

# Consultation Paper on the **2020-2021 ANNUAL DUES**



**CPA**

ORDRE DES COMPTABLES  
PROFESSIONNELS AGRÉÉS  
DU QUÉBEC

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# 1

## RESOLUTION OF THE BOARD OF DIRECTORS

### Excerpt from the minutes of the regular Board of directors meeting held on June 13, 2019

#### Adoption of the draft resolution on the 2020-2021 annual dues of Order members

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 annual dues for Order members for the 2020-2021 fiscal year, consult with members on this matter 30 days before the Annual General Meeting and during the Annual General Meeting;

**WHEREAS** the first consultation will take place from July 26 to September 5, 2019;

**WHEREAS** the recommendations of the Audit committee and the Executive committee.

#### **On a motion duly seconded, IT WAS UNANIMOUSLY CARRIED:**

TO ADOPT the attached draft resolution setting the annual member dues for the 2020-2021 fiscal year for member consultation purposes;

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 annual dues for the 2020-2021 fiscal year.

CA 2019/2020	802	ADOPTED
<b>Draft resolution on the 2020-2021 annual dues for Order members</b>		

**WHEREAS** the Audit committee, the Executive committee and the Board of directors reviewed the 2020-2021 budget directions;

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

**WHEREAS** in accordance with the *Professional Code*, the annual dues for the 2020-2021 fiscal year are set by the Order's Board of directors, following a consultation of members in 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 new fund balance management policy approved by the Board of directors in November 2018;



# 1

## RESOLUTION OF THE BOARD OF DIRECTORS (CONT.)

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

**WHEREAS** the surplus for the 2018-2019 fiscal year enables the Order to increase the unrestricted fund balance to total expenses ratio more quickly than anticipated and thus reach the midpoint of the target range as at March 31, 2019;

**WHEREAS** the 2019-2020 budget and 2020-2021 budget forecasts, with no dues increase, enable the Order to maintain the unrestricted fund balance to annual expenses ratio at the midpoint of the target range;

**WHEREAS**, given these considerations, no dues increase is recommended for the 2020-2021 fiscal year;

**WHEREAS** the Audit committee and the Executive committee recommend the status quo regarding the dues for the different member categories for the 2020-2021 fiscal year.

**On a motion duly seconded, IT WAS CARRIED:**

TO MAINTAIN the dues for the 2020-2021 fiscal year at the same level as in 2019-2020 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 SET March 15, 2020 as the deadline for paying the annual dues for the 2020-2021 fiscal year.





# 2

## 2018-2019 FINANCIAL PERFORMANCE

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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 surplus generated at the end of the 2018-2019 fiscal year provides the flexibility the Order needs to meet its obligations, face the unexpected and seize opportunities. This surplus is primarily attributable to higher than forecasted revenues generated by professional development activities and investments, as well as savings in employee salaries.

The increase in revenue from professional development activities is mainly due to the fact that 2018-2019 marked the

third and final year of the compulsory continuing education cycle. Many members took advantage of this last year to catch up on their training hours to meet the regulatory requirements. In addition, continuing the trend seen in the previous year, variable costs decreased as a result of members' growing tendency to favour e-learning activities and training materials in electronic format.

Moreover, the performance of financial markets over the last few months had a positive effect on the Order's investment income.

Lastly, hiring delays caused by the labour shortage resulted in a decrease in employee salaries.

# 3

## 2019-2020 AND 2020-2021 BUDGET FORECASTS

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In November 2018, the Board of directors approved a new fund balance management policy to ensure that each of the funds is capitalized to meet their respective needs. Thus, the unrestricted fund balance, comprised of the surplus generated from day-to-day operations and not restricted to any other fund, should be within the range of 8% to 25% of total annual expenses. This target was established based on the findings of a comparative analysis of the range established by several other large professional orders and several CPA bodies in other provinces. It will enable the Order to maintain an adequate level of net assets to ensure it is responsibly and efficiently managed.

