203 of the CPA Code (Professional competence) requires members to sustain their professional competence in all areas of their practice. In other words, practitioners should avoid providing advice or services unless they have the professional knowledge and competence to deal with the challenges of the engagement.

For example, practitioners with lawyers as clients should not take on engagements that involve reporting on a lawyer's trust accounts to the Law Society of British Columbia without being fully prepared and properly licensed by CPABC to do so. Such engagements involve the application of specific auditing procedures, proper planning, and, again, appropriate licensing.

[1] For further discussion of liability, refer to the feature story on pages 32-35: "After Livent – A BC Perspective."



Here's another example—this one from an actual case that involved government assistance for taxpayers with disabilities. CPABC disciplined a tax practitioner who failed to recognize that a client who'd moved to another province was now subject to different rules for government assistance. The practitioner miscalculated the disability credits, which were then disallowed by the Canada Revenue Agency, causing significant financial hardship to the client's family.

Are my confidentiality practices meeting standards?

Rule 208 of the CPA Code (Confidentiality of information) deals comprehensively with the importance of confidentiality. Confidentiality is one of the fundamental principles of the accounting profession, and the importance of maintaining high standards cannot be overstated. Do you:

- Ensure that client records are securely stored, especially after hours?
- Ensure that client records (such as T-slips) are not accidentally mislaid or mixed with another client's materials?
- Ensure that electronic documents are sent and stored securely, through encryption or another similar safety measure, such as a Canadian cloud-based portal?
- Conduct background checks on your employees to ensure they are of good character—especially the casual employees you bring on during peak season?

Each of these questions relates to scenarios that have brought CPAs to the attention of CPABC's Professional Conduct department. Don't be the next CPA to make the same mistakes.

Final messages

If you work in public practice, it's likely that year-end and tax season will always be your busiest times of year. During these periods, as you devote all of your skills and many waking hours to deliver quality services to your clients, remember to pay attention to the requirements of our profession, as outlined in the CPA Code. Doing so will help you ensure that no complaints come your way.

Do you need guidance?

CPABC has professional standards advisors who are here to help you understand the CPA Code. All discussions are confidential, non-binding, and unofficial. Contact:

- Stella Leung, CPA, CA, at 604-488-2609 or **sleung@bccpa.ca**.
- Brigitte Ilk, CPA, CGA, at 604-629-8363 or **bilk@bccpa.ca**.
- Both can also be reached using our toll-free number at 1-800-663-2677.

In particularly complex situations, you may also want to consider obtaining independent legal counsel. The *Chartered Professional Accountants Act*, *CPABC Bylaws*, *CPABC Bylaw Regulations*, and *CPABC Code of Professional Conduct* can be accessed online at **bccpa.ca/regulatory/act-bylaws-rules**.

Comments or questions about this article?

Contact the Professional Conduct department at **professionalconduct@bccpa.ca**. ■

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Tina Huang is a senior manager in tax at BDO Canada LLP in Vancouver, where she specializes in personal and corporate tax planning for privately held businesses and high-net-worth individuals, corporate reorganizations, purchases and sales of a business, and estate planning. She thanks Karen O'Neill, senior manager in tax at BDO, for her assistance with this article.

The Tax Treatment of Transaction Costs—An Update on the Rio Tinto Alcan Case

By Tina Huang, CPA, CA

Generally, the term "transaction costs" is intended to capture all costs associated with a transaction, such as a merger, acquisition, or business combination. These costs may include (but are not limited to) the following: professional fees, such as legal, accounting, and consulting fees in connection with the planning and implementation of a transaction; break fees (penalties applied to a buyer or seller who walks away from a deal); and financing expenses.

The income tax treatment of transaction costs is not always clear. The primary issue is the determination of whether the costs should be capitalized or deducted for income tax purposes.

In *Rio Tinto Alcan Inc. v. The Queen*, 2018 FCA 124 (*Alcan*), the Federal Court of Appeal ruled that certain transaction costs are deductible for income tax purposes. The *Alcan* case rejects the notion that all transaction costs should automatically be capitalized and provides additional clarity as to the types of transaction costs taxpayers can deduct on a current basis.

General principles for the deductibility of expenses

Over the years, the courts have consistently held that, for income tax purposes, business profits can be calculated in accordance with any well-accepted principles of accounting or business practice, subject to specific provisions of the *Income Tax Act* (ITA). There are two general limitation rules in subsection 18(1) of the ITA that limit the deductibility of all expenses to certain conditions: First, the expense must be incurred for the purpose of gaining or producing income from a business or property; and second, an expense that is capital in nature is not deductible unless the capital expenditure is expressly permitted by a specific provision of the ITA.

