ANNUAL REPORT 2021

THE PUBLIC ACCOUNTANTS COUNCIL FOR THE PROVINCE OF ONTARIO / CONSEIL DES EXPERTS-COMPTABLES DE LA PROVINCE DE L’ONTARIO

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ABOUT THE COUNCIL

The Public Accountants Council for the Province of Ontario (the Council) is a corporation without share capital that was continued under the *Public Accounting Act, 2004* (PAA). The Council has been accountable to the Attorney General, Government of Ontario (Minister). The Council policies and decisions are to be independent of both government and the public accounting profession in order to best protect the public interest. The Lieutenant Governor in Council appoints six of eleven Council Members, including the Council Chair, none of whom can be accountants, and Chartered Professional Accountants of Ontario appoints five Council Members.[1] Similar to the Ontario Securities Commission, the Council's operating expenses are funded by the self-regulating profession, not the Government.

Where the public relies upon financial information verified independently by a licensed public accountant, then the public interest prevails over private interests, necessitating the highest of professional standards for such public accounting. Public accounting is the business of expressing independent assurance and certain other services in respect of financial statements and other financial information of enterprises where it can reasonably be expected that the services will be relied upon or used by a third party.

Mandate

The mandate of the Council has been to ensure that public accounting in Ontario is practised in accordance with internationally respected public accounting standards that reflect the public interest in the delivery of superior quality public accounting services.

The Council has been responsible for:

- developing and maintaining the standards that a Designated Body must meet in order to be authorized to license and govern the activities of its members as public accountants;
- determining which Designated Body meets the standards, when it meets them and whether it continues to meet the standards after it is authorized to license and govern the activities of its members as public accountants;
- overseeing the Designated Bodies in their capacity to license and to govern the activities of their members as public accountants; and
- maintaining public confidence in public accounting through the appropriate prosecution of offences under the PAA.

Upon the Council being satisfied that a Designated Body meets the Council's Standards, the Council provided written authorization to the Designated Body to license and govern its members as public accountants. A Designated Body that has received such authorization is an Authorized Designated Body.

After thorough, transparent and consistent examination, as of January 2012, all of the three former Designated Bodies, namely, The Certified General Accountants Association of Ontario (CGAO), Certified Management Accountants of Ontario (CMAO) and Chartered Professional Accountants of Ontario[2] were approved as Authorized Designated Bodies. These Authorized Designated Bodies ultimately unified their operations under the name Chartered Professional Accountants of Ontario (CPA Ontario) effective July 2, 2014. Since that time the Council has overseen a unified profession. For a

[1] The size of the Council is prescribed by Ontario Regulation 238/05 as amended

[2] CPA Ontario was formerly known as the Institute of Chartered Accountants of Ontario

period of ten years ending on November 1, 2022, all members of the former three bodies will carry a CPA designation in addition to their legacy designation. The unification was concluded when the Ontario government enacted the *Chartered Professional Accountants of Ontario Act, 2017* (CPAO Act) on May 17, 2017. Concurrently with the passage of the CPAO Act, the PAA was amended to achieve consistency between the two legislative instruments. As of May 17, 2017, the only Designated Body named under the PAA is CPA Ontario.[3]

Dissolution of the Council

An initial review of the mandate of the Council was completed by the Government in May 2016. This review included engaging the consulting firm of Promontory Financial Services Group Canada (Promontory) to undertake a study of the future role of the Council. The report from Promontory was delivered in March 2015 and included recommendations to continue the mandate of the Council and to review it again in or about 2019 after unification of the three authorized designated accounting bodies had settled. It was subsequently determined that this further third party review was not necessary.

