

ANNUAL REPORT

**CHARTERED PROFESSIONAL ACCOUNTANTS'
EDUCATION FOUNDATION OF BRITISH COLUMBIA**

2018/19

Table of Contents

Message from CPAEF Board Chair	3
Introduction	4
Mission and governance	4
Key performance indicators.....	4
Deliverables	4
Financial performance	4
Ability to deliver desired results.....	5
Capital resources and liquidity	5
Net assets.....	5
Non-financial resources	5
2018/19 Results	5
Revenues.....	5
Expenditures, programs, and services	6
Excess of expenses over revenues	7
Support for Students.....	7
Support for Educators.....	12
Outlook for 2019/20	16

Message from CPAEF Board Chair

As board chair, I am proud to lead an exceptional board made up of dedicated volunteers who collectively support the Chartered Professional Accountants' Education Foundation of British Columbia's (**CPAEF**) mandate of advancing accounting education in BC.

CPAEF continues to make progress on several initiatives resulting from the strategic planning process undertaken two years ago. This year, a new initiative was launched to support high school students, teachers and counsellors. And, a new bursary was created to support students with financial need who attend a BC post-secondary institution. This award, named the David Sale, FCPA FCGA Memorial Bursary, honours a long term academic who contributed tremendously to advancing education and the accounting profession in BC.

CPAEF also provides a range of support to help faculty including the Speaker Series, doctoral support, Accounting Educators' Symposium, and endowments supporting a professorship, Chair, teaching excellence award and fellows at BC's two research universities.

These programs would not be possible without the generous financial support of donors. On behalf of CPAEF, thank you for your financial contribution and your continued support of the Foundation's mission.

Brenda Waechter, FCPA FCGA
Board Chair



Photo by Kent Kallberg

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

This Management Discussion and Analysis (**MD&A**) will present and discuss the operations, performance and financial condition of the Chartered Professional Accountants' Education Foundation of British Columbia (CPAEF or the "Foundation") for the period ended March 31, 2019, as well as the plans and outlook for 2019/20. The MD&A should be read in conjunction with the Foundation's audited financial statements for the years ended March 31, 2019 and March 31, 2018.

MISSION AND GOVERNANCE

The mission of the Chartered Professional Accountants' Education Foundation of British Columbia (CPAEF or the "Foundation") is to advance accounting education in BC and intends to achieve this goal by enhancing the quality and quantity of students entering the profession. CPAEF provides support for those who deliver accounting education including relevant and practical research, and stimulates the ongoing educational experience of members and students of CPABC.

CPAEF elects its Board of Governors (the "Board") from candidates recommended by the provincial board of CPABC. The Board includes members of CPABC interested in education who can help CPAEF work towards its vision and to achieve the goals and strategies as set by the Board. A member of the CPABC Board sits on the CPAEF Board and serves as board liaison.

KEY PERFORMANCE INDICATORS

The Foundation operates in the not-for-profit sector and is not driven solely by financial results. However, it relies on financial indicators to ensure that the resources entrusted to it are used efficiently and in an appropriate manner. Several non-financial indicators are also used, and together with financial indicators, these play a significant role in determining what drives the entity and how performance is measured.

The primary indicators of success in achieving the mission, strategy, and key commitments are deliverables and financial performance.

Deliverables

CPAEF regularly reviews deliverables through various reporting processes to the Board to ensure ongoing alignment with the Foundation's goals.

Financial performance

The Foundation sets financial targets through its annual budgeting process. Performance is measured, in part, by the extent to which financial objectives have been met, and by how effectively these financial resources have been managed. Measurement is based on actual financial results for the year, compared to the budget, the previous year's results and overall objectives.

ABILITY TO DELIVER DESIRED RESULTS

The ability to deliver results is dependent on three factors: capital resources and liquidity, net assets, and non-financial resources.

