



**CPA**

CHARTERED  
PROFESSIONAL  
ACCOUNTANTS  
BRITISH COLUMBIA

# Annual Report

Chartered Professional Accountants  
of British Columbia

2022-2023

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## MESSAGE FROM CPABC CHAIR AND PRESIDENT & CEO

By Sheila Nelson, CPA, CA and Lori Mathison, FCPA, FCGA, LLB, BCL

*This year, our major initiatives once again aligned with CPABC's three-year rolling strategic plan, and continued to enhance the protection of the public, member and student services, and operational effectiveness.*

### The Future of Work and the New Normal

Over the past two years, CPABC had to rethink its service delivery and work environment. Technology projects that had been planned to take place over a number of years were fast-tracked in order to facilitate the move to remote access and virtual events. These projects also had the objective of “future proofing” CPABC, allowing us to adapt more agilely to rapid change.

While technological adoption was already well underway prior to the pandemic, the pace of change was accelerated and is ongoing. The organization returned to work and implemented a new hybrid model for office attendance. Other investments facilitated greater flexibility and collaboration opportunities for staff, as well as data security and operational efficiency.

In addition, as health restrictions eased there was a return to more normal operations and service delivery. However, many of the changes that were brought in remained and altered how things were done going forward. The shift to virtual programming was well received by the membership and provided access to high-quality professional development and other content in every community with internet access. Over the past year, many courses and events were hybrid, accessible both for in-person attendance as well as virtually, to ensure we continued to meet the new expectations for service delivery.

While there has been great uncertainty and volatility over the past year, the province saw an economic resurgence, driving up the demand for skilled labour. This was especially true for employers wanting to hire CPAs and CPA candidates, with demand often outstripping the supply. CPABC assessed recruitment and market demand to ensure that in this tight war for talent, we continue to attract high-quality candidates to the profession now and into the future, and provincial marketing promoted career opportunities for CPAs to drive recruitment efforts.

CPABC was also faced with the same market conditions and continued to invest in staff in order to engage our high-quality workforce and attract new employees. As a top employer in the province, CPABC continued to be nimble, innovative, and competitive.

Looking ahead, over the coming year we will be focused on ensuring the profession continues to attract the next generation of CPAs by promoting the diverse career opportunities open to our members, and by working with our colleagues across the country to develop an even more relevant, attractive, and innovative education program. CPABC will also continue to enhance education opportunities and services for existing members to ensure they are able to keep their skills in step with employer expectations and meet the ongoing and emerging needs of BC's economy.

**DATED** May 25, 2023



Sheila Nelson, CPA, CA  
**CPABC BOARD CHAIR**



Lori Mathison, FCPA, FCGA, LLB, BCL  
**PRESIDENT AND CEO**

## CPABC'S FIVE STRATEGIC PILLARS

In 2022/2023, CPABC refreshed its rolling three-year Strategic Plan, to ensure the organization remains on course to deliver on the CPABC Vision, and incorporates the following five strategic pillars:



### PROTECT

CPABC will protect the public.



### DELIVER

CPABC will deliver sufficient and appropriately skilled CPAs to meet market demand.



### SUPPORT

CPABC will support the needs of its members and students.



### LEAD

CPABC will lead and will foster member leadership on matters relating to business and accounting.



### ACCOUNT

CPABC will discharge its mandate in a responsible, transparent, and proactive manner.



## Vision

The Canadian CPA is the pre-eminent, globally respected business and accounting designation

## Mission

CPABC enhances the influence, relevance, and value of the Canadian CPA profession by:

- » Protecting the public interest;
- » Supporting its members and students; and
- » Contributing to economic and social development.

## Member Values

Canadian CPAs are valued for their excellence and integrity

## PROTECT

### Partnership with Government

As a legislated entity, CPABC seeks to support and contribute to relevant government priorities and public policy discussion. To that end, the profession submitted budget recommendations focused on: improving housing supply and affordability; developing a cross-governmental approach to education and skills training that includes working with industry to respond to labour supply challenges; and creating a costed plan to return to balanced budgets, including a strategy to gradually reduce net debt as a percentage of GDP.

A housing affordability roundtable was held with Premier David Eby (then Minister Responsible for Housing) and a group of accomplished CPAs who brought different perspectives to the conversation: development, not-for-profit, public practice, and financing. The roundtable provided the Premier perspectives on actionable policy decisions the province could make that would have a positive impact on affordability.

CPABC also met with Ministry of Finance Staff to highlight how the organization and members could assist with government initiatives; briefed the Parliamentary Secretary for Community Development and Non-Profits about the potential impact to not-for-profit and charitable entities due to the Compilation Engagement Standard update; and met with the Parliamentary Secretary for Gender Equity to provide input on Pay Transparency legislation.

CPABC's executive presented to the BC Government and Opposition Caucuses and provided an overview of the organization and our role as a proactive regulator. The well received presentation also provided an economic update, information regarding the CPA program revamp and initiatives related to ESG, and a progress report for our Indigenous strategy.

In addition, since the release of the Cullen Commission's report, CPABC has continued to be very active in assessing the identified risk areas for the accounting profession and established a working group that has reviewed and is taking action to address the Commission's report and recommendations.



The organization has made considerable progress raising awareness among Indigenous students of the value of careers in business and finance, and of the value of the CPA designation, and is working with Indigenous communities to share the value a CPA provides with regard to financial management capacity and overall nation building.

Lastly, recognizing the government's priorities and the significance of the United Nations Declaration on Indigenous Rights legislation, CPABC's executive met with the Minister of Indigenous Relations and Reconciliation to provide an update on CPABC's Indigenous strategy. The organization has made considerable progress raising awareness among Indigenous students of the value of careers in business and finance, and of the value of the CPA designation, and is working with Indigenous communities to share the value a CPA provides with regard to financial management capacity and overall nation building.

## Transparent and Accountable Regulation

CPABC is proud of its proactive approach to regulation and considers protecting the public its core mandate, and does so by enforcing the highest professional and ethical standards. CPA members recognize that a well-regulated profession benefits everyone, and approximately 83% of members who responded to the member satisfaction survey believed that CPABC was an effective regulator.

Given the significance of this responsibility, CPABC produced the report *Upholding the Highest Standards: 2022-2023* (previously called the Regulatory Report to the Public) that summarized the regulatory activities of the prior fiscal year.

CPABC's regulatory processes are described on the CPABC website, as are the outcomes of investigation and discipline proceedings.

## Membership

CPABC only admitted those applicants who met the rigour of the CPA certification process or met the requirements of a CPA international agreement and provided satisfactory evidence that they were of good character.

Of the more than 39,000 CPABC members, the majority of them worked in industry in a variety of roles – up to and including the C-Suite – in every sector of the economy.



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## Public Practice

18.4% of CPAs worked in public practice, which included 4,351 members licensed to provide public practice services. These members were practitioners and partners who operated in 2,869 public practice offices in BC. Over 98.1% of CPA firms were owned by fewer than five professional accountants.

Practice reviews are inspections of CPA firms to determine whether firm activities meet the standards of the profession. They are carried out over a three-year cycle with 1,001 taking place this past year. CPABC developed a fully integrated Practice Review System that will enhance user experience for practice inspection officers and firms by increasing the ease of file sharing and communication while also enhancing security.

## Continuing Professional Development (CPD)

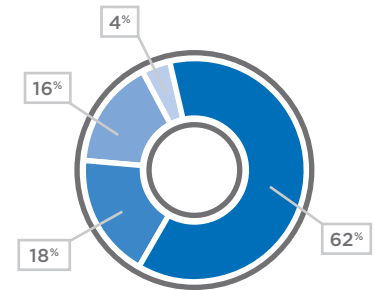
Ongoing education is an important aspect of regulation and active CPAs were required to report their professional development activities.

Over the course of the CPD three-year rolling reporting cycle, active CPAs were required to ensure at least four of their reported verifiable hours related to professional ethics and were required to report compliance with CPD on a calendar year basis. Those who did not comply ultimately had their memberships cancelled.

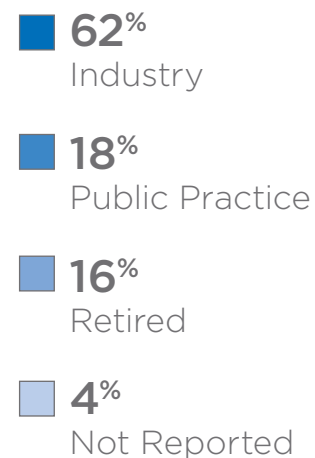
## Discipline Process

CPABC investigated complaints received about members and students.

Where grounds were found for breaches of the bylaws or rules, most complaints were dealt with through education and course work, which ensured that members were better equipped to serve the public. In rare instances there was a fine, suspension, or cancellation of membership.



## Where CPAs Work





## DELIVER

### Labour Market Realities

As CPABC is the only educator of professional accountants, attracting quality people to the profession and meeting employer demand is critical. Many employers are finding that attracting skilled labour is a challenge. CPABC conducted a second Labour Market Study and found that demand for CPAs is expected to remain strong and will exceed supply for the next few years. While a small surplus is expected by 2027, the province's labour market for CPAs will remain tight for the foreseeable future. Maintaining and expanding recruitment will be part of the solution.

CPABC conducted a number of market research initiatives to get a better understanding of what may be driving current trends in student enrollment. We are seeking to understand what is influencing prospective students' career choices, and how the attractiveness of the profession and the CPA designation is faring.

