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JULY/AUGUST 2017

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Scott Munro, CPA, CA
Director of Standards and
Certification, First Nations Financial
Management Board



CPABC **IN**FOCUS

July/August 2017, Vol. 5, No. 4

CPABC in Focus is the flagship magazine of BC's chartered professional accountants.

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About

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Notes from the Chair

By Heather Banham, FCPA, FCGA

It is a pleasure to be writing my first column for CPABC in Focus magazine. My tenure as chair officially began on June 28, at CPABC's Annual General Meeting (AGM) in Vancouver.

Five newly elected directors also began their board tenure at the AGM, and were welcomed to their new roles. I look forward to their contributions and appreciate their desire to take on increased levels of engagement with the profession.

Our outgoing board members—Brian Friedrich, FCPA, FCGA; Doris Good, CPA, CMA; Tom Senft, CPA, CGA; Olin Anton, FCPA, FCA (who retired from the board in April to take the role of interim president & CEO for CPABC); and David Hallinan, FCPA, FCMA—deserve thanks from all of us for their substantial contributions, particularly during the first two years of the new organization. On behalf of the approximately 35,000 members of the accounting profession in BC, thank you all for your dedication and expertise.

Additionally, I would like to thank David Hallinan for providing exceptional leadership during his tenure as chair and for leading the committee tasked with finding CPABC's new president & CEO. Lori Mathison, FCPA, FCGA, LLB, will be taking the helm on August 1, 2017, and the board is pleased that the committee found such an accomplished individual to lead CPABC.

She takes over at a time of critical change for our province, as British Columbia continues to navigate through economic and political uncertainty. The impact of this uncertainty is detailed in our cover story (see pages 16-20), which provides an overview of CPABC's latest Regional Check-Up reports. This annual assessment of BC's regional and provincial economies (the BC Check-Up will be released this fall) provides us with a platform to advocate for strong leadership in business and government.

In terms of our agenda for the coming year, CPABC's board, executive, and staff will be focused on meeting emerging challenges and refining our processes, programs, and regulatory regime to ensure that we deliver ever-improving services to our members, candidates, and students, while continuing to strengthen our protection of the public interest.

Nationally, CPABC will continue to actively participate on committees related to the national strategy, mindful of the five major drivers of change: globalization, trust and regulation, brand and reputation, demographics, and technology.

We are well positioned for the future. Unification is behind us, and the year ahead holds many opportunities. I'm excited to be leading the board as we continue on this journey. ■

**At the time of this writing, board elections were underway. We will be highlighting the successful candidates in the September/October 2017 issue of the magazine.*



Heather Banham, FCPA, FCGA
CPABC Chair

Leaders, Mentors, and Innovators: Honouring BC's Top CFOs

On June 1, CPABC and Business in Vancouver co-presented the 2017 BC CFO Awards at Vancouver's Fairmont Waterfront Hotel. The evening recognized seven of the province's leading CFOs, highlighting their accomplishments and giving each the opportunity to share leadership lessons with the audience.

The seven honourees, six of whom are CPAs, were chosen by a panel of five judges based on their proven ability to help companies grow through sound business principles, financial reporting, and strategic decision-making. They were recognized in the following award categories:

- **Large Public Company:**
Ian Cameron, CPA, CA
Senior Vice-President, Finance and CFO,
Methanex Corporation
- **Large Private Company:**
Ted Reid, CPA, CA
CFO, Paladin Security Group
- **Small Public Company:**
George Reznik, CPA, CA
CFO and Corporate Secretary,
Intrinsyc Technologies Corporation
- **Small Private Company:**
Valentina Araneda, CPA, CGA
CFO, GroupHEALTH Benefit Solutions
- **Publicly Accountable:**
Roger Bissoondatt, CPA, CA, CMA
CFO, BC Liquor Distribution Branch
- **Emerging Leader:**
Amanda Hobson, CPA, CA
CFO and VP, Finance and Corporate
Services, BC Lottery Corporation
- **Transformation Agent:**
Tony Guglielmin
Vice-President and CFO,
Ballard Power Systems Inc.



BC's top CFOs (l to r): Tony Guglielmin, Ted Reid, Roger Bissoondatt, Valentina Araneda, Amanda Hobson, George Reznik, and Ian Cameron. Photo by Chung Chow.

In interviews conducted by both Business in Vancouver and CPABC prior to the gala, the honourees reflected on a range of topics, including leadership, mentorship, and the multidimensional nature of their work. Here's what the CPAs had to say:

Ian Cameron, on fostering the careers of others: "We all stand on other people's shoulders. So part of my job is to see my colleagues develop and grow. It's good for them, and it's good for the company."

Ted Reid, on the components of a successful financial team: "Every strong finance team has to have accountability, respect, and knowledge of the business they are in."

George Reznik, on the importance of understanding all elements of a business: "If you can't really understand what your teammates and colleagues are doing around you, you can't add value to support them."

Valentina Araneda, on leadership: "I completely agree with the notion that [people grow] into leadership roles by challenging themselves, and 'leaning into the discomfort.'"

Roger Bissoondatt, on the value of mentorship: "When I see somebody who wants to do something, it motivates me to try to help them. It's not just help from a career point of view, it's to help them in their own development."

Amanda Hobson, on advancing female talent in the finance sector: "I focus on building confidence, mentoring, and training. Through mentoring and coaching, I find opportunities to talk to women about their successes and highlight the value of their accomplishments."

CPAEF Hosts 2017 Accounting Educators Symposium & AGM

The Chartered Professional Accountants' Education Foundation of BC (CPAEF) hosted its biennial symposium for accounting educators on May 25 and 26 at the Vancouver Convention Centre. The two-day event was attended by more than 100 accounting faculty members from post-secondary institutions across BC.

Thought-provoking presentations

The symposium started with a morning session on the "CPA Way," covering student assessment, teaching techniques and concepts, and education design. The session was led by Jennifer Reed, CPA, CA, principal, education services at CPA Canada, and Robert Bruce, CPA, CA, an instructor at Capilano University and a member of the CPA Canada Professional Education Program module development team. As Reed and Bruce explained, the CPA Way is a methodical approach to addressing professional problems—assessing situations, analyzing issues, making conclusions, coming up with advice, and communicating results—that centres on the "CPA mindset."

In the afternoon, Kenneth Wong, associate professor & distinguished professor of marketing at the Smith School of Business at Queen's University, demonstrated how accounting academics can integrate marketing concepts into their teaching of performance management topics. In particular, he explained how to detect and destroy margin-depleting activities using various performance management techniques.

Wong's session was followed by a presentation from Shawn Atleo, a hereditary chief of the Ahousaht First Nation on Vancouver Island and former chancellor of Vancouver Island University, and Heather Squire, president and CEO of A-In-Chut Ventures Ltd., who provided insights on how academics can engage with First Nations youth. Atleo and Squire shared compelling stories that underscored the importance of education for tomorrow's youth.



L to R: CPAEF vice-chair Judith Watson, FCPA, FCMA; symposium speakers Heather Squire, president and CEO of A-In-Chut Ventures Ltd., and Shawn Atleo, hereditary chief of the Ahousaht First Nation; and outgoing CPAEF chair Chris Burnley, FCPA, FCA.

Day two of the symposium began with a short update from David Chiang, CPA, CA, CPABC's vice-president of member services, staff support for the CPAEF, and the symposium's emcee, about the various programs supported by the foundation. He was followed by David Dick, PhD, assistant professor of philosophy and fellow of the Canadian Centre for Advanced Leadership in Business in the Haskayne School of Business at the University of Calgary, who discussed moral theory and materiality. Dick also suggested ways to integrate ethics into various professional and post-secondary course curricula.

Anthony Scilipoti, FCPA, FCA, CPA (Illinois), CEO of Veritas Investment Research, then presented on the rise of non-GAAP measures and the increasing impact of these measures in financial reporting in today's business environment. The symposium's final session was an update on the Advanced Certificate in Accounting and Finance (ACAF) presented by CPABC staff members Jan Sampson, FCPA, FCA, executive vice-president of education and member engagement, and Simone Leonard, CPA, CGA, vice-president of education and professional development.

Symposium attendees also had the opportunity to attend information sessions on the CPA practical experience requirements presented by Ella Bohinska, CPA, CA, manager of the Pre-Approved Practical Experience Program for CPABC. They also had the chance to get an update on the CPA Western School of Business (CPAWSB) from Lara Greguric, CPA, CA, CPAWSB's executive vice-president

of learning development and outreach, and hear CPAEF governor Robert (Bob) Strachan, FCPA, FCMA, former chair of CPA Canada and principal of Bob Strachan & Associates in Vancouver, share his perspectives on the future of the profession.

To close the symposium, Chris Burnley, FCPA, FCA, a professor at Vancouver Island University and the CPAEF's outgoing chair, expressed his thanks to all attendees and acknowledged the contributions of the symposium's planning committee members, including Sandy Hilton, FCPA, FCA, CPA Canada's vice-president of pre-certification education; Judith Watson, FCPA, FCMA, an instructor in the School of Business at Capilano University and vice-chair of the CPAEF; and Scott Sinclair, FCPA, FCA, an instructor at the University of British Columbia's Sauder School of Business.

Annual General Meeting

The CPAEF held its annual general meeting (AGM) on the second day of the symposium. At this meeting, two governors completed their terms of service—outgoing chair Chris Burnley (see above) and Lynda Carson, FCPA, FCGA—as did public representative Colleen Collins, PhD, vice-president of Canada West Foundation. All three were thanked for their tremendous contributions to the foundation during its inaugural two years.

Also at the AGM, Brenda Waechter, FCPA, FCGA, principal of Waechter & Co., was welcomed as the new chair; Keri Norrie, FCPA, FCA, CGA, chair of the accounting & information systems department at Camosun College, and Brad Sakich, FCPA, FCA, BC leader for PwC's Private Company Services, were welcomed as new governors; and Maxine DeHart, councillor of the City of Kelowna, was welcomed as the board's public representative. They joined existing governors Geoff Dodds, CPA, CA, CPABC board member and a partner at Buckley Dodds Parker LLP (board liaison); Bruce Hurst, FCPA, FCGA, partner at Reid Hurst Nagy Inc.; Patrick Maloney, CPA, CA, portfolio manager at RBC Dominion Securities (treasurer); Lori Mathison, FCPA, FCGA, LLB, CPABC's new president & CEO;

Jameel Sayani, CPA, CA, business advisor and regional leader of Aboriginal services at MNP; Scott Sinclair; Bob Strachan (secretary); Brenda Waechter (chair); and Judith Watson (vice-chair).

Thank you for supporting the CPAEF!

The CPAEF thanks CPABC members and chapters for their generous donations to the foundation in the year ended March 31, 2017, which totalled \$177,000. Your donations go a long way to supporting the advancement of accounting education in BC.

To make a donation or to review the foundation's annual report and audited financial statements, visit bccpa.ca/cpaef. The CPAEF website also offers information on the foundation's various resources for CPA students and candidates, including scholarships and bursaries, and programs designed for accounting educators.

Hong Kong Chapter Hosts Annual Event

CPA Canada's Hong Kong Chapter held its annual dinner on March 9, at the Hotel Icon in Tsimshatsui, Hong Kong. More than 200 CPA members and guests turned out to the event, which was themed "Sustainability Reporting and Green Financing: From Canada to Greater China and Asia."

The event featured keynote addresses by Joy Thomas, FCPA, FCMA, president and CEO of CPA Canada, and Jeff Nankivell, consul general of Canada in Hong Kong and Macao. Thomas and Nankivell both shared their insights on how to support strategic and sustainable business practices in the face of new challenges brought on by global climate change.