Capital resources and liquidity

At March 31, 2019, the Foundation had cash, short and long term investments totalling \$3.53 million (2018 - \$3.49 million). Investments are presented at market value. CPAEF investment portfolio consists of mutual funds on which it earns interest, dividends and capital gains income.

In addition, CPAEF holds \$345,000 in contributed principal with the Vancouver Foundation. The market value of these funds at year-end is \$522,652 (2018 - \$513,991). In accordance with the provisions of the Vancouver Foundation Act, these amounts are held permanently by the Vancouver Foundation and are not reported in CPAEF financial statements. CPAEF has the right to receive the investment income on these funds, which amounted to \$19,752 in the current year (2018 - \$18,669).

Net assets

Net assets at March 31, 2019, totalled \$3.51 million (2018: \$3.47 million), comprising approximately: \$245,000 (2018: \$265,000), in scholarship and endowment funds which are externally restricted by the contributors; \$1,782,000 (2018: \$1,757,000), in net assets internally restricted by the board related to donations from members and bequests; and \$1,479,000 (2018: \$1,452,000), in unrestricted net assets.

Non-financial resources

The Foundation relies on experienced volunteers to carry out its mandate and from staff of CPABC to support its activities. These volunteers and CPABC staff ensure that collective goals are achieved.

2018/19 RESULTS

Revenues

The primary sources of funding for the Foundation's programs and services are from long-term investment income and donations.

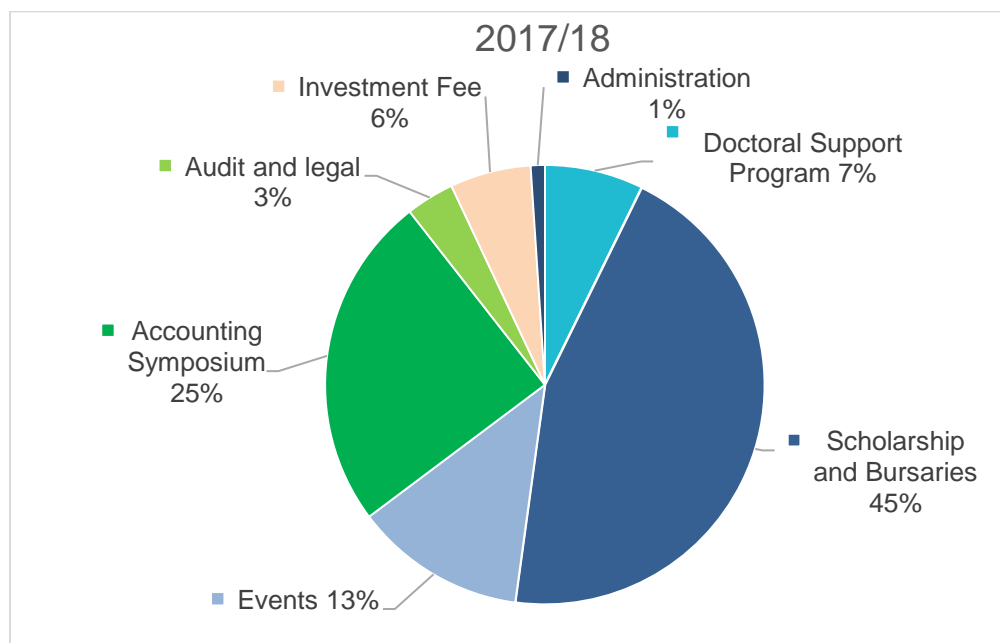
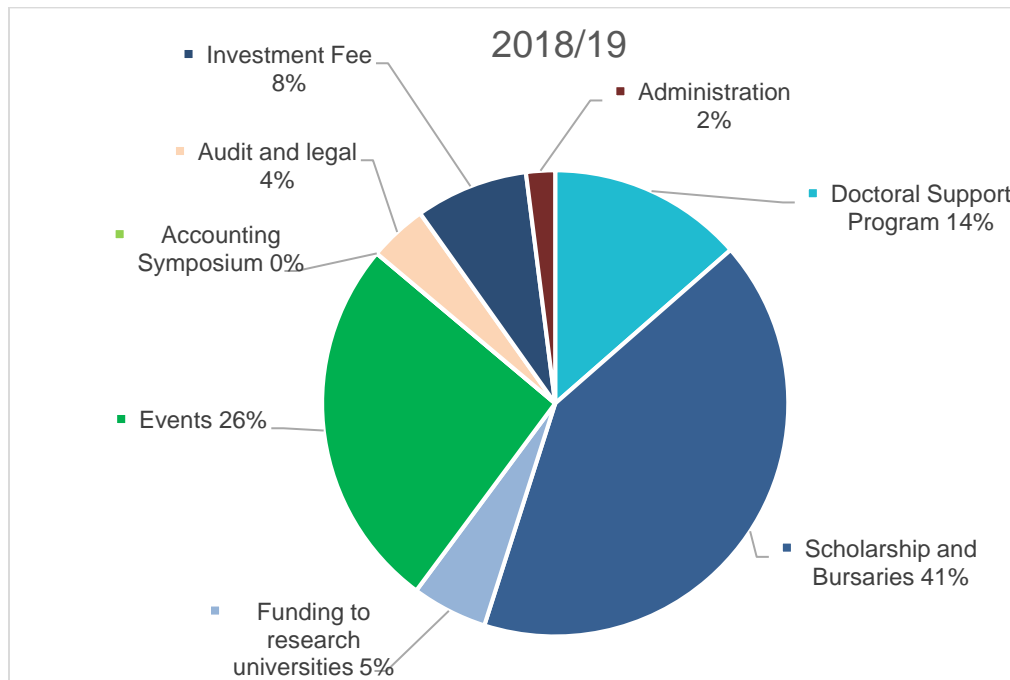
The primary objective of the overall investments is preservation of capital, with secondary objectives of maximizing return on investments, providing sufficient liquidity to allow the organization to meet its changing cash requirements, and cash flow generation.