To better connect job seekers with employers, CPABC held three Career Connect weeks during the year and offered both in-person and virtual options, small one-on-one Speed Interview sessions, panel discussions, and in-person career fairs. This format allowed both job seekers and employers to customize the engagement opportunities best suited to their business and career objectives. Uptake in the career events was good and employers and job seekers alike appreciated the ability to connect, and CPABC's employer network saw steady growth.



**6,224**

students were  
enrolled in the CPA  
PEP program

**1,201**

people were  
enrolled in the  
CPA preparatory  
courses

## Meeting Market Needs

BC worked with its national and provincial partners to ensure the CPA education programs (CPA Professional Education program (**PEP**) and CPA preparatory courses) met the needs of students, and provided the competencies required by employers. Given the prevalence of emerging and disruptive technologies, the CPA profession focused on evolving to meet these changing business conditions and updated the CPA competency map (**CM 2.0**). The new evergreen map is more flexible and will help ensure the profession can be responsive and adaptable to new technologies and changing social values, while also delivering on the core skills that CPAs are known for.

The new finalized competency map offers a jumping-off point for the creation of a revised CPA certification model. The profession is now working on this project, which is being referred to as Certification 2.0 and is in the design and consultation phase. The new program (to be named prior to launch) will translate CM 2.0 into a modernized certification model that encompasses education, experiential learning, and assessment. Grounded in the tenets of the CPA Code of Ethical Conduct which ensures the protection of the public's interest, the work that is being done over the next few years will result in a certification program that is agile, competitive, innovative, relevant, reliable, and trusted.

## Recruitment at the Forefront

Extensive outreach was undertaken to reach and inform potential students and employers, and to support existing CPA employers in their recruitment efforts. There was also additional work done to connect with high school students and teachers.

Highlights included holding nearly 400 recruitment and employer connection events and info sessions this year, many of which were in-person events, noting in-person recruitment events are back in demand. In addition, a new calendar platform was implemented to allow prospective students to book their own advising appointments, resulting in a 67% increase. Recruitment also focused on expansion of Indigenous Gathering on Pathways in Business events.



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Prospective students continued to inquire about the CPA profession and interest was driven by a provincial advertising campaign that focused on reaching people in the workforce who were considering a career change, those who were in post secondary considering their career options, and those who were responsible for deciding to hire or train CPAs.

### Candidate Support

CPABC continued to build awareness and understanding of the practical experience requirements and updated and refreshed information and resources for employers and candidates to improve the information that is available as they move through their CPA certification journey.

### Student Achievement

Those who decided to pursue a career in accounting enrolled with the CPA Western School of Business (CPAWSB) for both the CPA PEP and preparatory courses. The school served British Columbia, Alberta, Saskatchewan, Manitoba, Yukon, the Northwest Territories and Nunavut.

Student success rates in the programs led to the profession welcoming 942 new members admitted to membership by way of the May and September CPA Common Final Examinations (CFE).



942

members admitted  
to membership by  
way of the CPA  
Common Final  
Examination (CFE).

## SUPPORT

CPAs must meet ongoing professional development requirements to maintain their designation. Together with ongoing regulatory oversight this sets the profession apart from others working in business and supports CPABC's mandate of "protection of the public" by ensuring members keep their professional knowledge up to date and relevant to current industry, societal and economic trends.

High-quality and relevant education, services, and resources directly supported and enhanced the regulatory compliance of CPABC's members and promotes an attitude of "lifelong learning."

### Professional Development

CPABC's Professional Development (**PD**) program offers members learning opportunities across a wide range of technical and enabling competencies. Varied delivery methods (in person, virtual live and on-demand) have increased the flexibility and availability of CPABC PD seminars to members throughout the province.

Demand for CPABC's PD products remained strong, and overall, paid registrations met 96% of targets and were up 5% over last year actuals.

A robust Free PD program supports members' needs for quality yet low cost PD options in augmenting their learning. In line with prior years, the PD program was able to offer 1,208 courses with registrations totalling 73,020, of which 42,805 were registrations in free PD seminars. Registration in free PD products was down 15% from last year but was in line with updated targets. Recognizing that there were fewer 'hot-topics' required in 2022-2023 than during the prior year when the pandemic was more prevalent, and converting free registrations to Full Day Equivalents (**FDE**) to adjust for variations in the length of individual courses, Free PD FDE registrations were only down by 8% from last year.



The PD program was able to offer **1,208** courses with registrations totalling **73,020**, of which **42,805** were registrations in free PD seminars.

Registration in free PD products was down **15%** from last year but was in line with updated targets.

PD offerings include seminars, conferences, and certificate and executive programs. New courses are developed each year to help members stay up to date on new CPA Handbook standards, digital transformation topics, and emerging issues of importance to the profession such as Anti-Money Laundering (**AML**) awareness, and Equity, Diversity and Inclusion (**EDI**) and Environmental, Social and Governance (**ESG**) topics. In an environment of increasing learning providers, members can rely on CPABC's PD program to bring them high quality, relevant and reliable professional education products to address and support their lifelong learning goals.

## Engagement and Services

A sampling of the member support included:

- » Approximately 2,017 enquiries from members and the public were handled by Professional Standards Advisors.
- » The President & CEO and CPABC Board Chair presented a Leadership Update, holding four virtual sessions with over 1,400 members attending.
- » The [CPABC Careers](#) site continued to see strong engagement from those seeking to hire CPAs and CPA students.
- » All members could access benefit and savings programs, such as the [Member Assistance Program](#) and numerous national and provincial benefits.
- » Over 1,500 members attended 38 virtual member forum meetings, which received a 96.8% satisfaction rating on post-meeting surveys.
- » CPABC chapters hosted 26 in-person events after a two-year hiatus.
- » CPABC hosted two long-standing annual social events, the 61st Annual CPABC Golf Tournament, and the Monte Carlo Event in collaboration with lawyers and CFAs.

Ensuring members were aware of programs and services was a substantial undertaking. Information was provided through the member magazine, [CPABC In Focus](#), bi-weekly newsletters, the website, podcasts, and social media.



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In addition, a second mental wellness survey was undertaken so that CPABC could continue to make informed decisions as to what more, if anything, it could be doing with respect to mental wellness services that would support the membership and better protect the public through more effective regulatory outcomes.

## Member Satisfaction

Member satisfaction with the services provided was a critical performance indicator. Overall, 68% of members who responded to the members' survey rated the communications from CPABC positively (24% were neutral). The majority of survey respondents, 56%, rated their overall experience with CPABC positively (33% were neutral) and 83% had trust in CPABC as a regulator (10% were neutral).



Overall, **68%** of members who responded to the members' survey rated the communications from CPABC positively.

The vast majority of survey respondents, **83%**, had trust in CPABC as a regulator.

## LEAD

### Leadership in the profession

CPAs across the country played a vital role in leading businesses. Here in BC, CPAs worked in every sector of the economy and helped drive business insights, creating value for their organizations.

This year's national advertising campaign was titled CPA for What Matters. A [micro-site](#) profiled videos of CPAs, which were also featured on streaming channels and social media. The campaign positioned CPAs within broader topical conversations, noting the contribution our members make to important issues such as ESG, working with First Nation businesses and communities, and combatting money laundering in addition to other areas.

### Provincial Leadership

Provincial advertising content highlighted how the CPA designation has a way of changing those who go through the program. A different person comes out the other side – someone who is more strategic, decisive, and strong. Someone who has taken the time to learn how to act with intention, ethics, and empathy, and knows that life is about learning and that their journey has just begun.

Titled You to the Power of CPA, the campaign used CPA as though it's a multiplier that increases the skills, leadership, and value of prospective students. [Four videos](#) were used on social media and streaming content, and digital display and transit shelter ads were created.

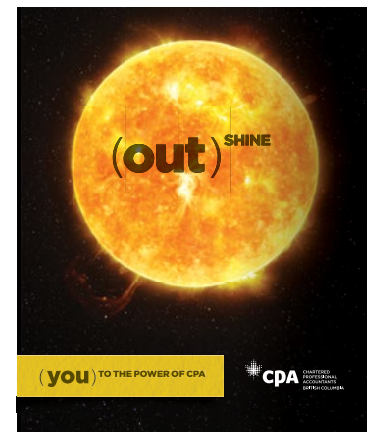
Sponsored content focused on CPAs playing significant roles in diverse organizations, as well as the opportunities and career flexibility open to CPAs. The campaign received positive recognition in marketing trade magazines for the fresh, unique, and eye-catching take on marketing for a business designation.

In addition to the branding campaigns, CPABC did extensive work to raise the profile of CPABC and its members through articles, profiles, thought leadership pieces including our BC Check-Up: LIVE, WORK, and INVEST reports and surveys, sponsorships, and government relations.

## NATIONAL CPA for What Matters



## PROVINCIAL You to the Power of CPA





Member profiles ran in the newsroom, the branding campaign, *CPABC in Focus*, and were used for recruitment. These articles featured members with interesting careers not typically associated with CPAs and included members at every stage of their career. Profiles with experienced members demonstrated the leadership that CPAs bring to organizations, while examples of young members highlighted how a CPA's career can align with someone's purpose and passion.

In addition, CPABC did a series of articles and podcasts on the importance of ESG and cybersecurity and what CPAs are doing in those areas, and younger, Indigenous CPA members were profiled to help bring awareness of the benefits of the profession to Indigenous youth.

