

# PIVOT



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## A COLLECTIVE EFFORT

Combatting a problem as complex as money laundering requires a united front **BY PAMELA STEER**

**The old saying** “it takes a village” is a favourite of mine. The concept of an entire community coming together to raise a child and create a safe environment can be easily extended to combatting money laundering and corruption.

We cannot make meaningful progress on this important issue without engaging with our provincial, territorial, and Bermudian CPA partners and other stakeholders. It is essential that we also collaborate with the international accounting community because money laundering and corruption extends beyond borders.

It is a global issue that undermines the public’s trust in the systems that hold our society together. If we are not collectively working toward the same goal, the fight will inevitably be lost.

This issue was thrust into the spotlight recently when former British Columbia Supreme Court Justice Austin Cullen released his report on the

public inquiry into money laundering in B.C. The accounting sector was one of the subjects of review according to the inquiry’s terms of reference, and CPA Canada and CPABC were granted Participant Status by Commissioner Cullen. As such, both were keen to see the commissioner’s final report.

The report states the federal anti-money laundering (AML) regime is not effective and recommends that B.C. establish an independent AML commissioner to provide strategic oversight of the provincial response to money laundering.

## MONEY LAUNDERING UNDERMINES THE PUBLIC’S TRUST IN THE SYSTEMS THAT HOLD OUR SOCIETY TOGETHER

In parallel with the federal AML regulator, the commissioner also recommended that CPABC regulate its members in the province for AML purposes. Also of note, the commissioner included a recommendation regarding the federal government’s work to create a pan-Canadian beneficial ownership registry, which is an initiative CPA Canada has been recommending and endorsing for quite some time in the public interest.

All in all, the report is 1,800 pages and includes 101 recommendations, with 13 directed at the accounting

sector. There is a lot to absorb, but the profession must maintain its vigilance and actively fight back against money laundering and corruption.

Kevin Dancey, CEO of the International Federation of Accountants, and a former president and CEO of CPA Canada, provides this astute viewpoint.

“Corruption and money laundering are some of the most significant obstacles to sustainable development, in every country, at every development level,” he said. “They are intrinsically cross-border issues.”

It will make little difference to purge money laundering in Canada if the bad actors can simply move operations to anywhere else on Earth.

“That’s why we need a robust ecosystem of actors at the national and international levels to fight back,” Dancey continued. “The accountancy profession and professional accountancy organizations are core parts of this ecosystem.”

I fully agree and Canada’s accounting profession is determined to be part of the solution.

Federal anti-money laundering regime requirements have been applicable to accountants and accounting firms undertaking activities covered by the legislation since its introduction in 2000. We continue to advocate

for policy improvements and keep Canadian CPAs informed regarding AML changes.

In fact, information about the compliance requirements of Canada’s AML regime will be among the topics addressed at The ONE Conference in Vancouver, September 12-13, 2022.

It really does take a village to tackle this issue, and by working collectively with domestic and global partners, we will make positive contributions to the fight against money laundering and corruption. This is a battle clearly worth waging. ♦

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# FIRST IN

Open Farm founders  
Isaac Langleben  
and Jacqueline Prehogan,  
and their rescue dogs



## PICTURE THIS

# ETHICAL EFFORTS

Jacqueline Prehogan and Isaac Langleben wanted the food their pets consumed to be as healthy and nutritious as their own. Recognizing an untapped need in the pet food market, they launched a company that has become a major player in the industry. **BY STEPHANIE MATAS**

**There's a growing need** for responsible and ethically sourced food—not only for our own health, but for that of our pets, too. It's a demand that inspired Jacqueline Prehogan and Isaac Langleben to co-found their natural pet food company Open Farm.

### A company is born

One night back in 2010, Prehogan found herself stuck in traffic next to a transport truck full of pigs. She wondered where they were going and where they had come from. “As a lifelong animal lover, I set out to understand where meat comes from and how animals are raised,” says Prehogan.

After evaluating traditional farm practices and the food supply chain, she sought better, more holistic sources of nutrition for her family. “I wanted to provide a better option—first for ourselves and then for our pets,” she says. But, because healthier products for pets weren't readily available, the concept of Open Farm was born.

### The basics of business

As a commerce accounting graduate and entrepreneur, Prehogan possessed several valuable assets that helped turn an idea into a viable business: her background as a CPA, financial knowledge and her previous experience launching Canada Pooch, a pet apparel and accessories brand, were all valuable.

“The finances of business are complicated, especially in the beginning when you're doing everything yourself, from invoicing to bookkeeping,” she says. “My CPA training helped a lot as I had a good sense of financial







Open Farm works to ensure its food sources are free of antibiotics and hormones

literacy. And, as we grew, financial aspects became more complicated with fundraising and investors, but I was still able to pursue and execute these more complex transactions.”

Soon, what started as a Canadian-based business flourished into an international pet food company. Open Farm’s unique offerings and goal to make a difference struck a positive note with consumers, which has since led to exponential growth.

**Socially conscious practices**

Open Farm is revolutionizing the way we think about pet health and nutrition. The company has formed partnerships with leading animal welfare and sustainability certifiers, and sources high-quality ingredients from humane farms and sustainable fisheries.

The company advocates for nutritious ingredients, animal welfare, sustainability and climate action while incorporating these ideals into their business practices.

“What has made us successful from the beginning is that we have always strived to be different,” says Prehogan. She notes that it was the first pet food company to obtain leading animal welfare certifications on 100 per cent of its meat.

**Ensuring an ethical food chain**

The way that Open Farm sources food comes from the concept that healthier, happier farm animals lead fuller lives and, in turn, produce more nutritious beef, pork and poultry. “Our entire supply

chain ensures that animals are raised with kindness and respect,” says Prehogan.

Open Farm’s alliance with Global Animal Partnership and Certified Humane ensures that the livestock are fed a well-balanced diet, which means that the meat that goes into their pet food is free of antibiotics and hormones.

Fish is exclusively wild-caught, so it’s free of antibiotics and artificial feed. The methods used to catch fish minimize unintentional capture of fish or other species and the impact to the marine environment and sea floor, while also adhering to Ocean Wise and/or the Marine Stewardship Council sustainability standards on sourcing.

The farms used to create the pet food are routinely audited by third-party certifiers and, if suppliers don’t uphold ethical practices, Open Farm won’t work with them.

Open Farm tracks everything that goes into a pet’s bowl back to its source and prides itself on the ability to be completely transparent about what

**“WHAT HAS MADE US SUCCESSFUL FROM THE BEGINNING IS THAT WE HAVE STRIVED TO BE DIFFERENT”**

goes into its products. “We go to the ends of the Earth to create the best food for your pet, so they live a long, happy life,” says Prehogan.

Customers can even trace ingredients themselves by scanning a code on the packaging. “We think giving knowledge to the pet parent is power, so they know exactly what they’re feeding their pet and can make a decision for themselves,” she adds.



Open Farm’s customers can trace ingredients by scanning a code on the package

**Becoming the next global pet food brand**

In less than six months, after launching in Toronto in 2014 with distribution across Eastern Canada and the Northeastern United States, the company quickly expanded west across both countries and secured an extensive network of pet store retailers. Open Farm products can currently be found in more than 6,500 stores across Canada and the U.S., as well as in Australia, China, South Korea, Singapore, Hong Kong and Taiwan.

Growing from a staff of two to 85, Open Farm has now set its sights on expanding to Europe and building on their current presence in Asia. They’ve also pledged that, by 2030, they will reduce their carbon footprint by 42 per cent.

What keeps them going? Prehogan and Langleben’s rescue pugs, Bella, Maddie and Duncan, who deserve the best because they’re part of the family, too. ♦

PHOTOGRAPHS COURTESY OF OPEN FARM



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## OUTSTANDING ACHIEVEMENT

## TOP OF THE CLASS

11 luminaries of the profession have been inducted into the Canadian Accounting Hall of Fame **BY ALI AMAD**

The 2022 class of inductees to the Canadian Accounting Hall of Fame (CAHF) includes a distinguished list of 11 inductees from across Canada. They include three Founders of the Profession: Ellen Fairclough, James Macdonell and Francis Winspear. The list also includes eight Leaders of the Profession: Paul Cherry, Sheila Fraser, Michael Gibbins, Richard Haskayne, Louis Ménard, Patricia O'Malley, Gordon Richardson and Guylaine Saucier.

Inaugurated in 2021, the CAHF was created by the Canadian Academic Accounting Association to celebrate individuals who have made very significant contributions to the profession in Canada and around the world. The CAHF honours individuals whose contributions either have come within living memory (the Leaders category) or in the early development of the profession (the Founders category).

Last year's inaugural class of 12 inductees included the likes of Philip S. Ross, who helped found North America's first accounting body in Montreal in 1880, and Gertrude Mulcahy, the first female chartered accountant to be recognized as an FCA in Ontario. "The 2022 CAHF inductees have also contributed greatly to the stature of the accounting profession," says Alister Mason, FCPA, the CAHF director who oversees the nomination and selection of inductees along with deputy director Anne Fortin and a board of electors. "This year's three Founders made invaluable contributions to the profession's profile. The Leaders distinguished themselves with their work on the profession's national and international accounting standards, its terminology, its education, its ethics and—last, but by no means least—its profile in the boardroom."

Beyond her achievements as Canada's first female federal cabinet minister and acting prime minister, 2022 Founder Ellen Fairclough was also a trailblazer in the accounting world: in the 1930s, she was one of the first Canadian women to obtain a professional accounting designation and start her own accounting firm. "Sadly, there were very few female chartered accountants prior to the late 1960s and even fewer who have knowledge of them," says retired FCPA,



**Ellen Fairclough**



**James Macdonell**



**Francis Winspear**



**Paul Cherry**



**Sheila Fraser**



**Michael Gibbins**



**Richard Haskayne**



**Louis Ménard**

FCA, Rod Barr, formerly of Deloitte and CPA Ontario, who nominated the Hamilton, Ont.-born Fairclough. "But Ellen wasn't concerned with the challenges of being a pioneer; she was committed to helping others in the political arena using the skills she honed as an accountant."

Founder James Macdonell, who grew up in Ottawa, was a trailblazer in his own right, completely revolutionizing federal government accounting practices during his seven-year tenure as Auditor General of Canada during the 1970s. "Jim's charisma, enthusiasm and remarkable capacity for persuasion regularly helped him accomplish what many felt was impossible," says Ross Walker, FCPA and retired chair and CEO of KPMG Canada, who nominated Macdonell, a former colleague. "The lesson I always carried with me from working with Jim was that any worthwhile endeavour can be accomplished with hard work and determination."

This year's third Founder, Francis Winspear, was a pillar of the Edmonton accounting community, inspiring generations of future accountants, including Michael Gibbins, FCPA, who nominated Winspear. "His message to us all was to be dedicated about the things that matter to us, especially the needs in our communities, and to put our heads and our energies to work in making such things happen," says Gibbins.

## INDUCTEES PROVIDE A HISTORY OF THE PROFESSION'S CRUCIAL ROLE IN CANADIAN BUSINESS

Gibbins took Winspear's message to heart as an influential accounting professor at the University of British Columbia and the University of Alberta, where he held the Winspear Foundation Distinguished Chair in Professional Accounting for 21 years. Gibbins' personal accomplishments were also recognized in 2022 through his selection as one of the CAHF's eight Leaders of the Profession. "Over my career, I've tried to strengthen connections between academia and practice," he says. "Seeing students go on to careers surpassing anything I accomplished has always made me feel proud."

Fellow long-time professor and Leader, Louis Ménard, FCPA, is a legend in Quebec, particularly for his 30-plus years as principal author of the

*Dictionnaire de la comptabilité et de la gestion financière (Accounting and Financial Management Dictionary)*, which has been more commonly known as “Le Ménard.” (See “A Living Dictionary”).

Leader Gordon Richardson, FCPA, studied accounting in his hometown of Toronto before going on to supervise more than 30 PhD accounting students at universities throughout Canada, from UBC to the University of Waterloo. Richardson is best known for his research studies involving corporate social responsibility reporting by firms. “If there’s one key takeaway from my work, it’s that it does pay to be green and that firms can reap the valuation benefits of proactive environmental strategies,” he says.

Beyond the world of academia, this year’s Leaders are pivotal voices in every accounting arena, from public to private and from standard-setting to audit. “In typical Canadian fashion, we can be a bit reticent to tout our accomplishments and our unsung accounting heroes—yes, I do have accounting heroes—and being part of the institutional



Patricia O'Malley



Gordon Richardson



Guylaine Saucier

memory created by the CAHF is truly humbling,” says New Brunswick native and Leader Paul Cherry, FCPA, who was the first Chief Accountant of the Ontario Securities Commission (OSC). In addition, Cherry served on several standard-setting bodies, including the International Accounting Standards Committee (IASC).

Similarly, Quebec-born Leader Sheila Fraser, FCPA, had a long career in standard-setting in the public sector and as trustee of the International Financial Reporting Standards (IFRS) Foundation. “I’m honoured to have also served as the [first female] Auditor General of Canada, from 2001 to 2011, and it’s incredible to now also be honoured by being inducted into the CAHF with such an illustrious group,” she says.

Alberta’s Richard Haskayne was chosen as a CAHF Leader in recognition of a successful career as CEO and president of several oil and gas companies, during which he also advanced ethical standards throughout the industry. “Today, I can look back on leading companies, such as TC

## A living dictionary

For nearly 30 years, Louis Ménard, FCPA, has been helping Quebec shine in the French-speaking accounting world.

Louis Ménard, FCPA, spent his career as a professor in the Department of Accounting Sciences of the School of Management Sciences at the Université du Québec à Montréal (UQAM).

For nearly three decades, he has used his unique expertise in accounting and financial terminology research to produce, as the main author, three editions of the *Dictionnaire de la comptabilité et de la gestion financière*, an accounting and financial management dictionary that has become an invaluable reference work for the profession. Throughout the French-speaking accounting world, the publication is simply referred to as “le Ménard.”

First published as the result of a joint effort led by the legacy body of CPA Canada (the Canadian Institute of Chartered Accountants) in collaboration with the Institut des Réviseurs d’Entreprises (Belgium), the Ordre des experts-comptables (France) and the Compagnie nationale des commissaires aux comptes (France), the most recent (2020) edition includes nearly 9,000 main entries, with 21,400 entries

in the French index and 16,600 in the English index.

“Between the rise of globalization, the development of IT and the advent of cryptocurrency, the *Dictionnaire* has evolved a lot over time,” says Ménard. “New words have been created, new usages have been adopted, expressions that were considered wrong are no longer wrong. What matters, and has always mattered, is to improve the quality of the financial information communicated so that it is understood by all without ambiguity.”

Ménard’s work has had a profound impact on accounting standard-setting, practice and education, and has also proven valuable to people within the finance and investment community.

“Our European partners understood that, even though there were only a few million French speakers in Canada, we had definite expertise,” adds Ménard, who is also the architect of the *Dictionary of Derivatives and Other Financial Instruments*, another important contribution to the profession. The two publications



have “significantly enhanced Canada’s reputation internationally, wherever French is spoken,” according to the CAHF. —*Mathieu de Lajarte*

For a full Q&A with Louis Ménard, go to [cpacanada.ca/louismenard](https://cpacanada.ca/louismenard)

Energy and Enbridge, and be proud that I had a hand in their rise to the top,” says Haskayne. “As well, throughout my life, I have participated in the teaching and mentorship of those who would follow in my footsteps and I am as proud of those individuals—many of whom also have CPA credentials—as I am proud of my own career path.”