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

In 2018/19, CPAEF's investment portfolio generated an income of \$154,000 (2018: \$147,000) in a context of high market volatility. Recent deterioration of the market conditions resulted in an unrealized loss on the portfolio of approximately \$13,000 (2018: unrealized loss of \$34,000).

Expenditures, programs, and services

In 2018/19, the Foundation's financial resources were invested into the following programs and services, as set out in the respective annual financial statements:



Excess of expenses over revenues

The Foundation's plans were to meet its goals while also prudently managing the funds entrusted. In 2018/19, the Foundation collected an excess of revenues over expenses of approximately \$33,000, compared to an excess of expenses over revenues of approximately \$66,000 in the previous year mainly due to the Accounting Educators Academic Symposium which is held on a biennial basis.

Support for Students

CPAEF offers scholarships and bursaries to students in several categories: students attending post-secondary institutions (colleges or universities); students enrolled in courses leading to the Advanced Certificate in Accounting and Finance (ACAF); students taking preparatory courses; and candidates enrolled in the CPA Professional Education Program (PEP). CPAEF also offers a bursary program to support BC post-secondary accounting students with financial need and for CPA members who are pursuing their MBA with the intent to teach in academia. Further, CPAEF has a matching awards program whereby CPABC chapters can request funds to match new awards at local colleges and universities.

Awards

In 2018/19, approximately \$91,500 (2018 - \$124,000) was awarded in scholarships and bursaries by the Foundation. Various awards were available to students attending every post-secondary educational institution in BC, either through scholarships specific to a particular institution or through several scholarships available to students applying from one of ten institutions that do not have a scholarship unique to their own institution. Furthermore, there were several awards available for students in the CPA Western School of Business (CPAWSB) enrolled in the professional education program or students taking preparatory courses.

CPAEF Awards at Post-Secondary Institutions



UBC|Sauder Student Awards Night on March 13, 2019.