CPA Canada's Hong Kong Chapter represents the interests of its members by providing learning and networking opportunities. It supports Canadian CPAs who work or reside

in the region and helps them stay engaged in the Canadian profession. The chapter also provides valuable feedback to CPA Canada on behalf of its members. To find out more about this international chapter, visit cpacanada.ca/en/members-area/international-chapters/hong-kong.



Joy Thomas, FCPA, FCMA, president and CEO of CPA Canada, addresses members of CPA Canada's Hong Kong Chapter in March 2017.

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CPHR Conference + Tradeshow 2017



Keynote speaker Josh Bersin describes why organizations need to adapt their HR practices to meet the challenges of the future. Photo by Jason McRobbie.

CPABC was pleased to be a platinum sponsor of the 2017 Chartered Professionals in Human Resources (CPHR) HR Conference + Tradeshow, hosted by CPHR BC & Yukon at the Vancouver Convention Centre on May 2 and 3. CPABC (through its legacy bodies) has had a long-standing relationship with CPHR BC & Yukon, having participated in its annual conference as a sponsor and trade show participant for more than a decade.

As the largest HR conference in Western Canada, this two-day event plays host to numerous leaders and influencers in the field of human resources. One of the industry influencers featured at the 2017 conference was keynote speaker Josh Bersin, principal and founder of Bersin by Deloitte, Deloitte's leading research and advisory services firm, which provides enterprise learning, talent management, talent acquisition, and strategic HR solutions. CPABC sponsored Bersin's keynote presentation—"The Future of Work: Ways HR Should Adapt"—in which the expert encouraged organizations to adapt their practices to address the challenges posed by new technologies, artificial intelligence, generational changes, and increasing interconnectedness.

Lorena Christensen, CPA, CMA, CPABC's director of business development, was on hand to introduce Bersin to the stage. During her introductory remarks, Christensen took the opportunity to highlight the skills shared by CPHR and CPABC members, including the ability to manage change while advancing the interests of business, and offered CPABC's continued support to CPHR BC & Yukon.

The conference also featured a trade show at which 30 exhibitors showcased a myriad of HR products and services and an awards luncheon that celebrated the achievements of CPHR BC & Yukon's outstanding members. Closing the event was a final keynote presentation by Eat, Pray, Love author Elizabeth Gilbert, who invited the audience to imagine the possibility of living truly creative lives by sharing stories from her own life of creative exploration and world travel.

CPABC offers resources and initiatives that assist both CPAs and HR professionals, including the careers website careers.bccpa.ca, which helps connect employers with qualified accounting professionals—employers can post jobs or search for potential candidates using the website's resumé database. Additionally, CPABC's CareerConnect employer program brings hiring managers and candidates together at events such as speed interview nights and the annual CareerConnect Employer Showcase.

Nominate a Colleague!

Nominations for CPABC's member recognition awards are due September 15

Do you know a young CPA who is excelling in their career? How about a member who has earned distinction and brought honour to the CPA profession through exemplary leadership and achievement? If you've been inspired by a colleague who's doing important work within the profession or in their community, we encourage you to help recognize this work by nominating your colleague for a member recognition award.

The CPABC Member Recognition Program grants the following awards and honours:

- Early Achievement Award
- Distinguished Service Award
- Honorary CPA Award
- Fellowship
- Lifetime Achievement Award

All nomination files for the 2017 awards must be received by 4 p.m. on September 15, 2017. Details can be found in the Members section of the CPABC website at bccpa.ca.

CPABC COIN Competition Gives High School Students a Chance to Flex Accounting Muscles

CPABC hosted its second annual High School COIN Competition on May 13. High school students from across the province were invited to participate in the competition to demonstrate their accounting acumen on a 65-question multiple-choice exam that focused on introductory accounting and business concepts.

A total of 126 high school students from 40 high schools across BC took part in this year's competition. The top 10 participants and their guests were then invited to attend an awards luncheon in Vancouver on May 27, during which Derek Johnson, CPA, CMA, a senior strategy manager at TELUS and the social chair of CPABC's Vancouver Chapter, spoke about his path to the CPA designation and described the breadth of career opportunities available to CPAs in business and accounting.

At the luncheon, cash prize awards were presented to top 10 finishers (listed top right).

For winning first prize in the competition, Zachary Goldthorpe also garnered a cash prize for his school, Sir Charles Tupper Secondary.

CPABC thanks all of the students who participated in the 2017 competition. We hope to see you at other CPABC recruitment events and competitions in the future!

Place	Name	School	City
1	Zachary Goldthorpe	Sir Charles Tupper Secondary	Vancouver
2	Kyung Hwan Hwang	Burnaby Central Secondary	Burnaby
3 (tie)	Run Bo Liu	Burnaby South Secondary	Burnaby
3 (tie)	Yan Qu	Prince of Wales Secondary	Vancouver
4	Chanhyeok Park	Fraser Heights Secondary	Surrey
5	Shu-Lei Wu	Burnaby South Secondary	Burnaby
6	Khiet Minh Dang	Belmont Secondary	Victoria
7	Katherine Lew	Burnaby North Secondary	Burnaby
8	Emily Ho	Vancouver Technical	Vancouver
9	Haider Abrar	Mount Douglas Secondary	Victoria



1. First-place winner Zachary Goldthorpe with guest speaker Derek Johnson, CPA, CMA.
 2. L to R (front): Stephanie Snowden, CPABC business development co-ordinator; Emily Ho, Kyung Hwan Hwang; Zachary Goldthorpe; Run Bo Liu; Yan Qu; and Angela Kuong, CPABC business development assistant. L to R (back): Haider Abrar; Derek Johnson, CPA, CMA; Chanhyeok Park; Shu-Lei Wu; and Katherine Lew. Not in attendance: Khiet Minh Dang.
 3. Award winners and their guests play "CPA Bingo" at the CPABC COIN Competition Awards Luncheon. Photos by Anthony Chopin of 44th Element Films.



For more photos of this event, visit CPABC's Flickr page at [flickr.com/cpabc/sets](https://www.flickr.com/photos/cpabc/sets).

Significant Changes Coming to the CPA Canada Handbook – Assurance

Standards for financial statements will be changing significantly in the near future. Here's a summary of what to look for.

New and revised standards for auditor reporting

Criticism of and loss of confidence in external financial statement audits following the corporate failures of the 2008 recession resulted in significant changes to auditor reporting standards at the international level. These changes are designed to improve the value of financial statement audits by providing greater transparency and including more relevant information.

In April 2017, Canada's Auditing and Assurance Standards Board (AASB) approved the international standards on auditor reporting issued by the International Auditing and Assurance Standards Board. At the time of this writing, the new Canadian auditing standards (CASs) relating to auditor reporting had not yet been published in the CPA Canada Handbook – Assurance, but their inclusion is expected to happen in mid-2017.

In the CASs, reference is made to “the new auditor reporting standards,” which comprise CASs 260, 570, 700, 701, 705, 706, and conforming amendments to other CASs. These standards will be effective for periods ending on or after December 15, 2018, with early adoption permitted.

Significant additions and changes include:

- The reporting of key audit matters (KAMs). In addition to reporting KAMs (matters the auditor views as most significant), the auditor must explain how these matters were addressed in the audit. The AASB amended the scope of the reporting of key audit matters so that such matters are to be communicated in the auditor's report only when required by law or regulation or the auditor decides to do so. This scope remains unchanged at the time of the writing of this article.
- Mandatory disclosure of the name of the engagement partner for audits of listed entities; voluntary disclosure for audits of other entities.
- An opinion section to be presented first, followed by a basis for opinion section unless law or regulation prescribes otherwise.
- Enhanced auditor reporting on going concern.
- An affirmative statement about the auditor's independence and fulfilment of relevant ethical responsibilities.
- An enhanced description of the auditor's responsibilities and the key features of the audit.

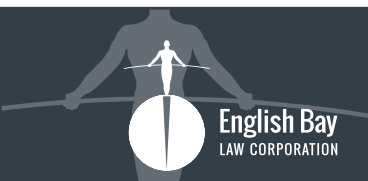
New review engagement standard

In December 2015, the AASB approved the new Canadian Standard on Review Engagements (CSRE) 2400, Engagements to Review Historical Financial Statements. CSRE 2400 was included in the CPA Canada Handbook – Assurance in April 2016 and is effective for reviews of financial statements for periods ending on or after December 14, 2017. Early adoption is not permitted, but practitioners should plan for implementation well before the effective date.

CSRE 2400 replaces the review engagement standards for financial statements and other historical financial information found in the 8000 series of the handbook. The term “limited assurance” is included in CSRE 2400. The definition of limited assurance in CSRE 2400 explains its relationship to reasonable assurance and, consistent with the concept of plausibility in the 8000 series, highlights that the level of assurance obtained in a review engagement has to be meaningful.

CSRE 2400 has many new requirements, including:

- A more rigorous requirement with regard to the factors and preconditions that must be met for a practitioner to accept a review engagement.
- A requirement for more extensive content in the engagement and representation letters; additionally, a requirement that circumstances be addressed when the wording of the practitioner's report is prescribed by law or regulation.
- A more detailed and rigorous requirement to document aspects of the engagement.



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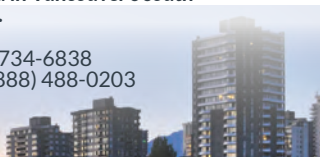
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In addition, CSRE 2400 requires that a practitioner:

- Communicate with management or those charged with governance all matters judged to be sufficiently important to merit attention.
- Obtain an understanding of the entity and its environment and applicable financial reporting framework to identify areas in the financial statements where material misstatements are likely to arise.
- Design and perform inquiry and analytical procedures to address all material items in the financial statements and focus on addressing areas where material misstatements are likely to arise.
- Accumulate any misstatements identified during the review, communicate these misstatements to management, and request that the misstatements be corrected.
- Form a conclusion and determine whether limited assurance has been obtained.
- Express an unmodified or modified conclusion in the context of the applied financial reporting framework. The wording of the conclusion depends on whether the applicable financial reporting framework is a “fair presentation framework” or “compliance framework.” These concepts are not included in the 8000 series.

Compilation engagements

Canadian practitioners have indicated that there is a need for a clarified standard that would provide requirements and guidance on specific matters that have caused confusion and ambiguity in performing compilation engagements. One such matter is an increased distribution of financial information to users other than management or those charged with governance—particularly lenders.

In December 2016, the AASB released the consultation paper “Compilation Engagements: Exploring Options for Change,” and had its Compilation Engagements Task Force conduct roundtable discussions with stakeholders across the country, including CPABC members in Vancouver.

These roundtables included discussions about enhancing the scope and definition of a compilation engagement and enhancing the compilation engagement report.

The AASB’s discussions concerning this project are ongoing.

If you’d like to obtain a PDF copy of the consultation paper, email CPABC professional standards advisor Brigitte Ilk, CPA, CGA, at billk@bccpa.ca.



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PD Passport Check-In

FINAL REMINDER: 2016-2017 PD Passports Expire July 31, 2017!

July marks your last chance to use up your 2016-2017 PD passports, which are valid for courses dated through July 31, 2017. Any portions of the PD passports that remain unused after this date cannot be refunded, credited, or carried forward, so be sure to browse through our pd.bccpa.ca website or our PD Spring/Summer 2017 catalogue for the list of July seminar offerings. And remember that your PD passport can also be applied toward registration for our audioweb and online titles!



AVAILABLE FOR SALE NOW: 2017-2018 PD Passports

PD passports for 2017-2018 are now available for purchase. These passports entitle the bearer to register for six days of passport-valid courses held between September 1, 2017, through July 31, 2018. We have two different types of PD passports to meet your needs:

Personal PD Passport

Early-bird rate through September 8, 2017: \$1,450+GST

This is a non-transferable passport for individual members of CPABC.

