



CHARTERED PROFESSIONAL ACCOUNTANTS'
EDUCATION FOUNDATION OF BRITISH COLUMBIA

Chartered Professional Accountants' Education
Foundation of British Columbia
800-555 West Hastings Street, Vancouver BC Canada V6B 4N6
T. 604.872.7222 F. 604.681.1523 TF. 1.800.663.2677
www.bccpa.ca/cpaef/

ANNUAL REPORT

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

2022/23

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Message from CPAEF Board Chair

The past fiscal year saw a return to more normal operations, as health restrictions were raised and many individuals returned to the office and classrooms. The CPA Education Foundation of BC (“CPAEF” or “Foundation”) continued with its mandate to advance accounting education in the province and was also able to offer signature events in person again.

This year’s Accounting Educators and Academics’ Symposium focused on new considerations for changing times in education. Specifically, we addressed what educators should focus on when starting to think about how the new CPA Competency Map will impact learning environments.

A participatory session focused on the types of instructor-led decisions that make a classroom potentially exclusionary, and their inclusionary alternatives. The session helped participants become more aware and develop ways of thinking that are more likely to be supportive of the diverse student bodies we teach.

In addition, the symposium looked at engaging students in a post-pandemic classroom by creating a dynamic and engaging learning environment in an era of changing demands, while also navigating academic integrity and understanding what is driving academic dishonesty.

We were also pleased to support the ongoing work to update the assortment of financial awards available for students that demonstrate academic achievement and/or financial need, including new awards co-funded by BC employers.

Lastly, the CPAEF Board held an important strategic planning session, which resulted in the identification of groups that would benefit from additional resources, including high school students, newcomers to Canada, and Indigenous community members.

As my term as Board Chair and my time on the CPAEF Board comes to a close, I would like to thank my fellow board members for their camaraderie and contributions. As someone who is dedicated to education, and in particular, accounting education, it has been my honour to serve on the board and give back to the profession and our students.

Dated May 26, 2023



Keri Norrie, FCPA FCA, CGA
Board Chair



Photo by Jesse Hlady Studios

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, 2023, as well as the plans and outlook for 2023/24. The MD&A should be read in conjunction with the Foundation's audited financial statements for the years ended March 31, 2023 and March 31, 2022.

MISSION AND GOVERNANCE

The mission of the Chartered Professional Accountants' Education Foundation of British Columbia 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 CPABC Board of Directors. 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 a liaison between the two Boards.

KEY PERFORMANCE INDICATORS

As a charity, the Foundation relies on financial indicators to ensure that the resources entrusted to it are used efficiently and in an appropriate manner. These financial indicators, together with non-financial indicators, play a significant role in determining how performance is measured.

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, 2023, the Foundation had cash, short and long term investments totalling \$6.56 million (2022 - \$3.76 million). Investments are presented at market value. CPAEF investment portfolio consists of mutual funds on which it earns interest, dividends and capital gains income. Also included in the investment portfolio are preferred shares of \$0.12 million (2022 - \$0.12 million) on which it earns dividend income.

In addition, CPAEF holds \$345,000 in contributed principal with the Vancouver Foundation. The market value of these funds at year-end is \$549,198 (2022 - \$573,194). 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 \$26,634 in the current year (2022 - \$20,755).

Net assets

Net assets at March 31, 2023, totalled \$6.69 million (2022 - \$3.92 million), comprising approximately: \$262,000 (2022 - \$244,000) in scholarship and endowment funds which are externally restricted by the contributors; \$4,767,000 (2022 - \$1,895,000) in net assets internally restricted by the Board related to donations from members and bequests; and \$1,662,000 (2022 - \$1,785,000) 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.

