



CONSULTATION PAPER ON THE
2022-2023 ANNUAL DUES



CPA

ORDRE DES COMPTABLES
PROFESSIONNELS AGRÉÉS
DU QUÉBEC

TABLE OF CONTENTS

1 RESOLUTION OF THE BOARD OF DIRECTORS



2 2020-2021 FINANCIAL PERFORMANCE



3 BUDGET FORECASTS FOR 2021-2022 AND 2022-2023



4 CHANGES IN DUES PAYABLE TO THE ORDER AND BENCHMARKS



APPENDIX 1 RESULTS AND BUDGET FORECASTS

APPENDIX 2 BOARD MEMBER COMPENSATION

APPENDIX 3 2020-2021 ANNUAL REPORT [PDF]

RESOLUTION OF THE BOARD OF DIRECTORS



Excerpt from the minutes of the regular Board of directors meeting held on May 25, 2021

Member consultation and approval of the 2022-2023 annual dues

Based on the facts presented, the Board of directors PASSED THE FOLLOWING RESOLUTION:

WHEREAS, in accordance with sections 85.1 and 103.1 of the *Professional Code*, the Board of directors shall, before setting the 2022-2023 annual dues for Order members, consult with members on this matter 30 days before and during the Annual General Meeting;

WHEREAS the first consultation will be held between July 30 and September 9, 2021;

WHEREAS the Audit committee has issued a recommendation on the matter;

On a motion duly seconded, IT WAS UNANIMOUSLY CARRIED:

TO ADOPT the attached draft resolution setting the annual member dues for the 2022-2023 fiscal year for member consultation purposes (item 3);

TO COMMUNICATE this draft resolution and the documents required under section 103.1 of the *Professional Code*, and TO CONSULT with members on the amount of the 2022-2023 annual dues.

BOD 2021/2022	991	ADOPTED
Draft resolution on the 2022-2023 annual dues for Order members		

WHEREAS the Audit committee and the Board of directors reviewed the 2022-2023 budget directions;

WHEREAS the Audit committee and the Board of directors obtained all the necessary explanations;

WHEREAS, in accordance with the *Professional Code*, the annual dues for the 2022-2023 fiscal year are set by the Order’s Board of directors, following a consultation of members during the Annual General Meeting and after considering the comments received as part of the member consultation held at least 30 days before the meeting;

WHEREAS the Order’s annual dues increase strategy is based on the Consumer Price Index (CPI);

WHEREAS the fund balance management policy (the Policy) was approved by the Board of directors on November 29, 2018 and revised on May 25, 2021;

1

RESOLUTION OF THE BOARD OF DIRECTORS (CONT.)

WHEREAS the Policy provides that the level of the unrestricted fund balance should be within the range of 8% and 25% of total annual expenses, ensuring the Order has the flexibility it needs to meet its current obligations, face unexpected circumstances and seize opportunities;

WHEREAS, prior to the remittance to members and considering the results achieved during the 2020-2021 fiscal year, the unrestricted fund balance to annual expenses ratio was higher than the target range;

WHEREAS the Policy includes measures in the event the target is exceeded;

WHEREAS one of the measures is a remittance to members, to be applied to their annual dues;

WHEREAS in February 2021, the Board of directors approved a remittance to members to be applied to the 2022-2023 annual dues, the amount of which will make it possible to lower the level of the unrestricted fund balance to 25% of total expenses, i.e. the top of the target range.

WHEREAS the actual amount of the remittance to members is established based on the results for the year ended March 31, 2021;

WHEREAS a remittance to members totalling \$6.1 million will make it possible to lower the level of the unrestricted fund balance to the top of the target range, i.e. 25%;

WHEREAS to receive the remittance to be applied to their annual dues, members must be duly entered on the roll of the Order on April 1, 2022;

WHEREAS the remittance is proportional to the annual dues for the different member categories;

WHEREAS the 2021-2022 budget and 2022-2023 budget forecasts, with no dues increase, make it possible to maintain the unrestricted fund balance to annual expenses ratio within the target range;

WHEREAS, given the above considerations, no dues increase is recommended for the 2022-2023 fiscal year;

WHEREAS the Audit committee recommends a dues freeze for the different member categories for the 2022-2023 fiscal year.