Flexi PD Passport

Early-bird rate through September 8, 2017: \$1,850+GST

This is a transferable passport for CPABC members and other professionals, designed to facilitate company-wide training and/or simply provide group savings.

These passports are for users who take multiple professional development seminars with CPABC throughout the year. They can help you and/or your organization save substantially on training costs.



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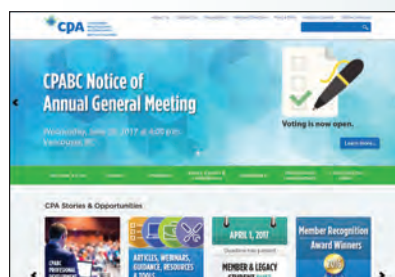
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Cover Story

Working, Investing, and Living in BC in 2016

By Marlyn Chisholm

In general terms, British Columbia proved to be a good place in which to live, work, and invest in 2016. BC led the country in economic growth last year, posting a real GDP growth rate of 3.3%.¹ Continued in-migration and unprecedented activity in the housing market of the Mainland/Southwest Development Region (Southwest BC) were major drivers, boosting employment in construction and industries related to the housing market (such as finance, insurance, and real estate) and leading to many indirect jobs throughout the service sector.

Another positive note in 2016 was a healthy increase in the value of BC exports. While this value saw only a very modest gain between 2014 and 2015, it grew by 8.5% between 2015 and 2016, reaching \$39 billion.² The US market accounted for three-quarters of this increase and, of this, lumber constituted over half. BC also saw a hike in the value of aluminum, coal, and natural gas exports, after having lost ground in these areas in 2015. Exports to South Korea, India, and Japan also grew solidly in 2016, outstripping a decline in exports to Mexico, Australia, China, and Hong Kong.³

However, these overall results don't reflect some worrisome trends occurring in the province's resource-dependent regions. These regions are seeing job losses, rising unemployment rates, and, in some cases, rising consumer insolvency. Moreover, the recently announced tariff on Canadian softwood exports will likely have a negative impact on BC's overall economic growth. In addition, uncertainties in the global energy market and potential US policy changes could also pose a challenge to our economy in 2017.

As such, 2017 is likely going to be a challenging year for BC's resource-dependent regions. In addition, BC's real GDP growth rate is forecast to slow to 2.4%, which would put it behind that of both Alberta and Ontario, where the economies are predicted to expand by 2.6%.⁴

There are some bright spots on the economic horizon, however. The low Canadian dollar should continue to propel demand for BC's resources, and the province is beginning to see a slow rebound in mineral and energy prices, which should stimulate mining and oil and gas activity over the course of the year.

Diversification is also cause for optimism. Southwest BC and the Vancouver Island/Coast Development Region have seen inroads in technology, information and culture, transportation, and manufacturing. In addition, these regions possess well-developed service sectors that appear to thrive in isolation from the rest of the province.

And despite potential setbacks in resources, the solid underpinnings in the province's economy mean that British Columbians can expect continued employment growth in the construction industry and in various service-sector industries related to trade, tourism, real estate, and technology in 2017.

¹ TD Economics, *Provincial Economic Forecast*, March 27, 2017.

² BC Stats, *Annual BC Origin Exports*, April 2017.

³ Ibid.

⁴ TD Economics, *Provincial Economic Forecast*, March 27, 2017.



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Working in regional BC

Job creation

BC's employment grew by 73,300 jobs in 2016, reaching a total of 2.38 million—two-and-a-half times the number of jobs created in 2015 (see Table 1). However, job creation only occurred in Southwest BC and Vancouver Island/Coast. In fact, most of this growth occurred in Southwest BC, where the number of new jobs swelled by 69,100.

While both the goods and service sectors saw employment gains in 2016, the service sector was the clear winner in terms of employment growth, accounting for 85% of provincial job creation in 2016. With the addition of 62,200 positions, the service sector reached a total of 1.9

million jobs last year.⁵ Gains in the service sector occurred in Southwest BC, Vancouver Island/Coast, and Northwest BC⁶; all other development regions actually saw a decline in the number of service-sector jobs.

Three industries in the service sector saw significant gains in employment in 2016: trade; information, culture, and recreation; and business, building, and other support services. Strong consumer demand, boosted by population growth, thriving film production, and Southwest BC's unprecedented real estate activity, contributed to this employment growth.

Table 1: Employment in All Development Regions, 2011-2016 (000s)

Region	2011	2012	2013	2014	2015	2016	Job Creation (000s)	
							5-Year 2011-16	1-Year 2015-16
Cariboo	81.1	84.7	81.6	85.3	79.4	78.8	-2.3	-0.6
Kootenay	70.6	72.8	76.5	67.5	69.0	67.4	-3.2	-1.6
Mainland/Southwest	1,387.5	1,413.7	1,418.2	1,446.9	1,468.2	1,537.3	149.8	69.1
Northeast	37.4	40.1	39.8	38.5	40.1	39.1	1.7	-1.0
Northwest BC	43.5	39.8	40.7	39.1	42.2	42.1	-1.4	-0.1
Thompson-Okanagan	250.0	252.7	246.6	249.0	250.0	248.3	-1.7	-1.7
Vancouver Island/Coast	357.8	358.6	362.2	352.0	357.3	366.5	8.7	9.2
British Columbia	2,227.8	2,262.5	2,265.6	2,278.4	2,306.2	2,379.5	151.7	73.3
Goods	431.7	441.4	442.1	449.9	459.1	470.1	38.4	11.0
Services	1,796.1	1,821.0	1,823.5	1,828.5	1,847.2	1,909.4	113.3	62.2

Source: Statistics Canada, *Labour force survey estimates (LFS), employment by economic region based on 2011 Census boundaries and North American Industry Classification System (NAICS)*, annual, CANSIM Table 282-0125.

⁵ Statistics Canada, *Labour force survey estimates (LFS), employment by economic region based on 2011 Census boundaries and North American Industry Classification System (NAICS)*, annual, CANSIM TABLE 282-0125.

⁶ Northwest BC is comprised of the Nechako and North Coast development regions.

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Employment in BC's goods sector grew by 2.4% in 2016, creating 11,000 new jobs and bringing the total number of jobs in this sector to 470,100.⁷ Construction comprised the largest share of employment growth in this sector, with a gain of 9,800 jobs in 2016. Most of these new construction jobs were created in Southwest BC, as well as in the Vancouver Island/Coast and Thompson-Okanagan development regions. At the same time, the province's resource industries gained 2,500 new jobs and the agriculture industry gained another 2,200. These gains were offset by losses in the manufacturing and utility industries.

Unemployment

British Columbia's unemployment rate fell from 6.2% to 6.0% between 2015 and 2016 (see Table 2). With the exception of a slight uptick in 2015, the unemployment rate in BC has been on a downward trend for the past eight years.

That being said, Southwest BC and the Vancouver Island/Coast Development Region were the only regions in BC to experience a decline in the unemployment rate in 2016, as unemployment actually increased everywhere else in the province. The Northeast Development Region saw the greatest increase, with a bump of 3.8 percentage points (ppt) up to 9.7%, reflecting a stalled economy. Unemployment grew by 1.4 ppt in the Thompson-Okanagan Development Region and by 0.7 ppt in Northwest BC. The Kootenay and Cariboo development regions also realized marginal increases in their unemployment rates.

Table 2: Unemployment Rate* in All Development Regions, 2011-2016

Region	2011	2012	2013	2014	2015	2016	Percentage point change	
							5-Year 2011-16	1-Year 2015-16
Cariboo	7.5	7.0	5.9	6.0	7.0	7.4	-0.1	0.4
Kootenay	8.0	7.0	5.9	6.9	7.4	8.0	0.0	0.6
Mainland/Southwest	7.4	6.9	6.7	6.0	6.0	5.5	-1.9	-0.5
Northeast	5.1	4.1	4.8	4.9	5.9	9.7	4.6	3.8
Northwest BC	8.6	11.0	6.9	8.0	7.0	7.7	-0.9	0.7
Thompson-Okanagan	7.8	7.1	7.0	6.3	6.4	7.8	0.0	1.4
Vancouver Island/Coast	7.8	6.2	6.3	6.1	6.3	5.8	-2.0	-0.5
British Columbia	7.5	6.8	6.6	6.1	6.2	6.0	-1.5	-0.2

Source: Statistics Canada, *Labour force survey estimates (LFS), employment by economic region based on 2011 Census boundaries and North American Industry Classification System (NAICS)*, annual, CANSIM Table 282-0125.

*Unemployment rates were calculated by author.

Investing in regional BC

Business and investment activity

BC's inventory of major capital investment projects declined in 2016. Between the third quarter of 2015 (Q3 2015) and the third quarter of 2016 (Q3 2016), the estimated cost of all major projects that were underway, proposed, completed, or on hold in BC declined from \$453.0 billion to \$437.6 billion—a one-year decrease of \$15.4 billion.⁸ Proposed projects, almost entirely in the Northeast Development Region and Northwest BC, accounted for most of this decline, as the estimated capital cost of projects dropped by \$12.7 billion.

Northwest BC made up the largest share of BC's inventory of capital projects in Q3 2016, representing \$225.4 billion or 51.5% of the provincial total.⁹ However, most of these capital projects are related to liquefied natural gas development and are still at the proposal stage, and it is uncertain as to whether any of these projects will receive approval in the near term. Southwest BC and Vancouver Island/Coast ranked second and third in terms of estimated capital projects, with \$72.4 billion and \$60.7 billion, respectively.

⁷ Statistics Canada, *Labour force survey estimates (LFS), employment by economic region based on 2011 Census boundaries and North American Industry Classification System (NAICS)*, annual, CANSIM TABLE 282-0125.

⁸ BC Ministry of Jobs, Tourism and Skills Training, *BC Major Projects Inventory*, September 2016. This is data for capital investments that exceeded \$20 million in value and includes residential and commercial, transportation and warehousing, mining, utilities, manufacturing, public and other services.

⁹ Ibid.

Venture capital market activity captures only a small share of total capital investment, but it is a timely indicator of the investment climate in any given year.¹⁰ BC represented 13.5% of all Canadian venture capital deals in 2016, with 71 major venture capital deals completed, totalling \$431 million.¹¹ However, only one of the top 10 Canadian venture capital deals last year was in BC: an \$87-million deal with Zymeworks, a biotechnology company.¹²

Business bankruptcies

The number of reported business bankruptcies in BC declined by five in 2016, dropping to 149 reports (see Table 3). This is the lowest number of bankruptcies BC has seen in at least the past decade, which suggests that the province has a more mature market for entrepreneurs and/or a more stable business environment with fewer closures.

Half of BC's development regions saw a decline in the number of business bankruptcies in 2016. The greatest one-year declines took place in the Vancouver Island/Coast and Cariboo development regions. A few of the province's less populated areas—the Northeast, Nechako, and Kootenay development regions—experienced small increases in this indicator, and the Thompson-Okanagan Development Region saw the largest bump, with an increase of five bankruptcies in 2016.

Table 3: Business Bankruptcies in All Development Regions, 2011-2016

Region	2011	2012	2013	2014	2015	2016	Change	
							5-Year 2011-16	1-Year 2015-16
Cariboo	3	2	1	2	6	2	-1	-4
Kootenay	7	11	6	3	0	2	-5	2
Mainland/Southwest	108	108	86	130	97	94	-14	-3
Nechako	1	0	0	0	0	2	1	2
North Coast	2	2	0	0	2	1	-1	-1
Northeast	4	3	3	2	1	2	-2	1
Thompson-Okanagan	33	43	52	24	20	25	-8	+5
Vancouver Island/Coast	34	23	40	39	27	19	-15	-8
British Columbia	192	198	189	200	153	149	-43	-5

Source: Office of the Superintendent of Bankruptcy Canada.