## **THIS YEAR’S LEADERS ARE PIVOTAL VOICES IN EVERY ACCOUNTING ARENA**

Hailing from northwestern Quebec, corporate governance expert and Leader Guylaine Saucier, FCPA, has served as a director on 18 boards, including the board of the Bank of Canada. “I have been a full-time board member for the last 30 years or so and an audit committee member or chair for all that time. As such, I hope that I contributed to the quality of the financial information given to the market,” she says. “To be honoured by one’s peers is always special because it underlines your contribution to the profession by people who are knowledgeable about it.”

The eighth and final CAHF Leader, Winnipeg’s Patricia O’Malley, FCPA, was president of the CAAA in the 1990s during her successful tenure at KPMG before becoming the first full-time chair of the Canadian Accounting Standards Board (AcSB) in 1999. Two years later, she helped found the International Accounting Standards Board (IASB), the body responsible for issuing IFRS. “Being part of Canada’s transition to IFRS was incredibly rewarding,” she says. “It was a win-win-win outcome for Canadian companies whose financial statements are accepted internationally, for international standards that are significantly enhanced by Canada’s contributions to their development and for capital markets generally by improved, comparable financial reporting.”

“As can easily be seen through all these incredible accomplishments, the current and future members of the profession are blessed in being able to stand on the inductees’ very broad shoulders,” says CAHF director Alister Mason. Nominations for the 2023 inductees into the CAHF are being accepted until November 11, 2022. Additional information on the CAHF and its inductees can be found on the CAHF website. ♦

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Several considerations should be examined when developing tax laws



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# TAXATION BY DESIGN

Three key questions for governments to consider when developing new tax laws



BRUCE BALL

When the pandemic took hold and the country locked down, the federal government had to act fast. Regular processes for making laws were sped up or condensed to get financial support into the hands of Canadians and their businesses as quickly as possible. More recently, the government has turned to its broader agenda, seeking to implement a host of tax measures promised in recent election campaigns and federal budgets.

With so many tax changes in the works, will each change undergo enough study to ensure it is the best alternative for achieving its policy objective for the right cost?

Rather than returning to legislation-as-usual, the government should adopt better practices for making tax laws. Before any tax policy initiative goes forward, it should be systematically reviewed to consider three key questions:

1. Is the tax change really needed and, if so, is it designed to meet the objective as simply, clearly and efficiently as possible?
2. Have the right stakeholders been sufficiently consulted to identify potential issues?
3. Have implementation issues been considered to ensure the outcomes expected in theory would actually be realized?

Governments are more likely to get tax change right from the start by asking these questions

across the tax legislative cycle, from the concept stage through implementation and beyond.

**Define the goal, explore the alternatives**

At the concept stage, a first step is to clearly define the policy goal to be met. For example, perhaps the aim is to increase the use of cleaner processes and equipment that will reduce pollution and other adverse impacts on the environment.

A next step is to ask whether a tax initiative or incentive is the best way to achieve the desired result. Historically, policy makers in Canada have leaned toward using the tax system rather than, for example, direct spending, grants or subsidies.

**Analyze the options**

If a tax change is determined to be the best route, all available design options should be objectively analyzed—from both conceptual and practical standpoints—to identify the option most likely to succeed. No matter how theoretically sound an idea may be, it is unlikely to succeed if it would be difficult to implement in practice.

**Balance effectiveness and complexity**

The analysis should ensure the change is made in a way that balances effectiveness and complexity. Sometimes a new tax rule may be designed to discourage certain behaviours in general or to stop taxpayers from taking undue advantage of a broader, beneficial tax change.

## TAXPAYERS SHOULD NOT GAIN A TAX SAVING FOR DOING THINGS THEY WOULD HAVE DONE ANYWAY

Addressing these cases often entails a trade-off—if everything possible is done to bulletproof a rule's integrity, it might become too complex to understand and apply. This could discourage taxpayers from complying with the rule or cause them to apply it incorrectly, making the rule ineffective.

**Watch for collateral damage**

When rules are too broad, they may unintentionally catch some taxpayers or situations. Policy makers should be especially alert to this sort of collateral damage, for example, when setting rules that prevent certain outcomes or increase reporting requirements.

Tax administrations can also bear unexpected impacts from the scope of tax rules. For example, with every bit of complexity that a new rule adds to the tax system, the goal of automating tax

# REMINDER – NOTICE OF ANNUAL AND SPECIAL MEETING OF MEMBERS

VIRTUAL MEETING VIA LIVE WEBCAST AT [HTTPS://WEB.LUMIAGM.COM/419-366-465](https://web.lumiagm.com/419-366-465)

Notice is hereby given that the 2022 Annual and Special Meeting of the members (“**Members**”) of Chartered Professional Accountants of Canada (“**CPA Canada**”) will be held entirely virtually via live webcast at <https://web.lumiagm.com/419-366-465> on September 27, 2022 at 11:00 a.m. (EDT) for the following purposes:

1. to receive the financial statements of CPA Canada for the fiscal year ended March 31, 2022, together with the public accountant’s report thereon;
2. the appointment of a public accountant for the current fiscal year; and
3. to transact any other business as may properly come before the meeting or any adjournment thereof.

The board of directors of CPA Canada has recommended that the Members appoint MNP LLP (“**MNP**”) as the public accountant for the fiscal year ended March 31, 2023. MNP is a new public accountant for CPA Canada, not the incumbent, and the appointment is therefore special business for purposes of the *Canada Not-for-profit Corporations Act* (“**CNCA**”). Members are advised that CPA Canada is required by the CNCA to make a statement respecting the reasons for the replacement of a public accountant if a meeting is called for that purpose. Additionally, under the CNCA, the current public accountant is entitled to submit a statement and the proposed replacement public accountant may make a statement. Notice is hereby given that the statement of CPA Canada, and the statements of the current public accountant and proposed replacement public accountant, if any (collectively, the “**Statements**”), will be available on the website of CPA Canada at [cpacanada.ca/2022agm](http://cpacanada.ca/2022agm), along with additional details about the appointment of the new public accountant.

The annual financial statements of CPA Canada included in the 2021-22 Annual Report are available at [cpacanada.ca/2022agm](http://cpacanada.ca/2022agm). Copies of

the annual financial statements, the Statements and additional details about the appointment of the new public accountant are also available at the registered office of CPA Canada and any Member may, on request, obtain a copy of all or any of these documents free of charge at the registered office or by prepaid mail or by electronic mail by contacting [customerservice@cpacanada.ca](mailto:customerservice@cpacanada.ca) or 1-800-268-3793.

Members of CPA Canada as at August 24, 2022 and duly appointed proxyholders will be able to participate in the meeting, submit questions and vote, all in real time, by connecting to the meeting via the internet at <https://web.lumiagm.com/419-366-465> using the latest version of Chrome, Safari, Edge or Firefox on their computer, tablet or smartphone. Your vote is important. In order to attend and vote at the meeting, you will need your email address and a unique control number. Further instructions in respect of Member participation in the meeting, including your ability to access the meeting using a control number, will be provided by email prior to September 27, 2022. In order to receive the email, it will be necessary that your email address be current with CPA Canada. Members are encouraged to update their email address as soon as possible by sending it to [customerservice@cpacanada.ca](mailto:customerservice@cpacanada.ca).

Members who are unable to attend the meeting and who wish to be represented may visit the CPA Canada website at [cpacanada.ca/2022agm](http://cpacanada.ca/2022agm) to obtain a proxy form.

Dated this 3<sup>rd</sup> day of August, 2022.

On behalf of the board



Pamela Steer  
President and CEO

return filing for vulnerable Canadians becomes harder to reach.

**Guard against windfalls**

When designing tax incentives to encourage certain behaviours or investments, the government needs to guard against taxpayer windfalls. Taxpayers should not gain a tax saving for doing things that they would have done anyway.

**Balancing complexity against revenues**

A further consideration is whether the complexity that a tax change would add makes sense in view of the revenues it would raise. For example, the government introduced two new taxes in the 2021 federal budget that will complicate the tax system, and the revenue they would raise is not worth the effort, putting their introduction into question, especially when compliance costs and other financial issues are considered.

**Getting stakeholder feedback from start to finish**

In Canada, proposed tax legislation is usually released for a set period of consultation. This approach helps identify drafting inconsistencies and practical impacts, but consultation should also occur at other points:

- At the concept stage, because once draft legislation has been published, it may be too late to discuss alternatives
- At implementation, so governments can hear from taxpayers which guides and tools might help them comply with the change, what information they need to report and how much lead time they need to get their systems ready

The full extent of issues and potential impacts of new tax measures often takes a while to identify, so it's important to allow ample consultation time.

**Post-implementation reviews**

Finally, tax measures should be periodically reviewed after they are in place to ensure they are meeting their objectives effectively, efficiently and at an acceptable cost.

Of course, designing and adopting a new approach to tax policy development would bring some costs and disruption, and possibly impede the government's progress in the short term. But, in the long run, Canada's tax system stands to benefit from a more consultative, systematic framework for developing and implementing new tax legislation. ♦

*Bruce Ball is vice-president, taxation at CPA Canada*

# SHAM, WOW

A catalogue of recent cons **BY ANDREW RAVEN**

## POLICE PRESENCE

In April, the Royal Canadian Mounted Police (RCMP) warned that a scammer was impersonating a Nova Scotia RCMP officer in an effort to steal banking information. Investigators say a suspect emailed potential victims in at least two provinces, claiming that they were under investigation for fraud. The scammer, or scammers, then asked for personal and banking information.

According to the RCMP, the email featured the name and title of a real RCMP officer who once worked as a public information officer. However, both the email address and phone number contained in the message were fake.

"If you have a feeling that something is not right, it is best to trust your gut and stop communicating with that person," the RCMP said in a media release.



## RETURNED TO SENDERS

Police in Winnipeg recovered about \$35,000 worth of bitcoin in what they called a rare win against cryptocurrency scammers.

Officers say victims were promised staggering returns on investments made in bitcoin, only to see those funds disappear.

Winnipeg police and the Canadian Anti-Fraud Centre traced some of those assets to overseas cryptocurrency accounts held by what they called "foreign actors."

In one case, law enforcement officials recovered .36 bitcoin (worth about \$18,000 in May 2022) and in another, .34 bitcoin (\$17,000).

While the money was returned to the victims, police said crypto assets are normally "difficult to track and often impossible to recover."

The surging popularity of virtual currencies has turned crypto scams into a cottage industry. The RCMP say that between 2018 and 2020, reported fraud losses involving cryptocurrencies totalled \$12.6 million. In 2021, it was \$75 million.

## SENIOR-CENTRED

Three Toronto-area men have been charged in connection with a scheme police say was designed to bilk seniors out of thousands of dollars by preying on their love for their grandchildren.

Durham Regional Police charged the men, all in their early 20s, with fraud and other crimes following a series of "grandparent scams" dating back to November 2021.

Investigators said seniors would receive a phone call from a person claiming to be a lawyer for their grandchild. The caller would tell them their grandchild had been in a car accident that injured a pregnant woman. Scammers asked for \$9,000 in bail and sent a "bondsman" to collect the money. After that, some seniors would receive another call saying the injured woman or her baby had died and that they needed to fork over more money.

Durham police's financial crimes unit said it is investigating more than 70 such scams.



# Top challenges accounting professionals face during tax season

From staffing to workflow, Wolters Kluwer's Tax Season Report: Canadian Accounting Industry Challenges, examines the issues faced by firms at the busiest time of the year. **By Stuart Solway**

## The time-honoured adage

"The best way to move forward is to look back" clearly applies to the accounting industry.

Accountants make a regular practice of looking back each time they perform a post-tax season assessment. By reviewing the previous tax season and applying that learning going forward, firms become more productive and profitable.

This line of thinking inspired the people at Wolters Kluwer—a global provider of professional information, software solutions and services for the accounting industry—to introduce an annual post-tax season survey four years ago.

The survey, administered to participants from accounting firms of all sizes across Canada, has become a definitive resource in identifying the challenges related to staffing, workflow, technology, and client service that occur during personal tax season.

Wolters Kluwer recognizes that the accounting industry is changing constantly—and no more so than during the recent pandemic, where firms were compelled to accelerate changes in their technology and workflow.

"It's important that we keep abreast of changes that have the greatest impact on the industry we serve," says Dean Sonderegger, Wolters Kluwer Canada Executive Vice-President and General Manager. "So, we expanded the survey in 2020 to include questions about the facilitation of remote work and out-of-office client service that were required due to COVID-19."

The 2022 survey results have just been released, reporting a variety of new findings that accounting professionals will be able to use to understand how their experience compares



**Wolters Kluwer's annual Tax Season Report: Canadian Accounting Industry Challenges is continually evolving to address current issues**

with that of their peers and to gain insight into possible improvements they might implement in their own firms. Here are some highlights:

- Many firms are finding it easier to adapt to the remote working model. This bodes well for the future, as an increasing number of today's young accountants are demanding more flexible work arrangements where they can collaborate with their colleagues from a distance.
- A reduction of manual data entry has occurred due to the introduction of new technologies. It has not only decreased the number of errors that are made, but it also appears to have significantly reduced the number of hours staff are required to work during this intense period.
- This year, the survey also probed the use of automatic payment and digital signature technologies that more and

more firms have been adopting. While these technologies have helped some accounting professionals save time and streamline processes, there is still an opportunity for others to implement these innovations and reap the rewards.

As in previous years, there were marked differences in many areas between the three accounting firm segments, including adoption rates of new technologies.

"Our annual tax season survey is constantly evolving," says Sonderegger. "It is a reflection of the times, so you can expect us to add questions each year that address emerging challenges in our industry."



To read the full 2022 Survey Report, visit <https://go2.wolterskluwer.ca/2022-report>.

BY THE NUMBERS

# CREATING CONSISTENCY

The commencement of International Sustainability Standards Board (ISSB) operations in Montreal represents a significant milestone.

The ISSB was announced in November 2021 during the COP26 climate conference by the IFRS Foundation, a global organization that oversees financial accounting standards. It was unveiled then that the ISSB would establish a Montreal centre. Frankfurt is the other key location with another office planned for the Asia Oceania region.

In June 2022, the inauguration of the Montreal centre took place, building on the April signing of a private-sector Memorandum of Understanding (MOU) by CPA Canada and the IFRS Foundation. CPA Canada worked closely with a broad array of stakeholders that united to help support the ISSB. It was CPA Canada's actions that brought together the Canadian Champions for Global Sustainability Standards—an extensive group of private and public institutions and organizations that succeeded in securing the ISSB centre in Montreal.

The June inauguration actions included the IFRS Foundation signing a public-sector MOU facilitated by Montreal International on behalf of the Government of Canada and the Government of Quebec.

Consistent and comparable sustainability standards globally will increase the quality of information reported by entities, and enable better decisions and management of environmental, social and governance matters.