Major sponsorships included the Business Council's luncheon with Tim Macklem, Governor of the Bank of Canada, *Business in Vancouver's* Influential Women in Business and C-Suite Awards, and the Greater Vancouver Board of Trade provincial budget presentation. These opportunities allowed CPABC to partner with other like-minded organizations to provide information regarding the profession to government and business leaders.

Lastly, CPABC knows that financial literacy helps protect the public - if individuals have better financial skills and are informed, they will make better financial decisions. CPABC continued to offer free seminars using volunteer CPAs for interested British Columbians. The members shared unbiased, functional, and clear financial literacy information at a grassroots level. Sessions were available for adults at a variety of life stages, including entrepreneurs, new Canadians, as well as post-secondary students, and students from grades four to 11. There were also sessions for not-for-profits and remote communities.

## National Leadership

CPABC staff and volunteers also demonstrated leadership by collaborating on the Council of Chief Executives, Public Trust Committee and sub-committees, CPA Professional Education Management Committee and sub-committees, Certification 2.0 Steering Committee, CFE Board of Examiners, Branding Committee and sub-committees, Professional Learning and Development Strategy Committee and sub-committees, National Indigenous Initiatives Guidance Committee and the Equity, Diversity, and Inclusion Committee. In some instances, CPABC staff and volunteers chaired national committees and sub-committees.

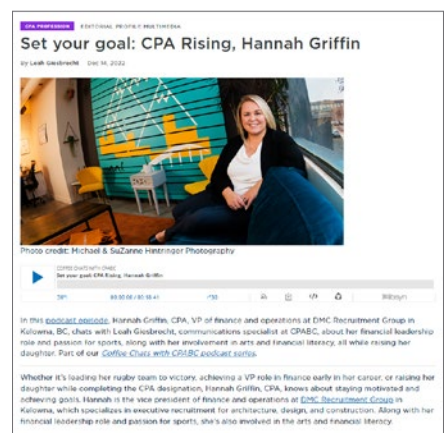
## Member Profiles



Michael Pickup, FCPA, FCA



Chris Yee, CPA, CA



Hannah Griffin, CPA



## ACCOUNT

### Governance and Leadership

CPABC's Board of Directors was comprised of three public representatives appointed by the provincial government and 16 CPAs.

At the governance level, the national CPA Collaboration Accord governed how the independent national body, CPA Canada, and independent CPA provincial bodies worked together. The profession focused on harmonizing approaches (where appropriate) to common core elements and key functions.

Given this level of collaboration, CPABC staff and volunteers took on key roles to ensure that BC contributed to and influenced the national direction.

### Talent Management

CPABC continually strives to be an employer of top talent, to understand and meet the needs of its team, and to foster a healthy and supportive culture. CPABC has been named a Top Employer for BC by Mediacorp Canada every year since 2020.

Based on the last team culture survey taken, CPABC's employees were very satisfied with working for CPABC, intend to stay, and would recommend the organization as a good place to work.



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## Systems and Processes

CPABC maintained robust and consistent internal accounting and administrative control systems in a remote working environment, and met the requirements of statutes, such as the *Freedom of Information and Protection of Privacy Act* and the Canadian anti-spam legislation.

Such systems provided reasonable assurance that the financial information was relevant, reliable, and accurate, and that CPABC's assets were appropriately accounted for and adequately safeguarded.

CPABC has pivoted effectively to support hybrid work and believed there were no mission-critical systems, controls, procedures, or deficiencies that impaired its ability to provide reliable and timely disclosure or affected its ability to execute the strategic and operational plans. CPABC continued to improve and enhance the functionalities of existing systems and integrate new systems to support operational efficiencies.

Strong security processes and systems were also critical as CPABC's staff shifted to working from home into a hybrid approach.



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## 2022-23 CPABC'S BOARD OF DIRECTORS



**Sheila Nelson, CPA, CA**  
Chair



**Christopher Gimpel, CPA, CA**  
First Vice-Chair



**Peter Guo, CPA, CA**  
Second Vice-Chair



**Andrew Sweeney, CPA, CA**  
Treasurer



**Bernard Achampong, CPA, CMA**  
Director



**Craig Elliott, CPA, CGA**  
Director



**Lisa Ethans, FCPA, FCA**  
Director



**Thomas Fink, CPA, CMA**  
Director



**Wendy Ham, CPA, CGA**  
Director



**J. Alain LeFebvre, FCPA, FCA**  
Director



**Josie Lim, CPA, CA**  
Director



**John Mackenzie, CPA, CA**  
Director



**Tiffany Snauwaert, CPA, CA**  
Director



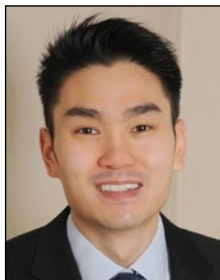
**Alexander (Sandy) Stedman, FCPA, FCA**  
Director



**Peter Tingling, CPA, CGA**  
Director



**Alicia Williams, CPA, CPA (Arizona)**  
Director



**Ken Leung**  
Public Representative



**Bijan Pourkarimi**  
Public Representative



**Grace Wong**  
Public Representative

## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

CPABC is focused on measuring its impact and performance in Environmental, Social, and Governance measures (ESG). From everyday practices to long-term strategies, we are committed to a sustainable future for our organization and profession and will strive for continuous improvement.

In order to measure progress, CPABC will aim to follow core reporting standards issued by the Sustainability Accounting Standards Board (SASB), which are internationally known and widely used. In addition, like many other organizations around the world, CPABC may also adopt parts of other reporting standard(s) to ensure its reporting is relevant and comprehensive.

While CPABC is in the early stages of its ESG journey, work has begun on many initiatives with measurable results (already available and/or planned) to form a baseline for CPABC's ESG performance and impact report.

### Environment

To ensure future generations can enjoy the benefits of a healthy and sustainable planet we must protect and preserve the environment. CPABC is doing its part by reducing paper wastage through digital transformation, participating in a comprehensive building recycling program, and providing employees with a public transit subsidy. Most importantly, CPABC is building a green culture and awareness within the organization.

### Social

Employees, members, and the communities in which CPABC operates are critical to the future of the organization. In the past two years, CPABC has invested considerable resources developing an Indigenous Strategy and an Equity, Diversity, and Inclusion (EDI) Strategy to contribute to a more inclusive and equitable community. CPABC also has a long history of being active within the community with its Day of Giving and United Way campaigns and the volunteer driven Financial Literacy Program.



In order to measure progress, CPABC will aim to follow core reporting standards issued by the Sustainability Accounting Standards Board (SASB)

## Governance

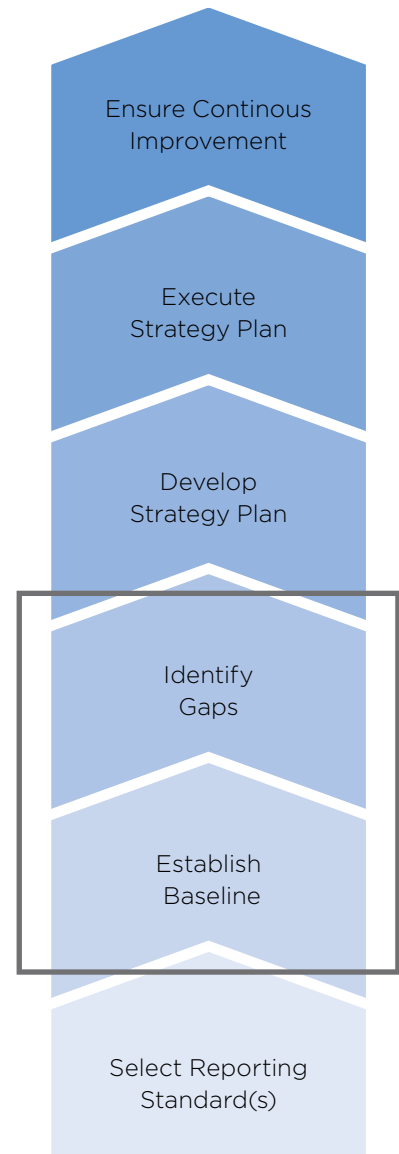
Governance refers to an organization's leadership, ethical behavior, and transparency. As the provincial regulatory body for Chartered Professional Accountants, CPABC holds itself to a high standard when it comes to governance. Board composition, risk management, ethics, reporting, and anti-corruption mechanisms are already well-established and follows best practices within the organization. In particular, CPABC has implemented a rolling three-year Cybersecurity strategy to ensure the organization's data is secured and protected.

## Next Steps

CPABC's next steps in its ESG journey are to complete gathering baseline data and identify any gaps that need to be addressed. The three-year rolling ESG strategy will then be developed in more detail, including how to communicate the performance and impact on a range of topics that are important to the organization and its employees, members, and the wider community.