In 2019, the Council proposed to the Ministry of the Attorney General (Ministry) that the Council would no longer oversee the development and maintenance of professional education and examination Standards for public accountants. This proposal was made based on significant changes that had occurred in the public accounting profession in the prior years. These changes included:

- the completion of the unification of the three authorized designated accounting bodies into CPA Ontario when the Ontario government enacted the CPAO Act on May 17, 2017. Subsequent to this, CPA Ontario's post-unification standards for education, experience and examination programs were assessed as being substantially equivalent to the Council Standards;
- as of September 1, 2019, with the windup of the Public Accountants Board of Nova Scotia, there was no comparable provincial regulatory body in Canada carrying out a similar regulatory role as that being fulfilled by the Council; and
- the Council was of the view that it was reasonable to contend that the needs of users of public accounting in Ontario were essentially being met. The Council receives very few requests for further reviews of disciplinary decisions on public accounting matters; since the enactment of the PAA there have been less than ten prosecutions of individuals who contravened the public practice provisions of the PAA; and a review of the number of complaints made against all members of CPA Ontario over the past five years indicates that, as a profession, public accountants are generally practising with high standards.

On February 16, 2021, the Ontario government introduced legislation in the form of Bill 245, *Accelerating Access to Justice Act, 2021* (Bill 245) to, among other matters, eliminate unnecessary duplication and oversight of public accounting in Ontario by dissolving the Council and transferring its functions to CPA Ontario. This change will also align the regulation of Ontario's public accounting standards with those of other Canadian jurisdictions.

Schedule 7 of Bill 245 amends the PAA to dissolve the Council and to transfer the governance of public accounting in Ontario to CPA Ontario. In making this transfer of responsibilities for governing public accounting in Ontario, CPA Ontario must adhere to public accounting standards that it establishes for itself, subject to the approval of the Minister. The amendments expressly provide that licensed public accountants must be members of CPA Ontario, and provide authority for CPA Ontario to regulate public accounting and govern its members as public accountants largely through by-laws and other instruments

[3] Hereinafter in this report, references to Designated Bodies or Authorized Designated Bodies will be to CPA Ontario

made by its council under the CPAO Act. That Act is amended to reflect CPA Ontario's governance role under the *Public Accounting Act, 2004.*

The Council supports the Government's decision to transfer the responsibilities of the Council to CPA Ontario.

Bill 245 received Royal Assent on April 19, 2021, and proclaimed into force effective April 30, 2021. Accordingly, effective that date, all of the assets, liabilities and rights and obligations of the Council are transferred to CPA Ontario.

THE COUNCIL STANDARDS

The Council Standards were approved in their initial form on June 20, 2006, amended and restated as of July 11, 2012, December 24, 2012, January 8, 2014, September 12, 2017 and November 26, 2019. The Council Standards require a Designated Body that seeks to be authorized to license and govern the activities of its members as public accountants to meet certain minimum standards relating to its:

- education, examination and practical experience requirements;
- rules of professional conduct, mandatory practice inspections of public accountants, the use of generally accepted accounting principles and generally accepted auditing and assurance standards, discipline procedures, the issuing of new licences to former licensees, the issuing of licences to persons who are permitted to practise in other jurisdictions, mandatory professional liability insurance; and
- governance standards respecting the licensing and governing of the activities of its members as public accountants.

The Council also issued Guidelines when it was deemed necessary or desirable to assist in carrying out or facilitating any of the purposes of the PAA. The Council Standards and Guidelines are published on the Council's website at www.pacont.org.

KEY ACTIVITIES OF THE COUNCIL

Key activities of the Council during its 2021 fiscal year, which was from November 1, 2020 to date of dissolution on April 30, 2021, and the date when the Council approved this Annual Report were:

The Changing Role for the Council

Background

The Council has been fulfilling the requirements under the PAA since it became effective on November 1, 2005. The "superior quality" public accounting standards called for under the PAA, besides being vigilantly maintained, have been updated to reflect domestic and international best practice. As noted above, the Council Standards were further amended and restated on November 26, 2019.

As described on page 3 and 4 of this report, the public accounting environment that the Council was established to oversee for Ontario has undergone significant change, leading to a commensurate change by the Ministry in transferring the responsibility for public accounting standards in Ontario from the Council to CPA Ontario. This change becomes effective concurrently with the dissolution of the Council on April 30, 2021.