[Left to right] CPAEF Award recipients Erica Clark, Diploma in Accounting Program, and Tanveer Rouf, Bachelor of Commerce (©2019 CPAEF).

Okanagan College Student Awards Night on November 22, 2018.

[Left to right] CPAEF Award recipients Zabrina Semchuk, Madison Deutscher, Nico Dirksen, Maxine DeHart (CPAEF Governor), Megan Holman, Relan Johanson and Sarah Nieberle (photo by Maxine DeHart, used with permission).



CPAEF Luncheon for UBC|Sauder students on September 11, 2018.

[Left to right] Jessica Chan, senior student recruitment officer for CPABC; with 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, vice-president member advice and programs at CPABC (©2019 CPAEF).





Camosun College Annual Awards Ceremony on June 18, 2018.

[Left to right] Keri Norrie FCPA FCA CGA, chair of the accounting division at Camosun College and CPAEF Governor, with CPAEF Award recipients Jessica Kirkpatrick, Drew Arnold and Arjin Sidhu (photo by Camosun College, used with permission).

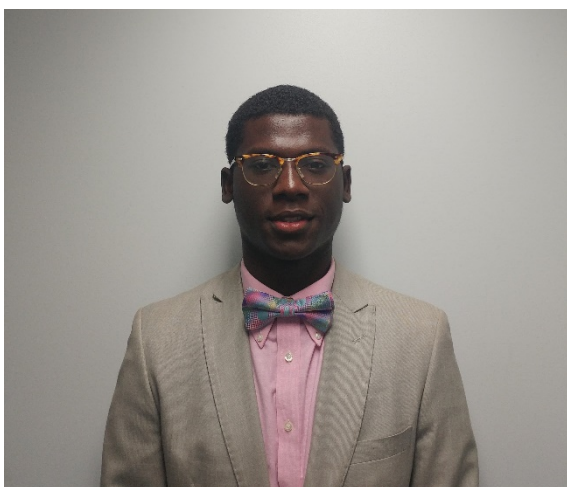


BCIT Graduating Student Awards Celebration on June 19, 2018.

[Left to right] Dr. Leelah Dawson CPA CMA, Dean of the BCIT School of Business with CPAEF Award recipient Braeden Cober (©2019 CPAEF).

Professional Education Program (PEP) Award Recipients

Kenny Pierre (below left) from Selkirk College and Xihang Cao (below right) from Douglas College both received the CPAEF Professional Education Program (PEP) Award (photos provided by the student and used with permission). These awards are for students graduating from a BC post-secondary institution and paid upon admission to PEP.



CPA Western School of Business (CPAWSB) students receiving scholarships for top marks in the selected preparatory courses

Six students received CPAEF Preparatory Scholarships for top scores in selected preparatory course modules. For Intermediate Financial Accounting, the recipients of the ACCPAC Scholarships were Kelly Bergen (West Kelowna), Cole Dixey Hetherington (Salt Spring Island) and Sahar Tehrani (Kamloops). For Audit and Assurance, the recipients of the David B. Reid Scholarships were Heather Carroll (Victoria), Billie Drazenovic (Prince George) and James Marchand (Coquitlam)



James Marchand (Coquitlam) recipient of the CPAEF David B. Reid Scholarship (photo by James Marchand and used with permission)



Kelly Bergen (West Kelowna) recipient of the CPAEF ACCPAC Award (photo by Kelly Bergen and used with permission)

CPAEF Bursaries

CPAEF, with the concurrence of the Sale family, created a new provincial bursary in memory of David Sale FCPA FCGA (right), former board chair of the legacy CGA-BC Association and former board co-chair of the CPABC Joint Venture (which eventually became CPABC).

At the time of David Sale's passing on September 25, 2017, he was serving as a trustee of the CPABC Benevolent Fund and as a highly acclaimed educator at Kwantlen Polytechnic University (KPU) where he had a long and successful career as a professor of accounting spanning 28 years.