Living in regional BC

Educational attainment

The educational attainment level of BC's labour force declined slightly in 2016, dropping by 0.8 ppt, which brought the share of the labour force between the ages of 25 and 54 with post-secondary qualification accreditation¹³ to 69.4%. This made 2016 a slight anomaly, as the value of this indicator had previously risen every year for at least 15 years. Even so, BC's labour force educational attainment rate is close to that of Ontario and the national average, and it is 3.5 ppt above its level five years ago.

Most regions in BC saw either a decline or plateau in their level of labour force educational attainment in 2016. The exceptions were Northwest BC and the Cariboo Development Region, which experienced one-year increases of 4.2 ppt and 3.4 ppt, respectively.

¹⁰ Venture capital investment comes from the private sector, government, corporate, institutions, and various funds.

¹¹ Canadian Venture Capital and Private Equity Association, *2016 Canadian Venture Capital Market Overview*.

¹² Ibid.

¹³ Defined here as a post-secondary certificate/diploma or higher.

Consumer insolvencies

BC's consumer insolvency rate, which is defined as the number of personal insolvencies per 1,000 adults over the age of 18, declined by 6.7% in 2016, dropping to 2.8 per 1,000 adults.¹⁴ This marked the seventh consecutive year of decline. Between 2011 and 2016, BC's consumer insolvency rate declined by 12.5% (see Table 4).

Over the past five years, the share of personal bankruptcies in BC declined, dropping from 69% of all insolvencies to 44%; however, the share of consumer proposals¹⁵ (which is a more viable and less punitive alternative for those struggling with debt) grew from 31% to 56%.

Half of BC's regions saw a decline in consumer insolvency rates last year. The greatest occurred in the Kootenay Development Region and Southwest BC, where rates decreased by 12.9% and 11.1%, respectively. The story was very different in BC's northern regions, however, with consumer insolvency rates increasing in the Cariboo Development Region by 4.9% and in the North Coast Development Region by 15.4%. The most dramatic surges occurred in the Nechako and Northeast development regions, at 35.3% and 85.7%, respectively; these increases reflect the personal and social effects of the downturn in these regional economies.

Table 4: Annual Consumer Insolvency Rates* per 1,000 Adults (Aged 18 Years and Older), All Development Regions, 2011 to 2016

Region	2011	2012	2013	2014	2015	2016	Percentage change	
							5-Year 2011-16	1-Year 2015-16
Cariboo	4.0	4.0	3.9	3.9	4.1	4.3	7.5%	4.9%
Kootenay	2.9	3.3	3.3	3.0	3.1	2.7	-6.9%	-12.9%
Mainland/Southwest	2.9	2.8	2.9	2.7	2.7	2.4	-17.2%	-11.1%
Nechako	2.3	1.8	2.0	2.4	1.7	2.3	0.0%	35.3%
North Coast	1.9	2.2	1.2	1.1	1.3	1.5	-21.1%	15.4%
Northeast	2.2	2.4	1.7	1.7	2.1	3.9	77.3%	85.7%
Thompson-Okanagan	4.2	4.0	3.7	3.4	3.3	3.2	-23.8%	-3.0%
Vancouver Island/Coast	3.8	3.8	3.9	3.8	3.8	3.6	-5.3%	-5.3%
British Columbia	3.2	3.2	3.1	3.0	3.0	2.8	-12.5%	-6.7%

Sources: Office of the Superintendent of Bankruptcy Canada and Statistics Canada.

*Insolvency rate calculations include both bankruptcies and proposals.

Cautious optimism for BC's economy in 2017

There's no question that BC is facing some economic challenges in 2017, particularly in the resource sector. However, the uptick in the service sector and other factors such as diversification, an increased demand for commodities, and BC's continued attractiveness to investors, should help to offset these challenges.

Full regional reports available online

Full versions of the CPABC Regional Check-Up reports are available at bccheckup.com. For more information about the reports, contact Vivian Tse, public affairs specialist, at vtse@bccpa.ca.

Marlyn Chisholm is the principal of Chisholm Consulting and the lead economist on CPABC's annual BC Check-Up report, a summary of which will appear in the September/October 2017 issue of CPABC in Focus.

¹⁴ Insolvencies include both bankruptcies and proposals.

¹⁵ A consumer proposal is an alternative to personal bankruptcy that enables indebted consumers to negotiate to keep their assets while repaying part of their debt.



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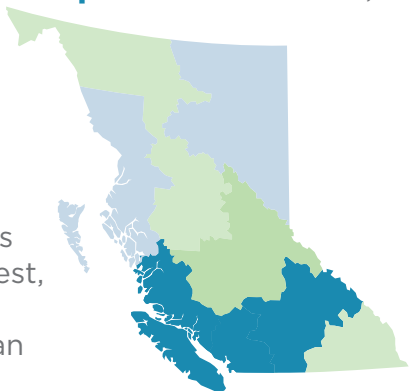
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CPABC Regional Check-Up 2017

DEMOGRAPHICS

Population in BC: 4,751,612 residents or **+1.2%**



90% of BC's residents live in Mainland/Southwest, Vancouver Island/Coast, and Thompson-Okanagan

- Mainland/Southwest (+1.6%)
- Vancouver Island/Coast (+1.3%)
- Thompson-Okanagan (+0.7%)
- Northeast (+0.3%)
- Kootenay (+0.2%)
- Cariboo (-0.8%)
- Northwest BC* (-1.3%)

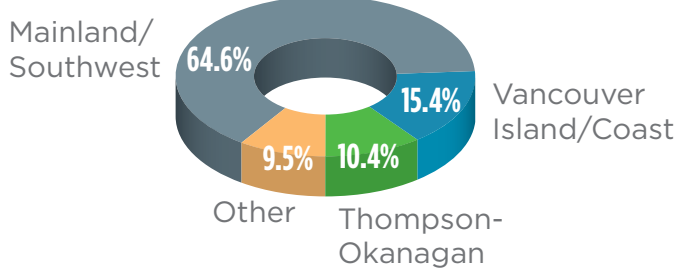
FORECAST



WORK

New Jobs in BC: **+73,300**
Greatest job increase in at least 10 years

Total Jobs in BC: 2.3 million



~ **94%** of new jobs created in Mainland/Southwest



Unemployment in BC: **-0.2% to 6.0%**

Youth Unemployment in BC: **-1.2% to 8.7%**

Unemployment Rate across BC:

	2015	2016	Change
Northeast	5.9%	9.7%	+3.8%
Kootenay	7.4%	8.0%	+0.6%
Thompson-Okanagan	6.4%	7.8%	+1.4%
Northwest BC	7.0%	7.7%	+0.7%
Cariboo	7.0%	7.4%	+0.4%
Vancouver Island/Coast	6.3%	5.8%	-0.5%
Mainland/Southwest	6.0%	5.5%	-0.5%
BC	6.2%	6.0%	-0.2%

Youth unemployment is highest in Kootenay, Northwest BC, and Northeast, due to job cuts

INVEST



341 major projects valued at
\$76.6 billion
 are currently under construction (or -3.7%)

The value of all major projects fell



-2.7% to
\$437.6 billion

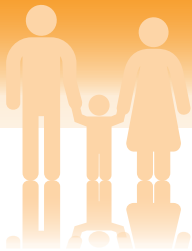
Business Bankruptcies in BC:

-3.2% to
149 reports

Thompson-Okanagan saw the highest increase in business bankruptcy reports

Note: Major projects data is based on Q3 2016. +/- are in comparison to Q3 2015 data.

LIVE



Educational Attainment in BC:



69.4% of BC's labour force has a post-secondary certificate/diploma or higher (-0.8 ppt)

- #1** Mainland/Southwest (71.4%)
- #2** Vancouver Island/Coast (69.7%)
- #3** Kootenay (67.7%)
- #4** Thompson-Okanagan (63.8%)
- #5** Northwest BC (62.9%)
- #6** Cariboo (59.6%)
- #7** Northeast (53.8%)

Consumer Insolvencies in BC:



Personal Bankruptcies:
 1.2 per 1,000 adults or **-20.0%**

Consumer Proposals:
 1.6 per 1,000 adults or **+6.7%**

The Northeast saw the largest increase in the number of consumer insolvencies

**Northwest BC is made up of the Nechako and North Coast development regions.*

Source: CPABC Regional Check-Up 2017. All numbers are from 2016. +/- are in comparison to 2015 data.

Unusual Circumstances Encountered in Engagements

From the CPABC Ethics Team

Members who provide audit, review, and compilation engagement services may not have a statutory responsibility to report under the Proceeds of Crime (Money Laundering) and Terrorist Financing Act, but they do have a responsibility to be vigilant with regard to unusual transactions. If you perform these services and encounter circumstances that suggest money-laundering activities,¹ you should be aware of the increased risk of misstatements in the financial statements and other forms of fraud. Most of all, you should consider the impact on your reputation and the possible legal implications.²

What to do when you encounter an unusual transaction

You've encountered a "suspicious" or "unusual" transaction—what next? There is no single answer for every situation, but it is always advisable to seek a better understanding of the transaction by talking to management or those charged with governance. If the explanation removes elements of suspicion, the matter can be documented and the issue can be resolved. If the discussion does not resolve the matter, you may need to consider issuing a qualified report or resigning from the engagement—it may also be appropriate to seek legal advice.

Other steps to consider are specific to the nature of the engagement. If you encounter unusual circumstances during an audit, for example, be sure to review Canadian Auditing Standard (CAS) 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*, in the CPA Handbook – Assurance.³

If you encounter unusual circumstances while performing a review, consider whether these circumstances cast doubt as to the plausibility of the financial information. Also, consider performing additional procedures as suggested for an audit.

If you're performing a compilation and the circumstances lead you to believe that the financial statements are false or misleading, request additional information and/or revisions. If neither are forthcoming, consider not releasing the statements and resigning from the engagement.

FINTRAC's unusual transaction indicators

The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) provides a number of resources and tools online (fintrac-canafe.gc.ca), including lists of common indicators that may point to suspicious transactions. Here are some examples of indicators from the *financial transaction*, *client behaviour*, and *odd situation* categories:

- A large foreign currency exchange transaction does not match the client's job or organization profile.
- Money is being transferred to an individual or organization that the client doesn't know, or care to know.
- Money transfers are being sent to free trade zones that are not in line with regular activity.
- The client is hesitant to give an explanation or details about a transaction or third party.
- Explanations don't make sense.
- A stated business transaction does not correspond with logic (for example, a food exporter is dealing with an automobile parts exporter).
- No explanation is given for the size of a transaction or cash volumes.
- The situation involves a non-profit or charitable organization for which there appears to be no logical link between the stated activity of the organization and the other parties in the transaction.

¹ More information on money laundering is provided in CPABC's New & Views Knowledge Base at bccpa.ca/news-views-kb.

² Members are advised to obtain legal advice whenever they have doubts about legal implications.

³ The guidance provided by CAS 240 is consistent with the messaging from FINTRAC.



Guidance in the CPA Handbook – Assurance

The CAS 240 section of the handbook also provides good reference material, and not just for audit engagements. Firstly, fraud is defined as “An intentional act by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception to obtain an unjust or illegal advantage.”