Current Activities and Status of Public Accounting Standards

As reported in previous annual reports, the Council essentially completed its work in 2019 to satisfy itself that the post-unification standards for education, experience and examination were substantially equal to those of the Council. In consultation with the Ministry and in anticipation of the pending changes outlined above, no further similar work has been performed by the Council since 2019.

In 2018, CPA Ontario conducted a major review and overhaul of its bylaws and regulations following unification and the passage of the CPAO Act. Concurrent with this review, the Council developed a list of desired amendments to its Standards to better align them with the amended CPA Ontario standards and to assist CPA Ontario in dealing with discipline matters. These changes were approved at the September 2019 Council meeting and approved by the Minister in November 2019.

Monitoring and Oversight of CPA Ontario

The Council is required under the PAA to conduct reviews of the operations of CPA Ontario at least once every three years and to report on them to the Minister.

The Council has continued to implement the required reviews. By virtue of the unification of the three Authorized Designated Bodies and the surrender by CGAO and CMAO of their authorization status, these reviews have been required for CPA Ontario alone since July 2, 2014.

Four triennial reviews were completed for CPA Ontario for the periods ending October 31, 2009, 2012, 2015 and 2018. These reports concluded that CPA Ontario was in substantial compliance with all of the Council Standards.

The Council further determined that there was merit in conducting (albeit on a reduced scale from the triennial review exercise) annual monitoring and reporting reviews of the standards-related activities of an Authorized Designated Body for those years when a triennial review was not required. To date, these reports, including the report dated August 17, 2020 for the CPA Ontario fiscal year ended October 31, 2019, have found no evidence that CPA Ontario was not materially in compliance with the Council Standards. No review of CPA Ontario was carried out for the year ending October 31, 2020.

The annual and triennial reports, once accepted by the Council, were submitted to the Minister and published on the Council website. In addition to the above annual and triennial reviews for CPA Ontario, the Council was authorized to conduct special reviews if it concluded that it was in the public interest to do so. To date, there has been no reason to conduct a special review.

Complaints

Prosecutions

Like most self-regulating professions, CPA Ontario is responsible for addressing complaints regarding an alleged violation of the CPA Code of Professional Conduct, bylaws, regulations, or CPAO Act. The Council has been responsible for maintaining confidence in public accounting through appropriate prosecution of offences under the PAA.

In this respect, the Council receives complaints about individuals who are alleged to be providing public accounting services without a licence. These complaints are investigated and followed up individually for action. The complaints have ranged over the past few years from those relating primarily about non-licensed individuals advertising their services under captions reserved for public accounting to ones concerning non-licensed individuals issuing audit or review engagement reports in situations where it can be reasonably expected that there will be third party reliance on those reports. Most of these situations were resolved by having the individual sign an undertaking to cease the offending activity. If it was determined that an undertaking would be insufficient deterrent for the individual to cease the offending activity, the Council initiated a private prosecution under the *Provincial Offences Act*.

It is difficult to ascertain why, but the incidence of complaints about public accountants have decreased significantly over the past few years, as evidenced by the data shown below.

The complaints and prosecution activities for the past three fiscal years are summarized as follows:

	2021	2020	2019
Complaints outstanding at beginning of year	-	-	-
New complaints received during the year	-	-	1
Complaints resolved, including through voluntary undertakings	-	-	-
Complaints resolved through private prosecution	-	-	1
Complaints outstanding at end of year	-	-	-

Information regarding convictions is published on the Council's website under Professional Misconduct (Statutory Offences).

Section 22 Reviews

A member of the public who was not satisfied with the manner in which a complaint about the conduct of a Licensed Public Accountant was handled by CPA Ontario may, under section 22 of the PAA, request the Council to review the manner in which the complaint was handled by CPA Ontario. The member of the public must have first made a complaint to CPA Ontario and exhausted the internal procedures of its handling of the complaint, including its independent review mechanisms.

The Council's ability to address a request for a review made pursuant to section 22 was limited to deciding whether to recommend that CPA Ontario investigate the complaint more fully.

During the 2021 fiscal period, the Council received no requests for a section 22 review. As reported in previous annual reports and on page 4 of this Annual Report, the occurrence of complaints has remained at quite low levels.

