

ANNUAL REPORT

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

2023/24

TABLE OF CONTENTS

Message from CPAEF Board Chair.....	3
Introduction	4
Mission and governance	4
Key performance indicators.....	4
Deliverables	4
Financial performance.....	4
Ability to deliver desired results	5
Capital resources and liquidity.....	5
Net assets	5
Non-financial resources.....	5
2023/24 Financial Results	5
Revenues.....	5
Excess of revenue over expenses.....	7
Risks.....	8

Message from CPAEF Board Chair

With the pandemic officially behind us, a new normal has emerged. Online services and meetings are now the norm rather than the exception. Most Post Secondary Institutions are continuously balancing their program delivery methods to meet the needs of an increasingly diverse set of requirements and expectations. Students, generally, are more and more comfortable with the use of Information Technology and understand its essential use for their learning. In addition, International Students also have faced specific restrictions in their programs related to course delivery and now must confront recent changes in the federally mandated visa program requiring many of our institutions to quickly adapt.

Amidst this world of continuous change and adjustment, comes the risk around ensuring academic integrity which remains a priority in our programs. Online exams themselves pose some risk and the introduction of generative Artificial Intelligence tools like ChatGPT, has all institutions working to understand the benefits and challenges of these tools in an academic environment.

Continued education and professional development to address these challenges will be paramount. CPAEF held an online Academic Symposium in June on academic integrity and continues to support the professional development of full time Academics with access to the CPABC Professional Development Passport.

CPAEF is always pleased to support the facilitation of awards to students either for financial support or when they demonstrate academic achievement. With the additional, one-time funding received from the CPA Western School of Business last fiscal year, we continue to work to fulfill our mission to advance accounting education in BC and create funding opportunities that support diversity, equity and inclusion as well as Indigeneity.

On a final note, I want to thank all of the members of the board who volunteer their time as well as the dedicated staff at CPABC who make this board successful. It has been a great pleasure to sit on this board and work with such a diverse, qualified and dedicated group of people. I am really looking forward to the rest of my term as Chair as we navigate this changing world.

Dated May 24, 2024

A handwritten signature in black ink, appearing to read 'Martha Thomas', written in a cursive style.

Martha Thomas, CPA, CA
Board Chair



Photo by Camosun College

MANAGEMENT DISCUSSION AND ANALYSIS

Introduction

This Management Discussion and Analysis (**MD&A**) will present and discuss the operations, performance and financial condition of the Chartered Professional Accountants' Education Foundation of British Columbia ("**CPAEF**" or the "**Foundation**") for the period ended March 31, 2024, as well as the plans and outlook for 2024/25. The MD&A should be read in conjunction with the Foundation's audited financial statements for the years ended March 31, 2024, and March 31, 2023.

Mission and governance

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

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

Key performance indicators

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

Deliverables

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

Financial performance

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

Ability to deliver desired results

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

Capital resources and liquidity

At March 31, 2024, the Foundation had cash, short and long term investments totalling \$7.03 million (2023 - \$6.56 million). Investments are presented at market value. CPAEF investment portfolio consists of mutual funds on which it earns interest, dividends and capital gains income. Also included in the investment portfolio are preferred shares of \$0.14 million (2023 - \$0.12 million) on which it earns dividend income.

In addition, CPAEF holds \$345,000 in contributed principal with the Vancouver Foundation. The market value of these funds at year-end is \$558,572 (2023 - \$549,198). In accordance with the provisions of the Vancouver Foundation Act, these amounts are held permanently by the Vancouver Foundation and are not reported in CPAEF financial statements. CPAEF has the right to receive the investment income on these funds, which amounted to \$26,604 in the current year (2023 - \$26,634).

Net assets

Net assets at March 31, 2024, totalled \$7.18 million (2023 - \$6.69 million), comprising approximately: \$278,000 (2023 - \$262,000) in scholarship and endowment funds which are externally restricted by the contributors; \$4,797,000 (2023 - \$4,767,000) in net assets internally restricted by the Board related to donations from members and bequests; and \$2,106,000 (2023 - \$1,662,000) in unrestricted net assets.