Determining whether a transaction cost relates to income or capital can be a difficult task. The courts have suggested that each expenditure should be looked at on a case-by-case basis and that the following three elements should be considered:

1. **Form:** A recurring fee suggests that the expenditure is income-related; a one-time outlay suggests that the fee is capital in nature;
2. **Effect:** The longer the enduring benefit resulting from an incurred expenditure, the more likely the expenditure is capital in nature; and
3. **Purpose:** In addition to the general purpose of earning income from business or property, consideration should be given as to whether the incurred expenditure was part of ordinary business operations or more closely associated with the direct acquisition of a capital asset.

Alcan: Case specifics

The taxpayer, Rio Tinto Alcan Inc. (Alcan), paid significant transaction costs to various advisors. In particular, Alcan paid investment banks to advise on a potential merger transaction—specifically, on whether to proceed and, if so, how to structure the transaction.

Alcan deducted all of the consulting fees paid to the investment banks on the basis that the expenses were current in nature and incurred for the purposes of earning income from a business or property. However, the Canada Revenue Agency disallowed all of these expenses on the basis that they were capital in nature.

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"Taxpayers should analyze each expenditure to determine if any portion of the transaction costs can be classified as oversight expenses..."

In *Rio Tinto Alcan Inc. v. The Queen*, 2016 TCC 172 (*Alcan*), the Tax Court of Canada (TCC) partially rejected the CRA's decision, with presiding Justice Robert J. Hogan designating certain fees for services as "oversight expenses" and others as "execution costs."[1] Following a review of the TCC's findings and related jurisprudence, the Federal Court of Appeal (FCA) upheld the TCC's decision. The FCA agreed with the TCC's approach of summarizing the expenses into the following two categories:

1. **Oversight expenses:** These expenses do not have an enduring impact—they are current expenses incurred to assist management in the decision-making process and are deductible in the year incurred.

   In *Alcan*, this category encompassed the fees that were incurred to help the board of directors make management decisions about the company's income-earning process. As Alcan's board was responsible for providing oversight on the allocation of capital and making investment decisions (as evidenced by a long history of acquisitions), these types of transaction costs were of a frequent and recurring nature for the company. Thus, these expenditures were considered part of ordinary business operations, as it was the responsibility of Alcan's management and directors to make informed decisions on behalf of the business.

   Even though, if acquired, the business under consideration would have become a capital asset for Alcan, the consulting services provided by the investment banks with regard to the acquisition's viability merely assisted Alcan in making the investment decision. Therefore, the TCC found them to be oversight expenses.
2. **Execution costs:** These costs generally consist of fees incurred to implement a transaction to purchase a capital asset—an enduring benefit—with the intention to hold it for the long term. Unlike oversight expenses, execution costs are generally incurred *after* the decision has been made to purchase the asset. Execution costs are considered capital in nature and are not deductible as current expenses in the year in which they are incurred.

   Accordingly, in *Alcan*, the TCC carved out a portion of the fees paid to the investment banks in connection with the work that was performed after the decision to invest had been made. The TCC found that the costs incurred post-decision were non-recurring costs associated with the actual implementation of the transaction and Alcan's acquisition of the investment.

   Alcan argued that if the execution costs were not deductible, they should be capitalized to Class 14.1 (formerly eligible capital expenditures in section 14 of the ITA), a capital asset class on which a capital cost allowance could be claimed.[2] However, the TCC found that the execution costs were more closely related to the implementation of the transaction rather than the enhancement of "the economic and financial viability of a business."[3] This judgement was not challenged at the FCA level and, as a result, execution costs should not be added to Class 14.1.

Summary

Overall, the good news is that *Alcan* provides a precedent that not all transaction costs associated with the purchase of a capital asset are automatically of a capital nature (and thus not fully deductible in the year in which they are incurred). It is important to note that the TCC considered Alcan's long history of making acquisitions in its decision to classify a portion of the transaction costs as oversight expenses. The TCC noted that an evaluation of corporate opportunities appeared to be an ongoing quest for Alcan's directors, and—given this history—these evaluations were intrinsically linked to the income-earning process. A corporation making one-time or infrequent investment decisions should carefully consider whether any portion of the transaction costs it has incurred could be viewed as oversight expenses and deducted on a current basis.

Taxpayers should analyze each expenditure to determine if any portion of the transaction costs can be classified as oversight expenses and thus deducted for income tax purposes in the year in which they are incurred. Taxpayers should also remember that they bear the onus of proof as to the nature of the incurred transaction costs (whether oversight or execution). Accordingly, the taxpayer should ensure that they distinguish between the oversight and execution costs of each transaction in their documentation. This might involve identifying specific phases in the transaction process; documenting costs for each phase; and ensuring that third parties retained to assist with the transaction provide billings in support of their work during each specific phase of the process. ■

[1] https://decision.tcc-cci.gc.ca/tcc-cci/decisions/en/item/146037/index.do (paragraph 72)

[2] budget.gc.ca/2016/docs/tm-mf/notes-en.html

[3] https://decision.tcc-cci.gc.ca/tcc-cci/decisions/en/item/146037/index.do (paragraph 203)

PD EXPERTS

What Do Diversity and Inclusion in the Workplace Truly Look Like?