RISK EVENTS AND SIGNIFICANT BUSINESS FACTORS

For the past several years, the Council has carried out its mandate with no major risk events or significant business factors that had substantial impact on its operations and financial health. The risk environment of the Council has been reviewed annually and to date, the Council has concluded that risks have been appropriately assessed and managed. At the same time, Members of the Council and management have made best efforts to remain aware of, vigilant and sensitive to, the evolving changes in the public accounting environment in Ontario and other jurisdictions to enable the Council to be aware of issues that may arise and to deal with them appropriately.

The Council categorized its risks as follows:

Category of Risk	Risk Mitigation
Governance Performance Risk	Continuity of strong, diversified, and independent Members of the Council, the Chair and the CEO
Mandate Risk	Constructive relationship with CPA Ontario, the Ministry of the Attorney General and continuing commitment for high public accounting standards
Management Performance Risk	Continuing strong and open relationship between the Council and the CEO
Litigation Risk	Protection pursuant to section 40 of the PAA that no action can be undertaken against the Council for any act done in good faith. In addition, the Council provides Members and Officers with corporate indemnity and also carries appropriate Directors' and Officers' insurance
Operating Risk	All significant decisions and commitments must be approved by Members of the Council Regular monitoring of operating results

PERFORMANCE MEASUREMENT FRAMEWORK

Ultimately, the goals of the Council have been to ensure that superior public accounting services are provided to the public by properly qualified Licensed Public Accountants (LPAs). These goals have been supported by four programs:

- maintaining public accounting standards that are aligned to international best practices;
- overseeing CPA Ontario to ensure that it continues to meet the Council Standards;
- overseeing the licensing of public accountants;
- investigating and prosecuting offences under the PAA; and
- carrying out section 22 reviews of public complaints.

The outcomes that are expected to result from these programs have been:

- newly licensed and existing public accountants have the required competencies and qualities to deliver superior public accounting services;
- CPA Ontario maintains public accounting standards that meet or exceed the Council Standards; and
- public confidence in public accounting is maintained.

The table below sets out the performance measures and related targets to be achieved by the Council. The listed performance measures relate to activities for which the Council had direct responsibility, although in some cases, the targets are subject to how successful CPA Ontario has been in administering the Council-approved public accounting standards. For example, if disciplinary complaints are perceived by the public to have not been handled properly by CPA Ontario, there were likely to be more requests for a section 22 review when a member of the public was not satisfied with how their complaint was handled. In this case, the target set was primarily focused on the time for the Council to complete its review.

The targets included in the table below were set for future years but have been included here to show the results for the current year.

Performance Measurement	Indicators	Targets	Actual for 2021
Responding to requests from CPA Ontario to change bylaws and regulations for public accounting	Strong professional standards should result in continued public confidence in public accounting	Recommendations are ready for Council consideration within the calendar quarter that the requests are received	No request for such changes was made in 2021
Number of prosecutions of individuals who practised public accounting without a licence	A strong and successful prosecution history should deter individuals from practising without a licence	No more than three per annum	No prosecutions required
The number of section 22 reviews (carried out when a member of the public is not satisfied with how a complaint against an LPA has been handled by CPA Ontario) remains at less than five per annum	A strong discipline process carried out by CPA Ontario should result in few s.22 review requests	No more than 5 per annum and the recommendations for Council to consider are made within the calendar quarter that the section 22 request is received	No requests for a section 22 review were received
Acknowledgements to deal with complaints and enquiries are handled within 24 hours of receipt	The public will have more trust in public accounting when its complaints are dealt with fairly and efficiently	Complaints are responded to within 24 hours	Target achieved
The monitoring and oversight reviews of CPA Ontario are completed as required by legislation	Legislators are assured that strong public accounting standards remain in place	Annual and triennial reviews are completed on schedule and contain no reportable matters	A triennial review was last completed for the three-year period ended October 31, 2018

GOVERNANCE

Composition of the Council

In accordance with the regulations enacted under the PAA, effective January 1, 2018, the Council comprises 11 Members:

- six Members appointed by the Lieutenant Governor in Council (LGIC).
- five Members appointed by CPA Ontario.