The section also includes examples that are reflective of those provided by FINTRAC. For example:

- *Professional Skepticism*, paragraph 14: “Where responses to inquiries of management or those charged with governance are inconsistent, the auditor shall investigate the inconsistencies.”
- *Unusual or Unexpected Relationships Identified*, paragraph 22: “The auditor shall evaluate whether unusual or unexpected relationships that have been identified in performing analytical procedures, including those related to revenue accounts, may indicate risks of material misstatement due to fraud.”
- *Audit Procedures Responsive to Risks Related to Management Override of Controls*, paragraph 32(c): “For significant transactions that are outside the normal course of business for the entity, or that otherwise appear to be unusual given the auditor's understanding of the entity and its environment and other information obtained during the audit, the auditor shall evaluate whether the business rationale (or lack thereof) of the transactions suggests that they may have been entered into to engage in fraudulent financial reporting or to conceal misappropriation of assets.”



Resigning from an engagement

If you resign from an engagement, additional questions may arise when you are then required to respond to a takeover letter from the successor accountant. In such cases, refer to rule 302 (Communication with predecessor) of the CPABC Code of Professional Conduct (CPA Code) and the relevant guidance, which suggest the following approach:

- Because you are aware of unusual circumstances that might influence the successor in deciding whether to accept the engagement, you must first consider the matter of confidentiality.
- If these circumstances cannot be disclosed due to confidentiality, your response should note that, in your opinion, there are circumstances that should be taken into account but that cannot be disclosed without the client's consent.
- Where confidentiality is in doubt, you should consider obtaining legal advice.

Additionally, if you are the successor accountant, refusal of permission from the client is obviously a factor you should consider when making the decision to accept that client.

Maintain your professional skepticism

Whatever the circumstances, the key is always to maintain your professional skepticism—have a questioning mind, be alert to conditions that may indicate possible misstatement due to error or fraud, and make a critical assessment of evidence. ■

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Email Scams and Wire Transfer Fraud: A Cautionary Tale for Members

Email scams—they're everywhere. And it seems that as soon as you've navigated your way through the latest scam, a new and even more convincing one has made its way past your filters and into your inbox.

Recently, an email scam involving wire transfer fraud was brought to the attention of CPABC's professional standards advisors by several of our members. Each had received a seemingly legitimate and urgent email in which their boss asked them to make a large wire transfer to a new supplier. Although this request deviated from normal internal practices and/or control procedures, the email itself was so well crafted as to appear genuine.

With scams such as these becoming increasingly sophisticated, it's vital that members be aware and on guard. If your organization uses wire transfers, it's important for you and your colleagues to question and investigate any unexpected or unusual requests in order to minimize your risk of loss. A healthy dose of professional skepticism is advised. Your organization might also want to consider taking the following precautions:

- Review your current payment and vendor set-up procedures;
- Separate initiation from approval;
- Establish confirmation protocol, such as phone calls;
- Train staff on following the established process and explain how deviations could result in loss;
- Educate staff about email scams; and
- Discuss possible coverage options with an insurance broker.

To learn more about current scams, gain resources to help guard against them, or report an incident, visit the Canadian Anti-Fraud Centre (CAFC) at antifraudcentre.ca. CAFC is the central agency in Canada that collects information and criminal intelligence on fraud.

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Positive Marks for CPA Mentorship Program

National Survey Shows CPA Mentors Remain Highly Engaged

By Suzanne Berry, BSc



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The CPA profession relies on the contributions of the members registered in its CPA Mentorship Program as these individuals provide valuable support and guidance to future CPAs. Recognizing the vital role these mentors play in shaping the profession's future, CPA Canada and CPABC are both committed to continually enhancing the mentorship experience.

To measure current levels of satisfaction, CPA Canada conducted a national mentorship survey in late 2016. This article summarizes the survey results, which show that the program is thriving.

First, a bit of background

A CPA mentor is a member (in good standing) who assists a CPA candidate¹ in developing their competencies to complete the CPA Practical Experience Requirements (CPA PER). All candidates are required to have a mentor and must meet with their mentor at least twice a year to discuss their progress.

There are three ways for members to join the CPA Mentorship Program, each of which requires completion of the mentor registration process:

1. By volunteering to join the CPA mentoring pool;
2. By participating in their organization's pre-approved program, if applicable; and
3. By accepting a mentor request from a future CPA.

¹ The term "CPA candidate" refers to students registered in the CPA Professional Education Program.

All prospective mentors must complete CPA Canada's six-part CPA Mentor Orientation webinar before they can register in the mentorship program with their provincial/regional CPA body and be matched with a candidate.

Once the mentor is matched with a candidate, their primary responsibility is to guide their mentee in the development of five enabling competencies:

1. Problem-solving and decision-making;
2. Self-management;
3. Communications;
4. Teamwork and leadership; and
5. Professional and ethical behaviour.

Mentors are also expected to guide mentees in developing technical competencies in the following areas:

- Financial reporting,
- Audit and assurance,
- Finance,
- Taxation,
- Strategy and governance, and
- Management accounting.

Throughout the term of the mentor/mentee relationship, mentors review their mentees' progress, documenting discussions and highlighting any areas of concern using the Practical Experience Reporting Tool (PERT). This helps ensure that candidates stay on track as they work to meet requirements.

² Only candidates following the Experience Verification Route have access to the portal. These candidates gain access to the portal if they have not found a mentor within three months of creating their PERT profile. Candidates following the Pre-Approved Program Route are matched with a mentor within their organization, and therefore do not have access to the portal.

Survey results

Measuring overall satisfaction

Mentors across Canada were invited to participate in the 2016 CPA Mentor Survey, and 2,138 answered the call. Results indicate that almost 60% of respondents are satisfied with their overall experience in the mentorship program, and 85% believe they are making a positive contribution to the profession and getting the opportunity to develop their own mentoring and coaching skills.

About the mentorship match process

Almost three-quarters (72%) of respondents said they currently had a mentee, and 25% of respondents said they'd been matched with their candidates through the Mentor Match Portal.

While some members join the mentorship program with a prospective mentee already in mind, others simply join the CPA mentoring pool and make themselves available for potential match-ups. That's where the Mentor Match Portal comes in. Once mentors register in the program, they select the types of candidates by whom they want to be contacted and their bios are entered into the portal. Candidates in the Experience Verification Route then have a chance to review the bios of available mentors and request matches.² Mentors can accept or decline these requests.



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About synchronous meetings

As mentioned earlier, candidates must meet with their CPA mentors at least twice per year. Because the mentor/mentee relationship parameters dictate that the mentee be the driving force in the mentorship relationship, meeting formats may vary depending on the mentee's needs and areas of concern. Whatever the format, these meetings must be "synchronous," which means they must occur in real time. As such, meetings conducted in person, by phone, or via Skype or similar technologies are all eligible options, but exchanges via email or text messaging do not fulfil this requirement.

In addition to being responsible for initiating all meetings, mentees are also responsible for establishing meeting agendas and devising a learning plan that fosters their development.

The survey revealed that almost 90% of respondents met with mentees in person and found this to be the most effective meeting method.

About resources for mentors

To support members in their mentorship experience, CPA Canada offers a variety of online tools in its Centre for Mentoring Resources, including factsheets, worksheets, videos, and free CPD-eligible webinars (verifiable CPD credits are also awarded for completing the mandatory orientation webinar).

Survey results indicate that 60% of respondents have accessed the Centre for Mentoring Resources thus far. Of this group, 73% said the resources and tools were sufficient and ~66% found the site easily accessible. In terms of the resources and tools most valued, CPA webinars came out on top, with 78% of respondents describing them as accessible, 75% describing them as informative, 74% describing them as clear, and 71% describing them as both useful and of high quality.

Program will continue to evolve as need grows

CPA Canada and CPABC are very pleased with the results of the survey, as they show the profession is on the right track to ensuring a rewarding and positive experience for all mentors and their mentees. There is also some room for improvement, and both bodies will continue to work on enhancing the mentorship program as it continues to evolve.

The continued success of the CPA Mentorship Program is contingent on its member volunteers. And as new generations of candidates pursue the CPA designation, the need for mentors will only increase. Recognizing this, CPABC invites members to consider getting involved. We believe this program supports the future of the profession by giving our growing number of candidates a chance to flourish and reach their full potential.

For more information on how to become a CPA Mentor, visit the Members section of the CPABC website at bccpa.ca and search under Volunteer and Mentor > Mentor a Future CPA. ■

Suzanne Berry is a career counsellor at CPABC. She also provides support to mentors and mentees in the CPA Mentorship Program.

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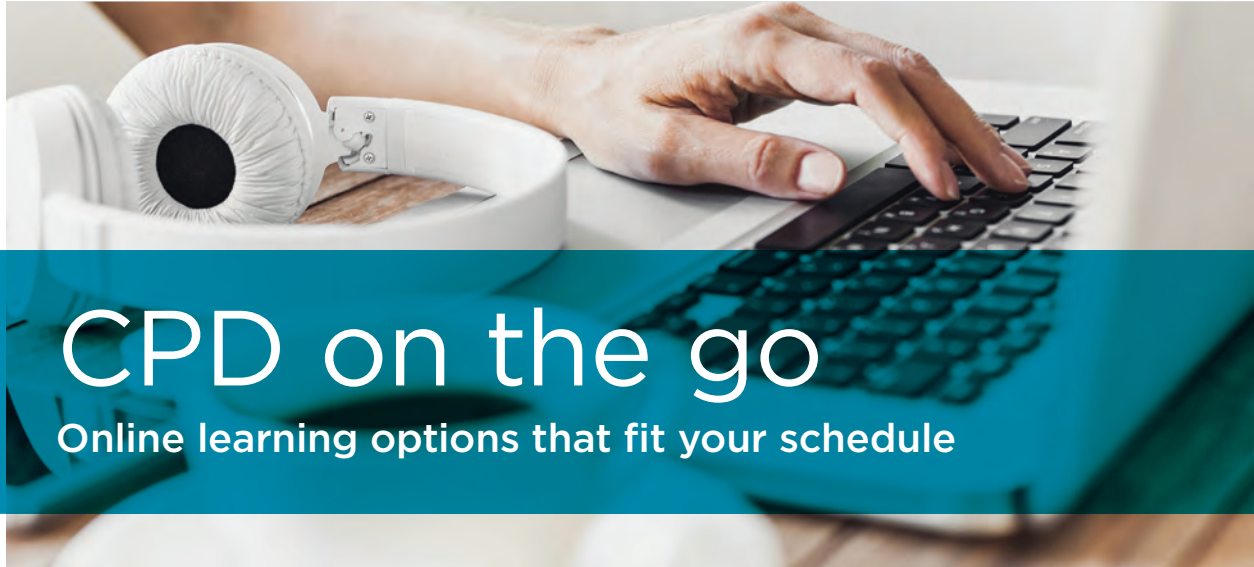
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Sweating the (Not-So) Small Stuff in Public Practice

From CPABC's Ethics Department



Do you pay close attention when your client provides you with information—looking at the details, asking questions, noting the deadlines? Or do you quickly file the information away to review later, only to discover that you're missing critical information? Do you delegate the work to an assistant or student? If so, do you supervise their work closely? When your client calls you, do you call back? Have you agreed to the terms of the engagement with your client? Do you make sure all work is completed on time?

Most CPAs in public practice do a good job of managing multiple priorities, and they do so for a diverse range of clients—from the client who uploads all her documents to the cloud, clearly labelling and categorizing everything, to the client who still uses shoeboxes and manila envelopes as his primary means of record-keeping. Having diverse clients means working on many files at the same time, which makes it all the more crucial for CPAs to stay organized and pay close attention to details. If they don't, they're all too likely to make large errors.

The following fictionalized examples are based on actual complaints made to CPABC's Investigation Committee. Names and circumstances have been changed to preserve anonymity, but the outcomes of these cases are real.