By Alden E. Habacon

When a race-related incident at a Philadelphia Starbucks sparked worldwide outrage in the spring of 2018, the company's response to the incident—an afternoon of anti-bias training for staff across North America—came under intense scrutiny.[1] Starbucks' intention to promote diversity and inclusion in the workplace was by no means avant-garde, as many organizations have delivered similar programs to employees over the years. Having witnessed a range of these programs over the last 15 years, I can say that one observation holds true: *Diversity means different things to different people, and it plays out differently in different industries*.

What do you mean when you say "diversity"?

It can be difficult to have a robust conversation about diversity and inclusion when there isn't a common understanding of what these terms mean.

When we talk about promoting diversity in the workplace, we generally mean fighting against the under-representation of certain groups of people or aspiring for a greater mix. But what makes these discussions complex is that not all diversity is visible. Thinking about diversity in three dimensions can help bring clarity.

Inherent diversity

The first dimension is often called "inherent diversity." This refers to aspects of our identities that are tied to our appearance and physical characteristics, or the social categories we might fit into. These aspects include race, ethnicity, age, sexuality, gender identity, and faith identity.

Acquired diversity

The second dimension is often called "acquired diversity" or "experiential diversity," which includes aspects of our identity and points of view that come from our lived experiences and personal histories. These might include where you grew up, what languages you speak, whether you're a parent, whether you immigrated to Canada as a child, or whether you have been diagnosed with a health condition. Despite being harder to measure, this dimension has an enormous impact on workplace diversity.

In May 2018, I delivered inclusion training to employees at a large financial institution in Quito, Ecuador. Out of its 5,100 employees, 65% were women. In speaking with the organization's diversity and inclusion committee, I learned that a large number of employees were not satisfied with their employer's efforts to accommodate mothers. This demonstrates the fact that having or being open to having a diverse workforce is not the same as being inclusive to employees' unique needs. In other words, *a diverse workplace isn't necessarily an inclusive workplace*.

[1] Lisa Baertlein, "Starbucks Shuts 8,000 Stores for Anti-Bias Training," *Reuters*, May 29, 2018. (**reuters.com**)



Alden E. Habacon is a diversity and inclusion strategist and the director of solutions strategy for HRx Technology in Vancouver. He was a presenter at the Maximizing Diversity Nexus Day, hosted by CPABC's PD department in August 2018, where he spoke about the need for inclusion excellence.

Thought diversity

There are many local examples of companies that—like the aforementioned financial institution in Ecuador—have been successful in attracting and hiring for diversity but struggle to provide a workplace where everyone actually feels included. The flexibility needed to create a healthier workplace for parents, for example, requires a third dimension of diversity—one that's truly the biggest challenge for workplaces today: "thought diversity."

Some experts say thought diversity is simply the result of different brain wiring. But it is also the result of the first two dimensions of diversity at play—and how they collectively affect our perception of the world and each other, and our ability to communicate and lead. A workplace that aspires to thought diversity must be inclusive. Similarly, a truly inclusive workplace must be open to different points of view, approaches, and methods. *Thought diversity and inclusion are inseparable.* Subsequently, inclusion will not thrive in a work environment led by a micromanager. Inclusive leaders are the polar opposites of (and often the antidote to) micromanagers.

The difference between a diverse workplace and an inclusive workplace is what sets 3D-diversity and 2D-diversity apart. As inclusion strategist Vernā Myers puts it, "Diversity is being invited to the party; inclusion is being asked to dance."[2] However, this analogy does not go far enough to explain "inclusion excellence."

Research conducted by Deloitte and the Victorian Equal Opportunity and Human Rights Commission in 2013 revealed that real inclusion in the workplace is the combination of feeling that you are treated fairly, that your uniqueness is valued and appreciated, *that you belong*, and that you can fully contribute your voice.[3] Using Myer's analogy, *inclusion excellence is being invited to pick the music.*

[2] Vernā Myers, *Moving Diversity Forward: How to Go from Well-Meaning to Well-Doing*, Chapter 1, ABA Book Publishing: 2011.

[3] Deloitte Australia and Victorian Equal Opportunity & Human Rights Commission, *Waiter, Is That Inclusion in My Soup? A New Recipe to Improve Business Performance*, May 2013. (**deloitte.com**)

INTERESTED IN THIS TOPIC?

CPABC PD is offering "Embracing Cultural Relationships in the Workplace" with Lesley-Ann Marriott, CEC, PCC, on December 6, 2018. See **pd.bccpa.ca**.