**“Montreal has excellent sustainability credentials and a truly international outlook. Along with Frankfurt, it will provide an effective base for the ISSB. I thank our Canadian colleagues for their commitment to the mission of the ISSB and support and enthusiasm for our work.”**

—Erkki Liikanen, Chair of the IFRS Foundation Trustees



**“I am delighted the Trustees chose Montreal as a key location for the ISSB. It provides a valuable sustainability ecosystem to support our future work.”**

—Emmanuel Faber, Chair of the ISSB



**“The Montreal centre will help strengthen this country’s influence within the global corporate reporting ecosystem. Both CPA Canada and the Canadian CPA profession are at the forefront with a new standard setting process underway. We are eager to do our part to support the evolution of the Montreal centre.”**

—Pamela Steer, FCPA, FCA, CFA, President and CEO, CPA Canada



**“Canada’s strong commitment to global sustainability standards is clearly demonstrated by the extensive range of support that has come together to back the ISSB and the establishment of its Montreal centre. By welcoming Montreal, the IFRS Foundation is signalling its trust in Canada to help the ISSB establish a global footprint.”**

—Richard Olfert, FCPA, FCA, CMC, ICD.D, Chair of the CPA Canada Board of Directors

## Setting the stage

Thanks to the work of the IFRS Foundation, CPA Canada and the Canadian Champions group, the Montreal ISSB office was established in a timely fashion.

## May 2021

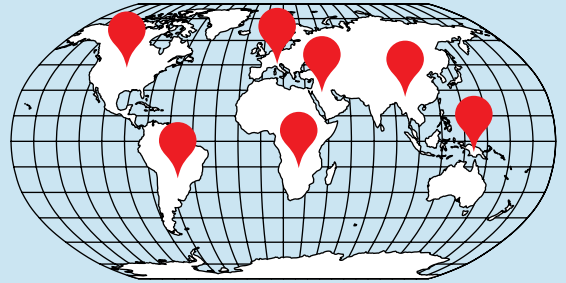
CPA Canada invites public and private sector leaders to weigh in on the steps required to establish a proposed international sustainability standards board.

## July 2021

Backed by support from the country’s public and private sectors, the Government of Canada formally submits the Canadian offer letter to host the global headquarters of the ISSB to the IFRS Foundation. CPA Canada facilitated the collaborative effort.

## How will the ISSB cover the world?

The ISSB will have a multi-location model with Frankfurt and Montreal being responsible for hosting key functions. Further information about a new office in Asia-Oceania (in addition to the IFRS Foundation's current Tokyo office) will be announced in due course. Offices in San Francisco and London will also provide technical support and platforms for local engagement and work with regional stakeholders.



# 140+

Number of jurisdictions requiring the use of IFRS Accounting Standards.

# 5

Duration, in years, of the agreement between CPA Canada and the IFRS Foundation. Importantly, the two parties have also committed to the long-term success of the ISSB and its Montreal office.



# 1

Montreal's ranking in Canada within the Global Green Finance Index (7th edition).

# 3

Montreal's ranking in North America within the Global Green Finance Index (7th edition).

# 80%

of respondents to a PwC survey said ESG was an important factor when making investment decisions.



# 78%

of Canadian SMBs say the pandemic and social inequities increased their company's commitment to making a difference on social and environmental issues, according to KPMG.

# 73%

of global investors say it's important that ESG-related metrics are independently assured, but only 20% of Canadian organizations have some type of assurance over their ESG information.

# 70%

of Canadian SMBs say their customers expect them to take the lead on societal challenges, such as racial and gender inequality or climate change.



## November 2021

At the COP26 climate conference in Glasgow, the IFRS Foundation established the International Sustainability Standards Board (ISSB) to operate a multi-location model, naming Frankfurt and Montreal as key centres, to deliver consistent global standards for reporting on sustainability matters.

## April 6, 2022

The IFRS Foundation and CPA Canada sign a private-sector MOU to pave the way for the establishment of the Montreal centre of the ISSB. The Montreal centre will host key functions on behalf of the ISSB, including the coordination of activity across the Americas.

## June 28, 2022

The IFRS Foundation signs a public-sector memorandum of understanding and takes other actions to commence ISSB operations in Montreal.

# Data is a goldmine in cutting carbon emissions

How 360 Carbon Excellence is helping business leaders take action



**Understanding energy** and carbon data is a goldmine. There is a fortune to be found in the information your company collects, but only if it's "mined"—understood, applied, and acted on—effectively.

The finance sector—like any other—has a part to play in the collective journey to reduce carbon emissions and get to net zero by 2050. Taking a deeper dive into energy and carbon-related data can help organizations find insights into what they can improve and how they can drastically reduce emissions. It's why 360 Energy is launching 360 Carbon Excellence, an innovative tool for organizations to better understand, manage and track their carbon footprints.

"The 360 Carbon Excellence program is a simple and effective, way to track carbon reduction activity," says David Arkell, president and CEO of 360 Energy. "The activity based

program provides organizations with a clear roadmap to guide them as they work to achieve their long-term carbon and energy goals."

Through its holistic, business-based approach, 360 Carbon Excellence tracks and reports to various departments within organizations, allowing businesses to find ways to reduce emissions and cut costs in the process. The program engages and empowers all staff, from management to workers on the floor, in the carbon reduction process.

Samuel, Son & Co., a leading Canadian metals distributor and industrial products manufacturer, joined the 360 Carbon Excellence Program October 2021.

"We have always been dedicated to exploring new programs to improve our company's energy use and reduce our carbon footprint," says John Amodeo, chief financial officer of Samuel, Son & Co. "The 360 Carbon

Excellence program gave us a roadmap and advice we could act on as we work towards achieving our long-term reduction targets."

Organizations using the program can also take advantage of financial incentives offered by governments and many banking institutions looking to reward businesses that understand the stakes and put an effort into cutting carbon emissions.

The sooner organizations begin their carbon reduction journey heading towards net zero, the more they will save and the more carbon emissions they'll cut.



If you review or advise on organizational progress when it comes to carbon emissions reductions, visit [carbonexcellence.com](https://carbonexcellence.com) and join 360 Carbon Excellence today.

Learn how CPAs can play a central role in the path to net zero at [cpacanada.ca/netzero](http://cpacanada.ca/netzero)

# Earth Friendly

These CPAs are bringing energy, enthusiasm and innovation to the fight against climate change

By Liza Agrba



**IN** a news cycle of perpetual doom and gloom about the climate crisis, it's natural to feel despondent or overwhelmed. But it might help to know that behind the scenes, CPAs are leveraging their skills to build and fortify purpose-driven companies determined to bring us all through the climate crisis. A burgeoning field bursting at the seams

with innovation, the green economy is home to a growing suite of companies with ambitious aims and the technical chops to back them up.

Canada's green sector includes everything from companies developing clean energy sources and groundbreaking, climate-conscious batteries to technology that pulls excess carbon from the atmosphere. While engineers and scientists

bring their expertise to the R&D side of the equation, CPAs apply their comprehensive financial skills to create environments that make innovation possible.

These CPAs are helping develop what could be among the most significant scientific and technological advances of the 21st century. Here are five good reasons to remain optimistic about humanity's bid to overcome the climate crisis. →



## Susan Koch

COO & VP, Carbon Engineering,  
Vancouver

**Green tech startups** are Susan Koch's specialty; as a CFO, she's led companies whose *raison d'être* ranges from electric vehicle fuel cells to nuclear fusion. Now, in her role at a firm that focuses on commercializing carbon capture technology, Koch is proof that green tech is where stereotypes about boring accounting jobs go to die.

"It's an invigorating work environment," she says. "These companies attract people who want to make a difference. I love working with engineers and scientists who tend to be bright, curious and have so many interesting ideas."

Part of Koch's strength as a finance executive is her eagerness to dig into the science. "At all these jobs, I've had to learn about the technical uncertainties and hurdles that need to be overcome to commercialize a technology. That really keeps the job interesting. I could never go head

to head with a physicist, of course, but I've spent some time with my *Chemistry* and *Physics for Dummies* books. Eventually, I developed a reasonable understanding that allows me to speak competently about carbon capture or fusion physics to a lawyer or an accountant."

Carbon capture, she explains, is a sort of industrial tree. Trees (the leaf and bark kind) absorb carbon dioxide as part of their natural role in the carbon cycle, but they can't keep up with the rate at which humans put carbon into the atmosphere. "Our technology pulls carbon out of the air using what's called direct air capture (DAC)," she says. "You can do numerous things with the captured carbon, from sequestering it in underground reservoirs to using it to develop cleaner fuel."

The technology is proven—now, it's about scaling up to commercial-sized plants. Demand depends in part on government policy that's favourable to clean tech. DAC's commercial viability in a given jurisdiction is bolstered by climate-forward policies that put a price

on CO<sub>2</sub> emissions and/or incentivize the capture of CO<sub>2</sub>. One good example is a recent addition to California's Low Carbon Fuel Standard, which now awards credits for each metric ton of CO<sub>2</sub> removed and permanently sequestered.

That policy and the U.S. federal 45Q tax credit program have helped commercialize Carbon Engineering's expansion in the U.S.; in partnership with development company 1PointFive, the firm is working on a massive Permian Basin project in the southern United States that, when complete, is expected to pull a million tons of CO<sub>2</sub> from the air each year. Commercial projects are also underway in Canada, the U.K. and other markets around the world.

In the meantime, Koch's enthusiasm to learn and her passion for the sector is sure to continue bolstering the firm's plans to grow their technology to a climate-relevant scale. "I'm afraid I'll get old and retire before I've learned everything I want to learn," Koch jokes. "Every company I've worked with has been like getting a new MBA."

# Nicole Ballestrin

CFO, e-Zinc, Toronto

**Stability and security** may cut it for some but, for Nicole Ballestrin, novelty is the only constant. “I crave variety, challenge and learning,” she says. “With every job in which I was a full-time employee, I found that I would always reach a plateau.”

In 2017, she quit a high-profile gig at McKinsey & Company, where she doubled as head of HR and CFO for its Canadian operations. The next logical step would have been a global role. “But I have two kids and the job would require significant travel,” she says. “I didn’t want to compromise my family life.” She spent a year working at the CFO Centre, a network of part-time CFOs, before founding Aspire CFO, which is currently an all-female group, prior to joining e-Zinc part time.

Founded by Dr. Gregory Zhang in 2012, the company aims to revolutionize energy storage by leveraging zinc; a more safe, affordable, durable and recyclable material than lithium, which is the current standard. It’s a rising star in the world of batteries, but the technology is still under development.

If successful, e-Zinc’s efforts could spell a turning point for renewable power. For traditional energy grids, reliable fuel is the name of the game—but renewable energy is inherently intermittent. The sun doesn’t shine at night, wind turbines work whenever Mother Nature deigns to spin them and so on. Meanwhile, existing lithium ion batteries are too expensive and not durable enough to integrate. But, if grids could safely and affordably store energy, switching to renewables suddenly becomes a workable proposition.

“I have to believe in what a company is doing and to feel like I’m actually contributing to society,” she says. “I always want to have more of an impact.” Ballestrin quickly aligned with e-Zinc’s mission and, in her time at the helm of its finances, revenue in the form of grants has increased dramatically year over year. In December, investment firm Anzu Partners led a Series A financing round

of \$25M USD to support the expansion of e-Zinc’s research and development efforts and transition to the commercial stage. This year, e-Zinc will embark on its first commercial project with Toyota.

For Ballestrin, green business fits naturally with her purpose-driven nature, but it’s also a matter of philosophical alignment. “As a CFO, green is kind of like an approach to the job where we’re

always looking for efficiencies. In the past, I’ve found myself at odds with leaders who are wasteful in terms of spending and in other ways they run their company,” she says. “E-Zinc is conscientious on all fronts, from the financial side and how they treat people to their ultimate mission. For me, green is almost a psychological approach to the job and, in that regard, e-Zinc and I are perfectly aligned.” →

“I have to believe in what a company is doing and to feel like I’m actually contributing to society. I always want to have more of an impact.”



# Harold Burgess

Controller, Ekona Power, Vancouver

**Before he took** his current role at the Vancouver-based clean energy firm in 2020, Harold Burgess cut his teeth in progressively senior roles spanning a wide variety of sectors: hospitality, mining, legal, and manufacturing and distribution. One of his first major achievements took place at Fairmont Hotels, where he progressed from credit manager to assistant controller within just a few years—far from a typical career track.

Burgess insists that the secret to his success was pursuing the CPA designation. “People recognize what the designation has to offer and the skill set somebody with it can bring to the table,” he says. One of his major takeaways from CPA training, he added, is the benefit of adopting a holistic attitude about finances.

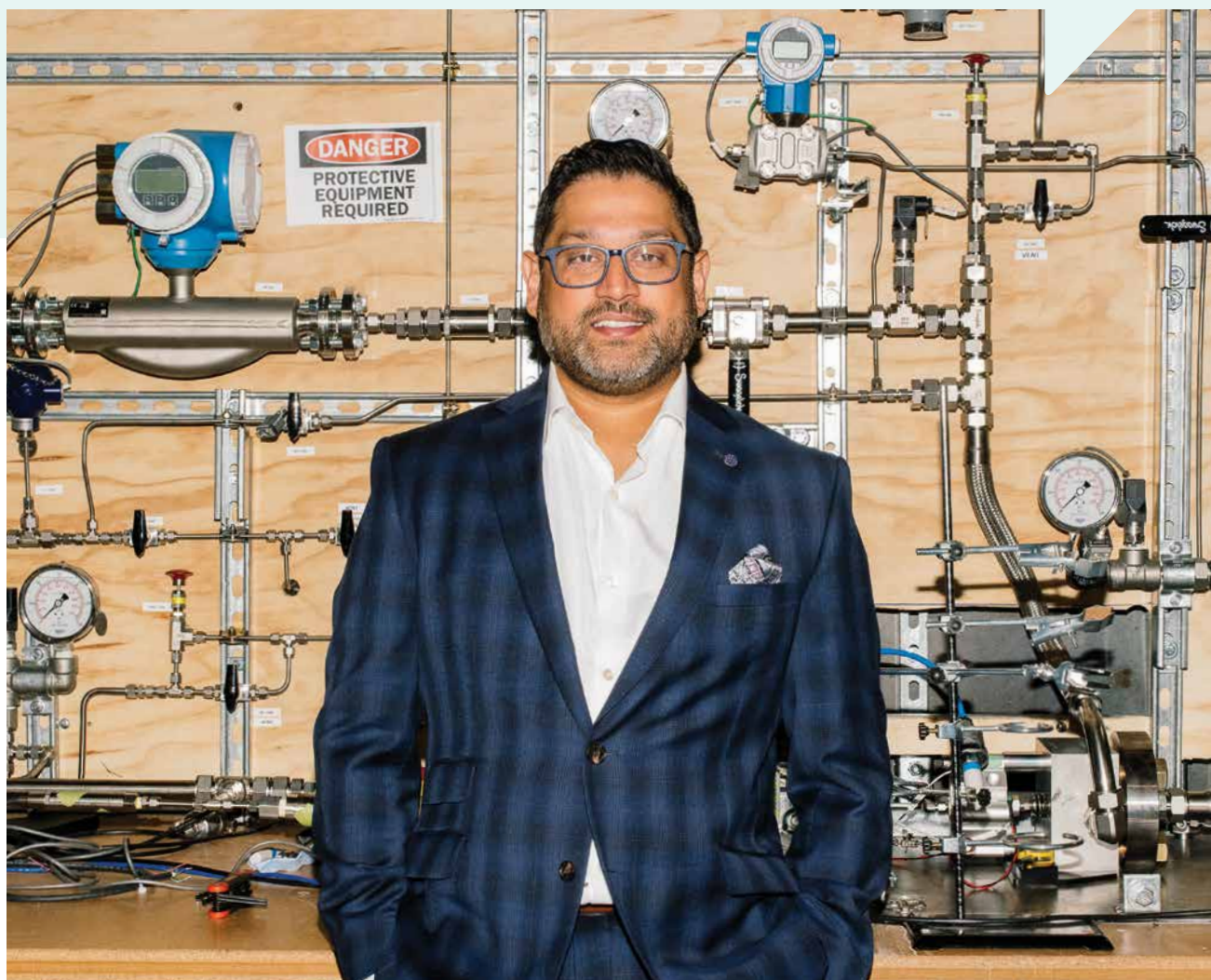
“They say accountants focus on the numbers and that’s it,” he says. “But throughout my career, I’ve made a point of understanding the entire organization, from HR and IT to operations to accounting. I want to know where the numbers are coming from. That’s my passion and it’s helped me get a better grip on every organization I’ve worked with.”