2022/23 RESULTS

Revenues

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

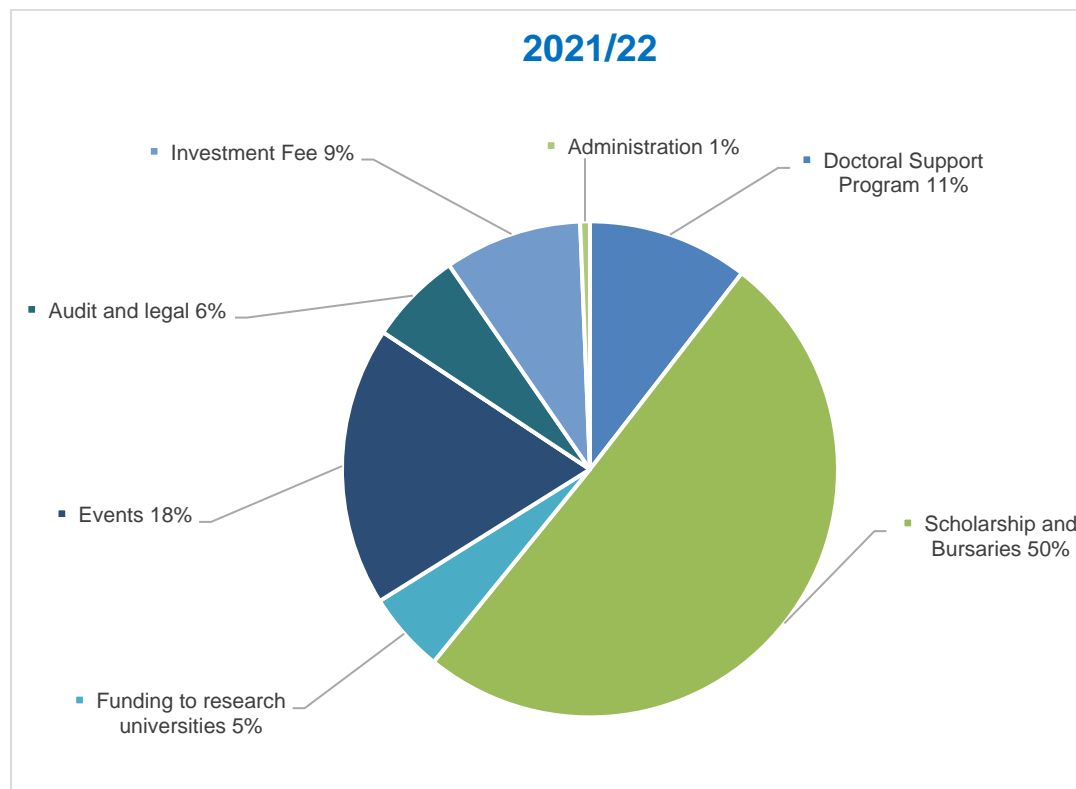
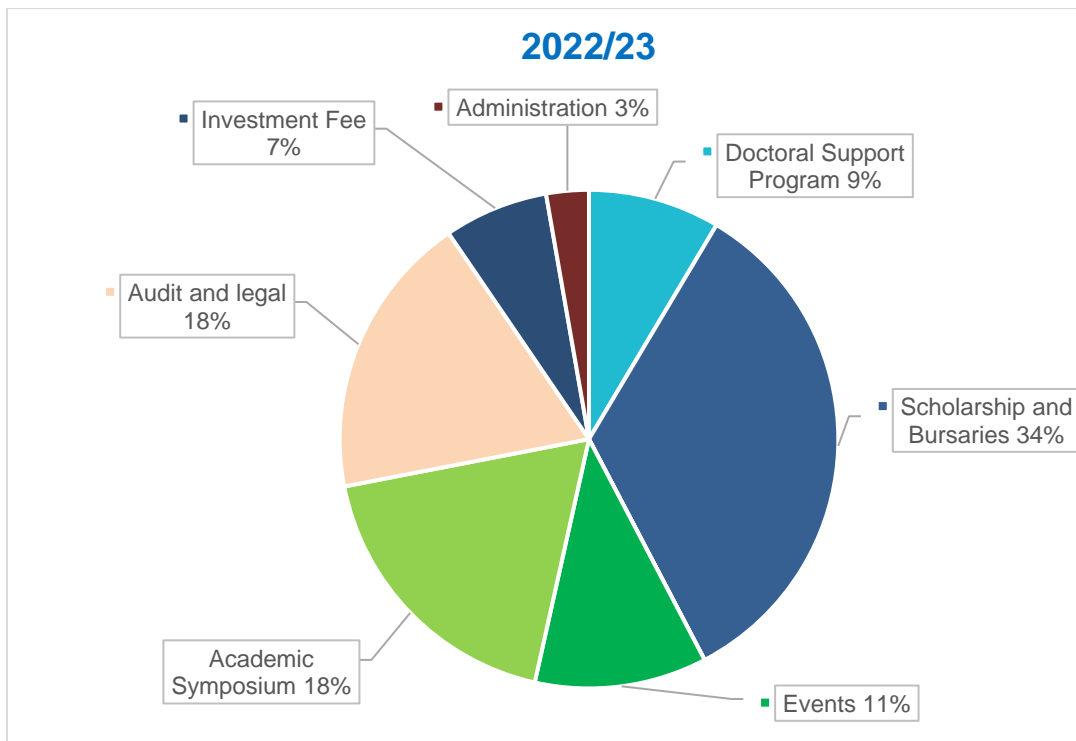
The primary objective of the overall investments is appropriate preservation of capital, with secondary objectives of maximizing return on investments, providing sufficient liquidity to allow the organization to meet its changing cash requirements, and cash flow generation. The goal is to achieve an annual return that exceeds a benchmark based on the asset allocation weighting.

In 2022/23, CPAEF's investment portfolio generated an overall gain of \$82,000 (2022 - \$165,000). In the past year, the financial markets endured much volatility as investors grappled with central banks raising interest rates to combat the surging inflation. The portfolio, driven by strong stock selection, has outperformed relative to growth stocks under the higher interest rates and inflationary environment. As a result, total investment income of \$210,000 was offset by \$128,000 unrealized loss resulting in the net investment gain of \$82,000.