In his honour, CPAEF created provincial bursaries to support accounting students attending a BC post-secondary institution who have demonstrated community service, intent to enter the accounting profession and who have financial need.

The CPABC Surrey/Langley/North Delta Chapter also made a pledge toward the David Sale Endowment Fund at KPU. This endowment fund supports an annual scholarship for KPU students.



Presentation ceremony at KPU announcing the CPAEF David Sale Bursary and the KPU David Sale Endowment Fund on January 28, 2019 with the Sale family, representatives from the CPABC Surrey/Langley/N.Delta Chapter, CPAEF, KPU and KPU Foundation (©2019 CPAEF).

In addition, there were various bursaries based on financial need and other specific criteria, such as single parent or recent immigrant, for eligible BC students in the CPA Western School of Business for students taking preparatory courses or PEP. During the year, \$31,500 in bursaries were awarded to 13 BC students.

Matching Scholarships

There are a number of “matching awards” whereby CPABC Chapters and Associations can set up an award and apply for matching contributions. Presently, the following awards are available at the following twelve post-secondary institutions across BC:

- **BCIT** – CPABC Vancouver Chapter Award
- **Camosun College** - CPABC Victoria/Southern Vancouver Island Chapter Award
- **KPU** – CPABC Surrey/Langley/N.Delta Chapter Award, CPABC Richmond/South Delta Chapter Award
- **Langara College** – CPABC Vancouver Chapter Award
- **Okanagan College** - Crowe MacKay LLP Awards; CPABC Okanagan Chapter Award
- **SFU** – CPABC Surrey/Langley/N.Delta Chapter Award
- **TRU** - CPABC Kamloops/Cariboo Chapter Scholarship and Bursary
- **UBC** - Maharaj & Co. Scholarship and Bursary
- **UNBC** - Chan Foucher LeFebvre Nelson Izgorean Naphtali Scholarship
- **University of the Fraser Valley, Trinity Western University and Kwantlen Polytechnic University** – FVCPAA Scholarships



Langara College Donor Appreciation Reception on September 19, 2018.

[Left to right] Kyla Ryoo CPA CGA, representing the CPABC Vancouver Chapter with Bruce Hurst FCPA FCGA, Chair of the Langara College Foundation and CPAEF Governor (photo by Kyla Ryoo, used with permission).



KPU Donor Appreciation Dinner on November 22, 2018.

[Left to right] Stephanie Howes, interim Dean of Business at KPU, Carl Markwart CPA CGA (vice-chair of the CPABC Surrey/Langley/N.Delta Chapter), and Dr. Alan Davis, president and vice-chancellor of KPU (photo by Carl Markwart, used with permission).

Support for High School Students

In 2018/19 a new initiative was launched to support high school students. CPAEF funded the development of a video showcasing a typical day in an accounting office, case studies for use by teachers of accounting courses and exam questions for use in the CPABC COIN Competition. The competition is open to BC high school students and is an opportunity for students to compete provincially with others who share a similar interest in business and accounting.

Support for Educators

CPAEF has various supports for educators including doctoral support, professional development for members in academia, grants to bring speakers to business schools and grants for practical and relevant research.

Doctoral Support Program

CPAEF has a forgivable loan program whereby a CPABC member who is pursuing doctoral studies can apply for a loan of up to \$10,000 per annum for a maximum of four years. The loan is forgiven once the recipient has successfully earned their doctorate and teaches accounting or related topics at a BC university immediately upon completion of their doctorate. For each year of teaching, one annual loan installment is forgiven.

One new doctoral support application was approved this year.

Erin Egeland CPA CGA is pursuing her Doctor of Education in Educational Leadership and Policy at the University of British Columbia. She is the chair of the accounting department at Vancouver Island University (VIU) and has been a full time professor in the Faculty of Management since 2005. Erin's area of research will explore opportunities to develop and expand the pedagogical applications of financial literacy in the Kindergarten to Grade 12 curriculum in BC.