### CPABC's ESG Journey



## FINANCIAL PERFORMANCE

In 2022/23, CPABC generated a net deficit of \$5,310,000 compared to a surplus of \$592,000 in the prior year. This net deficit was planned for and reviewed by the board to provide additional resources to support the regulatory process and ensure that CPABC continues to protect the public. Additional resources were also needed to transition many programs back to in-person or a hybrid model from a virtual delivery model employed during the pandemic. In comparison to the prior year, the net deficit was largely due to:

- » Net contribution and recoveries from CPA Western School of Business (CPAWSB) of \$685,000 compared to \$2,642,000 in the prior year. The school is experiencing a lower number of PEP and Preparatory module registrations and enrollment compared to prior year. The overall trend is indicating that there were fewer candidates starting the PEP journey and that the Preparatory students are taking more time off from their studies post-pandemic. In the current year, all exams were held in person which contributed to higher laptop costs, facility rentals, and invigilators.
- » Student Recruitment and Employer Relations expenditures, net of Employment Referral Services revenues, of \$2,217,000 compared to \$1,214,000 in the prior year. These higher costs were largely due to the resumption of in-person or hybrid recruiting activities after the past couple of years of virtual events during the pandemic and enhancement to the existing events. The cost is comparable to that incurred before the pandemic when all events were held in-person. In addition, a second labour market study was conducted to better understand the recruitment needs of the profession.
- » All Other Regulatory Affairs expenditures of \$4,442,000 compared to \$3,700,000 in the prior year are due to the implementation of digitizing member records and increased legal costs on disciplinary matters. As a regulatory body, CPABC must pursue all disciplinary matters.



### Net investment income

of \$438,000 for the current year compared to \$1,103,000 in the prior year.

Net contribution and recoveries from **CPA Western School of Business (CPAWSB)** of \$685,000 compared to \$2,642,000 in the prior year.

### Practical Experience and Education

expenditures of \$2,616,000 compared to \$1,997,000 in the prior year due to the start of the development of the new certification (Cert 2.0) model.



- » Net investment income of \$438,000 for the current year compared to \$1,103,000 in the prior year. The lack of performance by the financial market this past year was due to rapid consecutive increases in interest rates by central banks as they struggled to manage soaring inflation.
- » Practical Experience and Education expenditures of \$2,616,000 compared to \$1,997,000 in the prior year due to the start of the development of the new certification (**Cert 2.0**) model. This significant project is anticipated to be completed in 2024/25 and the costs associated with this national project is to be allocated to each provincial and territorial body.

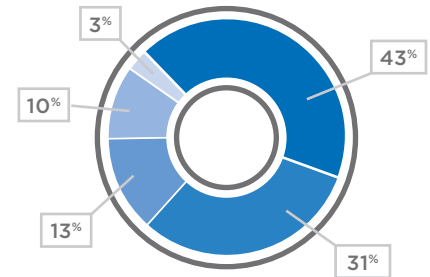
In a post pandemic world, it is anticipated that in-person or a combination of in-person and virtual delivery of programs will continue which require more resources than a complete virtual delivery model.

## Revenues

Total revenue in 2022/23 for CPABC was \$48,984,000 compared to \$50,429,000 in the prior year. The decrease in revenue is primarily attributable to the decrease in net contribution from CPAWSB and investment income as described above.

As a result of the operating agreement with CPAWSB as an agent delivering education on behalf of the four western provinces, the portion of student annual dues and module fees pertaining to BC students and candidates are recorded on CPABC's financial statements. Student annual dues and module fees (\$21,117,000) accounted for 43% of the revenues in 2022/23.

Aside from the student dues and module fees other significant sources of funding for the profession's programs and services were membership dues (\$15,314,000), professional development revenue (\$6,521,000), and public practice and regulatory affairs revenue (\$4,781,000), which represented 31%, 13%, and 10% of revenues, respectively.



## 2022/23 Revenue

- 43%** Student Annual Dues and Module Fees
- 31%** Membership Dues
- 13%** Professional Development
- 10%** Public Practice and Regulatory Affairs
- 3%** Other Revenue

## Total Revenues

2022/23 **\$48,984,000**

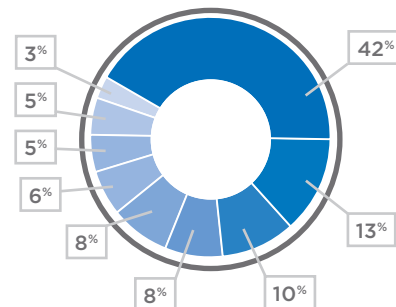
2021/22 **\$50,429,000**

## Expenditures

Total expenditures in 2022/23 for CPABC were \$54,295,000, compared to \$49,837,000 in the prior year. As a result of the Operating Agreement with CPAWSB mentioned above, expenses incurred by CPAWSB in the delivery of education on behalf of CPABC were also recorded in CPABC's financial statements as Student Education Program expenses in the amount of \$20,490,000. In the current year, all exams were held in person which contributed to higher laptop costs, facility rentals, and invigilators.

In 2022/23, CPABC also incurred more regulatory costs to continue to fulfill its mandate of protecting the public. In addition to the ongoing programs to protect the public and support members and students, the 2022/23 expenditures reflect initiatives, such as the continued development of Indigenous Engagement Strategy and the expansion of the Financial Literacy program both of which will have significant positive impact on BC communities.

The external environment continues to be in a state of flux for most of 2022/23. CPABC has successfully evolved its operations to deliver effectively its programs and services both virtually and in-person.



## 2022/23 Expenditures

- 42%** Student Education and Practical Experience Program
- 13%** Public Practice and Regulatory Affairs
- 10%** Professional Development
- 8%** Administration Support
- 8%** External Affairs and Communications
- 6%** Information Technology
- 5%** Member Services and Engagement
- 5%** Student Recruiting and Employer Relations
- 3%** Governance and Executive Office

## Total Expenditures

2022/23 **\$54,295,000**

2021/22 **\$49,873,000**



## FINANCIAL RISKS AND RISK MANAGEMENT

The ongoing operations of CPABC funded from revenues were derived primarily from three sources:

- » Student annual dues and module fees were 43% of total revenue with a net contribution of \$627,000. The profession must ensure the CPA education program continues to be accessible and attractive to students and meet the needs of employers in order to attract sufficient recruits to meet market demand.
- » Member dues were 31% of total revenue and funded many critical programs. With many members close to retirement and continued demand for CPAs, increasing membership numbers in order to meet market needs is of continued importance. In addition to recruitment efforts, member support and satisfaction is critical for maintaining sustainable levels.
- » The professional development program accounted for 13% of CPABC's total revenue. Introducing new products and delivery methods have financial risks due to uncertain participation rates, changing member preferences and the potential for competition. CPABC manages these risks by collaborating with other CPA bodies, conducting advanced market research and pilot offerings, and targeting its marketing.

One significant funding risk is related to CPABC's role as a regulator. Discipline cases can be complex and have unpredictable costs, causing uncertainty in terms of time, effort, and resources. CPABC has no control over these variables. To mitigate this risk, the Board established the Protection of the Public Reserve to ensure funding is available for CPABC to fulfil its regulatory mandate.

In the normal course of business, CPABC was exposed to financial risks, such as those related to credit, liquidity, and other price risk, that have the potential to adversely affecting operating and financial performance. For an explanation of CPABC's exposure to the risks associated with its financial instruments, refer to the notes to the audited financial statements for the year ended March 31, 2023.

## NON-FINANCIAL RISKS AND RISK MANAGEMENT

### Regulatory

There were several risks associated with regulation of members and adherence to new standards that CPABC actively mitigated throughout the course of the year. CPABC had representatives on national regulatory committees. Accounting regulation is harmonized wherever possible across Canada, which enhances the profession's adoption of best practices. However, this means that CPAs must stay abreast of emerging accounting and assurance standards and must be aware of and adapt to regulatory change in a timely manner.

There is a risk that members will not put in the effort required to manage the increasing complexity and volume of standards changes. To mitigate this, CPA Canada and the provincial bodies provided tools and support to help members adjust to evolving standards and maintain the quality of their work.

In addition, CPABC focused on member education to ensure awareness and compliance during a time of extensive regulatory change and monitored the quality of the work performed by public practitioners through practice review with a goal of helping them deal with the increased complexity.

In terms of managing and ensuring compliance of members, CPABC worked with volunteers (members and public representatives) to effectively deliver its regulatory mandate: maintaining admission, licensing members in public practice, and mandatory continuing education requirements; conducting reviews of public practice firms; investigating complaints; and disciplining members, firms, and students.

To mitigate the risks associated with the use of volunteers in such a critical area, CPABC ensured that those participating on regulatory committees at both the staff and volunteer levels had an appropriate level of expertise.

With the exception of the Disciplinary Committee, which received most of its powers directly from the CPA Act, CPABC's Board played a very active role in the oversight of regulatory committees.

Oversight activities included:

- » Appointing a board member to be a liaison officer for each of the key regulatory committees.
- » Approving governance policies that determined how the committees were to operate.
- » Approving all committee appointments.
- » Having regular updates on committee activities throughout the year.
- » Requiring committee chairs attend a board meeting and formally present the activities of the committee at least annually.

## Attracting Students

CPABC continued to promote the program in order to attract students to the profession. However, there is a risk that the program will not attract sufficient applicants. A contributing factor is ongoing provincial labour shortages, which are increasing overall job opportunities and competition for talent. In addition, universities have experienced a decline in enrollment into business and accounting programs, which are where the CPA program tends to draw the most candidates from. To ensure CPA PEP evolves to meet or exceed standards expected by the marketplace and continues to attract applicants, the profession updated the Competency Map and is creating a new Certification Program to deliver it. The new program is expected to be completed and implemented in 2024-2025.