1

RESOLUTION OF THE
BOARD OF DIRECTORS
(CONT.)

On a motion duly seconded, IT WAS RESOLVED:

TO MAINTAIN the dues for the 2022-2023 fiscal year at the 2021-2022 level for the different member categories:

“Member”	No increase, the annual dues remain at \$945
“Professor or lecturer”	No increase, the annual dues remain at \$472.50 (50% of the “member” dues)
“Retired member with no income”	No increase, the annual dues remain at \$141.75 (15% of the “member” dues)
“Semi-active member with income of less than \$25,000”	No increase, the annual dues remain at \$283.50 (30% of the “member” dues)

TO APPLY the remittance to members to the 2022-2023 annual dues, as follows:

	2022-2023 annual dues	Remittance to members	2022 2023 annual dues after remittance to members
“Member”	\$945	\$173	\$772
“Professor or lecturer”	\$472.50	\$86.50	\$386
“Retired member with no income”	\$141.75	\$25.95	\$115.80
“Semi-active member with income of less than \$25,000”	\$283.50	\$51.90	\$231.60

TO SET March 15, 2022 as the deadline for paying the annual dues for the 2022-2023 fiscal year.



2

2020-2021 FINANCIAL PERFORMANCE

The Order has an adequate financial framework to carry out its mission to protect the public and its strategic plan. Whether direct or indirect, the expenses it incurs are all for purposes of protecting the public, with the Order always seeking to optimize the use of its resources.

The positive results at the end of 2020-2021 are added to those of prior fiscal years, during which the Order replenished its unrestricted fund balance so it would have a sufficient margin to cover unforeseen events and seize opportunities as they arose. Despite the pandemic, revenues were stable. Conversely, remote work resulted in substantial savings, allowing the Order to pay its members an unprecedented remittance of \$6.1 million while maintaining an adequate financial framework.

One of the main reasons for this performance was that revenues associated with professional development activities were higher than expected. E-learning activities were a resounding success; revenues were comparable with prior years, but expenses were lower than they would have been if participants had attended these activities in person.

Furthermore, investment income reflected the remarkable growth in financial markets.



3

BUDGET FORECASTS FOR 2021-2022 AND 2022-2023

The fund balance management policy ensures that each of the funds is capitalized to meet their respective needs. Thus, under this policy, the unrestricted fund balance, comprised of the surplus generated from day-to-day operations and not restricted to any other fund, must be within a range of 8% to 25% of total annual expenses. This target was based on a comparative analysis of the range established by many large professional orders in Quebec and CPA bodies in other Canadian provinces. It makes it possible to maintain an adequate level of net assets to ensure the Order is responsibly and efficiently managed.

While the pandemic was expected to weaken the Order’s financial position, the results achieved during the 2020-2021 fiscal year appear to have resulted in the unrestricted fund balance exceeding its target range. Therefore, the Board decided to pay its members a \$6.1 million remittance, to be applied to the 2022-2023 annual dues, thus maintaining the unrestricted fund balance within the target range.

Moreover, the budget forecasts for 2021-2022 and 2022-2023 take the gradual resumption of certain activities into account, in accordance with the information available to the Order to date.

Annual dues are by far the Order’s largest revenue source. A demographic analysis by the actuarial firm Normandin Beaudry shows that the number of active members (membership excluding retired members) will stagnate in the years ahead.

Under these conditions, since the Order cannot count on a growing membership, the only solution is to increase the annual dues. Accordingly, the Order developed a revenue growth strategy based on the Consumer Price Index to cover the normal increase in expenditures.

However, the exceptional results achieved during the 2020-2021 fiscal year, combined with the Order’s already strong financial position, mean that no dues increase will be necessary for 2022-2023, even though the Order projects deficits in the years to come in order to drive the unrestricted fund balance toward the middle of the target range, in accordance with its five-year budget strategy. Nevertheless, significant investments in the professional development business model, the digital shift and the CPA Professional Education Program for future CPAs are still possible with this strategy.