CPA Western School of Business (CPAWSB) is responsible for delivering pre-certification education to students in the four western provinces and the territories. In October 2022, CPAWSB restructured its operations and became a new entity incorporated as a non-for-profit society. As part of the restructure and upon wind-up of the previous entity, CPAWSB donated its net assets to the charitable foundations of the four western provinces where CPAEF received a donation in the amount \$2,848,238.

Expenditures, programs, and services

In 2022/23, the Foundation's financial resources were invested into the following programs and services, as set out in the respective annual financial statements:



Excess of revenue over expenses

In 2022/23, the Foundation incurred an excess of revenues over expenses of approximately \$2,767,000 (2022 - \$51,000). While operating expenses remained relatively stable year over year, CPAEF received a large one-time donation from CPAWSB which inflated revenues. This donation is non-recurring and is not expected to be received again.

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, CPAEF received twelve applications from students for awards overseen by the Foundation. Of these the Foundation awarded eight students with bursaries ranging from \$1,500 to \$2,500. In addition, the Foundation awarded two top performers in preparatory courses with the David Reid Scholarships for \$500 each.
- Further, CPAEF has a matching awards program whereby organizations can donate funds to be matched by CPAEF in offering new awards at local BC colleges and universities. Matched awards are available at these post-secondary institutions across BC:
 - **Capilano University** – CPABC North Shore/Sunshine Coast Chapter Award
 - **Kwantlen Polytechnic University** – CPABC Surrey/Langley/North Delta 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
 - **Thompson Rivers University** – Grant Thornton LLP Awards
 - **University of the Fraser Valley, Trinity Western University and Kwantlen Polytechnic University** – FVCPAA Scholarships
 - **University of British Columbia (Vancouver and Okanagan)** – Crowe Mackay LLP
- CPAEF has also started a corporate sponsored awards program where organizations can donate funds for awards that are open to all college and university students. This year Telus has sponsored the “Telus Award for Indigenous Post-Secondary Success” and the “Telus Award for Black Post-Secondary Success”.

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 | • J. Alfred Marsh | • David Sale |
| • William J. Fedorak | • Jim Miller | • Glynn Spelliscy |
| • John Hadfield | • Lam A. Milne | • Peter Stanley |
| • William B. Hards | • Desmond O'Brien | • Elite Woo |
| • William D. Johnson | • David B. Reid | • Fred and Liliana Young |
| • Tom Kennedy | • William Rowe | |

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 140 (2022 - 131) 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, the Foundation accepted two new members into the doctoral support program. Three other members remain in the doctoral support program at various stages of completion of their doctoral studies.
- Since 2011, thirteen BC post-secondary institutions have received over \$89,000 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. Funding for two Speakers Series grants were applied for and approved for the combined amount of \$5,000 (2022 - \$3,946). Both events were held at Simon Fraser University, one in the fall 2022 and one in the spring 2023.
- 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, 20 faculty have been awarded this distinction. This year, the prize was awarded to **Dr. Christopher Ryan**, an associate professor, Operations and Logistics 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. For the market performance and investment returns in 2022, the one dominant force driving the market was consecutive interest rate hikes caused by inflation. As a result, the steep declines in the market have directly impacted the Foundation's investment portfolio.

The portfolio is managed in compliance with the Board-approved investment policy that provides guidance for the investment manager as to the type and mix of 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 2023/24

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

- Expand awards available to post-secondary students that demonstrate academic achievement, volunteerism and/or demonstrate financial need, including newcomers to Canada and Indigenous learners, ensuring award criteria are aligned with current trends in student and recipient needs.
- Expand activities serving high school students in BC to promote the attractiveness of the accounting profession.
- Continue to work with the post-secondary institutions to support the development of accounting educators.
- Continue to support accounting students attending BC post-secondary institutions and candidates in the professional education program with financial awards including scholarships and bursaries.
- Following a successful in-person one-day Academic Symposium in June 2022, a virtual half-day event is planned for June 2023. An in-person Symposium will be planned for summer 2024.
- Expand the reach of the foundations works in response to the CPAWSB donation.

CPAEF Board of Governors

Keri Norrie, FCPA, FCA, CGA (*Chair*)
James Ferguson, CPA, CA (*Vice-Chair*)
Kai Bauman, CPA, CA, MPAcc (*Secretary*)
Martha Thomas, CPA, CA (*Treasurer*)
Dr. Sandra Chamberlain, PhD, CPA, CMA
Elizabeth Jackson (*Public Rep*)
Philip Jaling, CPA
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Andrea VandenEnden, CPA, CA
Nathan Wong, CPA, CGA

Staff: Simone Leonard, FCPA, FCGA
Lorena Christensen, CPA, CMA
Nicole Clendinning, CPA, CGA

Executive Director: Lori Mathison FCPA, FCGA

Contact Information:

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

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