## CPA Brand

CPAs worked in every sector of the economy and provided insight and guidance on many significant financial decisions. They operated in a complex, fluid, and changing environment where public and government expectations could shift with respect to financial reporting, transparency, and the role of auditors.

One of CPABC's members or firms could come under the media spotlight in a negative way, which could have a negative impact on the CPA brand and the reputation of the profession. CPABC monitored media daily to assess how CPAs and CPABC was being portrayed in the media.

## CPABC Operations

When looking at delivery of services, CPABC relied on the services of volunteers to complete many of its programs and regulatory responsibilities. The talent and expertise of volunteers are among its most valuable resources.

There is always some risk that volunteers may not be as willing or able to donate their time and CPABC could eventually incur a significant cost in trying to replace lost expertise. To mitigate this risk, CPABC ensured positive and rewarding experiences for volunteers and created flexible volunteer opportunities.

Talent management is a key element of success for any organization, and ensuring employee engagement is critical. With the pandemic in the past several years, there was also the added risk of deteriorating mental wellness for CPABC team members. To mitigate the risk of high staff turn over or burn out, CPABC offered a high-quality work environment with a competitive total compensation package. There was also a focus on engagement activities and training opportunities focused on mindfulness, mental wellness, and resilience.

## CAPABILITY TO DELIVER RESULTS

At March 31, 2023, cash and investments available to the organization totalled \$49,246,000 (2022 - \$49,418,000), a decrease of \$172,000 due to the fluctuation in the investment portfolio.

CPABC continued to engage an external investment advisor and staff and CPABC's treasurer continued to meet with the investment advisor quarterly. In addition, the Audit Committee reviewed the investment policy and portfolio performance semi-annually. The primary objective of CPABC's investment policy was 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 was to achieve an annual return that exceeds a benchmark based on the asset allocation weighting.

CPABC believes its current cash and short-term investments, combined with the anticipated cash flow from operations, are sufficient to meet the working capital and capital expenditure requirements for the foreseeable future.

## NET ASSETS

The net assets available are as follows:

	March 31, 2023	March 31, 2022
Total unrestricted net assets	\$ 19,286,000	\$ 24,142,000
Invested in tangible and intangible assets	3,040,000	2,692,000
Protection of the Public Reserve	2,500,000	2,500,000
Fee Stabilization Fund	1,000,000	1,000,000
Strategic opportunity fund	4,782,000	5,584,000
Total Net Assets	\$ 30,608,000	\$ 35,918,000

In 2022/23, the total capital expenditures were \$1,215,000, of which \$411,000 related to computer hardware and software purchases, \$587,000 for the development of the practice review system, and \$217,000 for CPABC's database and furniture and equipment.

The decrease in total Net Assets of CPABC reflects the net planned spending by the organization in 2022/23. The unrestricted net assets remain in excess of the target threshold as per the Board approved Net Asset Policy. In 2014/15, the respective Boards and Council of the legacy bodies internally restricted amounts for the Strategic Opportunity Fund, \$4,782,000 (2022 - \$5,584,000) for projects benefiting the profession and its members and students. This year, \$802,000 was spent on outreach to Indigenous communities through collaboration with key partners, and the online delivery of the CPA Canada Financial Literacy program in BC.

In 2017/18, the Board internally restricted \$2,500,000 for the Protection of the Public Reserve, which is comprised of those resources to offset unexpected costs in the event of a significant disciplinary case that could not be absorbed within the operational budget. The Board also internally restricted \$1,000,000 for the Fee Stabilization Fund to set aside resources to maintain stable provincial member fees that could otherwise be impacted by one-time operational priorities.

The Board and management believe the net assets of the profession are sufficient to:

- a) Provide the financial capital needed to meet any unexpected financial risks CPABC may encounter in the near future; and
- b) Maintain reasonable stability in the annual membership dues payable by members.

## OUTLOOK FOR 2023/24

CPABC will continue to deliver on its mandate of protecting the public and supporting members and students, leveraging diverse delivery models to enhance operational effectiveness. This will include significant investment in organizational resources and infrastructure over the coming year.

Protection of the public remains an ongoing priority for CPABC and understanding and effectively adapting to the environment the organization and members operate in is a key responsibility. Within this dynamic, regulatory priorities will include the careful consideration of the Cullen Commission recommendations; addressing non-members providing restricted services under the new Compilation standard; and effectively implementing the transition to the new Practice Review System, all while ensuring that the ongoing regulation of the profession continues in an effective and efficient manner.

Professional accountants play a critical role in the province's economy and given recent labour market constraints and expected high demand for CPAs over the next five years, promoting careers in the profession will remain a central pillar of recruitment marketing. The expertise and diversity of CPAs will be demonstrated by profiling members in various roles and industries, highlighting members and the CPABC as thought leaders and subject matter experts. Promoted content will target different audiences to ensure they understand CPABC's role as a regulator, and to raise awareness and familiarity of the CPA designation. Provincial branding activities will continue to supplement the national campaign by growing social media and digital content that specifically supports recruitment efforts.

Recruitment activities will continue to target and engage with high school and post-secondary students, workforce career changers, and Indigenous Peoples. This coming year, a particular focus will be placed on high school students to provide information about careers in business and finance and attract prospective students early in their education journey.

The CPA profession will also be focused on the education journey of its own candidates, as the profession continues the development of Certification 2.0. This will be the most extensive and wide-ranging educational change since the introduction of the CPA Certification Program at the time of unification. Maintaining and building on the attractiveness of the profession as well as future proofing the program is critical.

CPABC will also continue to provide excellent member services, and will support and enhance CPABC's chapters, and assess and redefine the nature of supports and services offered to our geographically dispersed membership. Operationally, the organization will continue to source systems, processes, and technologies that will enhance the growth and quality of the virtual-live and OnDemand delivery of learning.

The "Future of Work" pilot program was kicked off in 2022/23, and this coming year, management will review the program to ensure that it continues to support staff while continuing to meet operational goals and objectives. To support a more permanent hybrid work model, CPABC will also re-imagine its current office space to maximize the effectiveness of its facilities.

Lastly, one of the key priorities in the upcoming fiscal year will be to continue the implementation of the Equity, Diversity, and Inclusion (EDI) Strategy for members and staff to analyze where we can better enhance initiatives and ensure that the organization and profession reflect the province in which we operate.

# FINANCIAL STATEMENTS

## Management responsibility for financial reporting

The accompanying financial statements and all other information contained in this annual report are the responsibility of the management of the **Chartered Professional Accountants of British Columbia (CPABC)**. The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and have been approved by the Board of Directors.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of CPABC. Management maintains a system of internal accounting controls to provide reasonable assurance that transactions are accurately recorded on a timely basis and are properly approved, resulting in the presentation of reliable financial information. Such information also includes amounts based on management's best estimate and judgment.

The Audit Committee (the "Committee") reviews the annual financial statements and recommends them to the Board of Directors for its approval. In addition, the Committee meets periodically with management and the external auditor. The Committee reports directly to the Board of Directors and reviews the annual report in its entirety.

The accompanying financial statements have been audited by BDO Canada LLP, who is engaged by the Board of Directors, on the recommendation of the Committee, and whose appointment was approved by the members at the annual general meeting. The external auditor has access to the Committee, without management present, to discuss the results of the audit.

**DATED** May 25, 2023



Lori Mathison, FCPA, FCGA, LLB, BCL  
**PRESIDENT AND  
CHIEF EXECUTIVE OFFICER**



Amy Y. Lam FCPA, FCA  
**EXECUTIVE VICE PRESIDENT,  
CORPORATE SERVICES AND  
CHIEF FINANCIAL OFFICER**





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## Independent Auditor's Report

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To the Members of the Chartered Professional Accountants of British Columbia

### Opinion

We have audited the accompanying financial statements of the Chartered Professional Accountants of British Columbia, which comprise the Statement of Financial Position as at March 31, 2023, and the Statements of Operations, Changes in Net Assets, and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Chartered Professional Accountants of British Columbia as at March 31, 2023, and its results of operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Chartered Professional Accountants of British Columbia in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Chartered Professional Accountants of British Columbia's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Chartered Professional Accountants of British Columbia or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Chartered Professional Accountants of British Columbia's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chartered Professional Accountants of British Columbia's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Chartered Professional Accountants of British Columbia's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Chartered Professional Accountants of British Columbia to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*BDO Canada LLP*

Chartered Professional Accountants

Vancouver, British Columbia  
May 25, 2023

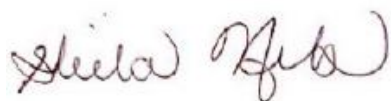
# Statement of Financial Position

As at March 31, 2023

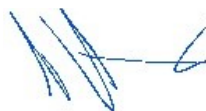
All in \$000's

	2023	2022
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 15,614	\$ 9,332
Accounts receivable	8,491	10,970
Loan receivable (Note 2)	330	-
Short term investments (Note 3)	7,907	7,777
Prepaid and other assets	1,302	979
	<b>33,644</b>	<b>29,058</b>
<b>Prepaid expenses</b> (Note 19)	<b>146</b>	<b>180</b>
<b>Investments</b> (Note 4)	<b>25,725</b>	<b>32,309</b>
<b>Equipment and leaseholds</b> (Note 6)	<b>2,366</b>	<b>2,614</b>
<b>Intangible assets</b> (Note 7)	<b>1,684</b>	<b>1,225</b>
	<b>\$ 63,565</b>	<b>\$ 65,386</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 8)	\$ 8,304	\$ 6,429
Deferred revenue (Notes 9,15)	23,644	21,893
	<b>31,948</b>	<b>28,322</b>
<b>Deferred Lease Inducements</b> (Note 10)	<b>1,009</b>	<b>1,146</b>
<b>NET ASSETS</b>		
Invested in capital and intangible assets (Note 13)	3,040	2,692
Internally restricted (Note 12)	8,282	9,084
Unrestricted	19,286	24,142
	<b>30,608</b>	<b>35,918</b>
	<b>\$ 63,565</b>	<b>\$ 65,386</b>

On behalf of the Board.