Burgess says he’s always been attracted to clean tech for its purpose-driven ethos and potential for growth. He also has a thorough understanding of the technology Ekona is developing, a novel, low-cost way to produce clean hydrogen for use

in industries such as petroleum refining and crude oil upgrading. “Our pulse-methane pyrolysis (PMP) converts natural gas into hydrogen and solid carbon, virtually eliminating CO<sub>2</sub> emissions,” he says.

For Burgess, working in clean tech isn’t just an interesting new area to explore; it’s a matter of legacy. “I want my kids to have a great future, in which they’re safe and we’re not consuming the world. That’s a big part of what drives me,” he says. “That means taking care of things now and building something that’s going to last for generations.”

“I want my kids to have a great future, in which they’re safe and we’re not consuming the world. That’s a big part of what drives me.”





# Vimali Pathmanathan

Director of Finance,  
Opus One Solutions, Toronto

**Opus One Solutions**, a firm that develops software to help energy grids transition to renewables, was acquired by GE Digital in December 2021. Vimali Pathmanathan—recently promoted from Opus One’s controller to its director of finance—helped lead the collaboration with GE’s due diligence team. That meant working long hours, weekends and holidays but, for Pathmanathan, leveraging her CPA skills to affect change in real time is part of why she wanted to work in a green-tech startup.

“When I joined in 2017, Opus One had around 20 employees. Now, we have more than a hundred, and are part of the larger GE family. The CFO at the time said the plan is to grow and then we’ll build our finance department. And, of course, in a startup situation cash is king and finance plays a huge role in the company’s everyday decisions,” she says.

Pathmanathan spent much of her early career in public accounting; while she enjoyed it, her work was always about taking care of business after the fact. “At Opus One, I always feel like I’m on the frontlines of decision-making. The CEO always says that finance is his right hand. I explore questions like: if we’re going to develop this product line, do we have enough funding? How many people will we need? It’s an exciting way to work.”

Opus One’s software is all about bringing dated grid tech up to speed with clean power. One way to integrate renewables like solar and wind is to transition grids to a distributed model, where they rely on energy sources at several points instead of a single one, like a typical fossil fuel-based power plant. A notable advantage of decentralized grids is their ability to incorporate “behind the meter” (user-side) energy sources like residential solar panels, which in turn encourage individuals and businesses to invest in renewables.

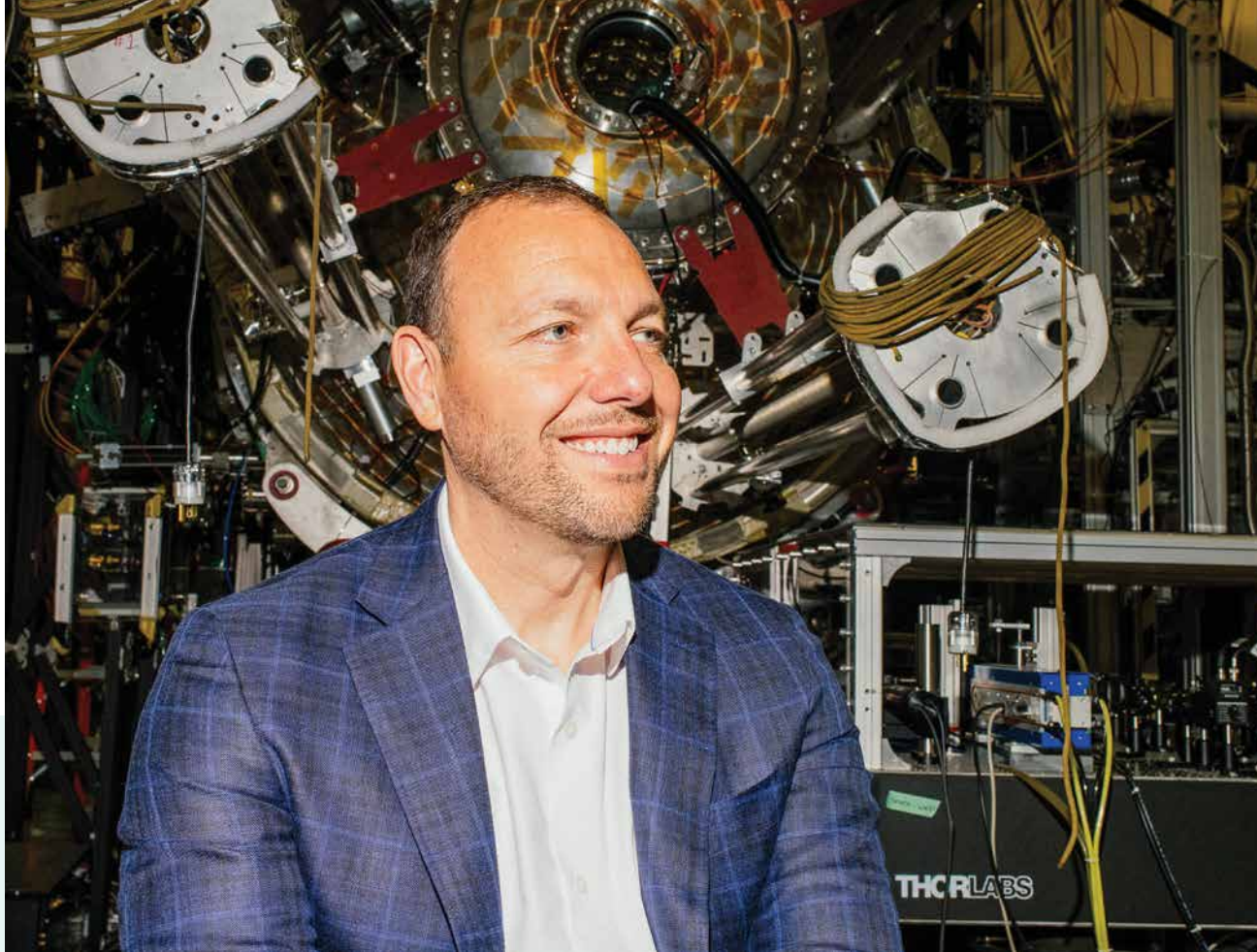
PHOTOGRAPH BY AARON WYNYA



“I always feel like I’m on the frontlines of decision-making. The CEO says finance is his right hand. It’s an exciting way to work.”

While that’s good news for decarbonization, running a distributed grid is much more complex than a traditional one from a technical perspective. That’s where Opus One comes in. Its flagship GridOS product, which relies on advanced data modelling, allows utility companies to monitor and manage distributed grids for customers like Australian energy company AusNet Services, the U.K.’s SP Energy Networks and, closer to home, Ontario’s Elexicon Energy.

When Pathmanathan applied for the controller’s job, she didn’t fully understand Opus One’s mission, but was attracted to the sector’s accelerating growth. Five years in, she’s developed a keen understanding of its technology. “Climate change is impacting everyone. It’s always on my mind,” she says. “I’ve grown with the company and become more committed to its mission in my five years here. What we do here can have a direct impact on the planet.” →



## Greg Twinney

CEO, General Fusion, Burnaby, B.C.

**A few years ago.** Greg Twinney was getting ready to hold an IPO for a technology company—a major milestone for any finance executive. The firm held a celebratory kickoff that just happened to coincide with “bring your kid to work” day and Twinney couldn’t have been more excited to share his success with his eldest daughter.

“I was on stage with the CEO, everyone was pumped up and I was feeling pretty proud,” he says. “When I asked my daughter what she thought, she wasn’t impressed at all. I was taken aback. I asked her why, and she said ‘all you guys care about is money. What’s the point?’ That was a gutshot and a bit of a reality check,” he says.

At that point, Twinney had no shortage of career success, having held multiple senior executive finance roles. He stayed in the tech sector for a few years after that IPO presentation, taking a job as CFO and COO of Hootsuite, but that

conversation with his daughter continued to smart. “Despite the financial success and everything else, I felt that there was something missing from my career. I wanted to leave a positive mark on the world,” he says. “When I learned about what General Fusion was doing through a recruiter, I became incredibly attracted to its potential for a massive positive impact outside of just the financial.”

General Fusion’s mission is an ambitious one, to say the least: it aims to provide clean energy to the world with zero emissions and at a cheaper cost than coal. The technology, believe it or not, is already there. It relies on nuclear fusion where two light atoms fuse to form a single heavier atom, releasing energy as a byproduct—not to be confused with nuclear fission, which is the reverse of that process and what nuclear power plants currently use.

Fusion research dates back to the 1930s. Culling it to commercially viable proportions is a monumental engineering challenge—one General Fusion claims to be well on the way to having solved. In 2021, the company announced a public-private

partnership for a fusion demonstration plant, which will be operational by 2027.

To Twinney’s point, the potential impact of this project, if successful, is hard to overstate. That’s why he sees General Fusion as the culmination of the skills he’s spent a 27-year career acquiring. “From raising capital to scaling up the infrastructure, commercializing and building the right team to do it, these are skills I’ve used before,” he says. “Finance has the unique ability to be the thread that weaves throughout a company and pulls it together. I’ve got a bit of a playbook for executing that and I’m grateful for it because, in my opinion, applying it to General Fusion will dwarf everything I’ve done before.”

The challenge is formidable but, for Twinney, it’s all about the underlying drive. “When you’re taking on a challenge as difficult as commercializing fusion, it really helps to have a deep and meaningful why,” he says. “I often tell investors there are easier ways to make a buck, but they may not be as rewarding. We’ve been in the labs for a long time and we’re just now starting to scale up and demonstrate the power of this technology.” ♦

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# How the Cullen report is attempting to clean house with tougher regulations to prevent money laundering

BY JOHN LORINC

**B**etween the fall of 2015 and the spring of 2016, fraud investigators in British Columbia raided an unlicensed Richmond-based money services business (MSB) known as Silver International, alleging that the organization was involved in money laundering. According to court documents, the police asked the province's director of civil forfeiture to obtain a court order to seize "cash in various currencies with a total value of more than \$2 million (Cdn.), a residential property in Vancouver, casino chips with a value of \$17,800, gift cards with a value of \$9,250 and miscellaneous personal property."

One of the company's principals was arrested, with prosecutors later alleging that the firm had been used to launder more than \$200 million in proceeds of crime. While MSBs are supposed to register with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), a growing number of unlicensed firms were

turning up, prompting what would become a tidal wave of concern about the Lower Mainland's reputation as Canada's best-known "laundromat" of dirty money.

Denis Meunier, a former deputy director of FINTRAC and former director general responsible for criminal investigations at the Canada Revenue Agency, told the *Vancouver Sun* in a March 2019 interview: "The operation of those MSBs merit, in my view, an examination by FINTRAC." The newspaper's reporters had identified dozens of unlicensed MSBs operating from strip malls and condos around the city and region.

Such incidents, plus the seemingly endless supply of lurid tales about modest Vancouver properties selling for millions of dollars, as well as mounting panic about exceptionally deep-pocketed gamblers showing up at Lower Mainland casinos, prompted an escalating series of investigations, crackdowns and inquiries, culminating with the formation of the Commission of Inquiry Into Money Laundering in British Columbia, widely known



Much of the Cullen Commission's report focused on B.C.'s gambling and horse-racing industry

as the Cullen Commission, which produced a report whose far-reaching findings were released in June.

In handing over the 1,800-plus page document, Commissioner Austin Cullen, a B.C. Supreme Court Justice, was frank and unsparing in his conclusions, stating that the money laundering activity in areas like gambling and real estate represents “a significant problem requiring strong and decisive action.” In B.C., he added, money laundering is “flourishing.”

Almost a third of the report focuses on B.C.'s gambling and horse-racing industry, including provincially regulated casinos that enabled “hundreds of millions” of dollars in laundering. In 2014, the commission found that provincial casinos processed “\$1 billion in cash transactions of \$10,000 or more and nearly \$200 million in transactions identified by the British Columbia Lottery Corporation as ‘suspicious.’”

One of the more dubious practices involved “cash facilitators”—people, often young men, who worked the floors of casinos, lending stacks of bills to wealthy gamblers who had run out of cash and wanted to continue playing. The money, it turned out, needed to be laundered and was often traced back to criminal activity in Asia.

#### ● Imposing more stringent regulations

Cullen's 101 recommendations run the gamut from the general to the specific, ranging from tighter controls on casinos, money services businesses and mortgage brokers, to more transparent land ownership records and the

dismantling of bureaucratic walls that prevent government agencies from collaborating on money laundering investigations. He also urged B.C. to establish an anti-money laundering commissioner to ensure collaboration among various stakeholders and also provide strategic oversight, including of the Chartered Professional Accountants of British Columbia (CPABC) in its regulation of members for AML purposes.

**Cullen was frank and unsparing in his conclusions, stating money laundering needs “strong and decisive action”**

Cullen concluded that the accounting profession faces money laundering risks and vulnerabilities, and recommended that the profession's provincial regulator do more in parallel to the federal AML regime. Cullen also acknowledged CPABC's self-regulatory capacity, extensive regulation of accounting and its knowledge of the profession's activities. But he urged CPABC to amend its code of professional conduct to explicitly include a requirement that members must self report to CPABC any finding by



## A (potential) new tool

Unexplained wealth orders could help stop the flow of illegal money

One of the more novel details in the Cullen Commission report had to do with the very last of the commissioner's 101 recommendations, which calls for a new provincial regime allowing "unexplained wealth orders" (UWO).

"Unexplained wealth orders are a promising tool used in some jurisdictions to address the accumulation of illicit wealth by those engaged in profit-oriented criminal activity," the report notes, adding that another benefit is they can discourage foreign corrupt officials and others involved in criminal activity from moving their illicit wealth to British Columbia.