Improving morale improves the bottom line

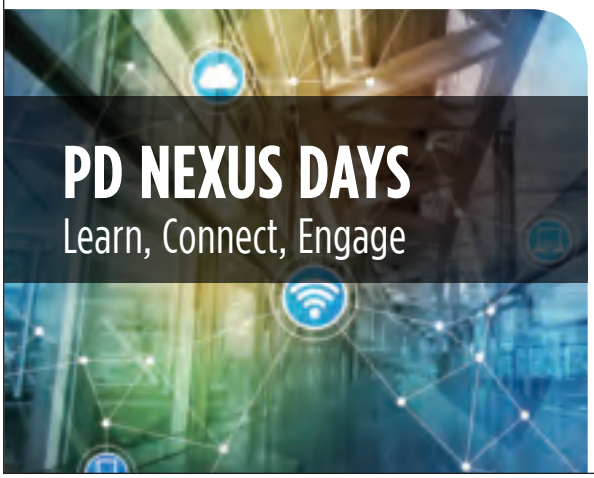
A lot of research suggests that employees who feel included are generally happier, healthier, and more likely to stay. This is good for an organization's bottom line for many reasons. According to **peoplekeep.com**, the cost of turnover goes up as pay rate increases, ranging from 16% for lower-wage positions to 213% for executive roles.[4] Quantifying the costs of losing people is challenging, because these costs are often hidden in the lost productivity of managers when they're engaged in recruitment. Additionally, there's a loss in productivity for the entire team during a new hire's first six months, as the employee onboards and adjusts to their role and the company. More productive workplaces and cost savings tied to reduced turnover are just a few of the many business case benefits[5] of having a more inclusive and diverse workplace.

Key to realizing these benefits is an understanding that increasing diversity and inclusion in the workplace is *not* the end goal. Reducing the under-representation of certain groups of people and ensuring that *all* employees can be themselves at work are just *means* to deliver on an organization's existing business objectives and achieve or maintain competitive excellence.

Starbucks' anti-bias training was one of the strongest statements of a corporate commitment towards inclusion that we've seen in recent memory. And although this initiative/intervention does have the potential to contribute to a more inclusive, less racist society, its ultimate goal is to ensure that Starbucks' employees provide the highest levels of customer service to *all* customers. For companies similarly championing progressive workplaces, inclusion excellence is business excellence. ■

[4] Christina Merhar, "Employee Retention – The Real Cost of Losing an Employee," **peoplekeep.com**, February 4, 2016.

[5] Alden E. Habacon, "The Diversity Business Case," 2018, **aldenhabacon.com**.



PD Nexus: Public Practice Insights (formerly Practitioners' Potluck)
November 15, 2018 | Vancouver Convention Centre West
This conference is a great opportunity to update your technical knowledge and learn best practices to address some of the key changes and challenges in BC's public practice sector today.

PD Nexus: Business Insights Vancouver (formerly Members in Business & Industry PD Day)
December 7, 2018 | Vancouver Convention Centre West
This fast-paced PD Nexus Day will provide technical updates on accounting and tax and give you opportunities to expand and deepen your leadership skills.

EMAIL pdreg@bccpa.ca
WEB pd.bccpa.ca

PD PROGRAM HIGHLIGHTS – UPCOMING TITLES FOR THE FALL SEASON

See the full roster of CPABC PD titles (including dates and locations) at pd.bccpa.ca.

ACCOUNTING & ASSURANCE

ASPE—Disclosure and Presentation

This seminar will review best practices for the disclosure and presentation requirements in Part II of the *CPA Canada Handbook – Accounting Standards for Private Enterprises*, from cash flow to financial instruments and equity instruments to the known and the contingent.

Assurance Standards Update 2018—Other than Audits

This seminar will review recent revisions to the *CPA Canada Handbook – Assurance* and other practice matters for practitioners who perform review and compilation engagements. It will focus on new developments for review engagements and compilations, with an overview of projects in progress.

Audit Engagements—CAS 240: Risk Related to Fraud

This seminar will clarify the requirements of Canadian Auditing Standard 240 and the auditor's responsibility relating to fraud, and it will assist practitioners in meeting these responsibilities. Through discussion and examples, participants will design audit procedures to address the risk of fraud. This will include reviewing journal entry testing requirements and allowing for unpredictability.

Controllership—Strategic Leadership

This seminar will review strategic planning frameworks and basic strategy development techniques, with a particular focus on how the controller can add value in these areas as a strategic partner within their organization.

Essential Topics for Controllers

This seminar is designed for financial professionals whose careers are developing beyond the accounting function to include supervision and management. It will review seven topic areas in which you'll need to be at least somewhat proficient as your career progresses.

PSAS—Specific Topics

This seminar will provide an overview of the more complex areas of Canadian Public Sector Accounting Standards (PSAS) applicable to entities in the government sector. Using case studies, it will explore in detail the topics commonly discussed by finance professionals and auditors.