In conclusion, the Order is in a position to not only grant its members a remittance of \$6.1 million, continue investing heavily in improving its processes and keep the unrestricted fund balance at an optimal level for attaining its budget objectives, but also propose a dues freeze for 2022-2023.



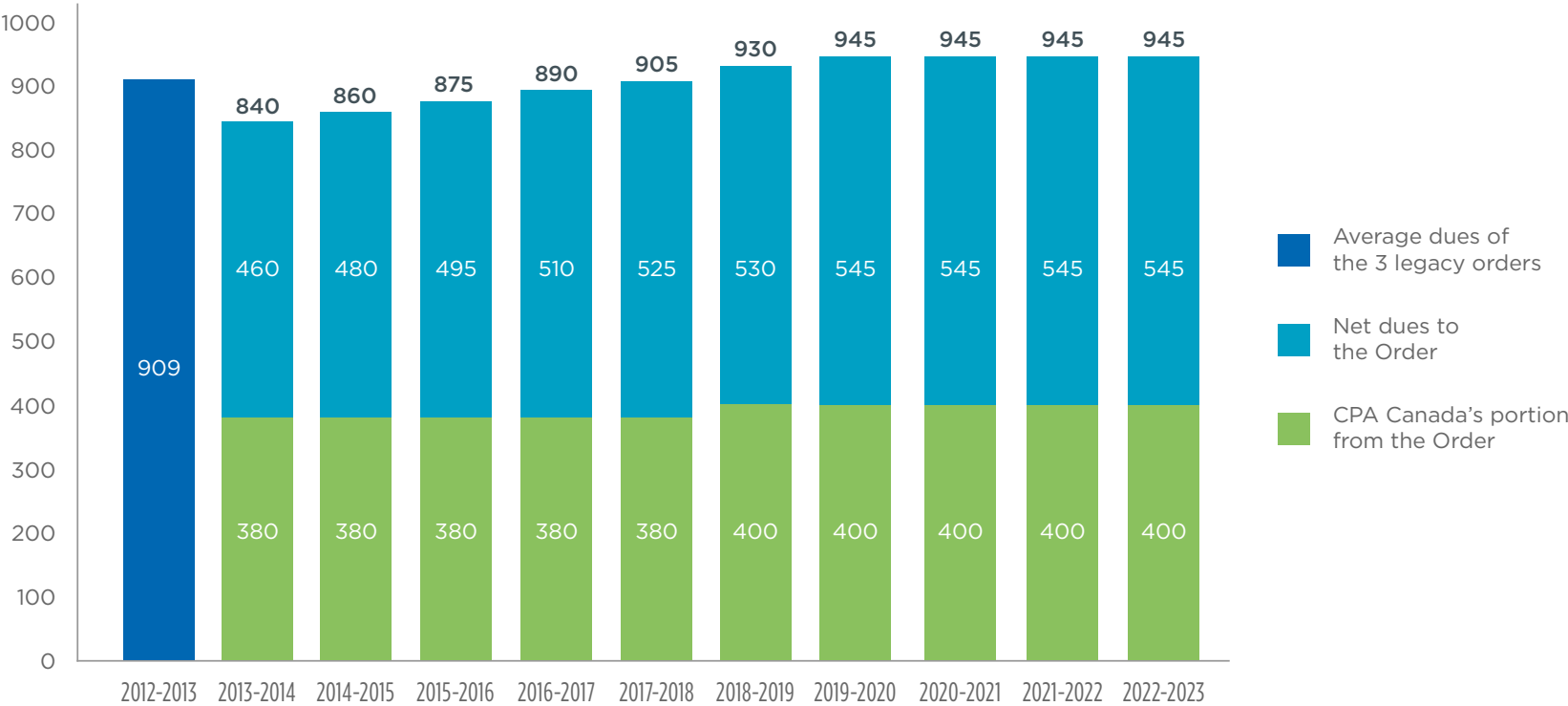
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CHANGES IN DUES PAYABLE TO THE ORDER AND BENCHMARKS

In 2012-2013, at the time of unification, the average dues for the three legacy orders were \$909. The first harmonized dues in 2013-2014 were set at \$840, i.e. \$69 less than the average. Since then, the dues have increased at almost the same rate

as the CPI to now stand at \$945. Following the Board of directors' draft resolution, for the third year in a row, the dues would remain at \$945 for 2022-2023.