The idea is that, when an individual is suspected to be spending or transferring inexplicably large sums, investigators can apply for a court order requiring the person to show the source of their money. In some cases, UWOs pave the way for court-ordered forfeitures. Since the war in Ukraine began, some countries have used UWOs to go after expat Russian oligarchs. The U.K. was an early adopter, bringing in enabling legislation to allow courts to issue UWOs against individuals with large assets who were suspected of obtaining them without an obvious source of income.

The law's very first target was Zamira Hajiyeva, the wife of a jailed Azerbaijani banker.

In 2020, she lost a Supreme Court appeal seeking to overturn the UWO.

Jeffrey Simser, a former Ontario government lawyer specializing in anti-money laundering, says UWOs potentially accelerate investigations and provide another tool in jurisdictions without robust beneficial ownership rules. "Cullen said criminals are very sophisticated," he points out. "They know what jurisdictions are uncomfortable to operate in [and] they'll go to wherever the lower regulatory bar is."

But some legal experts have raised issues about UWOs. In a brief submitted to the commission, former Supreme Court of Canada justice Thomas Cromwell pointed out that there's no constitutional reason that would prevent the B.C. government from amending its civil forfeiture legislation to include UWOs. But, he cautioned, if authorities sought courts to issue UWOs to initiate forfeiture proceedings against property that *might* be used in the future to commit a crime, such moves would exceed the province's jurisdiction.

"Provisions modeled on the U.K. UWO scheme would not constitute unjustified infringements of any right guaranteed by the Charter," Cromwell concluded. "However, the use of these powers would give rise to a number of Charter issues, which would, in some respects, limit their usefulness." —*John Lorinc*

FINTRAC that the member has not complied with the federal AML legislation. In a statement following the release of the commission's final report, CPA Canada added that it is "encouraged" that Cullen is also pressing for a provincial government review of unregulated accountants, those who are not CPAs, to determine what form of anti-money laundering regulation and oversight may be warranted.

As had been widely expected, Cullen called on the provincial government to build on its example of the Land Owner Transparency Registry and set up a provincial corporate beneficial ownership registry and work with the federal government and other provinces to create a pan-Canadian registry before the end of 2023. (Quebec already has one.)

The report also includes 12 recommendations focused on chartered professional accountants and the B.C. provincial body. Among them is mandatory ongoing education on anti-money laundering, increased reporting requirements and a cash transactions rule to limit the amount of cash that CPAs can receive in a single client matter.

### ● Ineffective actions by federal agencies

Cullen's most newsworthy pronouncements, however, focused on federal agencies such as the RCMP and FINTRAC, whose work in combatting money laundering he characterized as ineffective.

"FINTRAC," Cullen wrote, "receives an enormous volume of reports from public- and private-sector reporting entities, but it produces only a modest number of intelligence packages that go to law enforcement." Out of 31 million suspicious transaction reports (STRs) submitted by financial institutions to the agency in 2019 and 2020, only about 2,000 ended up being passed on to the RCMP, often after months of delays.

Brock Martland, senior counsel to the commission, says he recalls police investigators telling the panel, "By the time that comes to us, three months later, the money or the people have moved on and it's stale. It's not useful for the investigation."

### ● Federal focus on financial crimes

The commission's findings—the outcome of what had become a tsunami of dodgy large-dollar volume transactions in B.C. from the mid-2010s and onwards—have landed at a particularly opportune moment in the wider story about the whack-a-mole problem of money laundering.

After years of warnings and salacious revelations like those made by the Panama Papers about Canada's status as a "snow-washing" haven, federal authorities and the Government of Canada have been working actively on finding ways to address these issues. In its most recent budget, Ottawa allocated more money for financial crimes investigations and amped up its efforts to establish a national beneficial ownership registry for federally incorporated private businesses. The Financial Action Task Force (FATF), which noted many improvements were required in



## Work in progress

AI can be an effective way to detect criminal activity, but old-school rules still have a job to do

When her financial institution introduces a new product, Marie-Andree Malo-Mongeau and her team at CIBC get to work trying to think like money launderers in order to figure out how criminals might try to game the system. “What are we trying to catch here? What’s the criminal journey?”

Malo-Mongeau, a CPA and the former senior director of the bank’s Enterprise Anti-Money Laundering (EAML) unit, was not only tasked with stopping the flow of dubious funds, but she has also spearheaded an effort within her bank to implement artificial intelligence/machine learning tools to either augment or replace more traditional rule-based screening systems.

It’s a sensitive task: bank regulators and internal controllers are accustomed to using rule-based systems to flag potential risks. While there’s been a lot of talk about the potential benefits of developing algorithms to detect anomalous funds’ movement patterns that might elude more conventional warning triggers, the reality, Malo-Mongeau cautions, is more complicated. “The deployment of AI and machine learning requires a lot of effort,” she says. “It requires a lot of expertise. It requires a lot of funding, infrastructure and so on.”

Like constructing a building, the foundation is the critical first step. In the world of AML, that means investing the funds to clean up the

mountains of data that’s accumulated in various parts of a financial institution including—increasingly—know-your-client information. Only when the data is machine-readable and relatively free of glitches can a financial institution’s AML team begin to deploy algorithms designed to identify suspicious transaction patterns.

Organizations should not expect to switch completely from a rules-based system to AI-driven AML detection. “We’ve deployed hybrid models, which are a combination,” says Drew Galow, managing director, anti-money laundering (AML) model management, analytics and machine learning at BMO Financial Group. “At my institution, for AML transaction monitoring, we have transferred about 50 to 60 per cent of our existing rule-based monitoring to machine learning or advanced analytics.”

He says at BMO, the conversion has increased the productivity of its AML systems to about 25 to 35 per cent. But he cautions that financial institutions or money services businesses shouldn’t assume that those kinds of metrics would automatically inform regulators. Galow says his group meets quarterly with regulators to walk them through the technical steps they’re taking. “[Implementing a hybrid model] was a long journey and having [regulators] prepared was better than not.” —*John Lorinc*

Canada’s legal framework and AML regime in 2016, released an updated assessment last year, acknowledging that there’s now evidence of progress on the AML/ATF file.

The trucker convoy that descended on Ottawa and key border crossings earlier in the year revealed something else. In the wake of media revelations that convoy organizers were using crypto accounts and U.S. crowd-funding platforms to raise millions to finance the blockades and other illegal activities, the government’s emergency declaration revealed that federal authorities can, in fact, monitor, intercept and freeze these illicit money flows. In April, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) was updated to require crowd-funding platforms to register with FINTRAC, develop and maintain a compliance program and have firm know-your-client requirements, among other changes.

“That brought a lot of payment processors into the scope of what an MSB registration requires,” says Cindy Zhang, a lawyer at Borden Ladner Gervais LLP, who specializes in this field. “So, now, they immediately have to register, as well as the crowdfunding platforms.”

### ● The Russian connection

Perhaps more than anything else, Russia’s invasion of Ukraine has served as a giant wake-up call regarding the perils of unchecked money-laundering. The war “is absolutely relevant,” says Michele Wood-Tweel, CPA Canada’s vice-president for regulatory affairs.

“With Russia and Ukraine, there are two things going on: the increased potential for money laundering is there simply because Russians are trying to avoid economic sanctions,” says Wood-Tweel, also noting *The Guardian’s* report in June that the U.K.’s failure to tackle dirty money led to that country laundering Russian war funds. “What it shows is what Russia has done all these years—the money laundering that has taken place in places like

**Whenever sanctions have been imposed, a movement to evade them has quickly appeared**

London, England, through the use of real estate. This stuff has been long suspected and, here we are today, reeling from the effects of a country that’s gotten away with so much of this for so long.”

And, in fact, may still be getting away with it, as Russian oligarchs and other business interests turn to cryptocurrency and complex networks of shell companies (aided by jurisdictions with lax regulations) to protect assets ranging from yachts to soccer franchises.



“Every time, historically, with virtually no exception that I can think of, that sanctions have been imposed, there is a surrounding industry in evading the sanctions,” observes Janice Stein, a professor of global affairs and public policy at the University of Toronto’s Munk School of Global Affairs. “The real challenge is that sanctions, almost without exception, always leak. They leak despite the significant investment in monitoring. The question is, how badly do they leak?”

Canada has certainly not been immune to money laundering that originated from Russia. James Cohen, executive director of Transparency International Canada, points to the existence of limited partnership shell companies registered in Alberta that were found to be part of the infamous “Azerbaijani laundromat,” which funnelled proceeds of crime traceable to the country’s ruling family. “We’re at a reckoning point, and not just in B.C. and Canada, but globally,” says Cohen. “A lot of [Cullen’s] conclusions need to be read by the federal government. It was telling that, in the executive summary, the first swing by the commissioner is at the federal government.”

“Between the FATF evaluation for Canada and the Cullen report, we know Canada has a long way to go,” adds Sue Ling Yip, a partner in KPMG Canada’s risk consulting and financial crimes practice. “However, I’d like to say I’m seeing steps in the right direction.” She says FINTRAC has hired new staff with technical expertise and appears to be willing and ready to “leverage technology to support more effective regulation and enforcement.”

While recent federal budgets have increased funding for FINTRAC, notes Wood-Tweel, BLG’s Zhang agrees that FINTRAC has seemed “under-resourced” given the extent of its mandate.

### ● Hiding virtual assets

In June 2021, Binance, one of the world’s leading cryptocurrency exchanges, told its account holders that it would wind down operations in Ontario, where regulators had been unsuccessfully pressing the Cayman Islands-based firm to register with the Ontario Securities Commission (OSC).

Like many financial system regulators, the OSC was concerned about the use of crypto platforms for money laundering, tax evasion and other practices that thrive in the anonymity that virtual currencies promise investors. The move was coming at a time when huge sums of capital were pouring into crypto funds, including more mainstream retail platforms like Wealthsimple, as well as crypto ETFs.

The concern was not unfounded. In early June 2022, a Reuters investigation revealed that Binance had become

a “hub” for “hackers, fraudsters and drug traffickers,” an allegation that the company’s compliance officials strongly denied. The investigation detailed anecdotes such as one about North Korean hackers who raided the wallets associated with a small Slovakian crypto exchange and rapidly laundered the proceeds through newly registered Binance accounts.

For the uninitiated or those who took their eye off the crypto ball for even a short while, the bewildering complexity of the virtual currency world seems impossible to keep track of, with the proliferation not just of tokens and exchanges, but also a dizzying array of technologies and variants, from stablecoin to DeFI (decentralized finance) platforms, as well as mixers, flash loans and cross chain transactions. All of which enables illicit funds that are sourced, for example, from ransomware attacks, to sift through warren-like crypto networks, leaving little trace of their origins.



The commission called for more transparent land ownership records

At a recent Europol conference on crypto and money laundering, one security expert described how self-executing “smart contracts” could automatically distribute crime proceeds deposited into a single wallet into dozens of anonymous accounts held in crypto exchanges all over the world.

Yip, at KPMG, cautions that the crypto market, despite its recent fluctuations, shouldn’t be seen as a space overrun by illegal activity. “There is a lot of misconception around that,” she says. “We don’t want to paint the picture that it’s a free for all. There’s actually some guidance and regulation out there.”

“It’s difficult for regulators. It’s hard to keep regulator teams up to date with the fast-evolving crypto landscape.” adds Kareem Sadek, a partner, advisory, in KPMG’s blockchain and cryptoassets practice. “While it might be difficult to nail down which areas to start with, market trends could help steer the areas of focus, for example stablecoins, trading, exchanges, miners and mining companies.”

New regulations promulgated in June 2021 expanded the definition of MSB to include anyone who deals in virtual assets and currencies, meaning they’re required to collect know your client (KYC) data from account holders. But many crypto exchanges allow “remote KYC,” an automated process, the rigour of which varies from firm to firm.

of regulation. But there’s a good reason why identifying the other side of a transaction is important.”

While the Cullen Commission’s primary remit involved a deep dive into gambling, real estate and horse-racing, the report does offer some trenchant observations on the world of virtual assets. The report notes that there are “numerous mechanisms available for bad actors to enhance the anonymity of illicit cryptocurrency transactions,” while investigators must follow the digital breadcrumbs through blockchain transactions to determine the source of suspicious sums. What’s more, Cullen added, Canada’s patchwork of beneficial ownership rules doesn’t cover virtual assets. The commission’s report recommends tougher regulation of MSBs and crypto currency exchanges.

As Martland, the commission co-counsel, points out, “Absolutely, [crypto] is portrayed and described as an emerging risk area and one where [B.C.’s proposed] AML commissioner will need to stay abreast of the changes.”

#### ● Moving in the right direction

In the aftermath of the huge expectations that swirled around the Cullen Commission’s work, the critical question now is: what happens next? While the report was generally well received and generated headlines, it also happened in the midst of a war that has focused the world’s attention on the fruits of the disguised proceeds of crime.

While Cullen’s findings focused on both the federal government and B.C., the commission’s findings should likely be resonating with Ontario legislators concerned about the way money has been flooding into the provincial real estate industry.

The Cullen Commission also made several recommendations that centred

on the legal profession. CPA Canada works closely with IFAC which has partnered with the International Bar Association to combat financial crime and money-laundering. Just as the accounting profession needs to address issues raised by the commission, “The Canadian Bar Association needs to address this,” says Ottawa law professor and CPA Marc Tasse.

Martland, for his part, says the problem of bringing lawyers under the FINTRAC regulatory regime is “genuinely challenging,” and adds that it’s the provincial governments, not just Ottawa, that should be enacting reforms.

One point does seem quite clear, however, which is that a long period of history that allowed Canada to become known internationally as a secrecy haven has drawn to a close. As Wood-Tweel predicts, “the pace of change will continue and [AML] is going to be a very high activity area in 2022-23.” ♦



The war in Ukraine has increased the risk of Russian money laundering

“I have heard from plenty of folks that have wallets,” says Zhang, who set up her own crypto wallet to see how the remote on-boarding process worked. “I asked, ‘How was your KYC process?’ And they’re like, ‘What’s that?’ And I said, ‘Well, what did they take from you when [you] opened an account?’ And it was just like, ‘Take a picture and send it in.’ It seems like you can game that for sure.”

AML expert and CPA José Hernandez, CEO of Ortus Strategies, who appeared at the Cullen inquiry on behalf of CPA Canada, says the other issue in terms of compliance is that, unlike large financial institutions, many crypto exchanges lack the experience and institutional muscle needed to clamp down on illicit activity. The exchanges, he adds, “are all working on becoming less of a vehicle to launder funds, but it is really an uphill battle for them to deal with this complex set of rules. On the one hand, you don’t want to see innovation being squashed because



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# *Playing* **the Odds**



***The legalization of sports betting in Canada has led to profits and partnerships for both new and old players. But it's still risky business.***



**Like many Canadians,** Michael Naraine watches as many Toronto Blue Jays games on TV as he can. But, while he wants his team to win, he's also got his eye on the ump to see if it's a ball or a strike. Naraine, an associate professor in the Department of Sport Management at Brock University, is an avid sports bettor and he's got money riding on not just the game, but also on what will happen with each pitch.