Sheila Nelson, CPA, CA  
Chair of the Board



Andrew Sweeney, CPA, CA  
Treasurer

## Statement of Operations

For the year ended March 31, 2023

All in \$000's

	2023	2022
<b>REVENUES</b>		
Membership dues	\$ 15,314	\$ 15,075
Student annual dues and module fees (Note 15)	21,117	22,061
Professional development	6,521	6,343
Regulatory affairs:		
Public practice fees	3,804	3,766
Admission fees	907	939
Discipline fines	70	40
Employment referral services	311	327
CPA Western School of Business – cost recoveries (Note 15)	58	276
Member services and events	26	12
Investment income (Note 5)	438	1,103
Other revenue	418	487
	<b>\$ 48,984</b>	<b>\$ 50,429</b>
<b>EXPENSES (Notes 18, 19)</b>		
Student education delivery (Note 15)	\$ 20,490	\$ 19,695
Professional development	5,264	5,104
Regulatory affairs		
Public practice registration and review	2,897	2,676
All other regulatory affairs	4,442	3,700
Administration support	4,346	4,613
External affairs and communications	4,210	3,969
Information technology	3,032	2,602
Member services and engagement	2,970	2,479
Practical experience and education	2,616	1,997
Student recruitment and employer relations	2,528	1,541
Governance and executive office	1,499	1,461
	<b>\$ 54,294</b>	<b>\$ 49,837</b>
<b>(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ (5,310)</b>	<b>\$ 592</b>

## Statement of Changes in Net Assets

For the year ended March 31, 2023

All in \$000's

	<b>Invested in Capital &amp; Intangible Assets (Note 13)</b>	<b>Internally Restricted (Note 12)</b>	<b>Unrestricted</b>	<b>Total Net Assets</b>
Opening Net Assets, April 1, 2021	\$ 2,761	\$ 9,649	\$ 22,916	\$ 35,326
Excess (deficiency) of revenue over expenses	(867)	(565)	2,024	592
Net investments (Note 13)	798	-	(798)	-
<b>Net Assets, March 31, 2022</b>	<b>\$ 2,692</b>	<b>\$ 9,084</b>	<b>\$ 24,142</b>	<b>\$ 35,918</b>
Opening Net Assets, April 1, 2022	\$ 2,692	\$ 9,084	\$ 24,142	\$ 35,918
Deficiency of revenue over expenses	(845)	(802)	(3,663)	(5,310)
Net investments (Note 13)	1,193	-	(1,193)	-
<b>Net Assets, March 31, 2023</b>	<b>\$ 3,040</b>	<b>\$ 8,282</b>	<b>\$ 19,286</b>	<b>\$ 30,608</b>

## Statement of Cash Flows

For the year ended March 31, 2023

All in \$000's

	2023	2022
<b>OPERATING ACTIVITIES</b>		
(Deficiency) Excess of revenues over expenses	\$ (5,310)	\$ 592
Changes in non-cash items:		
Amortization of equipment and leaseholds	655	624
Amortization of intangible assets	327	381
Loss on write off of intangible assets	22	-
Reinvested distributions from pooled funds	(596)	(1,148)
Realized loss (gain) on sale of investments	60	(41)
Unrealized loss on investments	1,126	975
Amortization of deferred lease inducements	(137)	(138)
	\$ (3,853)	\$ 1,245
Change in non-cash working capital items		
Accounts receivable	2,479	2,295
Loan receivable	(330)	-
Prepaid and other assets	(289)	(159)
Accounts payable and accrued liabilities	1,875	(2,070)
Deferred revenue	1,751	9
	\$ 1,633	\$ 1,320
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	\$ (3,039)	\$ (13,493)
Proceeds on sale of investments	8,903	12,471
Purchase of equipment and leaseholds	(407)	(447)
Purchase of intangible assets	(808)	(351)
	\$ 4,649	\$ (1,820)
Net change in cash	\$ 6,282	\$ (500)
Cash, beginning of year	9,332	9,832
Cash, end of year	\$ 15,614	\$ 9,332

## Purpose and Nature of Organization

On June 24, 2015, the Chartered Professional Accountants of British Columbia (CPABC) was legally established under the *Chartered Professional Accountants Act (CPA Act)*. Under the CPA Act, only members of CPABC are recognized as Chartered Professional Accountants in BC and are subject to regulation by CPABC. CPABC is a member organization of the Chartered Professional Accountants of Canada (CPA Canada) and is a tax-exempt body under Section 149 of the Income Tax Act.

CPABC has the following objectives as outlined in the *Chartered Professional Accountants Act*:

1. to promote and maintain the knowledge, skill and proficiency of members and students in the practice of accounting;
2. to establish qualifications and requirements for admission as a member and continuation of membership, and for enrollment and continuation of enrollment of students;
3. to regulate all matters, including competency, fitness and professional conduct, relating to the practice of accounting by members, students, professional accounting corporations and registered firms;
4. to establish and enforce professional standards; and,
5. to represent the interests of members and students.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### a) *Basis of Accounting*

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations applied within the framework of the accounting policies summarized below.

#### b) *Revenue Recognition*

CPABC follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

*Membership dues and admission fees*, are recognized as revenue in the year in which they apply. Membership fees received in advance of the membership year to which they relate are recorded as deferred revenue.

*Professional development revenue* is recognized when the course is delivered. The liability is recorded as deferred revenue for the portion of course revenues collected but not yet delivered and passport revenue not yet used. The passport term runs from September 1 through August 31 of the following fiscal year.

*Public practice fees* are recognized as revenue in the year in which they apply and the amount collected are allocated proportionately over 12 months commencing September 1, first day of the licensing year, and the portion not yet earned is recorded as deferred revenue.

*Discipline fines* are recognized when their collection is assured and all of CPABC's internal processes and any known external appeals are complete.

*Student annual dues* are recognized as revenue in the year in which they apply. Student annual dues received in advance of the year to which they relate are recorded as deferred revenue.

*Module fees* are recognized when the courses are delivered. The liability for the portion of module fees collected but not yet delivered is recorded as deferred revenue.

*Investment income* includes interest income, dividends and realized and unrealized gains and losses.

*Other revenue* is recognized on an accrual basis as earned.

# Notes to Financial Statements

For the year ended March 31, 2023

All in \$000's

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### c) *Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas requiring management estimates and assumptions include the useful lives of equipment, leaseholds and intangible assets for calculating amortization; the determination of the deferred portion of Professional Development (PD) passport fees; the allocation of education program expenses from the CPA Western School of Business; and the allocation of expenses to the appropriate functional category and contingencies.

### d) *Loan Receivable*

Loan receivable from CPA Western School of Business (CPAWSB), a related party, is measured at cost using the undiscounted cashflows excluding interest payments less impairment losses.

### e) *Short term investments*

Short-term investments consist of guaranteed investment certificates with maturity dates up to twelve months from the date of acquisition and the portion of fixed income fund that will be redeemed within the next fiscal year.

Guaranteed investment certificates are measured at amortized cost. Investments in pooled fixed income funds are initially recognized and subsequently measured at fair value, determined using market information. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in the statement of operations. Transaction costs are added to the initial acquisition cost for instruments carried at amortized cost.

### f) *Investments*

Investments consist of pooled fixed income and equity funds, which are initially recognized and subsequently measured at fair value, determined using market information. Transaction costs and net gains and losses arising from changes in fair value are immediately recognized in the statement of operations.

### g) *Equipment, Leaseholds and Intangible Assets*

Equipment and leaseholds are recorded at cost. Amortization is calculated on a straight-line basis over the expected useful lives of the assets as follows:

Leasehold improvements	remaining term of lease
Office furnishings and equipment	five to ten years
CPABC member database	ten years
Computer equipment and software	three years
Printing equipment	six years
Practice review software	ten years
Website and other software	five to seven years

Equipment, leaseholds and intangible assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the equipment, leaseholds, or intangible asset to its fair value or replacement cost. Any impairment of these assets is charged to income in the period in which the impairment is determined.

An impairment loss is not reversed if the fair value of the equipment, leaseholds or intangible asset subsequently increases.



# Notes to Financial Statements

For the year ended March 31, 2023

All in \$000's

## 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

### h) *Lease Inducements*

CPABC accounts for lease inducements received by deferring such amounts and amortizing them on a straight-line basis over the term of the lease.

### i) *Controlled Entities*

Controlled not-for-profit entities are not consolidated in CPABC's financial statements as the bylaws and trust agreements of the entities specify that the entities' assets are to be used for specific purposes only, and are not available to CPABC even in the event of the entities' dissolution. CPABC believes separate note disclosure of controlled entities provides a more meaningful presentation of CPABC's activities.