Each Member of the Council holds office for a term of up to three years from the date of appointment and may be reappointed for up to four additional terms.

The Chair and Vice-Chair of the Council are appointed by the LGIC and hold office for two years from the date of appointment or until their successor is appointed. The Chair and Vice-Chair may be reappointed for an additional term. The Vice-Chair may be appointed as Chair for up to two terms in addition to any terms that person may have served as Vice-Chair.

As of the date of this report, and with the concurrence of the Ministry and CPA Ontario, the size of the Council has informally been reduced to five Members appointed by the LGIC and four Members by CPA Ontario. There were three vacancies among the Members appointed by the LGIC as at April 30, 2021.

Appointment of the Chair and Vice-Chair

Gavin J. Tighe was appointed as Chair of the Council effective September 26, 2018 for a two-year term. Mr. Tighe was eligible for reappointment for one more two-year term as Chair. In accordance with the provisions of subsection 26 (2) of the PAA, he continues to serve as Chair of the Council until the earlier of the dissolution of the Council or the date his successor is appointed. William Greenhalgh has been the Vice-Chair of the Council since his appointment on March 28, 2017. Mr. Greenhalgh's last term as Vice-Chair will end on the date of dissolution of the Council.

Officers

The Council's Officers are:

Chair:	Gavin J. Tighe
Vice-Chair:	William Greenhalgh
Chief Executive Officer:	Keith Bowman
Secretary:	Gavin J. Tighe

Performance Reviews

The Council previously established a performance review process. Performance reviews of the Council and its committees and Council Members were conducted every two years. The last biennial performance review of the Council Members, the Council and its committees was completed in March 2019 for the period ended October 31, 2018. Performance reviews of the Chair and the Chief Executive Officer, which have been conducted annually in the past, were not completed for the last biennial term ending October 31, 2020 and were not completed for this term ending April 30, 2021.

Compensation Framework

The compensation of the Members of the Council, including the Chair and Vice-Chair, is determined by Order of the LGIC made under the PAA.

Members of the Council, with the exception of the Chair and the Vice-Chair, are compensated in accordance with the following framework:

- meeting Attendance Fee: $700 per meeting ($350 for meetings under three hours)
- preparation Time: $700 per meeting ($350 for meetings under three hours)
- travel Time: $100 per hour*****

***** Payable to Members of the Council (other than the Chair) who are required to travel beyond 40 kilometers (one-way) to attend a meeting.

The compensation of the Chair is $166,666 per annum.

The compensation of the Vice-Chair is $1,000 per meeting attended ($500 for meetings under three hours) and $1,000 for preparation time per meeting ($500 for meetings under three hours).

All Council Members, including the Chair and the Vice-Chair, are reimbursed for related travel and out-of-pocket expenses.

COUNCIL MEMBERS DURING 2021 FISCAL YEAR

Members Appointed by the Lieutenant Governor in Council

Name	Member of the Council Since	Term Expires	Remuneration Paid in 2021
Gavin J. Tighe Senior Partner Gardiner Roberts LLP Barristers and Solicitors (Toronto, Ontario)	September 26, 2018	September 25, 2020	$83,333.00
William Greenhalgh Chief Executive Officer and President of Stratx Inc. (Toronto, Ontario)	December 4, 2013	December 5, 2022	$3,000.00
Laura Hantho Advisor (Toronto, Ontario)	August 28, 2013	December 11, 2020	$1,400.00
Shoba Khetrapal Corporate Director (Toronto, Ontario)	December 3, 2008	December 20, 2020	$700.00