There was one particular game in June—the Blue Jays versus the Boston Red Sox—when Naraine bet a dime on every throw in real-time. A ball here and a strike there. It was fun until he saw he was down a bit, which is when he decided to up his game. “I’m going to bet three bucks on the next pitch,” he recalls saying to himself. “It was going to be a ball.” Sure enough, the throw went wide and Naraine netted himself \$3, enough to make up for all the lost dimes.

Naraine has been betting on sports since high school. He and his wife often bet on Formula 1 races, and he puts money on hockey games, too. But it's only been since April 4, when Ontario legalized Internet gambling, that he, and his fellow Ontarians, have been able to use Canadian-based websites and apps to bet on individual games or specific plays. Before that, bettors had to use U.S.-, U.K.- or Australian-based websites to make bets. Now, while bettors can still place money with foreign operations such as DraftKings that can now legally operate in Canada, they can also wager with theScore Bet, launched in 2019 by theScore, a former sports channel turned Toronto-based media and gaming company.

“Betting makes sports more fun and more engaging, which is what sports leagues want,” he says, explaining why more people are placing their hard-earned cash on who wins games and prop bets like betting on the colour of Gatorade that will be dumped on the winning coach of the Super Bowl.

**BY BRYAN BORZYKOWSKI**



But experts also caution that betting can lead to addictive behaviours and significant financial loss for some. By allowing betting on single games, these microtransactions can quickly add up. And because of growing access to sports betting sites, this can lead to irresponsible gambling as players try to make up for losses on one site by jumping to another.

## Opening up the field

Legal sports betting isn't new. In 1992, the Ontario Lottery and Gaming Corporation (OLG) launched Proline, which allows people to wager on the outcome of three to six sporting events at a time. Other games created by the OLG, such as Point Spread, let you put money on the point differential between a game's winner and loser or what might happen on certain plays.

On August 27, 2021, though, the Canadian government amended the criminal code to allow single-game betting, which paved the way for provinces to start issuing gaming licences to private companies. Until then, the sports betting industry had been government-controlled, with OLG making a reported \$300 million in revenue

# 4

billion dollars  
spent by  
Canadians on  
grey market,  
offshore  
gambling sites

every year from its various games. Forcing players to make a three-bet minimum stacks the odds in favour of the house, which serious gamblers are likely to avoid. But single game bets can attract big money—and by extension, big losses—which can be lucrative for the house.

Since the new iGaming law came into effect on April 4, sports betting in Canada has exploded. More than 70 businesses have purchased licences that cost about \$15,000. Many have also set up websites that encourage everything from choosing single-game winners to making in-game prop bets.

Today, Ontario is the first province in Canada to legalize this kind of sports betting, but more jurisdictions may follow suit. "Canada's gaming and entertainment sector is on the cusp of a significant transformation that could unlock new growth opportunities, reduce illegal betting activity, and generate new revenue for governments and organizations across the country," Deloitte wrote in an article published on its website, adding that the single-game sports betting market could grow to \$28 billion within five years.



# 10

billion dollars,  
spent by  
Canadians on  
single sporting  
games via  
criminal networks

## Riding a monetary high

In some ways, the legalization of gaming is not unlike the legalization of cannabis, which was done in part to curb the illegal drug trade. But legalizing cannabis also allows governments and private enterprises to make money off consumers who were already spending a mint on pot or, in this case, betting. For many years now, Canadians who wanted to make in-game bets or place money on single games have either had to do so on the black market through criminal networks or with gaming companies overseas. According to the Canadian Gaming Association, Canadians spend about \$10 billion annually on single sporting games through criminal networks and another \$4 billion in the “grey market,” which includes placing bets through offshore sites that are not provincially regulated.

● ● ● ● ●  
**“Canada’s gaming sector is on the cusp of a significant transformation”**

When Canada amended the criminal code, legal gambling was exploding across the U.S. In 2018, the U.S. Supreme Court struck down a 1992 federal law that banned commercial sports betting in most states, which then allowed individual states themselves to decide whether to allow single-game betting. Delaware was

the first state to introduce this type of gambling under the new rules, but 30 states have since followed suit.

## Partnership deals

As the sports betting markets evolved, so, too, has the way people interact with sports. Many fans are no longer content with simply watching a game. They now want to feel like an active participant in the action, says Jared Beber, a CPA and CEO of Toronto’s Sports Venture Holdings, which owns Bet99. To him, sports betting is no different than going to see a film. “Why does someone go to the movies? It’s an experience,” he says. “With betting, it’s a way to experience the sport on a deeper level. You can interact with athletes in an indirect way and root for your favourite player because you have something riding on it.”

Online betting may also be changing sports themselves. Since single-game betting became legal in the U.S., leagues and teams have forged several partnerships with gaming companies—something that would have been impossible to fathom years ago, when any kind of association between teams and gambling would have raised some serious red flags.

DraftKings, for instance, one of the largest online sports gaming companies in the world, has signed deals with the NBA, Major League Baseball and Nascar, to name a few of the big players. In April, Maple Leafs Sports & Entertainment—owners of the Maple Leafs and Raptors, among other teams—signed a multi-year agreement with PointsBet, an Australian company that entered the Canadian market when iGaming became legal. The NHL has an equity stake in the company, too.

These partnerships present a huge opportunity for sports teams to increase engagement with their audience and for sports betting operations to get casual sports fans—a massive market opportunity—to make bets, says Beber. The two industries are working together in a number of ways, including sharing valuable data, which leagues and teams have started to collect over the last few years, and by creating sportsbook-branded experiences, such as special sections for bettors. At this year’s RBC Canadian Open, theScore Bet created what it called Skyline Seating—22 seats suspended 100 feet above the 18th hole. Only theScore Bet clients with an active account could secure seats.

## Competing for dollars

There’s another similarity between the online betting and weed industries: a massive oversupply of options, with iGaming operations cropping up at an incredibly fast rate. This has led to intense

competition for people's dollars and it's made it difficult for companies—and their investors—to make any money. "These companies are losing so much money near term on marketing, which is one big reason stock valuations have really collapsed," says Chad Beynon, an analyst with Macquarie Group. "Nobody wants to invest in unprofitable companies right now."

Penn National Gaming Inc., the Wyomissing, Pennsylvania-based company that owns Barstool Sportsbook and bought theScore for \$2.4 billion in August 2021, has seen its stock price drop by nearly 40 per cent this year. The company reports that Penn Interactive, its digital sports betting division, will likely lose US\$50 million in earnings in 2022 as it continues to scale its "operations and infrastructure in anticipation of bringing our technology in-house and launching in new jurisdictions." On July 1, Penn National Gaming Inc. shut down theScore Bet's U.S. sports betting operation because, according to some analysts, it failed to gain traction south of the border. It now plans to focus its Barstool brand in the U.S. and theScore Bet in Canada.

Beber, whose Bet99 is not as deep-pocketed as DraftKings or Penn National Gaming Inc., and who can't advertise as freely as its competitors, is concerned about how much marketing the industry has done and how it will be perceived by people who haven't yet made their first bet. Beber believes there will be a "reckoning" regarding how companies advertise and the impact spending millions of marketing dollars could have on the industry. "There will be revisions to how things are displayed and the quantity and frequency in which they are happening. A lot of our competitors are doing everything they possibly can, but you have to be more strategic."

## Regulating the industry

Indeed, some of the more mature online gaming markets are trying to reduce the amount of marketing that companies can do, in part because problem gambling is on the rise. A 2021 report from YouGov, a London-based market and data analytics firm, found that gambling addiction rates could be nine times higher than what the betting industry has stated. Over the last several years, the U.K., which reformed its sports betting laws in 2005, began restricting certain types of marketing. In 2018, a "whistle-to-whistle" advertising ban was introduced, which forced companies to stop advertising during sporting events. On April 5, it banned companies from using sports personalities, reality TV stars and social media influencers to sell their wares, partly as a way to stop kids from getting interested in online gaming.

2.4

billion, paid by  
Penn National  
Gaming for  
theScore in 2021



Beynon adds that some places are even restricting the number of bets one person can make at a time. "There are some markets where, if you're betting \$10 on every game and then all of a sudden you've put \$200 on three games, you'll get a warning," he says. "There could even be someone in risk management who would not allow you to do that."

Naturally, these rules are making it harder for companies to maximize profits, says Beynon, adding that Canadian and U.S. companies should be paying close attention to what's happening overseas. "This has hurt the valuations of some of these publicly traded companies in the U.K.," he says. "We haven't seen it yet in the United States, but these kinds of restrictions could be a little part of the reason why we are seeing a retrenchment in valuations."



## ***There's huge opportunity as leagues partner with betting companies***

What could be more worrisome—or lucrative, depending on which side of the gambling industry divide you're on—is that increasing people's spend on sports betting isn't the end game for most of these companies. All the major sports betting players also have traditional online gambling operations like blackjack, poker





and roulette. For instance, users of theScore Bet can play all sorts of popular casino games and a variety of online table games.

## Big money

Unlike with cannabis, which most experts agree isn't a gateway to harder drugs, there is evidence to suggest that sports betting does lead to more addictive casino gaming, says Naraine. Many companies are using their sports arms—and celebrities such as Wayne Gretzky, who's a brand ambassador for BetMGM—to encourage people to sign up, after which they might get a \$25 credit to use on a virtual slot machine. "I can tell you anecdotally I've played roulette and blackjack on these apps and they're live 24 hours, seven days a week," says Naraine. "You've even got a camera focused in on a live dealer who deals you live cards."

With sports betting, players have to wait until a game happens before they can place bets, unlike at casinos, where they can play at any time. "That's where the money is made because there are a ton more microtransactions that happen with slots, roulette and blackjack, and I don't have to wait until 7 p.m. ET to see

what's going to happen," he says.

It's still too early to tell exactly how the Canadian gaming industry will evolve, but there will likely be more consolidation as the big players get bigger and the smaller ones fall behind, says Beynon. Beber's goal is to grow Bet99 responsibly, which to him means finding the right balance between marketing and growth, while focusing on the long game.

"Longevity is critical," he says. "We don't want to spend money for the sake of spending money. We want to balance the need to be profitable against the need to grow."

Exactly how he'll do that is not yet public. Zeroing in on the needs of local markets, perhaps by focusing more on the sports and teams people like in different cities, is one way he thinks Bet99 can succeed.

While Naraine is carefully watching how the industry evolves and observing from an academic standpoint, at the moment he's got his sights set on something else: whether his first bet post-legalization will pay off. "I bet that the Toronto Blue Jays would win the American League East," he says. "It's not looking so great right now." ♦

# 40

per cent drop in  
Penn's stock  
price this year

[REDACTED]

[REDACTED]

[REDACTED] **fact** [REDACTED]

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[REDACTED]

[REDACTED] **or** [REDACTED]

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Discerning between what's real information and what's fake is an increasingly difficult task. But it's also more important than ever in the modern digital era.

**By Ali Amad**

**W**ith each passing minute, we're increasingly bombarded by information faster than we can process it. As we struggle to keep up with our social media feeds and app notifications, a raft of growing concerns about the impact of that information deluge and the intentions of those behind it has emerged, particularly when it comes to the media we consume.

In 2016, the term "fake news" went from being nearly non-existent in the public lexicon to becoming a buzzword after an influx of Russian propaganda allegedly influenced the U.S. presidential election. In 2017, Collins Dictionary even named "fake news" its word of the year. Fake news has continued to pose a concern ever since. This past spring, the Harvard Kennedy School of Government published the results of a massive survey that asked more than 150,000 respondents in 142 countries about their concerns surrounding fake news online. The survey revealed that nearly 60 per cent of respondents were worried about misinformation, with that percentage rising for young and low-income groups.

But fake news is just part of the information challenge society is facing today, says Jeffrey Dvorkin, senior fellow at Massey College and former director of journalism at the University of Toronto's

Scarborough Campus. "We're all overwhelmed by the flood of information and the explosion of news sources beyond the traditional mainstream media gatekeepers, so there's a universal confusion and anxiety about what can be trusted and what can't."

"That's where the professional accountant comes in," says Gord Beal, FCPA, vice-president, research, guidance and support for CPA Canada. "The world is looking for ethical leadership to help all of us navigate the messy and unreliable world of information. Although we are not the only answer, CPAs' expertise in providing trust in financial information can be applied to help provide trust in a much broader spectrum of information."

In his book *Trusting the News in a Digital Age: Toward a "New" News Literacy*, published in 2021, Dvorkin also notes that fake news can come in two distinct forms: mis- and disinformation. "It comes down to intent," he says. "When Uncle Fred sends you something interesting he found on the Internet that turns out to be untrue and from an unreliable source, that's misinformation." Disinformation, on the other hand, is the deliberate misleading of the public by providing information that is known to be untrue for a variety of purposes: discrediting enemies, bilking consumers, or simply to spread fear and moral panic. "Disinformation is where the real danger to society lurks," adds Dvorkin.

## Disinformation through the ages

Of course, disinformation is far from a novel phenomenon. In ancient Rome more than 2,000 years ago, shortly after Julius Caesar was murdered, his adopted son and great-nephew, Octavian, swayed public opinion against his rival Mark Antony by spreading disinformation about Antony's drunkenness and disdain for traditional Roman values. Octavian, who was confined by the technological limitations of his time, shared his propaganda via orated poetry and slogans on coinage. Octavian ultimately defeated Antony in a protracted civil war to become Rome's first emperor in 27 BC.

Since then, methods for sharing information—both accurate and erroneous—have grown in sophistication and speed. “Even before the internet, there’s always been a certain inevitability to how technology influences culture,” says Dvorkin. “We can look back to the invention of the television, radio and telegraph as past examples of how the increasingly instantaneous exchange of information has always resulted in a shock to the system.”

The first seismic shock arrived in 15th century Germany, after Johannes Gutenberg sparked the Printing Revolution by inventing the first Western movable-type printing press. Suddenly, a bible that took several years to painstakingly write by hand could be printed within weeks. The Printing Revolution dramatically improved

Demonstrators march in Ottawa on July 1 in support of “Freedom Convoy” protestors



PHOTOGRAPHS BY GETTY

Former president Donald Trump speaks at the North Carolina GOP convention in June 2021, in one of his first appearances after leaving office



"We're all overwhelmed by the flood of information and the explosion of news sources beyond the mainstream media"

literacy rates and turbocharged the dissemination of ideas that eventually led to the Enlightenment and Scientific Revolution. On the downside, the printing press's democratization of information and speed of delivery meant dangerous lies could spread just as fast. Sometimes those lies could be benign, such as the infamous Great Moon Hoax of 1835 that had countless people convinced the moon was inhabited by bat-winged humanoids.

But, more often than not, those lies were used for destructive ends. One of the most dangerous examples took place in the 1920s and 1930s when the Nazis distributed and fabricated propaganda to stir anti-semitic fervour, which resulted in the deaths of millions of Jewish people during the Holocaust.

## Information in a digital world

With billions of people enjoying access to the Internet today, the benefits and harms of our instant access to information have drastically accelerated in their scope and impact.

During Donald Trump's presidency, the pervasive problems of mis- and disinformation could be witnessed in the growth of climate-change denial, the flat-Earth and QAnon movements, culminating in the rise of anti-vax hysteria during the COVID-19 pandemic. In the past two years, numerous articles and social media posts have spread anti-vax propaganda and COVID-19 conspiracies, including: the alleged suppression of purported COVID miracle drug ivermectin; allegations that COVID vaccines were created by Bill Gates to implant microchips in every single human being; and even rumours that COVID-19 doesn't actually exist.