FINANCE

Budgeting & Financial Management: Understanding Budgeting Variance Analysis & Forecasting

This interactive full-day seminar will teach participants how to use financial information, adopt a disciplined approach to managing budgets, and communicate with financial specialists. Participants will learn the principles of financial management and how to apply them when making decisions that may affect financial performance.

Corporate Treasury Management

This seminar for treasury professionals and financial managers will review the treasury function and explain how to apply the fundamental principles of the treasury function within the finance department of an organization. Participants will work through detailed calculations (e.g., components of WACC, foreign exchange contracts, and financial modelling) and review case studies.

INFORMATION & BUSINESS TECHNOLOGY

An End to Manual Effort in Excel: Power Query

In this hands-on seminar, you will learn how Power Query can clean up, reshape, and combine your data with ease. This seminar is designed for anyone who needs to pull data into Excel, clean it up, and/or consolidate it.

Excel Data Magic, Including Advanced PivotTables & Power Pivot

In this advanced seminar, you will learn how to use Power Pivot and CUBE formulas to streamline the process of summarizing and reporting data. Note: this is not a hands-on seminar.

TAXATION

Corporate Tax—Tax Returns, Compliance, and Planning

By attending this seminar, participants will gain an overall understanding of tax compliance issues, enhance their ability to prepare and complete accurate tax returns, and identify and address the planning opportunities that arise in the preparation of corporate income tax returns.

Review of Corporate Tax Planning

This two-day refresher is designed for people who want to update and refresh their knowledge in both technical and tax-planning issues for corporations.

Income Tax—Five Years of Developments

For those of you who haven't taken tax update seminars on a regular basis, this seminar will provide an opportunity to get up to speed on notable federal income tax developments over the past five years and discover what you might have missed.

PEOPLE MANAGEMENT & PERSONAL DEVELOPMENT

Business Ethics: It Starts With You

The goal of this seminar is to build a foundation on which participants can investigate the ethical dimensions of controversial business issues. Through case work and open dialogue, this session will explore the intersection of prominent theoretical approaches to ethics, personal values, and business values, and examine how these approaches shape business decisions.

Code Decoded: Evolving Professional Ethical Expectations

This seminar is designed for CPAs who want a deeper understanding of the *CPABC Code of Professional Conduct* (CPA Code). Active participation in this course will enable you to strengthen your competence in interpreting and applying the CPA Code.

Shades of Grey: Ethics in the Workplace

This seminar will help you develop and enhance your understanding and application of business and professional ethics by learning about professional codes, various sources of ethical guidance, and the impact of ethics on an organization's culture and environment.

PD Weeks 2018

Mark your calendars now and check out our lineup of seminar titles scheduled for the PD Week(s) in your area.

Kelowna	Nov 5-9 | Ramada Hotel & Conference Centre Kelowna
Surrey	Nov 26-30 | Sheraton Guildford Hotel
Vancouver	Nov 19-24 | Vancouver Convention Centre (West)
	Dec 10-15 | Vancouver Convention Centre (West)
Victoria	Nov 26-30 | Victoria Conference Centre

For more information visit **pd.bccpa.ca/pdweeks.php** or email **pdreg@bccpa.ca**.

NOVEMBER IS FINANCIAL LITERACY MONTH!

Invest in your financial well-being by broadening your knowledge of retirement planning and personal finance strategies. Here are some of the wealth management titles we're offering in November:

Enough Bull: How to Retire Well Without the Stock Market

The simple truth is that it is possible to retire well financially using guaranteed, safe, fixed-income products like GICs that can never decline in value, combined with government-defined benefit pension plans including CPP and OAS. This course will detail the non-traditional view to money management that many investment advisors don't want to talk about.

Retirement Planning for Financial Professionals

In this seminar, participants will discuss the changing conditions of older adulthood and new ways to approach financial planning. Common mistakes in personal strategies and other areas of particular importance will also be addressed.

The Simplest Personal Finance Strategy Ever: Cash Cows, Pigs, and Jackpots

By attending this seminar you will learn how to employ the "Cash Cow" strategy, use the "House Rent vs. Buy Analyzer" spreadsheet, and review the history of CPPIB, the current CPP plan surplus, and the proposed enhancement of the CPP.

Unveiling the Retirement Myth

This interactive full-day seminar will describe how to plan for retirement based on market history dating back to 1900. Retirement issues such as the risks of investing, the sustainability of lifelong income, the optimum asset mix, inflation protection, and the potential for a conflict of interest with your financial advisor will be covered.