Members Appointed by Chartered Professional Accountants of Ontario

Name	Member of Council Since	Term Expires	Remuneration paid in 2021
Christie Henderson, FCPA, FCA, LPA, CFP, TEP Managing Partner Henderson Partners LLP (Oakville, Ontario)	November 1, 2016	December 31, 2021	$2,100.00
Naveen Kalia, CPA, CA, LPA Partner Group Leader Financial Institutions Audit Practice KPMG (Toronto, Ontario)	November 1, 2016	October 31, 2021	$2,800.00
Blake Mercer, FCPA, FCGA, C. Dir Partner Mercer and Mercer (Milton, Ontario)	November 1, 2014	December 31, 2021	$2,100.00
William Molson, CPA, CA, CMA, LPA Sole Proprietor (Toronto, Ontario)	November 1, 2016	October 31, 2021	$2,100.00

COUNCIL COMMITTEES

The Council appoints the Members and Chairs of its committees.

Audit Committee

With the pending dissolution of the Council, the responsibilities of the Audit Committee were assumed by the Council. Naveen Kalia agreed to act as a key liaison on behalf of the Council Members for audit planning and execution.

The Audit Committee’s responsibilities included the review of the Council’s financial statements, the Council’s risk management processes, systems of internal controls and compliance with applicable laws and regulations.

Governance Committee

During the current fiscal year, a governance committee was not established. Similar to the approach taken for the Audit Committee, the responsibilities of the Governance Committee were assumed by the Council.

The Governance Committee’s responsibilities included recommendations for committee structure and Council membership and overseeing the process for performance assessment of the Council and its committees, Council Members, the Chair and the Chief Executive Officer.

Council and Committee Meetings

There were three Council meetings held during the six months ended April 30, 2021, one Audit Committee meeting and no Governance Committee meeting.

Acknowledgements and Appreciation

The Council wishes to express its deep appreciation for the enduring positive and constructive working relationship with CPA Ontario and its predecessor organizations and the Ministry of the Attorney General. Significant improvements in public accounting standards have been accomplished since November 1, 2005. This could not have happened without the excellent cooperation from these organizations.

The Council has also benefited greatly from the dedicated service provided to it by the Council appointees of the LGIC and CPA Ontario and its predecessor organizations. The attendance and historical records of the proceedings of the Council demonstrate reasoned, respectful and informed discourse oriented towards finding consensus for the business at hand.

The Council Chair, Gavin Tighe, on behalf of the organization wishes to thank Keith Bowman, Chief Executive Officer for his unwavering support and leadership during his over fourteen years of dedicated service. Mr. Bowman’s depth of knowledge and commitment helped maintain operational continuity in furtherance of the Council’s mandate.

In 2013, Mr. Bowman was the recipient of the prestigous Excelsior Award from the Ministry of the Attorney General of Ontario celebrating Excellence in Teamwork. In addition to his executive role, Mr. Bowman also served as Member and Chair of the International Education Standards for Professional Accountants Consultative Advisory Group, providing the Council with invaluable insight and updates on emerging global issues in professional standards in public accountancy.

The leadership of the Council is grateful for the significant contributions of Rudi Vezér who has been a remarkable asset in terms of corporate governance and legal support for the Council. The Council also wishes to acknowledge the excellent administrative services provided by Sheila Dobosz and Mercedes Forrest. In addition to their commendable skills, during their more than ten-year employment at the Council, they demonstrated consistently reliable teamwork in an environment of mutual respect. The Council thanks Ms. Dobosz and Ms. Forrest for their contributions.

Council and Committee Meetings

The following is the number of Council and Committee meetings held during the 6 months ended April 30, 2021:

Council	3
Audit Committee	1

Attendance at Council and Committee Meetings

The following is a summary of individual Member attendance at Council and Committee Meetings held during the 6 months ended April 30, 2021:

Member	**Council Meetings Attended**	**Audit Committee Meetings Attended**
Gavin Tighe[1,]	3 of 3	1 of 1
William Greenhalgh	3 of 3	
Laura Hantho[2,4]	1 of 3	1 of 1
Christie Henderson	3 of 3	
Naveen Kalia[3]	3 of 3	1 of 1
Shoba Khetrapal[5]	1 of 3	
Blake Mercer[2]	3 of 3	
William Molson	3 of 3	

1. Although not a Member of the Audit Committee, the Chair of Council attends each meeting
2. Member and Chair of the Audit Committee
3. Member of Audit Committee
4. Term ended on December 11, 2020
5. Term ended on December 20, 2020

MANAGEMENT DISCUSSION AND ANALYSIS

The following information provides a summary review of the operations and results of the Council for the period ended April 30, 2021. It is intended to assist readers in understanding the operations of the Council. This should be read along with the accompanying financial statements.