These forces of mis- and disinformation increase the polarization of our society as they fuel our biases within our respective echo chambers. Case in point: depending on which source you rely on for your news, you may view the recent Canadian freedom convoy protest in Ottawa as an attempted coup or the last stand for freedom against authoritarian overlords.

## In the government, we don't trust

Beyond news media, the explosion of mis- and disinformation in the past decade has come hand-in-hand with a comprehensive erosion of public trust in our governments and Big Tech. In 2013, whistleblower Edward Snowden controversially leaked classified information that suggested what many already suspected: our own governments may have been working together to secretly spy on us on a mass scale. Five years later, Facebook was caught in the crosshairs of public outrage due to its involvement with Cambridge Analytica and its alleged influence on the Brexit referendum and the 2016 U.S. presidential election. The following year, Google sister company Sidewalk Labs drew intense scrutiny for its proposed "smart city" development on the Toronto waterfront, with local politicians and activists alike expressing privacy concerns about what exactly the tech giant planned on doing

with the data its smart city collected. In 2020, Sidewalk Labs withdrew its proposal, citing COVID-related economic uncertainty—although opponents suspect the reversal had more to do with governmental pushback regarding their privacy concerns. Even the now-omnipresent TikTok, which essentially started as an entertainment app, has been alleged by some to be Chinese spyware.

“We can’t uninvent the internet or erase the challenges it’s created,” says Dvorkin. The cat is out of the bag, so the question becomes: can we figure out solutions to these problems?

On February 2, 2021, as part of its Foresight: Reimagining the Profession initiative, CPA Canada invited more than 100 leaders from the business world and accounting profession, including representatives of the International Federation of Accountants (IFAC), the International Ethics Standards Board for Accountants (IESBA) and the Institute of Chartered Accountants of Scotland (ICAS), to a global virtual roundtable to discuss several pressing ethical challenges facing the world in this era of complex and rapid digital change. A key talking point during the roundtable was the growing concern around mis- and disinformation and the role of bias in exacerbating their detrimental effects.

“As technology becomes more transformational and disruptive on a socio-political and economic scale worldwide, CPAs have to make sure they’re proponents of reliable and trustworthy information in their decision-making,” says Laura Friedrich, FCPA, an IESBA technical advisor who was a speaker at the ethics roundtable. “The main theme that came out of the roundtable was the need to figure out the best methods to utilize the information that comes from big data appropriately and safely.”

## **The bias in the room**

Under the direction of CPA Canada’s Gord Beal, the B.C.-based accounting team of Laura Friedrich and her husband, Brian, used insights gleaned from the roundtable to write a report entitled *Identifying and Mitigating Bias and Mis- and Disinformation*, which was released this past February and is the third report in a four-part series. For their report, the Friedrichs examined how CPAs can best address key ethical issues arising from artificial-intelligence-governed automated systems, social media ubiquity, and public distrust in governments and the media.

“On an individual level, we found the biggest

challenge in this area is the acceptance that we all come to the table with biases based on our backgrounds and experiences,” says Brian Friedrich, FCPA, IESBA board member and chair of the IESBA’s Technology Working Group. “Rather than viewing bias as wrong or improper, we need to shift the mentality to viewing bias as normal so we can then recognize and remove the harms our biases can create in our decision-making.”

These biases extend to the automated systems the business world relies on to parse through Big Data. While such systems utilize AI and machine-learning

As technology becomes more disruptive, CPAs must make sure they’re proponents of trustworthy information

processes that may appear to be objective at first glance, they’re built on the operational assumptions and objectives of their designers. Laura Friedrich says CPAs should always ask fundamental questions about those systems and the data they collect and analyze: Where is that data coming from? How is it being collected? How is this data being used? What privacy standards are in place?

In addition to encouraging the implementation of bias-identifying standards in the business world, the Friedrichs also support governments taking a more active role in creating legislation to address the technology-accelerated issues of mis- and disinformation. However, they need to tread lightly as they do so. In the current climate of public mistrust, governments can be perceived to be influencing their citizens for nefarious purposes or secondary political objectives, even if those actions are being done in the name of public safety, as we have seen during this pandemic.

Dvorkin agrees, although he believes there’s a legitimate concern that government regulation of information on the internet may be a slippery slope toward undemocratic suppression of freedom of speech. “It’s going to be very difficult for governments to come up with plans that will have the credibility of being a benign oversight,” he says.



## **Policing the internet**

The other problem is simply one of logistics: there aren't enough people to effectively monitor the internet, whether you're a government or a social media giant. Which brings us back to ethically designed and transparently supervised automated systems. "What's likely going to happen is that government oversight will depend on algorithms that will contain trigger mechanisms set off by certain words or phrases," says Dvorkin, who points to recently enacted and soon-to-come legislation that uses algorithms for similar purposes in Europe and Australia. For example, France passed a law in 2018 to fight misinformation during the elections in 2019 and Australia is introducing new regulatory powers to combat mis- and disinformation on social media platforms later this year. Dvorkin adds, "A similar sort of technical oversight will eventually be imposed in North America. The Canadian government is currently proposing the regulation of digital platforms with Bill C-11 (commonly known as the Online Streaming Act), but we're still in the thick of it right now, so we're just going to have to feel our way in the dark a little bit."

▲  
Facebook CEO Mark Zuckerberg testifies at a 2018 Senate hearing in which he warned of an "arms race" against Russian disinformation

The Friedrichs are closely following these developments. Ultimately though, they say the responsibility to mitigate bias and mis- and disinformation begins and ends with individuals. "CPAs need to have an inquiring mind and engage their professional skepticism," says Brian Friedrich, adding that CPAs should go back to the original source whenever possible. "Before utilizing and distributing information, CPAs should proactively consider other points of view and challenge their own beliefs so they can make the most well-informed decision possible."

Laura Friedrich also recommends a more flexible and open-ended approach tailored to the dynamic needs of today's business world, especially in vital but relatively nascent areas like sustainability. "The profession has branded itself in a way that asserts CPAs always provide the solutions, but we need to accept that we might not always have all the answers in these complex times," she says. "Instead, we need to set expectations by establishing ourselves as the professionals who can come up with a solid and responsibly informed plan of action to find a way forward through uncertainty in a meaningful way." ♦

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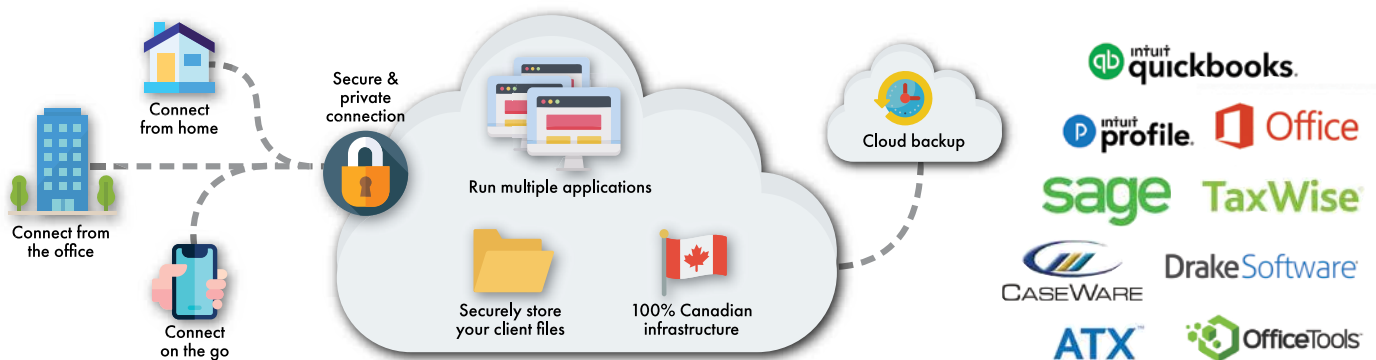
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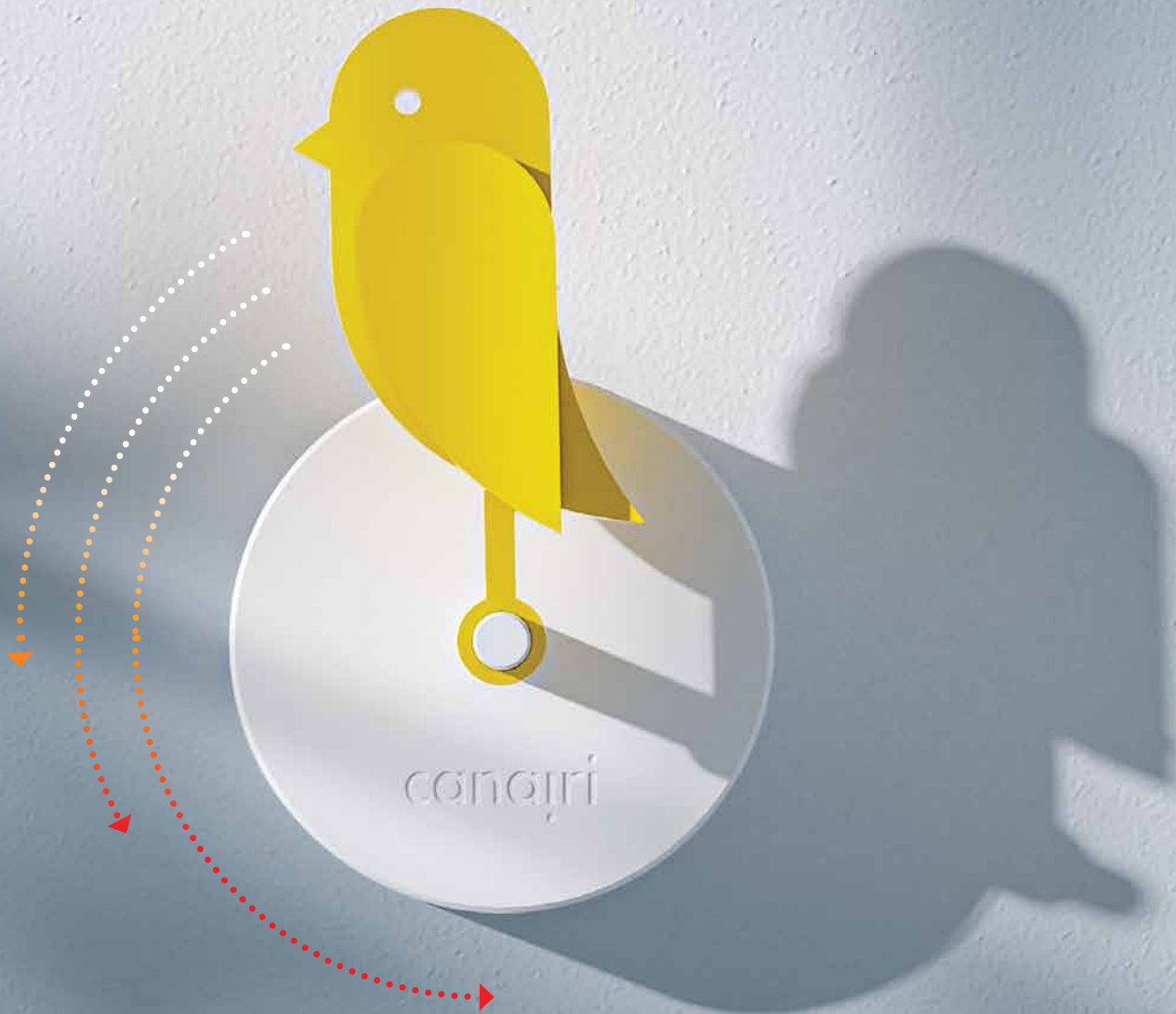
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## EXTRAORDINARY ITEM

### CHEEP SHOT

Is a simple bird-shaped device that measures indoor carbon dioxide levels the tool a ventilation-obsessed world has been waiting for?

BY LIA GRAINGER

Hans Høite Augustenborg and Andreas Kofoed Sørensen were sure it was a million-dollar idea: an attractive and utterly simple device that alerts users when CO<sub>2</sub> levels in the air rise above the recommended limit.

The two Danish university students had been chums since primary school. Augustenborg was an artsy ideas man and would soon be working in advertising, while Sørensen had a knack for

numbers and was about to graduate from business school. It was Augustenborg's father who had triggered the idea for the invention—growing up, he had always stressed to his son the importance of fresh indoor air, opening the windows on even the chilliest Copenhagen mornings.

Augustenborg's dad was on to something. High indoor CO<sub>2</sub> levels are recognized internationally as a



Augustenborg and Sørensen quit their day jobs to focus on Canairie

health concern and can be caused by fuel-burning appliances, off-gassing from underlying soil or—most commonly—humans’ breathing.

Their device would resemble a yellow canary on a white perch. When indoor CO<sub>2</sub> levels are below the threshold of 1,000 parts per million, the canary sits erect. When they rise above that number, it swings down and appears to hang unconsciously from its perch until the user opens a window and ventilation is improved. No phone alerts, no lights, no noises, just a little yellow bird—the proverbial canary in the coal mine—that users would feel compelled to care for.

“The design really pushes the user to act by eliciting an emotional response,” says Augustenborg.

The two-man team created a sleek prototype and a business plan and began applying for start-up programs and grants. They were rejected at every turn.

“We were usually told our product wasn’t innovative enough,” says Augustenborg. The problem, he says, is that the national funding programs they were applying for focus on technical

products that incorporate elements like biochemistry, machine learning and artificial intelligence, while undervaluing design and originality.

The Canairi uses a standard sensor that activates when CO<sub>2</sub> in the air hits 1,000 ppm. Their innovation—which they now hold a patent on in Denmark—is that the sensor triggers a motor that causes the bird to move.

As Augustenborg puts it, they also believe that “translating data into visual communication to nudge the

user” to enact a behaviour—in this case, cracking a window—is an innovation in itself.

To get liftoff, Augustenborg and Sørensen took two months off their day jobs—by April 4, 2022, they had quit them—and worked full-time on Canairi. They spent \$2,500 on a series of social media ads which they used to collect the email addresses of 4,000 individuals interested in an early-bird

discount. Then they launched a Kickstarter campaign.

Canairi launched on April 5 with a modest fundraising goal of about \$10,000 Canadian. By the end of the first day, they had raised \$50,000. National and then international media coverage followed. By the time the campaign ended a month later, they had raised almost \$600,000, and now have some 4,000 orders to fulfill. So far, the U.S. is their biggest market; they have 137 backers in Canada.

“I like anything that makes the invisible visible,” says Melanie Langille, an environmental scientist and the president and CEO of the New Brunswick Lung Association. Still, she warns that an upright Canairi doesn’t necessarily mean indoor air is clean. Langille points to volatile organic compounds or VOCs, a general umbrella term for particulates found in a range of consumer goods from fragrances to cleaning products, that some other devices can detect. VOCs are hazardous and can be found in both indoor and outdoor air.

“This device certainly doesn’t hurt, but it’s not the whole picture,” says Langille.