Case 1 – “Trevor”

Trevor started his firm in 1999, with a focus on compilations and T1 and T2 returns. He had several non-designated employees on staff, including a CPA student named Michael. Michael dealt directly with many of the firm's clients as Trevor was often out of the office—a champion speedboat racer, he frequently travelled for competitions.

Everything went well for the first few years of Trevor and Michael's professional relationship. In 2015, however, Michael made a series of egregious errors when working with Trevor's client Sandra, a self-employed landscape consultant. First, when filing the T4 summary for Sandra's 2014 business, Michael mistakenly reported \$94,000 for the employee payroll instead of the correct figure of \$46,000. He then compounded the mistake by filing the same incorrect information with WorkSafeBC and by calculating the WorkSafeBC remittances on this basis. He later had trouble reconciling Sandra's records and ended up missing the T1 and T2 filing deadline. To make matters even worse, he told Sandra not to worry about missing the filing deadline because she had no taxes owing and would be getting a refund.

Shortly thereafter, Sandra received a notice of assessment from the CRA for the late filing of her 2012 and 2013 tax returns—returns she thought had been filed on time. The next day, she received another notice from the CRA, this one stating that the employee withholdings on her 2014 T4 summary were inadequate, and that she owed \$16,300 in taxes, as well as substantial penalties and interest.

Alarmed, Sandra called Michael, who told her not to worry. He assured her that he would fix the T4 summary and explained that he'd just recently filed the 2012 and 2013 returns after realizing the oversight (in truth, he hadn't forgotten the returns—he'd misfiled them). Michael apologized and promised to make amends, but Sandra subsequently received a bill from Trevor's firm charging her \$4,000 for Michael's recent work.

Sandra called Trevor several times to complain but only got his voice mail. She left messages but never heard anything back. Trevor then made the situation exponentially worse by sending the bill to a collections agency after Sandra refused to pay. Adding insult to injury, the CRA referred her mistaken payroll debt to collections as well. It just so happened that she was in the process of negotiating for a mortgage when collections came calling. Outraged by Michael's mistakes and Trevor's failure to provide service, Sandra filed a complaint with CPABC's Ethics department.

Trevor told the CPABC investigator that the mistakes were Michael's fault—Michael had been responsible for doing the tax filings and bookkeeping for multiple clients and had gotten overwhelmed. He also pointed out that Michael had filed an amended T4 summary as soon as he'd discovered the payroll error. As it turned out, however, the amended summary in the client file was not dated, and there was no confirmation receipt from the CRA. When asked about these omissions, Michael said he hadn't followed up with the CRA about the amendment himself, but had asked an assistant to call numerous times. The file contained no documentation of phone calls made to the CRA.

During the course of the investigation, Michael admitted that he'd slipped up with other clients as well. He revealed that he'd gotten so far behind in his work that he'd had to "triage" files—guessing which clients were more likely to owe sums to the CRA so that he could deal with them first. Michael said he'd tried to get help from Trevor, but that Trevor was hardly ever in the office. He noted that clients were constantly calling Trevor, but that Trevor rarely called them back—unless they indicated that they had more work for the practice (in other words, for Michael).

As soon as Michael obtained his CPA designation, he quit Trevor's firm and left public practice altogether. This left Trevor as the sole designated accountant at his firm.

Case 2 – “Melanie”

Melanie launched her firm in 1995, with a 40% focus on personal tax and a 60% focus on compilation and related work for small business.

Richard became one of her clients in 2010. He has a physical disability, as do two of his four children, and much of the family income comes from disability payments received from several levels of government. It is critical that Richard's returns be filed accurately and on time—failure to do so could jeopardize the family's disability payments and Richard's PharmaCare benefits, which pay for a number of costly prescriptions.

In 2014, Melanie asked Richard to prepare a “Personal Income Tax Checklist”—a form for personal information, income, and expenses, which clearly laid out his personal situation. However, after Richard submitted the completed form, Melanie made a number of significant errors in preparing his T1 return. She recorded that he had four disabled children, not two; she recorded that his rental income was \$210,000 instead of \$21,000; and she recorded that he had more than 10 dependants. As a result, the CRA rejected the return when Melanie attempted to file it electronically on April 30.

Melanie didn't notice that the return had been rejected until a short while later. She then compounded the problem by hastily mailing a hard copy of the return to the CRA without first following up on the reasons for the rejection.

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As a result of Melanie's actions, Richard received a notice of assessment from the CRA, and his family lost their disability payments and PharmaCare benefits during the months it took for the errors to be corrected. Outraged, and now unable to afford the prescriptions he needed for his family, Richard complained to CPABC.

Melanie admitted to the CPABC investigator that she'd been too swamped on April 30 to notice that the CRA had rejected Richard's filing. She agreed that the return contained several mistakes, but argued that Richard should have reviewed the return more carefully. The CPABC investigator examined Melanie's working paper file and noted that there was no record of her having reviewed the return prior to filing, no evidence that she'd reviewed the CRA filing rejection, no log indicating when the return had been corrected (because it hadn't), and no indication of when she'd mailed the filing to the CRA. Melanie did have evidence proving that she'd sent a package to the CRA on June 28, but the mailing slip did not indicate which returns were in the package.

The outcomes

In both cases, the Investigation Committee concluded that there were sufficient grounds to establish contravention of the CPABC Code of Professional Conduct (CPA Code). The committee found that Trevor and Melanie had each contravened multiple aspects of the CPA Code, including rule 201.1 (Maintenance of the good reputation of the profession), 202 (Integrity and due care), and 218 (Retention of documents and working papers). Both failed to exercise due care when dealing with their clients' returns—Trevor, by failing to properly supervise Michael and by not responding to his client's calls; and Melanie, by failing to notice the obvious mistakes on her client's return and by not correcting these mistakes after the CRA rejected the e-file. The negligence and sloppiness demonstrated by both practitioners brought the profession into disrepute.

The committee recommended that Trevor and Melanie each accept a reprimand, pay fines of \$4,000 and \$5,000 respectively, and pay the expenses of the investigations. In Melanie's case, the size of the fine was affected by the fact that she'd been disciplined by her legacy body for subpar work in the past. Both Trevor and Melanie were also required to take practice management courses as a part of their continuing professional development.

Finally, the committee decided not to make a complaint against Michael. Although he was subject to the CPA Code at the time of the complaint (students must also adhere to the CPA Code), the committee considered Trevor's supervision to have been so inadequate as to have made Trevor responsible for Michael's mistakes.

Key takeaways

The "small stuff" matters! Clients expect CPAs to perform every service with thoroughness and professionalism. This means returning telephone calls, keeping a record of communications, reviewing routine filings, and promptly reviewing the work performed by staff. "Being swamped" is not an acceptable excuse for poor service—if a CPA practitioner cannot provide quality service to every client, they should not be offering that service at all.

Need help?

CPABC has professional standards advisors who are here to help. When navigating difficult situations, you can call them for confidential advice to ensure that you stay compliant with the CPA Code. Stella Leung, CPA, CA, can be reached at 604-488-2609, and Brigitte Ilk, CPA, CGA, can be reached at 604-629-8363. Both can also be reached at 1-800-663-2677 (toll-free in BC).

Another way to ensure that you stay outside is by referring to the CPA Code. You'll find it on our website at bccpa.ca/members/regulatory. ■

Comments or questions about this article?

Contact CPABC's ethics department at ethics@bccpa.ca.



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When Is a Dividend Not a Dividend? Recipients Beware!

By Hayley Brown, CPA, CA, and Shane Onufrechuk, FCPA, FCA

Prior to July 2015, many corporate groups gave little thought to the possible application of subsection 55(2) of the Income Tax Act (the act) when paying inter-corporate dividends. While the rules in subsection 55(2) had the potential to re-characterize tax-free inter-corporate dividends as proceeds of dispositions that would result in the creation of taxable capital gains, the limited scope of the purpose test found in this subsection—combined with the ability to rely on the exceptions found in paragraph 55(3)(a) for payments made within a related group—made it unlikely that the provisions would apply to most dividends.

That was then. The new subsection 55(2) rules, released by the Department of Finance in 2015 and enacted into law in 2016, greatly narrowed the circumstances in which the exceptions found in paragraph 55(3)(a) could apply; moreover, they expanded the number of purpose tests that could result in the application of subsection 55(2) on inter-corporate dividends.

The changes to the subsection 55(2) rules have already been discussed capably and at great length in a number of publications,¹ so this article will focus instead on specific examples of common situations in which the recipients of inter-corporate dividends should consider the potential application of subsection 55(2). Where possible, the article will also identify ways to avoid the application of subsection 55(2) when such avoidance would be advantageous. It is worth noting that when considering the effective tax rate to a shareholder on a fully integrated basis, it is often less expensive to an individual taxpayer to have subsection 55(2) apply to a dividend paid than to have the dividend retain its character as a dividend.

Creditor-proofing dividends

A common transaction used to “creditor-proof” an operating company (such as an asset protection plan) involves the declaration of a large cash dividend by the operating company to its holding company; the holding company then lends the cash back to the operating company and takes security against the operating company’s assets. The purpose of this type of planning is to ensure that the shareholder can access their capital if any unexpected liabilities arise in relation to the business. These creditor-proofing dividends can often exceed an operating company’s “safe income on hand” (more on safe income later in this article).

The Canada Revenue Agency (CRA) has commented that the apparent purpose of the payment of a creditor-proofing dividend is to reduce the value of an operating company’s shares.² Accordingly, the CRA suggests that subsection 55(2) should apply to the dividend, as per the expanded purpose tests now found therein. In the CRA’s view, the fact that the payment of the dividend is also designed to achieve creditor-proofing, with no plans to sell the operating company’s shares, does not alter its conclusion.

To avoid the application of subsection 55(2) to creditor-proofing dividends, taxpayers may want to consider limiting creditor-proofing dividends to the operating company’s safe income on hand (of course, this will require taxpayers to regularly update the safe income on hand associated with the shares of the operating company).

Another alternative would be to establish a policy of paying dividends on a regular basis. The operating company would then make corresponding draws on a secured credit facility with the holding company. The CRA has stated that subsection 55(2) should not apply where a dividend is paid pursuant to a well-established policy of regularly paid dividends.³ However, the amount of the dividend must not exceed the amount a shareholder would normally expect to receive as a reasonable dividend return on a comparable listed share issued by a comparable payer corporation in the same industry. For some taxpayers, this requirement to benchmark against a comparable listed share may be prohibitive.

¹ For example: Michael Welters, Cathie Brayley, Chris Speakman, and Riley Burr, “When is an Inter-Corporate Dividend Not Tax Free?” *2015 British Columbia Tax Conference* (Toronto: Canadian Tax Foundation, 2015), 6: 1-36.

² TI 2015-0623551C6, 2015 CTF Annual Tax Conference, CRA Roundtable, Q.6(e), Creditor Proofing (taxinterpretations.com/cra/severed-letters/2015-0623551c6).

³ TI 2015-0613821C6, Tax Executive Institute Liaison Meeting, November 17, 2015. Question on section 55 of the Income Tax Act (taxinterpretations.com/cra/severed-letters/2015-0613821c6).

Dividends paid on discretionary dividend shares

Non-participating shares

Non-participating (aka “skinny”) shares are discretionary dividend shares that are issued for nominal consideration with a discretionary dividend entitlement. These shares are used to distribute income to a particular shareholder without entitling that shareholder to any growth in the value of the business. Because skinny shares are not entitled to participate in liquidation proceeds, they do not accrue gains; additionally, they can be redeemed at any time for a nominal amount without triggering a gain or loss.

“Safe income” is income that contributes to the capital gain that could be realized on the disposition of a share. Accordingly, in order for safe income to accrue to a particular share, there must be a capital gain on that share. The CRA has suggested that safe income may be allocated to non-participating shares only if these shares have value. Whether such shares have value is a question of fact.