The surplus for the 2018-2019 fiscal year enables the Order to increase the unrestricted fund balance to total expenses ratio more quickly than anticipated and thus reach the midpoint of the target range as at March 31, 2019. Therefore, the Order is in a better position to deal with unforeseen events and continue to invest in updating the professional development business model, accelerating the digital transformation and enhancing the CPA Professional Education Program.

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 expenses.

However, the outstanding results achieved during the 2018-2019 fiscal year, combined with the replenished unrestricted fund balance, will help cover the normal increase in expenses for 2020-2021. Exceptionally, the Order is therefore able to propose a dues freeze for 2020-2021, while maintaining the unrestricted fund balance at a level sufficient to achieve its budget and strategic objectives.

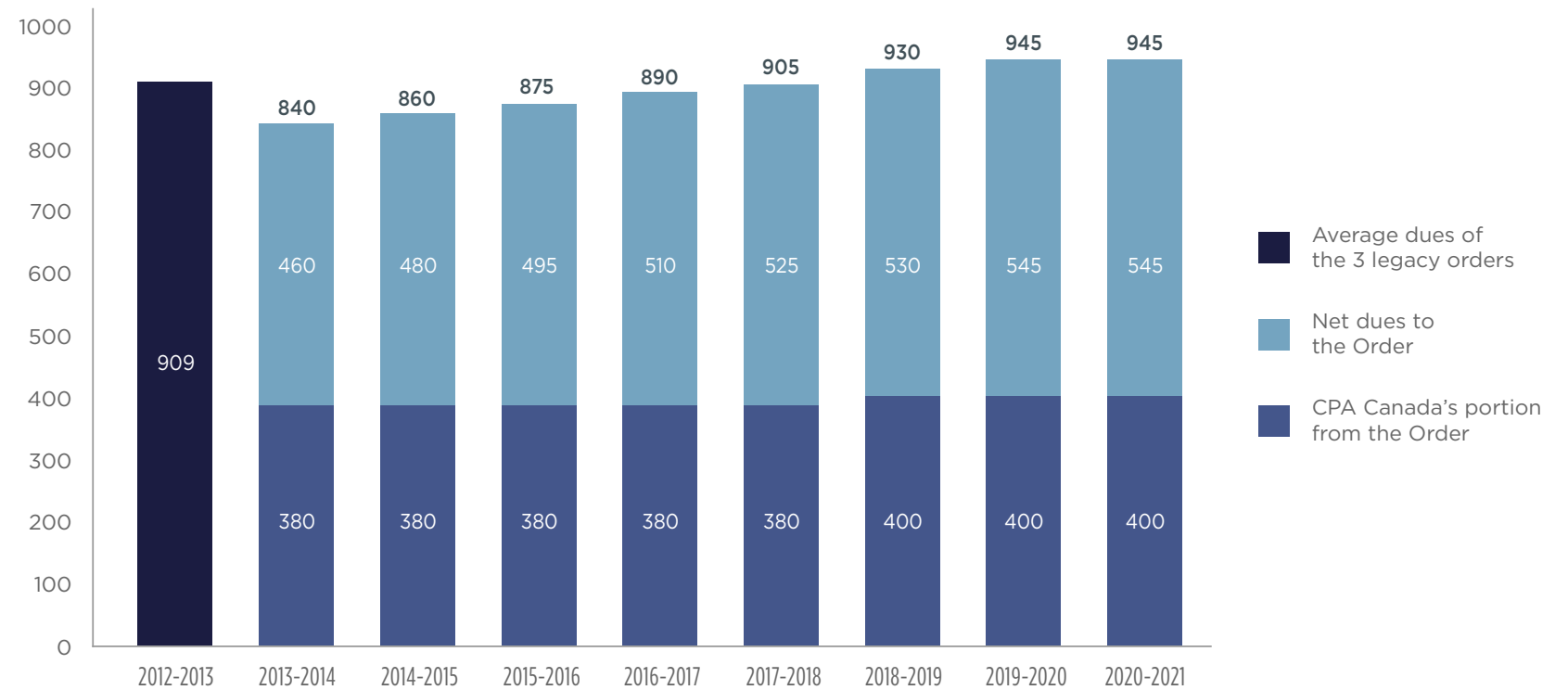


# 4

## 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 were set at \$840, i.e. \$69 less than the average, in 2013-2014. 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, the dues would remain at \$945 for 2020-2021.

### 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 PROFESSIONAL ORDERS IN QUEBEC IN 2019-2020

Profession	Basic mandatory dues	Number of members rounded to nearest thousand as at March 31, 2018
Physicians	\$1,595	23,000
Lawyers	\$1,503	27,000
Notaries	\$1,562	4,000
Pharmacists	\$1,101	9,000
<b>CPAs</b>	<b>\$945</b>	<b>39,000</b>
Engineers	\$430	64,000
Nurses	\$371	75,000

### CPA DUES IN QUEBEC AND THE REST OF CANADA IN 2019-2020

Province	Dues - Regular member	Number of members rounded to nearest thousand as at March 31, 2018
Manitoba	\$1,005	7,000
Ontario	\$980	90,000
Alberta	\$985	29,000
British Columbia	\$950	35,000
<b>Quebec</b>	<b>\$945</b>	<b>39,000</b>





# APPENDIX 1

## RESULTS AND BUDGET FORECASTS

	Audited actual results* March 31, 2019	Budget forecasts March 31, 2020	Budget forecasts March 31, 2021