Canairi may be one of the fledgling companies given a boost by the pandemic. Campaigns around the world highlighting the importance of ventilation have led to increased awareness of the problem that Canairi is trying to solve. “It embedded it in everyone’s brains,” says Augustenborg.

## NO PHONE ALERTS. NO LIGHTS. NO NOISES. JUST A LITTLE YELLOW BIRD USERS FEEL COMPELLED TO CARE FOR

Canairi has partnered with a manufacturer in China that will produce the design from 100 per cent recycled plastic. They’ve also added a production manager to their team; the goal is to begin delivering Canairis to consumers this fall.

They’ve had offers from investors, though now they’re able to be a little more discerning. Says Augustenborg, “We’re waiting for the right one.” ♦

# Integrating two more tax-efficient options in your advising strategy

iA Financial Group, Group Benefits and Retirement

At iA Financial Group, we've seen numerous tax changes in the last few years with respect to the family trust and income splitting, passive income and stock options. Organizations are currently struggling to reduce corporate taxes, transfer assets to the owners and mitigate the tax impact and retain key employees—a daily challenge in today's tight labour market.

As a result, business owners, professionals and executives are looking for new, tax-efficient wealth building options.

## Spotlight on two CRA-sanctioned solutions

The individual pension plan (IPP) and retirement compensation arrangement (RCA) can be set up on their own or in conjunction with each other. They are valuable for the following situations:

### Maintaining a small business tax rate

Most IPPs and RCAs allow for both a corporate deduction for current service as well as a larger

deduction for past service, which can be quite substantial. When the company contributes the full past-service deduction, it can often drop its tax rate to the small-business level.

### Retirement pension enhancements (terminal funding)

At retirement, additional enhancements can be purchased. The cost becoming tax-deductible, further drawing money out of the company; when selling, the company is more marketable.

### Taking advantage of the additional voluntary account

The voluntary account is a side account holding RRSP assets that can be transferred, providing more advantages. For one, investment management fees can be billed and are tax-deductible to the company. Additionally, assets in the voluntary account are not considered part of the IPP for funding purposes and are fully accessible to the client

The table below compares the key features of the RRSP, IPP and RCA. You be the judge.

FEATURES	RRSP	IPP	RCA
<b>Tax deduction of employer contribution</b>	• Yes; considered as income	• Yes; actuarial calculation required	• Yes; actuarial calculations recommended
<b>Maximum contributions</b>	• 18% of T4 income to CRA yearly limit	• Based on age and T4 income • Higher maximum than RRSP	• Based on T4 income • Higher maximum than RRSP
<b>Tax sheltering of assets</b>	• Yes; taxable when paid	• Yes, while in the plan; taxable when paid	• Yes, while in the plan; taxable when paid • 50% of contributions held by CRA in uninvested refundable trust account
<b>Past service</b>	• No if RRSP contributions were maximized since 1991	• Yes for years of service since 1991	• Yes if "reasonable"; paying a CEO at age 50 a pension of 50% of earnings at age 60 is reasonable
<b>Retirement income options</b>	• Pension can start before turning 71	• Retire from age 55, before turning 71	• No restrictions
<b>Additional pros</b>	• Easy administration	• Flexible contributions, depending on province • Tax-deferred inter-generational asset transfer • Fund investment shortfalls • Stronger creditor protection	• Flexible contributions and withdrawals • Vesting options and potential lower tax rate in another jurisdiction • Tax-deferred inter-generational asset transfer • Stronger creditor protection



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BOOK VALUE

# OFFICE CULTURE

The eight personalities you'll encounter at the office, and how to handle problem colleagues

BY BRIAN BETHUNE

It will surprise virtually no one to learn that Am I the Asshole?, one of the most popular subreddits of all time, originated in an office squabble about air conditioning settings. Certainly not Amy Gallo, a contributing editor at *Harvard Business Review*, who has a cascade of workplace horrors to share, including a boss who dispatched 50 emails before office hours and phoned at 9:15 p.m. asking why she hadn't received answers to all of them. The stories are found in Gallo's forthcoming book *Getting Along: How to Work With Anyone (Even Difficult People)*, along with the depressing

workplace statistics they spawn.

Studies reveal that the "number one source of tension at work was interpersonal relationships." In one study, 94 per cent of respondents said they had worked with a toxic colleague within the past five years; in another, one in three had quit their jobs over it.

The damage is not limited to careers. In the single most arresting study Gallo cites, researchers made small incisions on the arms of 42 married couples and found that those in acrimonious relationships took twice as long to heal, which means that a daily toxic environment is a serious threat to physical and mental health.

While the bad experiences may be familiar, Gallo's nuanced mixture of practical advice, personal confession and realistic appraisal is eye opening. It may also prove maddening for those who want to solve the problem by a fist to the tormentor's face, whether metaphorical or literal. Gallo finds the latter a frequent response when she asks people to blue-sky emotionally

satisfactory conclusions to their issues. She doesn't (quite) admit to feeling the same way, although she does confess to a history of everything from passive aggressive digs tossed at co-workers to smiling in one's face while thinking, "I hate you; I wish you'd quit."

## STUDIES SHOW INTERPERSONAL RELATIONSHIPS ARE THE TOP SOURCE OF WORK-PLACE TENSION

Nor is there any guarantee that the teeth-grinding empathy Gallo recommends—trying to figure out where the toxic colleague is coming from—will truly work. Not least because office culture, particularly in terms of politics, often rewards toxic behaviour.

Perfection is not the author's aim. Doing better is and, to that end, she divides offenders into eight rough archetypes and goes step by step through best practices as gleaned through experience, neuroscience, psychology and interviews with experts. There are insecure bosses, pessimists, victims, passive-aggressors, know-it-alls, tormentors, biased co-workers and political operators.

Insecure bosses, obsessed with micromanaging and prone to disparaging their direct reports, may have the same curse poised above them in the company hierarchy. Keep them constantly informed of everything and use only inclusive "we" language. That's a good approach for all the archetypes, one that may incline them to see you as a potential ally rather than certain threat.

Realize that the eternal pessimists who bring down team enthusiasm and generally throttle innovation may have actual experience you should listen to, and, when heard, may dial back the doomsaying. Maybe victims who constantly point the finger at others for any and all failures have actually been ostracized, however subtly,

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by office sexism, racism, homophobia or ableism of others; check by closely observing the dynamics of meetings they attend. Try encouraging victims to help others, which research shows instills a sense of agency and dampens feelings of inferiority.

As Gallo methodically works through the archetypes, with specific tailored steps for each, she repeats her universal theme. They aren't completely evil and you are not a saint; there is more than one perspective in life and some can be hard to see. That shows up most intensely in the section on biased co-workers, whether employees are direct targets or uncomfortable bystanders. The contemporary workplace has changed rapidly in just a few years, Gallo notes. While lockdown-dictated remote work has alleviated some aspects of toxic environments—sufferers are not brushing up daily against tormentors—it has worsened others. For one, you can no longer keep an eye on the political operator's side communications with bosses and peers. It's probably not a coincidence that Reddit's AITA, as it is more politely known, entered the COVID pandemic with 1.8 million users and now has more than twice as many.

But the biggest recent change may lie in the drive of companies to become more inclusive. Gallo treads most lightly in her section on biased co-workers, acknowledging her past sins and ongoing privilege, while being cautious in her advice. Those targeted should weigh all the possible repercussions before acting, but those who see the bias in action don't have a choice, she argues. They have to speak up, openly and immediately, or the benefits of diversity can never be achieved, nor the workplace be made welcoming for anyone.

If none of this works well enough to significantly reduce your stress level, at least you've honestly tried. And Gallo has you covered. *Getting Along*, solidly practical handbook that it is, concludes with a section on how and when to cut and run to another job. ♦

## HEALTH

## GREY MATTERS

Anxiety, brain fog, sleep deprivation—for every ailment the pandemic has exacerbated, there's a health start-up that claims it has a fix **BY VANESSA MILNE**



If you feel like you can't remember anything anymore, you're in good company. According to a handful of experts, including Karl Szpunar, director of the Memory Lab at Toronto Metropolitan University (formerly Ryerson University), the pandemic has increased the number of Canadians who say they feel like they have brain fog. Szpunar attributes it to the increased stress and sleep disruptions that stem from living under the weight of COVID-19. Other, more serious mental issues, like burnout, anxiety and depression, are also on the rise. In a recent Angus Reid poll, 54 per cent of Canadians said their mental health

is worse than it was at the beginning of the pandemic.

And, while the past few years have been a drain on mental health and mental health supports, a wave of brain-boosting start-ups have come to market offering various kinds of relief. They've been growing in type and number over the past 10 years, which accelerated during the pandemic.

Take, for example, a new medical technology called transcranial magnetic stimulation (TMS), which uses a wand that, when placed over the head, creates a magnetic field to stimulate the nerves below it. According to Lisa Murray, an occupational therapist and co-owner of Neuromed Clinic in Edmonton, which

offers the treatment, TMS “induces plasticity in the brain,” stimulating the growth of new connections.

Murray’s clinic mostly uses TMS to treat people with clinical depression, an application that has the most evidence behind it. Proponents of TMS say that more than half of people who don’t respond to medications for depression will benefit from TMS, and about one-third will go into remission entirely. (Benefits however aren’t always permanent; treatment may need to be repeated.) The clinic also treats people with anxiety and will offer TMS to anyone who thinks it might be helpful, including those with general memory issues.

TMS’s brain-altering wand may sound futuristic, but the technology has had approval from Health Canada since 2002 for treatment-resistant depression. In addition to depression and anxiety, it’s also being used for conditions like burnout—which some researchers believe mimics depression, affecting working memory, and the ability to make connections and think quickly—chronic pain and even for gaining a cognitive edge in competitive sports.

## APPROVED BY HEALTH CANADA, TMS HAS BEEN USED TO TREAT DEPRESSION AND ANXIETY

And it’s becoming more mainstream. Lisa and her husband opened shop in 2017. “We were the first clinic in Edmonton and now there’s a handful,” Murray says, which includes public operators like the Alberta Hospital Edmonton and the Alberta Health Services’ Mental Health Clinics.

According to a market report from SharpBrains, an independent market research firm tracking health and performance applications of brain science, TMS is part of a growing market of brain-health technologies, along with neuro-monitoring (which

may combine cardiac monitoring and brain stimulation), brain training (apps like Lumosity, which uses games to strengthen memory and speed up cognitive functions), and electroencephalograms or EEGs (electrodes that measure brain functioning). All these are a subset of the larger “brain health” market, which includes everything from meditating with biofeedback to mass-market cognitive training apps, evidence-backed sleep apps and brain-health supplements. (For a sense of scale, the brain supplements bucket alone was pegged by Grand View Research as being worth US \$7.68 billion in 2021.)

While that overall market had been expanding for years, SharpBrains CEO Alvaro Fernandez says it was given a boost during COVID not only because people’s sleep and moods were disrupted but because they also had more time to try out wellness supports.

But three years into the pandemic, and amid concerns of a recession, start-ups are beginning to encounter difficulty finding funding. Fernandez believes that the growth line is flattening. “This year and next year things are slowing down, he says.

More nimble tech will rise to the top, as he sees it. Apps like Breathe2Relax and HRV4Training, which use biofeedback gathered by the existing sensors in smartphones, are more scalable than technologies such as TMS. They’re mass market by design. TMS and similar technologies like tDCS, which acts in the same way as TMS but stimulates the brain with electricity rather than magnetic fields, may be promising but “they require clinical supervision for proper targeting,” he explains, “and also monitoring of potential side-effects.”

That comes at a cost. A session of TMS is typically priced at about \$300 and a full course of therapy will run upwards of \$6,000. For clients with treatment-resistant depression or anxiety, it can be worth it. For those with vaguer and less pressing concerns, like forgetting where they put the keys down, not so much. ♦

### PIVOT RECOMMENDS

## Off the clock

BY CHRIS POWELL

### Watch

The eagerly anticipated *House of the Dragon*, the prequel to HBO’s *Game of Thrones*, is set 300 years before its predecessor and follows the Targaryens, the family who gave us GoT’s Daenerys “The Mother of Dragons” Targaryen. The cast features several familiar faces, including former *Dr. Who* star Matt Smith, *Ready Player One*’s Olivia Cooke, and *The Outsider*/*Peaky Blinders* star Paddy Considine. You can expect at least one (and possibly all) to suffer an unexpectedly gruesome death.

### Read

The Metaverse has been described as “the next internet,” but what, exactly, is it? In *The Metaverse: And How it Will Revolutionize Everything*, theorist and venture capitalist Matthew Ball describes an interconnected network of 3D virtual worlds that will serve as the gateway to most online experiences. It is, he says, “poised to revolutionize every industry and function, from finance and healthcare to education, consumer products, city planning, dating and well beyond.”

### Listen

*Tiffany Dover is Dead\** is a sobering look at how pervasive misinformation has become. In 2020, shortly after getting her first COVID-19 shot, Tiffany Dover fainted during a live TV interview. Conspiracy theorists quickly claimed that she had died and the vaccine was to blame. Even though Dover subsequently gave a follow-up interview, conspiracy theorists insisted that it was a cover-up. Hosted by NBC journalist Brandy Zadrozny, who actually covers misinformation as a beat, the podcast delves into how anti-vaxxers have been sowing disinformation for years and attempts to prove definitively that Tiffany Dover is actually very much alive.

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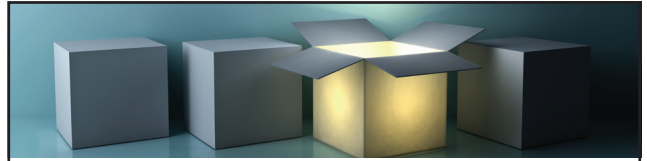


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## PAINT BY NUMBERS

Fellow artists are often surprised when they learn Amanda Keay is a CPA. But the Calgary-based painter and art teacher incorporates skills learned from professional accounting into her artistic journey. **BY ROB CSERNYIK**

When I was working full-time in San Francisco, I was already pursuing art outside of my day job.

**I was painting in my bedroom before I went to work in the morning and all day on weekends.** And, weeknights after work, I'd network.

It always surprises people how long it takes to complete a painting. **A 16-by-20-inch canvas can take about 20 to 30 hours**, but spread out over several weeks. You always need fresh eyes to look at a painting before you work on it again.

Communicating complex information in a digestible way is a skill that has helped me so much in being an art teacher. **When I was working as a CPA with engineers and senior executives, I often had to summarize complex information concisely.**

This skill is instrumental when I'm simplifying art concepts to students or explaining the process of a commission painting to clients.

**Every artist goes through this thing called imposter syndrome where they're doing it, but they don't feel like they're a real artist.** I think the reason why is because we spend so much time alone, painting or making our craft. But, for me, every milestone—like my first commission or first exhibition—made me feel closer to being a real artist.

The moment I felt like a real, professional working artist was when I started teaching art. **I was finally able to share my knowledge of what I've learned and to build a strong, long-lasting relationship with my students.**

I like the challenge of painting a person because you can tell right away when something is off on someone's face—it's less forgiving than other subjects. **Once you get the expression, they immediately come to life.**

Both accounting and art are about learning skills in bite-sized pieces, repeating them and mastering them. **Accounting and art both take a lot of grit to be successful.**

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