

# ANNUAL REPORT

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

**2020/21**

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## Message from CPAEF Board Chair

Like most organizations, 2020/21 was a year of resolve for the CPA Education Foundation of BC ("CPAEF" or "Foundation").

Since the World Health Organization ("WHO") declared COVID-19 a global pandemic in March 2020, CPAEF has regularly monitored the COVID-19 impact on the Foundation's finances and investments. The initial sharp decline in the Foundation's investment portfolio reversed with the rebound in the financial markets experienced in the latter half of the fiscal year. Nevertheless, with market volatility remaining high, the Foundation continues to closely monitor the economic situation.

Despite the global pandemic, CPAEF was able to continue offering all of its core supports for accounting students and faculty. The pandemic has been disruptive to many students adversely impacting their studies and employment. The Foundation received a record number of student bursary applications and, fortunately, was able to award the maximum amount budgeted.

The impact of COVID-19 on faculty and students makes the funding offered by CPAEF even more relevant. In these difficult times, your continued giving is important to ensure the continuance of the Foundation's programs. To our dedicated donors, I thank you again for your support and generosity.

On a personal note, this marks my final year on the Board of Governors. It has been my distinct privilege to have served six years on the board - four of these years as Board Chair. I wish the Foundation, governors, faculty and students, every success in the years ahead.

**Dated** June 23, 2021



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, 2021, as well as the plans and outlook for 2021/22. The MD&A should be read in conjunction with the Foundation's audited financial statements for the years ended March 31, 2021 and March 31, 2020.

## 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. CPAEF intends to achieve this goal by enhancing the quality and quantity of students entering the profession, providing support for those who deliver accounting education including relevant and practical research, and stimulating 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. 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. 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, 2021, the Foundation had cash, short and long term investments totalling \$3.83 million (2020 - \$3.04 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 \$565,389 (2020 - \$475,547). 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 \$20,885 in the current year (2020 - \$20,423).

### Net assets

Net assets at March 31, 2021, totalled \$3.87 million (2020: \$3.05 million), comprising approximately: \$239,000 (2020: \$242,000), in scholarship and endowment funds which are externally restricted by the contributors; \$1,859,000 (2020: \$1,824,000), in net assets internally restricted by the Board related to donations from members and bequests; and \$1,775,000 (2020: \$984,000), in unrestricted net assets.