### j) *Significantly Influenced not-for-profit organization*

The Board of Directors of CPAWSB, a not-for-profit organization, is comprised of the CEOs from the four western provinces. CPABC has 25% representation on the board of directors which meets the definition of significant influence over CPAWSB. CPABC is also one of four members of CPAWSB and CPABC's membership is not transferrable. Accordingly, no ownership interest of CPAWSB is reflected in the financial statements.

### k) *Allowance for Doubtful Accounts*

Accounts receivable are reviewed on a monthly basis and are provided for when it is determined that the likelihood of collection is low.

### l) *Donated Services*

CPABC and its members benefit greatly from donated services in the form of volunteer time for various activities. Since these services are not normally purchased by CPABC and because of the difficulty of determining their fair value, donated services are not recognized in these financial statements.

## 2. LOAN RECEIVABLE

During the year, CPAWSB restructured its operations as a not-for-profit society facilitated with a loan from each of the four western provinces. On September 30, 2022, CPABC advanced a loan to CPAWSB amounting to \$488 secured by a General Security Agreement. As at March 31, 2023, the loan receivable due to CPABC is \$330 (2022 - nil). The term of the loan is 18 months beginning September 30, 2022 at an interest rate of 5.3%, repayable in quarterly blended payments of \$88 and will be fully paid on March 31, 2024.

## 3. SHORT TERM INVESTMENTS

	2023	2022
Guaranteed investment certificates (GICs)	\$ 175	\$ 175
Pooled fixed income funds	7,732	7,602
Total short term investments	\$ 7,907	\$ 7,777

GICs have an effective interest rate of 4.45% (2022 – 0.60%) with a maturity date of November 2023 (2022 – November 2022). Fixed income funds include high grade corporate and government bonds.

# Notes to Financial Statements

For the year ended March 31, 2023

All in \$000's

## 4. INVESTMENTS

	2023	2022
Pooled fixed income funds	\$ 5,179	\$ 8,773
Pooled equity funds	18,985	22,532
Private infrastructure fund	1,099	1,000
US fund	457	-
US money market fund	5	4
<b>Total investments</b>	<b>\$ 25,725</b>	<b>\$ 32,309</b>

Pooled fixed income funds include high grade corporate and government bonds, with a varying mix between medium and longer term maturities. Equity funds are invested in Canadian, US and international securities holding publicly-traded common shares, and convertible securities. The Canadian, US and International portion of the portfolio was 59%, 22%, 19% respectively as at March 31, 2023 (2022 – 61%, 20%, 19%). The private infrastructure fund is invested in international private and diverse infrastructure projects.

## 5. INVESTMENT INCOME

	2023	2022
Interest and dividend income	\$ 1,028	\$ 889
Reinvested distribution from pooled funds	596	1,148
Realized (loss) gain on sale of investments	(60)	41
Unrealized loss on fair value of investments	(1,126)	(975)
<b>Total investment income</b>	<b>\$ 438</b>	<b>\$ 1,103</b>

## 6. EQUIPMENT AND LEASEHOLDS

	Cost	Accumulated Amortization	Net Book Value 2023	Net Book Value 2022
Harbour Centre leasehold improvements	\$ 2,832	\$ 1,346	\$ 1,486	\$ 1,674
Office furnishings and equipment	702	442	260	313
Computer equipment	2,004	1,410	594	591
Printing equipment	253	227	26	36
<b>Total equipment and leasehold</b>	<b>\$ 5,791</b>	<b>\$ 3,425</b>	<b>\$ 2,366</b>	<b>\$ 2,614</b>

## 7. INTANGIBLE ASSETS

	Cost	Accumulated Amortization	Net Book Value 2023	Net Book Value 2022
Computer software	\$ 742	\$ 678	\$ 64	\$ 127
Practice Review software	814	-	814	226
Website and other software	399	198	201	264
CPABC member database	1,917	1,312	605	608
<b>Total intangible assets</b>	<b>\$ 3,872</b>	<b>\$ 2,188</b>	<b>\$ 1,684</b>	<b>\$ 1,225</b>

# Notes to Financial Statements

For the year ended March 31, 2023

All in \$000's

## 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2023	2022
Trade payables	\$ 3,062	\$ 2,485
Accrued liabilities and other	3,961	2,766
Government remittances	1,281	1,178
<b>Total accounts payable and accrued liabilities</b>	<b>\$ 8,304</b>	<b>\$ 6,429</b>

## 9. DEFERRED REVENUE

	2023	2022
Membership dues	\$ 13,298	\$ 11,583
Student annual dues and module fees	7,480	7,493
Public practice fees	1,638	1,617
Professional development	1,147	1,198
Other	81	2
<b>Total deferred revenue</b>	<b>\$ 23,644</b>	<b>\$ 21,893</b>

## 10. DEFERRED LEASE INDUCEMENTS

CPABC received leasehold inducements of \$2,063 to fund leasehold improvements for the Harbour Centre premises in 2015 and 2016. These inducements have been deferred and are being amortized on a straight-line basis over the term of the lease.

	2023	2021
Opening balance	\$ 1,146	\$ 1,284
Current year amortization	(137)	(138)
<b>Closing balance</b>	<b>\$ 1,009</b>	<b>\$ 1,146</b>

## 11. COMMITMENT AND CONTINGENCIES

- a) The lease term for Harbour Centre commenced August 1, 2015 and extends through to July 31, 2030 with two options to renew for two further 5-year terms. In addition to the minimum lease payments, CPABC is required to pay a portion of operating costs and property taxes of \$647 (2022- \$606).

Minimum lease payments required under the terms of the Harbour Center lease are as follows:

2024	\$ 689
2025	689
2026	731
2027	752
2028	752
2029 and thereafter	1,754
<b>Total</b>	<b>\$ 5,367</b>

# Notes to Financial Statements

For the year ended March 31, 2023

All in \$000's

## 11. COMMITMENT AND CONTINGENCIES (continued)

- b) CPABC has issued statements of complaint and is involved with certain legal actions related to various matters arising from its regulatory process. The outcomes of these matters are not determinable and the associated costs cannot be reasonably estimated. CPABC has no reason to expect that the ultimate disposition of any of these matters will have a material adverse impact on its financial position, results of operations or its ability to carry on any of its business activities.

## 12. INTERNALLY RESTRICTED NET ASSETS and CAPITAL MANAGEMENT

CPABC's main objective when managing capital is to maintain financial flexibility in order to preserve its ability to meet financial commitments, including possible contingencies and unforeseen external events. CPABC has established criteria for sound financial management through the unrestricted net assets policy which sets an appropriate target range.

CPABC maintains a policy to internally restrict an amount equal to the net assets invested in equipment, leaseholds and intangible assets, net of leasehold inducements of \$1,009 (2022 - \$1,146).

In addition, the Board approved the following categories of internally restricted net assets:

- Strategic Opportunity Fund of \$4,782 (2022 - \$5,584), which is comprised of those resources the Board is restricting for projects that will benefit the profession and its members and students.
- Protection of the Public Reserve of \$2,500, which is comprised of those resources restricted to fund significant disciplinary activities which protect the public.
- Fee Stabilization Fund of \$1,000, which is comprised of those resources available to offset potential costs in order to minimize fluctuation in provincial member fees.

These internally restricted amounts are not available for any other purpose without prior approval of the Board. As at March 31, 2023, the following amounts remain internally restricted:

	2023	2022
Invested in capital & intangible assets	\$ 3,040	\$ 2,692
Strategic opportunity fund	4,782	5,584
Protection of the public reserve	2,500	2,500
Fee stabilization fund	1,000	1,000
Closing balance	\$ 11,322	\$ 11,776

	Internally Restricted					TOTAL Internally Restricted	Unrestricted	Total Net Assets
	Invested Capital & Intangible Assets	Strategic Opportunity Fund	Protection of the Public Reserve	Fee Stabilization Fund				
Net Assets, April 1, 2022	\$ 2,692	\$ 5,584	\$ 2,500	\$ 1,000	\$ 11,776	\$ 24,142	\$ 35,918	
Excess (Deficiency) of revenue over expense	(845)	(802)	-	-	(1,647)	(3,663)	(5,310)	
Net investments (Note 13)	1,193	-	-	-	1,193	(1,193)	-	
<b>Net Assets, March 31, 2023</b>	<b>\$ 3,040</b>	<b>\$ 4,782</b>	<b>\$ 2,500</b>	<b>\$ 1,000</b>	<b>\$ 11,322</b>	<b>\$ 19,286</b>	<b>\$ 30,608</b>	

## Notes to Financial Statements

For the year ended March 31, 2023

All in \$000's

### 13. NET ASSETS INVESTED IN CAPITAL AND INTANGIBLE ASSETS:

- a) Net assets invested in capital and intangible assets are calculated as follows:

	2023	2022
Equipment and leaseholds	\$ 1,238	\$ 1,349
Intangible assets	1,802	1,343
	<b>\$ 3,040</b>	<b>\$ 2,692</b>

- b) Changes in net assets invested in capital and intangible assets is comprised of the following:

	2023	2022
Deficiency of revenue over expenses		
Amortization of equipment and leaseholds	\$ (655)	\$ (624)
Amortization of intangible assets	(327)	(381)
Amortization of deferred lease inducements	137	138
	<b>\$ (845)</b>	<b>\$ (867)</b>
Net investment in invested in capital and intangible assets:		
Purchase of equipment and leaseholds	\$ 407	\$ 447
Purchase of intangible assets	808	351
Write off on intangible asset	(22)	-
	<b>\$ 1,193</b>	<b>\$ 798</b>

### 14. RELATIONSHIPS WITH OTHER ORGANIZATIONS

The transactions described below are measured at the exchange amount – the amount of consideration established and agreed to by the other parties.