Non-financial resources

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

2023/24 Financial Results

Revenues

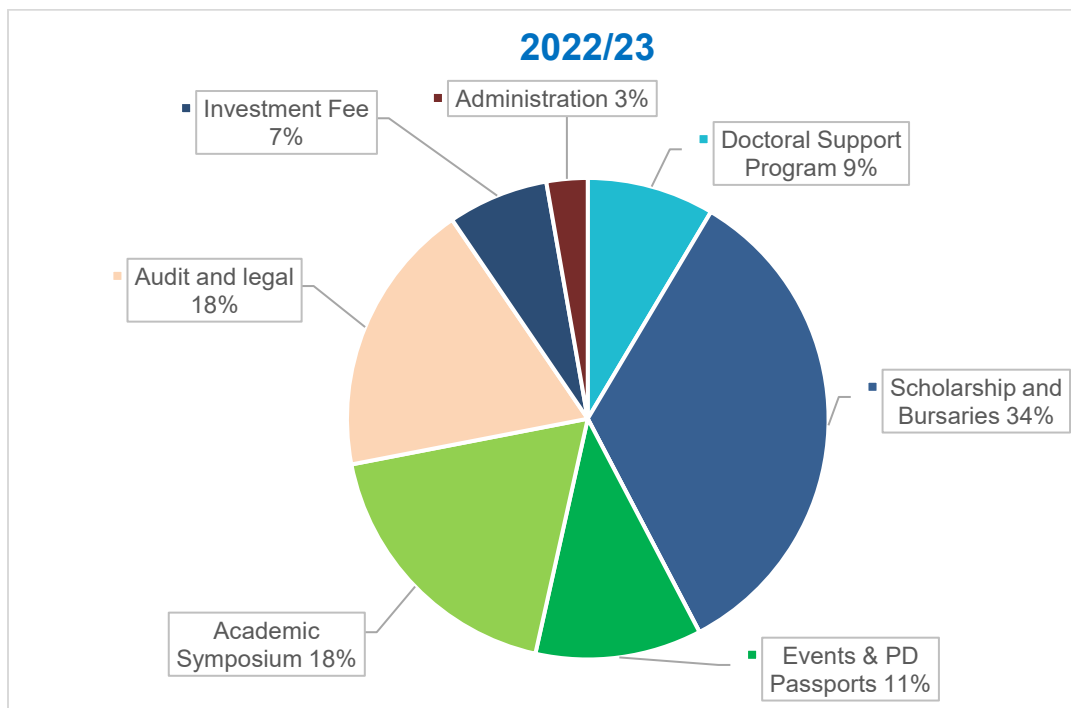
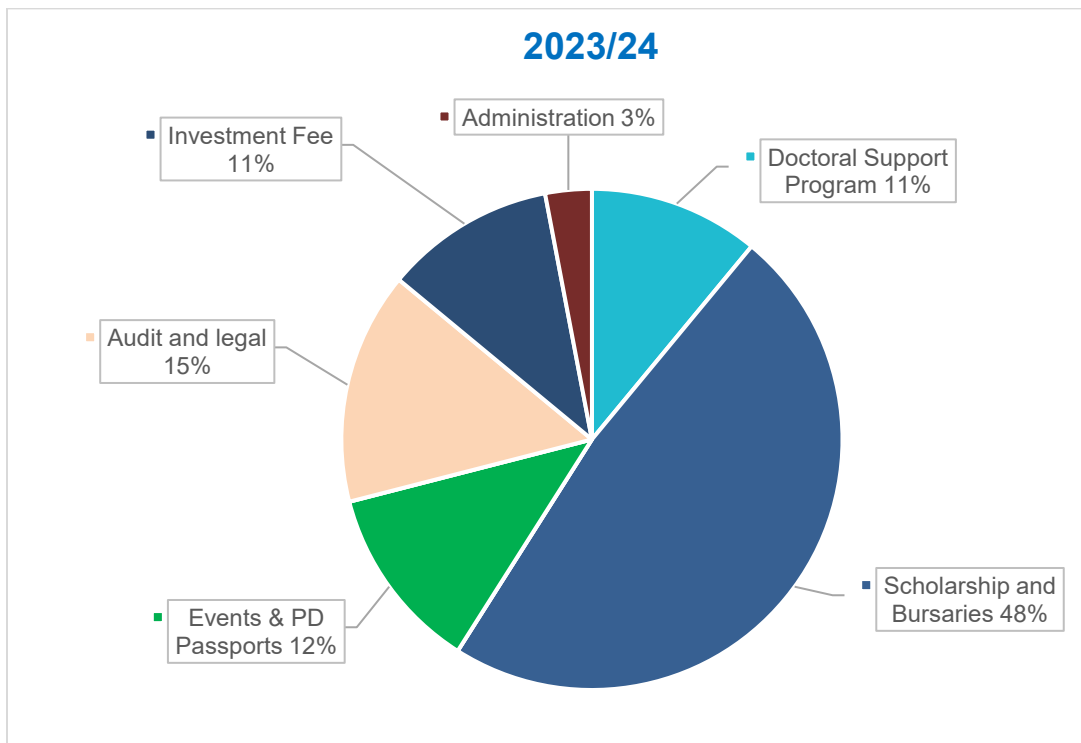
The primary sources of funding for the Foundation's programs and services are from long-term investment income and donations.