The Council is a corporation without share capital that was continued under the PAA. The PAA was proclaimed into force on November 1, 2005. As a not-for-profit corporation, the Council is exempt from income taxes.

Operations

The Council experienced an excess of expenses over revenue of $667,427 for the six-month period ended 2021 compared to an excess of revenue over expenses over revenue of $51,779 in 2020. The Council net assets that amounted to $342,045 at April 30 2021 were transferred to CPA Ontario on that day.

The operating costs of the Council are entirely funded by annual assessment fees charged to CPA Ontario. There is no financial support from the Government of Ontario. The annual assessment fees are based on the estimated operating expenses of the Council adjusted for an amount to maintain net assets of approximately 50% of estimated annual operating expenses. These assessment fees were set at $210,000 in 2021 ($1,060,000 in 2020).

The other regular source of revenue is interest income earned from investments, amounting to a loss of $3,774 in 2021 ($21,006 income in 2020).

In addition to the annual assessment fees, the Council Standards assessments costs were billed to CPA Ontario in past years. These costs were incurred in the process of determining whether the standards and operating policies of CPA Ontario were substantially equivalent to those of the Council and in particular the assessment of the CPA Ontario policies in respect of its new public accounting program. There were no such assessments for 2021 or for the year ended October 31, 2020.

The main expenses relating to the other operations of the Council are salaries and benefits of $543,479 ($657,879 in 2020). The costs for 2021 included staff separation costs as all employee positions were eliminated effective April 30, 2021. The other main expenses were legal advisory of $88,741 ($116,765 in 2020), office rent of $81,712 ($118,568 in 2020) and Council fees, travel and meetings expenses amounting to $17,823 ($26,376 in 2020). The amount of these latter costs is directly related to the number and length of Council and committee meetings held during the relevant reporting periods.

The original term of the office lease is scheduled to expire on September 30, 2023. On April 30, 2021 the Council approved an offer to sublease the office for the balance of the remaining term of the lease. The sublease is subject to customary conditions, including requirement to obtain the consent of the Landlord.

The Council Standards costs were $13,969 in 2021 ($9,228 in 2020).

Legal and other costs of hearings and prosecutions decreased to nil in 2021 from $9,624 in 2020. There were no prosecutions required in 2021 or 2020.

Office costs for general administrative matters declined to $14,018 in 2021 from $24,104 in 2020.

Cash Flow and Liquidity

The Council's cash flow from operating activities decreased by $823,944 (compared to a decrease of $176,654 in 2020) including the transfer of the remaining net assets to CPA Ontario on April 30, 2021. The details for these amounts are set out in the Statement of Cash Flows. The cash flow from investing activities increased cash by $670,013 in 2021 compared to an increase of $241,414 in 2020. These changes decreased the Cash and Equivalents to nil in 2021 as a result of the transfer of net assets to CPA Ontario.

STATEMENT OF MANAGEMENT RESPONSIBILITY

The annual financial statements and all financial and other information contained in this Annual Report are the responsibility of the management of The Public Accountants Council for the Province of Ontario. Management has prepared the financial statements in accordance with Canadian Accounting Standards for not-for-profit organizations, applying best estimates and judgments based on currently available information. The significant accounting policies are described in Note 2 to the financial statements.

Financial information contained in this Annual Report is consistent with that shown in the financial statements.

Management is responsible for the integrity and reliability of financial information and has established systems of internal procedural and accounting controls designed to achieve this. In addition, these systems also reasonably ensure that assets are safeguarded from loss or unauthorized use.