If skinny shares do not have value, the safe income exception will not apply to any dividends paid on them. Under the old subsection 55(2) rules, taxpayers could rely on the related-party exception to avoid a re-characterization of a dividend paid on skinny shares; under the new rules, however, taxpayers will have to rely on failing to meet the expanded number of purpose tests.

The upshot? Under the new subsection 55(2) rules, care should be taken when paying inter-corporate dividends on skinny shares.

Participating shares

The safe income attributable to discretionary dividend shares is analyzed differently when such shares participate in the growth of the company’s value (unlike the skinny shares described earlier).

According to the CRA, in determining the safe income on hand attributable to a particular class of participating discretionary dividend shares, the amount of the contemplated but not-yet paid discretionary dividend is to be included in the fair market value of the share for the purposes of allocating the payer corporation’s safe income to that share. This approach should allow for disproportionate sharing of safe income between multiple classes of participating discretionary dividend shares.

This is best illustrated with an example. Assume that a corporation has two classes of participating shares with discretionary dividend rights—Class A and Class B—and 50 shares of each class have been issued. Assume that no other shares are outstanding, and the corporation’s safe income on hand is \$100,000. If a discretionary dividend of \$75,000 is paid on the Class B shares, then—even though this dividend exceeds 50% of the corporation’s safe income on hand—the CRA will accept that the entire \$75,000 dividend comes out of the corporation’s safe income, with the result that subsection 55(2) should not apply.



Conclusions and recommendations

As these few examples illustrate, there are significant traps to be circumnavigated now that the new subsection 55(2) rules for inter-corporate dividends are in place.

Each time an inter-corporate dividend is paid (or a deemed dividend is triggered), the possible application and implications of subsection 55(2) should be considered. And in certain instances where the application of subsection 55(2) on the payment of a dividend is unavoidable, alternative means of transferring capital between corporations should be considered (for example, transferring capital by way of loan or the merger of the dividend payer and the recipient).

Additionally, because one of the few safe harbours for inter-corporate dividends under the new subsection 55(2) rules is a corporation’s safe income on hand, corporations that anticipate paying inter-corporate dividends should make a point of calculating the safe income on hand attributable to each of their share classes, and updating these calculations regularly for all subsequent transactions.

For taxpayers who are paying significant inter-corporate dividends, it is generally advisable to have a tax specialist consider the possible application of the new subsection 55(2) rules prior to the payment of the dividends.

All this being said, there are opportunities for informed taxpayers and their advisors despite the complexities of the new rules. ■

PROFESSIONAL DEVELOPMENT

UPCOMING PD SEMINARS IN JULY 2017

Below are some of our upcoming seminars for the month of July. Listings for our fall 2017/winter 2018 PD program will be available soon. Visit pd.bccpa.ca for the full range of titles and programs, and for course descriptions. If you have any questions, please call CPABC at **604-872-7222** and ask for the PD department or email us at pdreg@bccpa.ca.

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This course will show you how to achieve a greater return on your budgeting and forecasting activities by taking advantage of various tools and techniques in Excel. The seminar will be taught in Excel 2016, but reference will be made to the differences between Excel 2016 and the 2013, 2010, and 2007 versions.

July 19, 9am-5pm, Vancouver

MANAGEMENT & PERSONAL DEVELOPMENT

Ethical Principles and the Accounting Profession: CPABC Code Decoded

This interactive course will enable you to build your competence in interpreting and applying the CPABC Code of Professional Conduct (CPA Code). The course begins with a refresher of the CPA Code, and then takes an in-depth look at a few sections that are relevant in a wide variety of contexts and have the potential to be very challenging.

July 13, 8:30am-12:30pm, Coquitlam

July 25, 8:30am-12:30pm, Kelowna

July 27, 8:30am-12:30pm, Abbotsford

July 28, 8:30am-12:30pm, Surrey

Business English for Professionals

The primary objective of this interactive session is to help attendees improve their English communication skills for use in both business and social settings, and increase their confidence when expressing themselves with professional peers. The course will give participants opportunities to practise their skills through realistic role-play situations.

July 18, 9am-5pm, Vancouver

TAXATION

Breaking Up Is Hard to Do

Learn how the Family Law Act classifies family property and family debt. Did you know, for example, that the laws relating to property division now apply to many common-law couples? This seminar will describe the important role you can play in strategically dividing business interests and other assets, particularly from a tax and valuation perspective.

July 14, 9am-12:30pm, Vancouver

ACCOUNTING & ASSURANCE

Advanced Financial Statement Analysis

This seminar will explore financial statement analysis, with a particular focus on the lesser-known techniques that are becoming more and more important when comparing IFRS and ASPE reporting. In this interactive and hands-on seminar, participants will analyze real company financial statements.

July 13, 9am-5pm, Vancouver

IFRS: A Survey of the Standards

This seminar will provide participants with a solid introduction to Part I of the CPA Canada Handbook (International Financial Reporting Standards or IFRS). The focus is on the IFRS that apply to most profit-oriented entities.

July 19-20, 9am-5pm, Vancouver

MARK YOUR CALENDARS! FALL 2017 PD WEEKS

If you enjoy attending seminars during our fall PD weeks, be sure to mark the following dates in your calendar and watch for more details in the coming weeks!

VANCOUVER

Nov. 20-25 | Van. Convention Ctr, West

Dec. 11-16 | Van. Convention Ctr, West

KELOWNA

Oct. 23-27 | Coast Capri Hotel

PARKSVILLE

Oct. 30-Nov 3 | Quality Resort Bayside Inn

SURREY

Dec. 4-8 | Sheraton Guildford Hotel



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Controller's Management Skills
October 11-14 | Whistler

Controller's Operational Skills
October 15-18 | Whistler

CFO's Leadership Skills
November 15-18 | Whistler

CFO's Operational Skills
November 19-22 | Whistler

VISIT pd.bccpa.ca/conferences

EMAIL pdreg@bccpa.ca



INTRODUCING PD NEXUS

Conference days rebranded

Our new conference day brand - Nexus - is intended to leverage the word "connection." It will be focused on building *connections* to new knowledge, *linkages* to new themes, and *networking opportunities* with peers. Our Fall Nexus Day lineup includes:

PD Nexus: Public Practice Insights
October 25

PD Nexus: Local Government Accounting & Assurance Insights
November 15 & 16

PD Nexus: Personal Financial Planning Insights
December 5

PD Nexus: Business Insights
December 6

PD Nexus: Beyond Financial Reporting Insights
February 20

VISIT pd.bccpa.ca/execprograms

EMAIL pdreg@bccpa.ca

MEMBERS IN FOCUS

Kudos!



Stanley Chang, CPA, CGA, has been appointed acting executive director of deposit insurance and Credit Union Deposit Insurance Corporation CFO for BC's Financial Institutions Commission. Stanley serves on the CPABC board and the CPABC Audit Committee, and he is a chapter liaison director with CPABC's Surrey/Langley/North Delta Chapter. He also serves as a trustee of the Surrey Public Library.



Kathryn Jones, CPA, CA, has received one of Vancouver Island's Top 20 Under 40 Business & Community Achievement awards. Kathryn is an accountant at Presley & Partners in Courtenay and the treasurer of the North Island College Foundation.



Bob McMurray, FCPA, FCA, formerly of the firm McMurray, Roberts, Heming & Wyborn, has been named Surrey's 2017 Citizen of the Year by the Surrey City Council. The award honours individuals who have given long-standing and exceptional community service in Surrey. Bob has chaired, vice-chaired, and served on many committees, boards, and associations in the Surrey community.



Steve Reed, CPA, CA, a tax partner at Manning Elliott LLP in Vancouver, has been elected the 34th president of the Canadian Soccer Association (CSA). Steve played soccer with several BC Cup-winning teams and went on to coach for many years. He was first elected to the CSA board in 2006, and has served as vice-president for the past five years.

Steve was also recognized as a BC Soccer Life Member in 2012.



Doug Slater, CPA, CMA, is now the general manager of FortisBC Alternative Energy Services. Doug has worked for the organization in a variety of management roles since January 2010, when it was known as Terasen Gas.



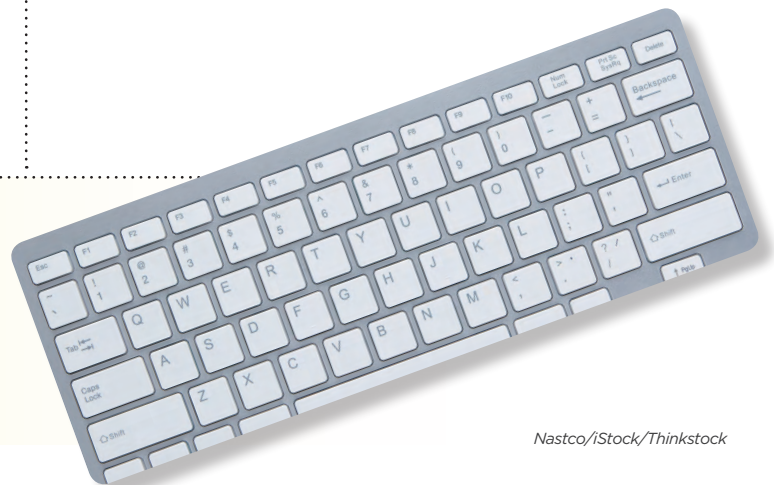
Joachim Wu, CPA, CGA, has been appointed chief financial officer at Hakemi Ridgedale LLP, a law firm in Vancouver. Joachim has over 10 years of accounting experience in various industries and most recently held a senior role with Western Restaurant Franchises Inc., where he managed a portfolio of 29 restaurants.



Anne Yu, CPA, CA, has been appointed vice-president of finance of American Hotel Income Properties REIT LP (AHIP). Anne previously served as director of finance with AHIP and was an integral part of AHIP's successful IPO in February 2013. She brings extensive experience in public company reporting, internal controls, corporate finance, and Canadian and US tax.



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



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Thank You to Tax Clinic Volunteers



On behalf of community groups across the province, CPABC thanks all members who volunteered as tax return preparers for low-income individuals this past tax season.

In addition to the many members in public practice who provided pro bono services this winter and spring, 130 CPABC members applied for a licensing exemption in order to

provide volunteer tax preparation assistance.* These 130 members alone prepared an estimated 2,600 personal tax returns through various tax clinics organized by local community groups.

The following are just a few of the many members who volunteered their expertise to the community this tax season:

- Judi Branter, CPA, CGA
- Winnie Chan, CPA, CGA
- Dan Dalton, CPA, CA
- Rita De La Cruz, CPA, CGA
- Youssef Ezzat, CPA, CMA
- Anna-Luise Gomm, CPA, CGA
- Guy Heywood, CPA, CGA
- Diana Jones, CPA, CGA
- Cindy Kwok, CPA, CGA
- June Lee, CPA, CMA
- O. Low, CPA, CMA
- Elena Meden, CPA, CMA
- Keri Norrie, FCPA, FCA, CGA
- Francisca Ruiz, CPA, CGA
- Mi Sun Shin, CPA, CMA
- Sinthya Simmonds, CPA, CMA
- Pete Sutherland, CPA, CGA
- Agnes Umali-Kindrachuk, CPA, CA
- Michael Wanyera, CPA, CGA
- Anne Yue, CPA, CGA
- Luna Zhang, CPA

CPABC thanks them and all of the other members who contributed to their communities in this capacity.