WEB-BASED PD OPTIONS

CPABC offers a variety of web-based seminars you can take in the comfort of your own home or office and—most importantly—on your own schedule. All of CPABC's web-based titles are PD Passport valid. Check out the various options below:

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- K2E Canada Inc. Technology-Focused Webinars
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EVENTS

CPAs Elevate Their Expertise at CPABC's 2018 Fall Pacific Summit

This September, CPABC members and other business professionals took the time to invest in their careers and improve their professional performance by attending CPABC's 2018 Fall Pacific Summit at the Victoria Conference Centre (September 26-28). Themed "Going Beyond Boundaries," the summit offered more than 20 PD sessions to help delegates take their careers further. Many attendees also took advantage of the opportunity to fulfil their annual CPD over the course of the three-day event.

Attendees also had the opportunity to:

- **Make career connections:** On the opening day, delegates enjoyed a reception held in the First Peoples Gallery at the Royal BC Museum, where they met with colleagues and made new contacts while viewing the exhibits. Delegates also had the chance to connect the following day, while learning about the latest business solutions at the Exhibitor's Networking Reception.
- **Tap into the Olympic mindset:** Delegates were treated to two keynote presentations by elite athletes who shared their strategies for increasing drive and performance. Jon Montgomery, Olympic gold medallist and host of The Amazing Race Canada, inspired the crowd to identify and pursue their passions. And Adam Kreek, Olympic gold medallist and motivational speaker, showed delegates how they could reframe their fear of failure in a healthy way, while reclaiming confidence and success in the process.
- **Learn how to use "hot" technologies, from AI to blockchain:** Delegates gained key takeaways on technologies that are affecting the accounting profession at PD sessions on cryptocurrency, artificial intelligence (AI), and blockchain. Adding to these tech-focused learnings, the summit's third keynote presenter, Paul Zikopoulos, vice-president, big data and cognitive systems for IBM, detailed how organizations can interpret their data in useful and profitable ways while also being highly innovative.
- **Hone a variety of skills:** With three learning streams focused on leadership, technology, and accounting matters, delegates at every career stage were offered sessions relevant to their areas of practice. Some of the most popular sessions explored creative leadership, blockchain and cryptocurrency, AI, and organizational IT management.

The summit also enabled CPABC's leadership, including President and CEO Lori Mathison, FCPA, FCGA, LLB, to speak directly to members. Mathison presented the session "Checking Up With BC's Economy," which included an assessment of BC's economic outlook, a discussion of CPABC's recommendations to the provincial government (see page 5), and an overview of CPABC's public affairs initiatives. She also provided the summit's closing remarks.

Looking forward to attending the Pacific Summit in 2019? Details are available at **bccpa.ca/pacificsummit**.









SAVE THE DATES

2019 Spring Pacific Summit
May 15-17, Vancouver
Vancouver Convention Centre East
Theme: Stronger Together

2019 Fall Pacific Summit
September 25-27, Whistler
Fairmont Chateau Whistler
Theme: Ingenuity Is Everywhere













1. L to R: CPABC board member Karen Horcher, FCPA, FCGA, with summit speaker Stephanie Sharp. 2-3. Held in the First Peoples Gallery at the Royal BC Museum, the Welcome Reception gave guests the chance to socialize amid fascinating exhibits. 4. Delegates mingle at the Exhibitor's Networking Reception. 5. Keynote speaker Paul Zikopoulos, VP of big data and cognitive systems for IBM, demos the power of facial recognition software. 6. Keynote speaker Jon Montgomery poses with Anne Davis, CPA, CMA. Davis placed the highest bid on the Olympic gold medallist's commemorative beer jug and signed photo, with proceeds going to the CPAEF. 7 & 9. Delegates enjoy the keynote presentations. 8. Keynote speaker Adam Kreek takes a selfie with CPABC President & CEO Lori Mathison. Kreek drew on his experiences as an athlete and Olympic gold medallist to explain why achieving and sustaining success requires us to change the way we think about failure. 10. Delegates engage in a fun team-building exercise during one of the breakout sessions. 11. In the summit's opening keynote presentation, Jon Montgomery fires up the crowd by describing how everyone can tap into the Olympic mindset.



Photos by Jon-Mark Photography. For more event photos, visit CPABC's Flickr page at **flickr.com/cpabc/sets**.



What CPAs have said about the Pacific Summit:

"I value the opportunity to interact with CPABC board members and understand the current expectations and challenges for the profession."
—Nadine Haddad, CPA

"The blended learning approach of lectures, gamification, and group breakout sessions creates a fun yet effective environment. A day away from the 9-to-5 should include some fun, right?"
—Mandeep Mann, CPA, CGA

"The Pacific Summit was a fantastic way to access PD. The tradeshow and networking reception were a good way to mingle, and the keynote speakers were diverse, engaging, and thought-provoking."
—Kassia Grewal, CPA, CA

"As CPAs, we are always busy fulfilling the immediate demands of our jobs, so I am thankful for the Pacific Summit. It helps me to zoom out and get a broader scope on the issues affecting our industry, as well as identify future trends affecting all business."
—Max Xiao, CPA, CMA

ANNOUNCEMENTS AND ACCOLADES

Kudos!