Erin Egeland CPA CGA was accepted into the CPAEF Doctoral Support Program (photo by Erin Egeland, used with permission).

There are two other BC members currently being funding in the Doctoral Support Program.

Jeffrey Kent CPA, CA, is pursuing his doctorate in business administration (DBA) from Athabasca University (AU) and expects to complete his program in 2022. The AU DMA is the first online DBA offered by a Canadian University and provides access to doctoral-level studies for motivated professionals in business, government and not-for-profits. Jeff's current research focus is on managerial accounting techniques within small and medium sized businesses, specifically within the business of sport.

Chris He CPA, CGA, is pursuing his doctoral studies at Florida Atlantic University. He is researching the systemic differences in earnings management including the possible impact of cross-country differences in culture on earnings management. He expects to complete his doctorate in 2021 and looks forward to returning to BC to teach.

PD Passports for Academic Members

CPAEF supports the professional learning and development for CPABC members in academia with a *PD Passport for Academic Members* which entitles the recipient to two days of CPABC PD paid for by CPAEF. In 2018/19, 128 CPABC members in academia registered under this program.

Speaker Series Program

Since 2011, eleven BC post-secondary institutions have received approximately \$72,000 in financial support to assist them in bringing noteworthy speakers to their schools to enhance accounting faculty development. Each school is eligible for funding of up to \$2,500 up to twice a year.

In 2018/19, *Speaker Series* funding was granted to the following institutions:

Langara College and UBC held a Speaker Series seminar on "Accounting Standards" with Linda Mezon FCPA FCA, chair of the Canadian Accounting Standards Board (AcSB);

Simon Fraser University held seminars featuring Dr. Brian Miller from the Kelly School of Business at Indiana University; Dr. Bjorn Jorgensen from the London School of Economics; and Dr. Gaizka Ormazabal from the IESE Business School, discussing their respective research papers;

TWU held a seminar featuring Terry Small on the “Leadership Brain”; and

UBC and KPU held a joint session on “Assessment Design and Best Practices” with CPA Canada’s Katherine-Anne Letourneau; Dr. Sid Ali, a psychometrician; and Dr. Kristie Dukewich.



[Left to right] Peter Norwood FCPA FCA (faculty member at Langara College), Linda Mezon FCPA FCA (AcSB Chair), and Graham McIntosh (Director of the UBC Diploma in Accounting Program) at Speaker Series seminar on May 3, 2018 (©2019 CPAEF).



[Left to right]: Dr. Sid Ali and Katherine-Anne Letourneau (CPA Canada) present Speaker Series seminar on June 11, 2018 (©2019 CPAEF).

Research Grants

CPAEF provides grants to advance relevant and practical research. During the year, the following grants were issued:

SFU

A grant to enable the open access of research developed by faculty members Dr. Dennis Chung PhD CPA CA, Dr. Karel Hrazdil PhD CPA CGA (pictured on the right), Jiri Novak and Naatavut Suwanyangyuan. Their paper “Does the large quantity of information in corporate disclosures hinder or enhance price discovery in the capital markets?” is now available online (photo from SFU, used with permission).



SFU

Grant to Dr. Ray Zhang PhD for seed funding to research "Mandatory Corporate Social Responsibility Disclosures."

Left to right] Presentation ceremony with David Chiang CPA CA (CPABC), Barb Martineau (SFU Director of Advancement) and Dr. Ray Zhang (©2019 CPAEF).



Endowments at UBC|Sauder School of Business

CPAEF has three endowments.

CPA Teaching Excellence Award which supports a prize recognizing teaching excellence among faculty members. Since inception in 1999, 17 faculty have been awarded this distinction. This year, the prize was awarded to **Dr. Steven Shechter** PhD an associate professor in the Operations and Logistics Division.