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

In 2023/24, CPAEF's investment portfolio generated an overall income of \$691,000 (2023 - \$82,000). In the past year, the financial markets stabilized and performed strongly during the 2nd half of the year. The portfolio, driven by strong stock selection, has performed well. Total investment income of \$691,000 includes interest & dividend income of \$223,000 as well as unrealized gains in market value of \$344,000.

Expenditures, programs, and services

In 2023/24, the Foundation's financial resources were invested into the following programs and services, as set out in the respective annual financial statements:



Excess of revenue over expenses

In 2023/24, the Foundation incurred an excess of revenues over expenses of approximately \$490,000 (2023 - \$2,767,000). In 2022/23, CPAEF received a large one-time donation from CPAWSB which inflated revenues. This donation is non-recurring and is not expected to be received again. Expenses year to year remain relatively stable.

Support for Students

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

- This year, CPAEF received thirty-two applications from students and CPA candidates for awards overseen by the Foundation. Of these the Foundation awarded fifteen students with bursaries ranging from \$500 to \$3,000. In addition, the Foundation awarded two top performers in preparatory courses with the David Reid Scholarships for \$500 each.
- Further, CPAEF has a matching awards program whereby organizations can donate funds to be matched by CPAEF in offering new awards at local BC colleges and universities. Matched awards are available at these post-secondary institutions across BC:
 - **Capilano University** – CPABC North Shore/Sunshine Coast Chapter Award
 - **Kwantlen Polytechnic University** – CPABC Surrey/Langley/North Delta Chapter Award
 - **Okanagan College** - Crowe MacKay LLP Awards;
 - **Thompson Rivers University** – Grant Thornton LLP Awards, Tenisci Piva LLP Awards, Campbell and Schruers Awards
 - **University of the Fraser Valley, Trinity Western University and Kwantlen Polytechnic University** – FVCPAA Scholarships
 - **University of Northern British Columbia** - DMC Chartered Professional Accountants Inc. Awards
- CPAEF has also started a corporate sponsored awards program where organizations can donate funds for awards that are open to all college and university students. This year Telus has continued to sponsor the “Telus Award for Indigenous Post-Secondary Success” and the “Telus Award for Black Post-Secondary Success”.

Lasting Legacies

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

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

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

Support for Educators

CPAEF has various supports for educators including:

- CPAEF supports the professional learning and development of CPABC members in academia with a PD Passport for Academic Members, which entitles the recipient to 20 passport credits (or up to two days) of professional development offered through CPABC paid for by CPAEF. A total of 165 (2023 - 140) CPABC members in academia registered under this program.
- CPAEF has a forgivable loan program whereby a CPABC member, who is pursuing doctoral studies can apply for a loan up to \$10,000 per annum over a maximum of four years. The loan is forgiven once the recipient has successfully earned their doctorate and teaches accounting or accounting-related topics at a BC university immediately upon completion of their doctorate. For each year of teaching, one annual loan installment is forgiven. During current year, the Foundation accepted one new member into the doctoral support program, with the first payment is scheduled for April 2024. Additionally, three other members are currently enrolled in the doctoral support program, each at varying stages of their doctoral studies.
- Since 2011, fourteen BC post-secondary institutions have received over \$104,000 in financial support through the Speaker Series program to assist them in bringing noteworthy speakers to their schools to enhance accounting faculty development. Each school is eligible for funding up to \$2,500 twice per year. Funding for seven Speakers Series grants were applied for and approved for the combined amount of \$15,000 (2023 - \$5,000). Events were held at Simon Fraser University and Douglas College in the fall 2023 with more events planned at other PSI locations for next fiscal.

CPAEF has three legacy endowments at UBC. They are:

- CPA Teaching Excellence Award. This award supports a prize recognizing teaching excellence among faculty members and is selected by the Dean's Office. Since inception in 1999, 21 faculty have been awarded this distinction. This year the recipient is **Dr. Pat Reilly**, BC, MA, PhD, Assistant Professor, Organizational Behaviour and Human Resources Division at the UBC Sauder School of Business.
- The CPA Chair of Accounting is currently held by **Dr. Sandra Chamberlain**, PhD, CPA, CMA, Associate Professor in the Accounting and Information Systems Division and CPAEF Governor. Dr. Chamberlain was named to this chair in 2017.
- The CPA Professorship in Accounting is currently held by **Dr. Kin Lo**, PhD, FCPA, FCA. He is an active mentor to his students, assists on various dissertation committees, and acts as a research supervisor for doctoral candidates. Dr. Lo has taught at UBC since 1999 and is senior associate dean of students and an associate professor in the business faculty.

Risks

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

Funding and financial

The Foundation depends on investment income and donations from members to fund its programs. For the market performance and investment returns in 2023, the one dominant force driving the market was consecutive interest rate hikes caused by inflation. As a result, the steep declines in the market have directly impacted the Foundation's investment portfolio.

The portfolio is managed in compliance with the Board-approved investment policy that provides guidance for the investment manager as to the type and mix of investments. Risk and volatility of investment returns are mitigated through diversification.

Human resources

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

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

Outlook for 2024/25

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

- Expand awards available to post-secondary students that demonstrate academic achievement, volunteerism and/or demonstrate financial need, including newcomers to Canada and Indigenous learners, ensuring award criteria are aligned with current trends in student and recipient needs.
- Launch new activities serving high school students in BC including potential for exploring a summer camp initiative as well as development of additional awards for students that ignite interest in the accounting profession.
- Continue to work with the post-secondary institutions to support research opportunities and the enhancement of accounting education.
- Continue to support accounting students attending BC post-secondary institutions and candidates in the professional education program with financial awards including scholarships and bursaries.
- Host a virtual Academic Symposium in June 2024, and consider an in-person Symposium prior to the end of the fiscal year.

CPAEF Board of Governors

Martha Thomas, CPA, CA (*Chair*)

James Ferguson, CPA, CA (*Vice-Chair*)

Kai Bauman, CPA, CA, MPAcc (*Secretary*)

Nathan Wong, CPA, CGA (*Treasurer*)

Dr. Sandra Chamberlain, PhD, CPA, CMA

Mallory Denniston, CPA, CA

Doug Eveneshen, CPA, CGA

Elizabeth Jackson (*Public Rep*)

Philip Jaling, CPA

Matthew Kington, CPA, CA

Alexander (Sandy) Stedman, FCPA, FCA
(*CPABC Board Liaison*)

Claire Wang, CPA, CGA

Executive Director: Lori Mathison FCPA, FCGA

Staff: Simone Leonard, FCPA, FCGA

Lorena Christensen, CPA, CMA

Nicole Clendinning, CPA, CGA

Megan Yarema

Contact Information:

Chartered Professional Accountants' Education Foundation of BC

#800 – 555 West Hastings Street

Vancouver, BC V6B 4N6

www.bccpa.ca/cpaef/home

Email: cpaef@bccpa.ca

Charitable Registration Number:

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