Dave Brownlie, FCPA, FCA, has been appointed president of Revelstoke Mountain Resort. Dave retired from his position as COO of Whistler Blackcomb in July 2017, after almost 30 years with the company. He also previously served as president and CEO of the public company Whistler Blackcomb Holdings Inc.



Mathew Collingwood, CPA, CMA, co-founder, president, and CEO of Tamwood College in Vancouver, has been recognized by the 2018 EY Entrepreneur of the Year Awards as a Pacific Region finalist in the services category.



Winston Cummins, CPA, CA, has been appointed CFO of Lordco Auto Parts in Vancouver. He previously worked with Lululemon Athletica as its vice-president and corporate controller.

Top Forty Under 40

Two CPABC members have been named to Business in Vancouver's 2018 Forty Under 40 list. Congratulations to **Kylie Dickson, CPA, CA**, vice-president of business development for Equinox Gold Corp. in Vancouver, and **Lawrence Eade, CPA, CA**, director and CEO of Box Concepts Food Group in Surrey.



Kylie Dickson



Lawrence Eade



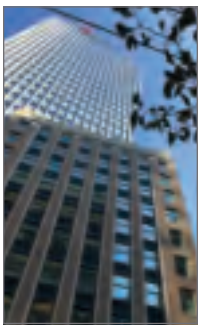
Darren Schrader, CPA, CA, has been appointed vice-president of finance for DDS Wireless in Richmond. Darren previously worked at LMI Technologies in Vancouver for 17 years, including six years as director of finance.



Sam Soliman, CPA, CMA, president and CEO of Rolex Plastics & Printing Ltd. in Victoria, has acquired Fotoprint Ltd., which has operated in Victoria since 1975. Sam joined Rolex Plastics & Printing Ltd. in February after 10 years as CFO and COO of a privately held waste and recycling company.



Frederick Tang, CPA, CA, has joined Davidson & Company LLP's Vancouver office as a principal with the firm's valuation and advisory services team. Frederick is also a chartered business valuator and a senior seminar leader and instructor for CPABC's PD program.



Smythe LLP has a new address

Smythe LLP is excited to announce that its Vancouver office moved to 1700 - 475 Howe Street (The Exchange building) on November 1, after 37 years at its previous location on Burrard.

Share Your Good News!

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

MNP LLP is pleased to announce that four CPABC members have been named to its partnership. **Sunney Badwal, CPA, CA**, is a tax partner with the Abbotsford office, where he provides tax planning, estate and succession planning, and business sales advice. **Joseph Chirkoff, CPA, CA**, is an assurance partner with the Vancouver office, where he leads audits for public and private companies. **Ryan Gorder, CPA, CA**, is a partner with the Port Moody office, where he works with small to mid-sized, owner-managed businesses across the Lower Mainland, with a focus on the automotive industry. **Jennifer Hollis, CPA, CA**, is a partner with the Kelowna office, where she works with the private enterprise team and specializes in tax planning and business consulting.



Sunney Badwal



Joseph Chirkoff



Ryan Gorder



Jennifer Hollis

CPAEF Scholarship Winners

On September 11, the CPA Education Foundation of British Columbia (CPAEF) co-hosted a luncheon with the University of British Columbia's Sauder School of Business to celebrate seven recent CPAEF scholarship recipients: Sofia Bautista, Omar Dhanani, Justin Dohm, Pradeep Goyal, Rahul Kumanan, Brendan Lancaster, and Vanessa Wong. CPABC congratulates these CPA candidates and wishes them good luck as they undertake the CPA program!

To learn more about scholarships and bursaries for candidates in the CPA Western School of Business (CPAWSB) Professional Education Program, students taking preparatory courses through CPAWSB, and students enrolled in the Advanced Certificate in Accounting and Finance program, visit the CPAEF website at **bccpa.ca/cpaef**.



(L to r): Jessica Chan, senior student recruitment officer for CPABC; Vanessa Wong; Omar Dhanani; Justin Dohm; Brenda Waechter, FCPA, FCGA, CPAEF board chair; Rahul Kumanan; Brendan Lancaster; Pradeep Goyal; Sofia Bautista; and David Chiang, CPA, CA, CPABC's vice-president of member advice and programs.

Do We Have Your Current Email Address and Contact Info?

Members, if you've recently moved, changed employers, or created a new email address, be sure to update your contact information using CPABC's Online Services at **services.bccpa.ca**. This is a friendly reminder that CPABC bylaws require you to immediately notify the registrar of any change in your mailing and email addresses.

Candidates and students, you must update your contact information using the My CPA Portal of the CPA Western School of Business at **my.cpawsb.ca**.

Aside from staying onside, ensuring that your email address is up to date means you won't miss out on important notices.

Stay up to speed by staying up to date!