The CPA Chair of Accounting was created in 1980 to mark the 30th anniversary of the establishment of the Faculty of Commerce. **Dr. Sandra Chamberlain**, PhD, CPA, CMA, Associate Professor in the Accounting and Information Systems Division and CPAEF Governor, was named to this chair in 2017.

The CPA Professorship in Accounting is held by **Dr. Kin Lo**, PhD, FCPA, FCA. He is an active mentor, assists on various dissertation committees, and acts as a research supervisor for doctoral candidates. Kin has taught at UBC since 1999 and is an associate professor in the business faculty.

Lasting Legacies

Over the years, several awards for educational funding were established in recognition, or in the name, of the following members and individuals:

- John R. Bayer
- Alexander Campbell
- Geoffrey W. J. Carter
- Marian Easton
- William C. Easton
- William J. Fedorak
- Sean D. Gilbert
- John Hadfield
- William B. Hards
- William D. Johnson
- Tom Kennedy
- Dick Lucas
- J. Alfred Marsh
- Jim Miller
- Lam A. Milne
- Desmond O'Brien
- David B. Reid
- William G. Rowe
- David Sale
- R. Glynn Spelliscy
- Peter Stanley
- Elite Woo
- Fred and Liliana Young

All of these legacies are the result of the generosity of donors. The CPAEF thanks all donors for their tremendous support.

Risks

The environment in which the Foundation operates creates risks and uncertainties that could affect the successful implementation of its plans.

Funding and financial

The Foundation depends on investment income and donations from members to fund its programs.

Investment income is dependent on the market. Given the Foundation's investment strategy includes investments in the market, it is subject to market volatility, but over the long term, has resulted in positive returns. The portfolio is managed in compliance with the Board approved investment policy that provides general guidance to its discretionary investment manager as to the nature and extent of eligible investments. Risk and volatility of investment returns are mitigated through diversification of investments.

Human resources

The Foundation relies on the services of volunteers and CPABC staff to complete projects, and the talent and expertise of volunteers are among its most valuable resources. At the same time, there is always some risk that volunteers may not be as willing or able to donate their time or talents in the future, due to ever-increasing competition for their attention.

To mitigate this risk, CPAEF will continue to nurture ongoing volunteerism by ensuring positive and rewarding experiences for volunteers, and by structuring volunteer opportunities in a flexible manner.

OUTLOOK FOR 2019/20

CPAEF will continue to focus on its mission of advancing accounting education in BC. Over the next year, CPAEF plans to:

- Host the biennial CPAEF Accounting Educators Academic Symposium in Vancouver in May 2019;
- Continue working with the two primary research universities to identify projects that advance accounting education; and
- Continue supporting high-school counsellors and teachers who teach accounting and business classes.

CPAEF Board of Governors

Brenda Waechter, FCPA FCGA (Chair)	Bruce Hurst, FCPA FCGA
Judith Watson, FCPA FCMA (Vice-Chair)	Keri Norrie, FCPA FCA FCGA (Treasurer)
Dr. Sandra Chamberlain, PhD CPA CMA	Bradley Sakich, FCPA FCA
Maxine DeHart (Public Rep)	Jameel Sayani, CPA CA
Geoffrey Dodds, CPA CA (CPABC Board Liaison)	Bob Strachan, FCPA FCMA (Secretary)
James Ferguson, CPA CA	

Executive Director: Lori Mathison FCPA FCGA

Staff: David Chiang, CPA CA
Jan Sampson, FCPA FCA

Contact Information:

Chartered Professional Accountants' Education Foundation of BC
#800 – 555 West Hastings Street
Vancouver, BC V6B 4N6
www.bccpa.ca/cpaef/home

Charitable Registration Number:

CPAEF is registered under the Income Tax Act of Canada and all donations are income tax deductible. The charitable registration number is 121932396.

Social Media:

CPAEF Blogs at: <http://cpaefblog.bccpa.ca/>
Twitter: #CPAEF