CHANGES IN ANNUAL DUES SINCE THE UNIFICATION OF THE PROFESSION



4

CHANGES IN DUES
PAYABLE TO THE ORDER
AND BENCHMARKS
(CONT.)

As shown in the tables below, Quebec CPA dues compare favourably with regular member dues of other large professional orders and CPA dues in other Canadian provinces.

REGULAR MEMBER DUES IN VARIOUS QUEBEC
PROFESSIONAL ORDERS IN 2021-2022

Profession	Basic mandatory dues	Number of members rounded to nearest thousand as at March 31, 2020
Physicians	\$1,700	24,000
Lawyers	\$1,523	28,000
Notaries	\$1,520	4,000
Pharmacists	\$1,123	10,000
CPAs	\$945	40,000
Engineers	\$517	64,000
Nurses	\$378	78,000

CPA DUES IN QUEBEC AND THE REST OF CANADA
IN 2021-2022

Province	Dues – Regular member	Number of members rounded to nearest thousand as at March 31, 2020
Manitoba	\$1,015	8,000
Alberta	\$990	30,000
Ontario	\$980	95,000
Colombie-Britannique	\$950	37,000
Québec	\$945	40,000



APPENDIX 1

RESULTS AND BUDGET FORECASTS

	Results* March 31, 2021	Budget forecasts March 31, 2022	Budget forecasts March 31, 2023
General fund			
	\$000	\$000	\$000
REVENUES			
Annual dues	16,122	22,690	22,521
Guidance for the profession	14,705	12,842	13,184
Qualification	7,791	7,877	8,037
Outreach and visibility	1,821	1,922	1,962
Subsidy	400	107	29
	40,839	45,438	45,733
EXPENSES			
Governance	1,486	1,618	1,652
Guidance for the profession	16,058	17,462	17,399
Qualification	7,229	8,582	8,253
Public affairs, brand strategy and communications	3,257	3,692	3,751
Outreach and visibility	2,828	3,524	3,665
Operating expenses	11,633	12,508	12,554
	42,491	47,386	47,274
EXCESS OF EXPENSES OVER REVENUES BEFORE INVESTMENT INCOME	(1,652)	(1,948)	(1,541)
Interest revenues	182	200	200
Investment income	1,565	450	500
	1,747	650	700
EXCESS OF REVENUES OVER EXPENSES (OF EXPENSES OVER REVENUES)	95	(1,298)	(841)

*From the audited financial statements in the [2020-2021 annual report](#)

APPENDIX 2

BOARD MEMBER COMPENSATION

The expenses in the “Governance” line presented in Appendix 1 include the compensation of members elected to the Board of directors, set in accordance with the board member compensation policy revised on June 10, 2021 and posted to the Order’s website. Directors are compensated as follows:

	March 31, 2021	March 31, 2022	March 31, 2023
Allowance paid to the chair (40% of the Auditor General of Québec’s salary)*	\$90,232	\$92,036	\$92,036
Allowance paid to the vice-chair (10% of the Auditor General of Québec’s salary)*	\$22,558	\$23,009	\$23,009
Directors’ fees – In-person meetings			
Half day	\$300/meeting	\$300/meeting	\$300/meeting
Day	\$475/meeting	\$475/meeting	\$475/meeting
Strategic planning meeting (1.25 days)	\$600/meeting	\$600/meeting	\$600/meeting
Directors’ fees – Remote meetings			
Less than 1 hour	\$150/meeting	\$150/meeting	\$150/meeting
More than 1 hour but less than 3 hours	\$300/meeting	\$300/meeting	\$300/meeting
More than 3 hours	\$475/meeting	\$475/meeting	\$475/meeting

* This allowance does not include applicable payroll taxes.