Jacob Wackerhausen/iStock/Getty Images

COMMUNITY EVENTS

Giving Back – CPAs in the Community

CPABC members, candidates, and students participated in a number of recent charitable events to support causes in their communities:

- **SPCA –** On September 9, members of the CPABC Okanagan Chapter participated in the annual BC SPCA Paws for a Cause fundraising walk. As team "CPAws for a Cause," they walked a three-kilometre family- and animal-friendly route at City Park in Kelowna to raise funds for the SPCA's Kelowna Branch (**spca.bc.ca**).
- **Terry Fox Foundation –** On September 16, members of the CPABC Tri-Cities/Ridge Meadows Chapter volunteered in support of the Terry Fox Foundation (**terryfox.org**) by registering participants for the Terry Fox Run at Hyde Creek Recreation Centre in Port Coquitlam.
- **UBC Farm –** On September 29, members of the CPABC Vancouver Chapter volunteered at the UBC Farm (**ubcfarm.ubc.ca**) by harvesting food, weeding garden beds, turning compost, and organizing sheds. The farm is part of the Centre for Sustainable Food Systems and bases its teaching, learning, and research on Indigenous farming philosophy, concepts, and techniques.
- **JDRF –** On October 3, members from various CPABC chapters helped raise funds for the Juvenile Diabetes Research Foundation by volunteering with the JDRF Revolution Ride to Defeat Diabetes (**jdrfrevolution.ca**) at šxʷƛ̓ənəq Xwtl'e7énk̲ Square (formerly known as the Vancouver Art Gallery Plaza). Participants in the ride competed against other CPAs in the "Accounting Challenge."
- **The Door Is Open –** On October 20, members from the CPABC Vancouver Chapter supported The Door Is Open (**thedoorisopen.ca**) by making bag lunches for residents of the Downtown Eastside. The chapter thanks KPMG Vancouver for providing office space for food prep.
- **The Duke of Edinburgh's International Award –** On October 23, CPABC and the CPABC Vancouver Chapter co-hosted an information session on the Duke of Edinburgh's International Award program (**dukeofed.org/bc/division-home**), which empowers young people to become their best selves. CPABC has partnered with the organization to host professional development and social events throughout the year. CPAs who are interested in the program and have children aged 14 to 25 can contact **memberservices@bccpa.ca** for more information.

Want to get involved in upcoming events?

Check your local chapter website (**bccpa.ca/members/chapters**) for community engagement opportunities! And if you have a community event you think CPABC members, candidates, and students may be interested in supporting, contact your local chapter leader online or email David Chiang, CPA, CA, CPABC's vice-president of member advice and programs, at **dchiang@bccpa.ca**.





Above: CPABC Okanagan Chapter members and their pups at the BC SPCA Paws for a Cause fundraiser in Kelowna. Below: CPABC Vancouver Chapter members volunteer with The Door Is Open, a drop-in ministry serving residents of Vancouver's Downtown Eastside.

Classifieds

CPA Needed in Victoria, BC

Ounsted and Company is looking for a CPA with a minimum of eight years post-qualification public practice experience. Applicants must be detail-oriented and have a solid understanding of accounting, corporate tax, personal tax, and estates. Better-than-competitive remuneration package consisting of salary, benefits, and bonuses will be commensurate with experience. Our company is located on Chatterton Way in Victoria, BC, and is a sole proprietorship with eight staff members, including two CPAs. Our non-audit practice focuses on small to medium-sized businesses, personal taxes, and business valuations. If you are looking for a positive work environment, limited overtime in tax season, and a great location, this employment opportunity could be for you. Reply in confidence with your resume to **chris@ounstedandco.ca.**



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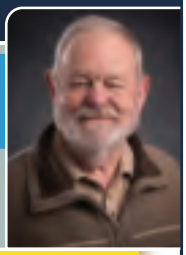
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SNAPSHOT:

Justin Lee, CPA

The job: Sole practitioner at Justin Lee, CPA.

Client focus: Internet entrepreneurs and cryptocurrency traders. "I've always been fascinated with technology. Working with these clients allows me to put my professional expertise to use in an industry I'm passionate about."

Passion project: Young Guys Finance (YGF), a website he co-founded in 2015. "We want to help Canadians take control of their money, because we know it will make them more empowered, happier, and more confident in other aspects of their lives."

YGF's target audience: Young Canadians just out of university. "Because we were in that target market during the creation [of YGF], it allowed us to create content that was educational and entertaining at the same time."

Preferred medium: Video. "Being a part of YGF has opened my eyes to the power of YouTube and the opportunities out there. I look forward to seeing what other platforms and methods we can come up with to further educate Canadians about personal finance."

Guilty pleasure: "I have more pairs of sneakers than I should!"

Read the full interview at **bccpa.ca** under Careers > CPABC Profiles.



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