- a) **Chartered Professional Accountants of Canada (CPA Canada)** is the national body which supports the provincial accounting bodies that have unified as Chartered Professional Accountants (CPA) in Canada.

During 2013, CPA Canada established a Collaboration Accord that defines roles and governance processes for the unified profession going forward. Under these mechanisms, CPA Canada and the participating unifying provincial bodies undertook a series of projects to implement the CPA profession's strategic initiatives and to collaborate nationally. CPA Canada accumulates the related costs and invoices the participating provincial bodies their proportionate share totaling \$3,858 (2022 - \$2,942). CPABC's contribution to funding these projects amounted to \$613 (2022 - \$475). These transactions are reflected in the appropriate cost function on the statement of operations.

For the fiscal year, CPABC collected member dues on behalf of CPA Canada totalling \$11,649 (2022 - \$11,512). At March 31, 2023, a net amount of \$2,731 (2022 - \$2,210) was owed to CPA Canada.

On February 1, 2017, CPA Canada and the provincial bodies signed the Education Agreement which outlines the model to allocate costs and resulting net deficits or surplus for the national CPA pre-certification programs. Under this agreement, CPA Canada accumulates the related revenues and costs and distributes to the provincial bodies their proportionate share of the net payable totalling \$4,616 (2022 - \$2,181 net receivable) of which CPABC's share is \$714 net deficit (2022 - \$338 net surplus).

# Notes to Financial Statements

For the year ended March 31, 2023

All in \$000's

## 14. RELATIONSHIPS WITH OTHER ORGANIZATIONS (continued)

- b) The **Chartered Professional Accountants of Yukon (CPA Yukon)** is administered by CPABC and administrative fees of \$35 (2022 - \$36) were charged to CPA Yukon for the services rendered. CPABC also runs practice review and licensing on behalf of CPA Yukon. Fees of \$20 (2022 - \$19) were charged by CPABC for services rendered in relation to practice review and licensing.
- c) **CPA Insurance Plans West (CPAIPW)** administers benefit plans for members of the CPA bodies in British Columbia, Alberta, Saskatchewan, Manitoba, the Northwest Territories, and the Yukon. CPAIPW is a not-for-profit organization under the Income Tax Act. Each of the four western provinces, including CPABC, nominates two persons to serve on CPAIPW's eight-member board.

## 15. SIGNIFICANTLY INFLUENCED NOT-FOR-PROFIT ORGANIZATION

**CPA Western School of Business (CPAWSB)** is responsible for delivering pre-certification education to students in the four western provinces and the territories, in accordance with an agreement signed by the CPA bodies in Alberta, British Columbia, Saskatchewan, and Manitoba and CPAWSB effective September 29, 2015. Effective June 1, 2018, the western CPA provincial bodies approved changes relating to the governance structure of CPAWSB. The new Board of Directors of CPAWSB is comprised of the CEOs from the four western provinces. CPAWSB and the four western provinces signed an operating agreement effective April 1, 2019 whereby CPAWSB acts as an independent agent collecting revenue and incurring costs on behalf of the western provinces for delivery of the CPA Education Program.

On October 3, 2022 CPAWSB restructured its operations, became a new entity incorporated as a not-for-profit society. As a newly incorporated not-for-profit organization, the new CPAWSB purchased the net assets and assumed all existing contracts, including the operating agreement referred to above, from the previous organization. Thus, there is no change to the agency relationship with CPABC.

CPABC recognized \$21,117 (2022 - \$22,061) student annual dues and module fees as revenue of which of \$13,624 (2022 - \$14,139) was collected by CPAWSB on behalf of CPABC during the year and \$7,493 (2022 - \$7,922) was collected in the prior year. As at March 31, 2023, CPABC recorded \$7,480 (2022 - \$7,493) (note 9) as deferred revenue with a corresponding amount in accounts receivable, pertaining to student programs to be delivered on or after April 1, 2023.

Student annual dues and module fees deferred revenue	2023		2022	
Opening balance	\$	7,493	\$	7,922
Collected during the year		21,104		21,632
Student annual dues and module fees recognized during the year		(21,117)		(22,061)
Closing balance	\$	7,480	\$	7,493

Education program costs of \$41,724 (2022 - \$40,287) were incurred by CPAWSB on behalf of the western provinces, of which \$20,490 (2022 - \$19,695) were allocated to CPABC.

Cost recoveries in the amount of \$58 (2022 - \$276) were charged to CPAWSB during the year for use of CPABC's premises.

At March 31, 2023, \$7,430 (2022 - \$10,001) was owing from CPAWSB.

# Notes to Financial Statements

For the year ended March 31, 2023

All in \$000's

## 16. CONTROLLED ENTITIES

All of the entities noted below are controlled by CPABC as it appoints the members, directors and trustees that govern each entity. The accounts of the controlled entities noted below have not been consolidated in CPABC's financial statements, as the bylaws and trust agreements of these entities specify that the entities' assets are to be used for specific purposes only, and are not available to CPABC even in the event of the entities' dissolution. It is believed that a separate note disclosure provides a more meaningful presentation of activities.

The transactions described below are measured at the exchange amount, being the amount of consideration, established and agreed to by the related parties. The summary financial statements of each entity have been provided.

- a) The **Chartered Professional Accountants' Education Foundation of British Columbia (CPAEF)** is a registered charity under the Income Tax Act. The CPAEF's mandate is to enhance the quality and quantity of students entering the CPA profession, sponsor relevant and practical research, and stimulate the ongoing educational experience of CPABC's members. CPAEF elects its board members from candidates recommended by CPABC.

At March 31, 2023, a net amount of \$13 was owing to CPAEF (2022 –\$31).

- b) The **Benevolent Fund of the Chartered Professional Accountants of British Columbia (Benevolent Fund)** is a registered charity under the Income Tax Act. It was established to provide financial assistance to CPABC's members who are experiencing unusual financial hardships.

At March 31, 2023, an amount of \$14 was owing to the Benevolent Fund (2022 - \$13).

CPABC provides administrative and support services for the above entities without charge.

### Summarized Financial Information

	CPAEF		Benevolent Fund	
	2023	2022	2023	2022
<b>Financial position</b>				
Total assets	\$ 6,713	\$ 3,943	\$ 630	\$ 629
Total liabilities	22	20	7	4
Net assets	\$ 6,691	\$ 3,923	\$ 623	\$ 625
<b>Results of operations</b>				
Investment income earned during the year	\$ 108	\$ 186	\$ 7	\$ 21
Donations	2,893	56	27	25
Total revenue	\$ 3,001	\$ 242	\$ 34	\$ 46
Education funding, benevolence and expenses	\$ 234	\$ 191	\$ 37	\$ 17
Excess (deficiency) of revenues over expenses	\$ 2,767	\$ 51	\$ (3)	\$ 29
<b>Cash Flows</b>				
Operating	\$ 2,861	\$ (13)	\$ (7)	\$ 7
Net investments acquired	(2,623)	(4)	-	(19)
Net (decrease) increase in cash	\$ 238	\$ (17)	\$ (7)	\$ (12)



# Notes to Financial Statements

For the year ended March 31, 2023

All in \$000's

## 17. FINANCIAL INSTRUMENTS

CPABC's financial instruments consist of cash, accounts receivable, investments, and accounts payable and accrued liabilities.

### Interest Rate Risk

CPABC mitigates the risk and volatility of the fair value of its fixed income investments caused by market interest rate fluctuations by investing in instruments with varying terms and maturity dates.

### Currency Risk

CPABC mitigates the currency risk of its foreign bonds and equities by limiting its currency exposure and investing mostly in Canadian securities. The Canadian portion of the portfolio was 59% at March 31, 2023 (2022 – 61%).

### Credit and Other Price Risk

CPABC has an investment policy that restricts the types and amounts of its eligible investments, and requires dealing with highly rated counterparties. Risk and volatility of investment returns are mitigated through the diversification of investments within the pooled funds.

## 18. ALLOCATION OF OVERHEAD COSTS

Expenses directly related to a functional area are charged to that area, including salaries and benefits, contractor costs and all other expenses. Overhead costs have been allocated to the various functional areas on the basis of estimated usage as follows:

- Expenses related to premises, including rent, maintenance and amortization – proportionately based on the office space used;
- Expenses related to general administration, including insurance, telephone and supplies – proportionately based on the number of staff; and
- Expenses related to information technology, including computer equipment and connectivity – proportionately based on the number of staff.

The overhead costs allocated per functional areas are as follows:

	2023	2022
Administration support	\$ 790	\$ 719
Regulatory Affairs:		
Public practice registration and review	431	352
All other regulatory affairs	709	551
Information technology	631	547
Professional development	565	508
External affairs and communications	412	399
Student recruitment and employer relations	397	300
Member services and engagement	387	279
Practical experience program	377	413
Governance and executive office	170	168
	<b>\$ 4,869</b>	<b>\$ 4,236</b>

## 19. COMPARATIVE FIGURES

The comparative for certain figures have been reclassified to conform with the current year's presentation.








**CPA**

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