### Non-financial resources

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

## 2020/21 RESULTS

### Revenues

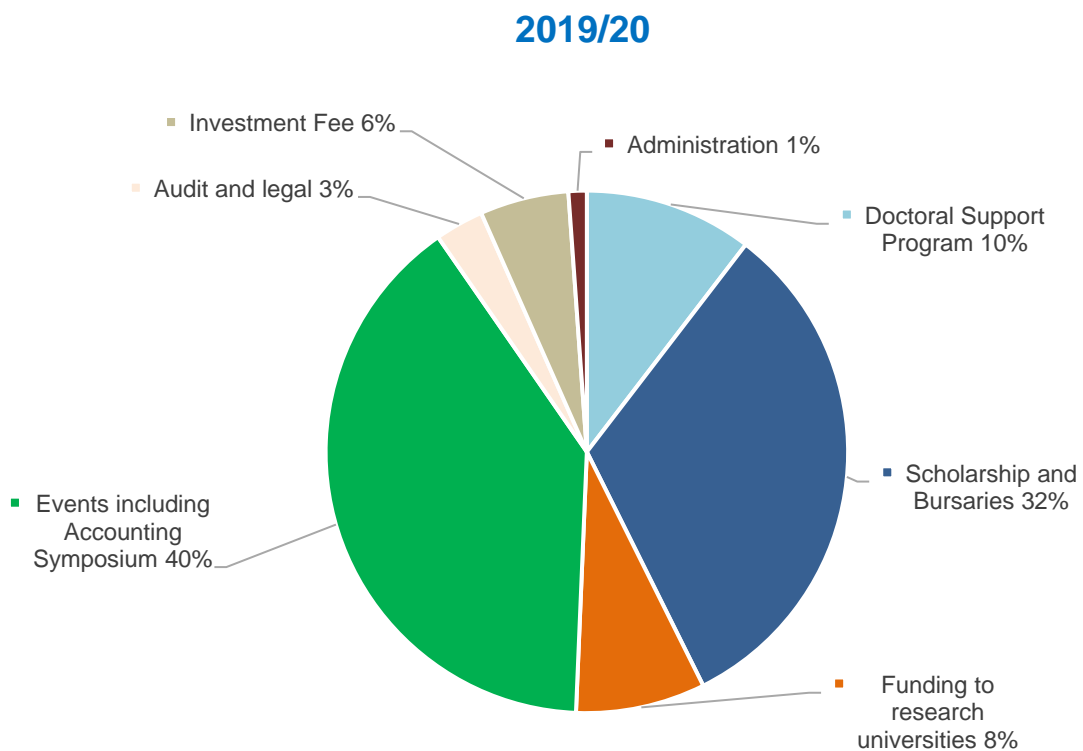
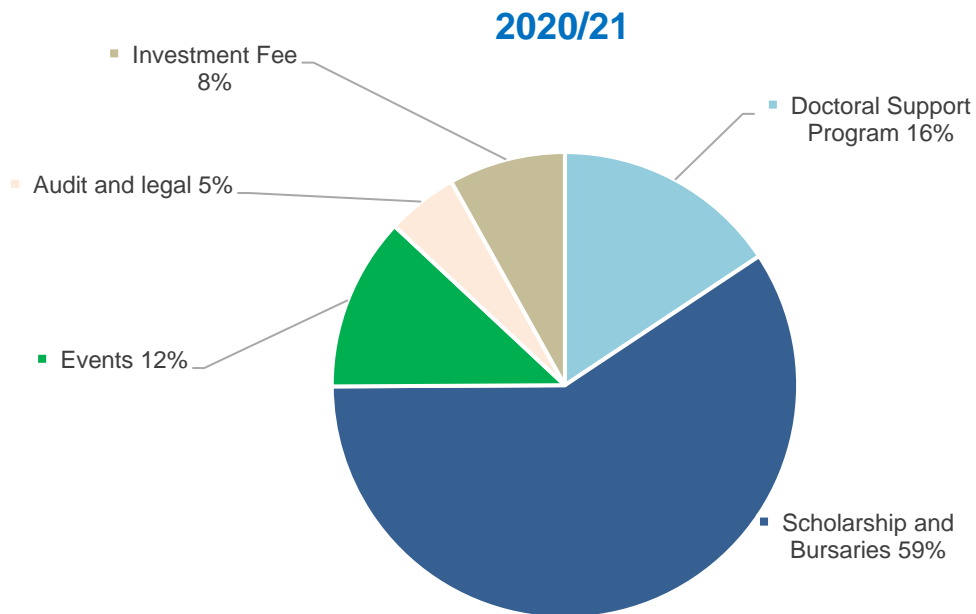
The primary sources of funding for the Foundation's programs and services are from long-term investment income and donations.

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 2020/21, CPAEF's investment portfolio generated a gain of \$899,000 (2020: loss of \$255,000) in a context of high market volatility. Initially, the COVID-19 pandemic caused severe deterioration of market conditions which resulted in the loss experienced in the prior year. Fortunately, a recovery in the markets in the latter half of the current year, has resulted in an unrealized gain on the portfolio of approximately \$684,000 (2020: unrealized loss of \$511,000).

## Expenditures, programs, and services

In 2020/21, 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 2020/21, the Foundation incurred an excess of revenues over expenses of approximately \$823,000 (2020: incurred an excess of expenses over revenues of \$457,000) mainly due the increase in the investment income.

## Support for Students

CPAEF offers awards comprised of scholarships and bursaries to students in several categories: students attending BC post-secondary institutions (colleges or universities), students taking preparatory courses, and candidates enrolled in the CPA Professional Education Program (PEP).

- This year, a record number of applications for bursaries were received by the Foundation reflecting the adverse impact the pandemic has had on many students. The Foundation awarded 15 students with bursaries ranging from \$1,000 to \$2,500.
- The Foundation extended its support of the Ch'nook Indigenous Business Education initiative with another three-year pledge totalling \$12,000 towards the Ch'nook Scholars Program. Since 2017, three students from UBC|Okanagan, Vancouver Island University and North Island College have benefited from this support.
- Further, CPAEF has a matching awards program whereby CPABC Chapters can donate funds to be matched by CPAEF in offering new awards at local BC colleges and universities. This year, due to the Chapters pausing their programming, because of restrictions on large in-person gatherings, no new matching awards were created. However, two pre-existing awards by CPABC North Shore/Sunshine Coast and CPABC Richmond/South Delta Chapters were extended. Matched awards are available at these post-secondary institutions across BC:
  - **BCIT** – CPABC Vancouver Chapter Award
  - **Camosun College** - CPABC Victoria/Southern Vancouver Island Chapter Award
  - **Capilano University** – CPABC North Shore/Sunshine Coast Chapter Award
  - **Douglas College** – CPABC Burnaby/New Westminister Chapter Award (New)
  - **KPU** – CPABC Surrey/Langley/North 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/North Delta Chapter Award, CPABC Burnaby/New Westminster Chapter Award (New)
  - **TRU** - CPABC Kamloops/Cariboo Chapter 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