	General Fund		
	In \$ thousands	In \$ thousands	In \$ thousands
<b>REVENUES</b>			
Dues and registration fees	21,397	22,154	22,238
Stewardship of the profession	15,468	15,259	15,576
Qualification	7,651	8,136	8,340
Outreach and visibility	2,056	2,193	2,301
	<b>46,572</b>	<b>47,742</b>	<b>48,455</b>
<b>EXPENSES</b>			
Governance	1,949	2,039	2,068
Stewardship of the profession	17,290	19,146	19,276
Qualification	7,102	8,400	8,111
Public affairs, brand strategy and communications	4,006	4,562	4,609
Outreach and visibility	3,720	3,770	3,698
Operating expenses	10,067	10,788	11,305
	<b>44,134</b>	<b>48,705</b>	<b>49,067</b>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE INVESTMENT INCOME</b>	<b>2,438</b>	<b>-963</b>	<b>-612</b>
Interest income	353	300	350
Other investment income	775	525	525
	<b>1,128</b>	<b>825</b>	<b>875</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>3,566</b>	<b>-138</b>	<b>263</b>

\* The audited financial statements can be viewed in the [2018-2019 annual report](#).

# APPENDIX 2

## BOARD MEMBER COMPENSATION POLICY

The expenses in the “Governance” line presented in Appendix 1 include the compensation of the members elected to the Board of directors, set in accordance with the Board Member Compensation Policy adopted on June 15, 2018 and posted to the Order’s website. Directors are compensated as follows.

	March 31, 2019	March 31, 2020	March 31, 2021
Allowance paid to the chair (40% of the Auditor General of Québec’s salary)*	\$88,898	\$90,232	\$90,232
Allowance paid to the vice-chair (10% of the Auditor General of Québec’s salary)*	\$22,225	\$22,558	\$22,558
Directors’ fees - Meeting held via conference call	\$150/meeting	\$150/meeting	\$150/meeting
Directors’ fees - Meeting held in person	\$475/meeting	\$475/meeting	\$475/meeting
Directors’ fees - Strategic planning meeting (1.25 days)	\$600/meeting	\$600/meeting	\$600/meeting

\* This allowance does not include applicable payroll taxes.