**Members who are not already licensed for public practice must apply for an exemption in order to volunteer at free community tax clinics. This exemption application gives members the protection of professional liability insurance for their volunteer work paid for by CPABC. Members must apply for the licensing exemption each year in which they plan to participate in an organized tax-preparation program. For those looking to volunteer next season, the exemption application form will be available online in early 2018.*

Canada 150: #CPAproud

As detailed in the March/April and May/June 2017 issues of CPABC in Focus, CPA Canada is currently running a #CPAproud campaign that coincides with Canada's 150th birthday celebrations, and CPABC is supporting this campaign with a Twitter contest ([#cpabc](#) and [#CPAproud](#)). In addition, various CPABC chapters and member forums have gotten into the spirit by holding celebratory events.

These are just a few of the ways you can celebrate Canada's 150th birthday and be #CPAproud this summer. Be sure to check your chapter website at bccpa.ca/members/chapters for event details.



Oh Canada! Members celebrate Canada's 150th birthday with maple leaf cupcakes from Cupcakes bakery (below). Top: Sandra Proceviat, CPA, CGA, and Deepak Arora, CPA, CGA, members of the Sole Practitioners' Forum – Burnaby. Bottom: Ann Senae, CPA, CGA, and Fraser Valley Chapter chair Richard Gilbert, CPA, CGA, members of the Practitioners' Forum – Abbotsford.



Navigating Change: CPABC's 2017 Spring Pacific Summit

This May, CPABC's 2017 Spring Pacific Summit brought more than 350 delegates together for a first-rate program of professional development (PD) sessions, keynote presentations, and networking opportunities. The sold-out event was held at the Vancouver Convention Centre from May 17 to 19, and kicked off with a Summit Welcome Reception at the Terminal City Club.

The conference offered something for CPAs and business professionals at every career level, and the theme—"Navigating Change"—was reflected in its specialized PD learning streams, with 23 sessions that explored change management in the context of leadership, technical accounting, technology, and the economy. Keynote presenters Bruce Sellery (personal finance expert), Hal Johnson and Joanne McLeod (BodyBreak founders and hosts), and John DeHart (Nurse Next Door co-founder) also spoke to the theme as they shared their expertise on navigating change financially, personally, and in the workplace.

Speaking to a packed house on day two, CPABC board chair Dave Hallinan, FCPA, FCMA, described the important role CPAs can play in business and in their communities as navigators of change. "While change can be a disruptive force," he said, "it also presents great opportunities for people who have the skills and expertise to analyze complex situations, make informed decisions, and implement strategies to address it."

The summit also featured a member update from executive members of the CPABC board, who addressed current economic drivers of change, areas of focus for the CPA profession, and upcoming CPABC initiatives. Delegates also had the chance to exchange business cards and discuss best practices at multiple networking events, as well as browsing through the latest accounting-related products at the summit's trade show.

As Dave Hallinan noted in his closing remarks on day three, these summit events provide an excellent opportunity for members to connect with fellow CPAs from across the province. "In doing so," he said, "we continue to strengthen our profession."

CPABC's 2017 Fall Pacific Summit will take place in Kelowna from September 20 to 22. Details can be found at bccpa.ca/pacificsummit.



Top: Delegates celebrate Canada's 150th birthday at the Summit Welcome Reception. Middle: Attendees at the Summit Welcome Reception had the chance to get their likenesses drawn by Daryl Stephenson of Caricatoons and Cory Van Leperen of Corycatures (illustration shown here by Daryl Stephenson). Bottom: Tweet this! Delegates were invited to take photos at the event and share them on social media. They were also given the opportunity to have new headshots taken for free courtesy of Butter Studios. Left: Delegates navigate between seminars and the trade show.



Photos by Alistair Eagle for Ron Sangha Productions. For more Summit photos, visit CPABC's Flickr page at flickr.com/cpabc/sets.



1. During a thought-provoking and laughter-filled keynote session, financial expert Bruce Sellery asks the audience to consider the question: "What is your money for?" 2. In the second keynote session, BodyBreak duo Joanne McLeod and Hal Johnson share stories from their long-standing careers in fitness and entertainment to illustrate the importance of resilience. 3. Drawing from his experience with Nurse Next Door, final keynote presenter John DeHart emphasizes the importance of company culture and encourages employers to think of their employees as change agents. 4-6. Delegates enjoy engaging presentations. 7. Beth Page of Dream Catcher Consulting discusses the leadership skills needed to survive disruptive change. 8. Daniel Muzyka, president and CEO of The Conference Board of Canada, examines the impact of the global economy and political landscape on BC and Canada. 9. Delegates walk the trade show floor between seminars. 10. A delegate weighs in on the "Question of the Day." 11. L to R: Incoming CPABC board chair Heather Banham, FCPA, FCGA; incoming first vice-chair Barry Macdonald, FCPA, FCA; and outgoing CPABC chair Dave Hallinan, FCPA, FCMA, give delegates an update on changes faced by the CPA profession and upcoming CPABC initiatives. 12. Delegates on the trade show floor.



CPABC Welcomes 713 New Graduates

More than 2,100 people filled the Vancouver Convention Centre on May 27 in anticipation of CPABC’s 2017 Convocation Ceremony and Gala. The ceremony, which celebrated the accomplishments of 713 new graduates, was the first such event at which all graduates received a single designation: the CPA.

In his opening address to the class of 2017, outgoing CPABC chair Dave Hallinan, FCPA, FCMA, told the graduates that their broad skill-sets and proven practical experience have prepared them well for the future.

“Whatever career path you choose, you are well positioned to lead,” said Hallinan. “As CPAs, your ability to make sense of complexity, to think strategically, and to navigate today’s changing business climate will drive success.”

Also speaking at the ceremony was the chair of CPA Canada’s Board of Directors, Alain Côté, FCPA, FCA, who told graduates: “A CPA designation is your passport to a world of opportunity. Not only are we CPAs an important part of Canada’s business landscape, but [we are] an integral part of the global community. The CPA designation has the ability to open doors—and each of you now holds the key.”

Other dignitaries in attendance included members of the CPABC Board of Directors and representatives from various post-secondary institutions.

The ceremony also included remarks from co-valedictorians Alex Crompton and Alexander Nowak, CPA, who received top marks on the May 2016 and September 2016 writings of the Common Final Exam, respectively. Observing that their professional journeys had just begun, Nowak encouraged his fellow graduates to seek fulfilment in their careers.

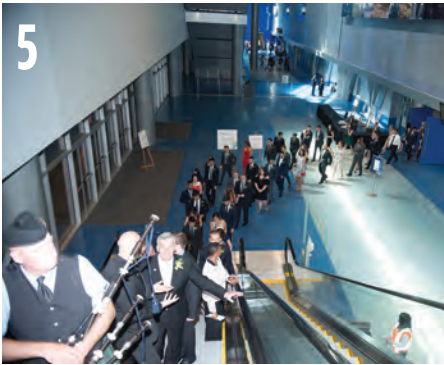
“Find a career that you are passionate about and go after it,” he said. “This will mean challenging [yourselves], which may be uncomfortable, but trust me—it is worth it.”

Crompton took the opportunity to shine a spotlight on those who’d helped the graduates on their paths to the CPA designation, saying: “Whether we received support from family, friends, employers, or mentors during the CPA program, we are successful because of this support network.”

In addition to the graduation ceremony, convocation festivities included a special luncheon for the 2016 national honour roll students and a celebratory gala for graduates and their guests.



Photos by Alistair Eagle for Ron Sangha Productions. For more Convocation photos, visit CPABC’s Flickr page at [flickr.com/cpabc/sets](https://www.flickr.com/photos/cpabc/sets).



5



6



7



8

Ceremony video at [youtube.com/user/cpabritishcolumbia](https://www.youtube.com/user/cpabritishcolumbia)



9



10



11

1. CPAC's Honour Roll for 2016 (l to r): Tony Yacowar, Drew Temple, Matt Stam, Alexander Nowak, CPA (co-valedictorian), Katie Wolfe, Julia Phillips, CPA, Ravneet Dhaliwal, Alison Lindsay, Lauren Elizabeth Melton, Alex Crompton (co-valedictorian), Jennifer Jihong Liang, Curtis Braun, and Cindy Clark-Jones. 2 & 3. Delegates pose for a few photos before the ceremony. 4. L to R: Outgoing CPAC board chair Dave Hallinan, FCPA, FCMA; Steve Vieweg, FCPA, FCMA, CEO of the CPA Western School of Business; CPA Canada board chair Alain Côté, FCPA, FCA; and Walter Pela, FCPA, FCA, GVA regional managing partner for KPMG LLP. 5. Getting ready to start the procession. 6 & 7. Graduates file into the auditorium. 8. Dave Hallinan addresses the audience. 9. A graduate is introduced. 10-13 & 15. Graduates celebrate with family and friends. 14. A beautiful view provides the perfect backdrop for an evening of dinner and dancing.



12



13



15

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Member Profile

Scott Munro, CPA, CA

Director of Standards and Certification, First Nations Financial Management Board

Profile by Megan Hooge
Photo by Kent Kallberg Studios

Scott Munro always dreamed of working internationally. A second-generation CPA, he drew inspiration from his father's rewarding accounting career as he set out to explore his options.

"I wanted variety and something that could, in time, lead me to discover what I excel at," he says.

Scott got his chance to work overseas in 2008, when Deloitte offered him a secondment to its London office. He and his wife Linda (a public relations professional) packed up and moved from Vancouver, and the experience did not disappoint.

"We both had amazing, fast-paced jobs in one of the world's most incredible cities," says Scott.

After starting a family, however, the couple felt drawn back home. As Scott explains, "The desire for our kids, Rebecca and Keiran, to grow up near immediate family in Vancouver was too strong to resist."

Family has always been paramount. In 2010, Scott became chair of the Vancouver Committee of the Strachan Hartley Legacy Foundation (SHLF) in memory of his late cousin. The foundation supports organizations that provide at-risk youth with opportunities for success.

"I wanted to promote Strachan's never-quit attitude," he says. "SHLF is a small family foundation with a huge heart."

It was also in 2010 that Scott left public practice to become an independent advisor specializing in financial reporting and change management needs. A reconnection with a former colleague soon led to some contract work with the First Nations Financial Management Board (FMB).

"I was really excited about it, given my own First Nations ancestry," says Scott. "It was the first opportunity I'd come across where I could use my skills and experience as a CPA to directly help improve the economic opportunities of First Nations."

Since its inception in 2007, the FMB has helped First Nations develop financial administration laws, which set out best practices in areas such as governance and financial transparency. It has also implemented a certification program, which Scott now oversees as director of standards and certification.

"When I was asked to take on a permanent position in 2013, there was nothing really to consider!" he says. "It's a one-of-a-kind role in an organization that is meeting the financial management needs of First Nations head-on and on their terms."

The most rewarding part of the job, he says, is witnessing the transformation within First Nations communities. "Many First Nations use their certification to obtain long-term,

fixed-rate debenture financing from the First Nations Finance Authority, allowing them to build schools, community centres, and other on-reserve infrastructure that simply wasn't possible before."

While the FMB and its clients currently employ several CPAs, Scott says the demand for finance professionals remains high.

"There is a huge need within each First Nations community to build up their internal capacity in ways that will allow them to participate economically with the mainstream Canadian economy," he explains.

Scott hopes to see more CPAs serving First Nations at the community level. He also hopes to see more indigenous youth pursue the CPA designation.

"Many First Nations are looking for people who can understand and appreciate their traditional culture while building financial capacity," he says. "I believe that a CPA with this mindset can have an incredibly rewarding career working with First Nations."

Scott is living proof of just how rewarding it can be. Even the siren call of London is no match for his gratifying work here on home soil.

The First Nations Financial Management Board is a CPABC CareerConnect employer (careers.bccpa.ca/pep). ■



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