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

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

## Support for Educators

CPAEF has various supports for educators including:

- CPAEF supports the professional learning and development of CPABC members in academia with a PD Passport for Academic Members, which entitles the recipient to 20 passport credits (or up to two days) of professional development offered through CPABC paid for by CPAEF. A total of 142 (2020 - 132) CPABC members in academia registered under this program.
- CPAEF has a forgivable loan program whereby a CPABC member, who is pursuing doctoral studies can apply for a loan up to \$10,000 per annum over a maximum of four years. The loan is forgiven once the recipient has successfully earned their doctorate and teaches accounting or accounting-related topics at a BC university immediately upon completion of their doctorate. For each year of teaching, one annual loan installment is forgiven. During the year, no new applications were received. However, one recipient advised that they would not be able to fulfill the criteria of forgiveness and has undertaken a repayment plan with the Foundation. Three other members remain in the doctoral support program at various stages of completion of their doctoral studies.
- CPAEF has a grant program to support the development of faculty and to advance relevant and practical research at BC's two research universities: SFU and UBC.
- Since 2011, twelve BC post-secondary institutions have received over \$80,000 in financial support through the Speaker Series program to assist them in bringing noteworthy speakers to their schools to enhance accounting faculty development. Each school is eligible for funding up to \$2,500 twice per year. Due to the pandemic, no Speaker Series events were held.
- CPAEF has three legacy endowments at UBC. They are:
  - CPA Teaching Excellence Award. This award supports a prize recognizing teaching excellence among faculty members and is selected by the Dean's Office. Since inception in 1999, 19 faculty have been awarded this distinction. This year, the prize was awarded to Dr. JoAndrea Hoegg, an associate professor and Chair of the Marketing and Behavioural Science Division.
  - The CPA Chair of Accounting is currently held by **Dr. Sandra Chamberlain**, PhD, CPA, CMA, Associate Professor in the Accounting and Information Systems Division and CPAEF Governor. Dr. Chamberlain was named to this chair in 2017.
  - The CPA Professorship in Accounting is currently held by **Dr. Kin Lo**, PhD, FCPA, FCA. He is an active mentor to his students, assists on various dissertation committees, and acts as a research supervisor for doctoral candidates. Dr. Lo has taught at UBC since 1999 and is senior associate dean of students and an associate professor in the business faculty.



## 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, and will need to monitor the impact of COVID-19 on the investment portfolio.

The global pandemic, COVID-19, has caused significant disruption to Canadian businesses resulting in economic slowdown, and significant volatility and weakness in equity markets. Although the disruption from COVID-19 is expected to be temporary, and a recovery in the markets has been experienced, there remains a high degree of uncertainty as circumstances continue to evolve.

The portfolio is managed in compliance with the Board-approved investment policy that provides general guidance for its discretionary investment manager as to the nature and extent of eligible investments. Risk and volatility of investment returns are mitigated through diversification.

### Human resources

The Foundation relies on the services of volunteers and CPABC staff to complete projects. The talent and expertise of volunteers are among its most valuable resource. 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 2021/22

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

- Monitor the investment portfolio to assess the medium to long term impact of the pandemic on the return on investments;
- Continue to work with the post-secondary institutions to support the development of faculty, specifically for the two primary research universities, focusing on relevant and practical research projects that advance accounting education;
- Continue to support accounting students attending BC post-secondary institutions and candidates in the professional education program with financial awards including scholarships and bursaries; and
- Postpone the biennial Academic Symposium until May 2022, given the continued restrictions on large in-person gatherings.

## **CPAEF Board of Governors**

Brenda Waechter, FCPA FCGA (*Chair*)  
Judith Watson, FCPA FCMA (*Vice-Chair*)  
Dr. Sandra Chamberlain, PhD CPA CMA  
Maxine DeHart (*Public Rep*)  
James Ferguson, CPA CA (*Secretary*)  
Bruce Hurst, FCPA FCGA

John Mackenzie, CPA CA (*CPABC Board Liaison*)  
Keri Norrie, FCPA FCA CGA (*Treasurer*)  
Bradley Sakich, FCPA FCA  
Jameel Sayani, CPA CA  
Bob Strachan, FCPA FCMA

Executive Director: Lori Mathison FCPA FCGA

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

## **Contact Information:**

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#800 – 555 West Hastings Street  
Vancouver, BC V6B 4N6  
[www.bccpa.ca/cpaef/home](http://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