The Members of the Council are responsible for ensuring that management fulfills its responsibilities including those for financial reporting and internal control. Previously, the Council had established an Audit Committee to help it with these responsibilities. The Audit Committee met with the auditor, both with and without management present, to review the activities of each, as well as to review the financial statements. For this fiscal reporting period, the Council assumed the responsibilities of the Audit Committee with Council member Naveen Kalia acting as a liaison between the Council and the auditor. Tinkham LLP was appointed by the Council as auditor to express its opinion on the fair presentation of the financial statements.

Tinkham LLP has had full and unrestricted access to Mr. Kalia, the Council and management to discuss matters pertaining to its audit.

Signed: "Keith Bowman"

Keith Bowman
Chief Executive Officer

Signed: "Gavin J. Tighe"

Gavin J. Tighe
Chair

Financial Statements Of

THE PUBLIC ACCOUNTANTS COUNCIL FOR THE PROVINCE OF ONTARIO

April 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To The Public Accountants Council for the Province of Ontario

Opinion

We have audited the financial statements of The Public Accountants Council for the Province of Ontario ("the Council"), which comprise the balance sheet as at April 30, 2021, and the statements of operations and changes in net assets and cash flows for the six month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at April 30, 2021, and the results of its operations and its cash flows for the six month period then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Use

Without qualifying our opinion, we draw attention to Note 1 to the financial statements which states that the Council has been dissolved effective April 30, 2021. All of the assets, rights and obligations of the Council have been transferred to and vested in CPA Ontario. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Council and should not be used by parties other than the Council and the Ministry of the Attorney General.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

TORONTO, Ontario
April 30, 2021

Licensed Public Accountants

THE PUBLIC ACCOUNTANTS COUNCIL FOR THE PROVINCE OF ONTARIO
Balance Sheet

As at	**April 30, 2021**	October 31, 2020
Assets		
Current assets		
Cash	**$ -**	$ 495,976
Short term investments (note 3)	**-**	263,050
Prepaid expenses	**-**	17,598
	-	776,624
Investments (note 3)	**-**	406,963
Capital assets (note 4)	**-**	78,682
	$ -	$ 1,262,269
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ -**	$ 42,797
Due to CPA Ontario	**-**	210,000
	-	252,797
Net Assets	**-**	1,009,472
	$ -	$ 1,262,269

Commitment (note 5)

On behalf of the Council:

Signed: “Gavin J. Tighe”

Gavin Tighe
Chair

Signed: “Naveen Kalia”

Naveen Kalia
On behalf of the Council

See accompanying notes to financial statements.

THE PUBLIC ACCOUNTANTS COUNCIL FOR THE PROVINCE OF ONTARIO
Statement of Operations and Changes in Net Assets

Period ended		**April 30, 2021** (6 months)		October 31 2020 (12 months)
Revenues				
CPA Ontario assessment fees	**$**	**210,000**	$	1,060,000
Recovery of Standards assessment expenses		**-**		11,983
Investment income (loss)		**(3,774)**		21,006
		206,226		1,092,989
Expenses				
Salaries and benefits		**543,479**		657,879
Amortization		**78,682**		34,845
Rent		**81,712**		118,568
Legal advisory		**88,741**		116,765
Insurance		**19,096**		12,981
Council fees, travel and meetings		**17,823**		26,376
Office		**14,018**		24,104
Standards		**13,969**		9,228
Audit		**13,014**		12,848
Consultants		**3,119**		6,009
Standards assessments		**-**		11,983
Legal and other costs of hearings and prosecutions		**-**		9,624
		873,653		1,041,210
Excess (deficiency) of revenues over expenses for the period		**(667,427)**		51,779
Net assets, beginning of period		**1,009,472**		957,693
Less: Transfer to CPA Ontario		**(342,045)**		-
Net assets, end of period	**$**	**-**	$	1,009,472

See accompanying notes to financial statements.

THE PUBLIC ACCOUNTANTS COUNCIL FOR THE PROVINCE OF ONTARIO
Statement of Cash Flows

Period ended	**April 30, 2021** (6 months)	October 31 2020 (12 months)
Operating activities:		
Cash received from CPA Ontario for assessment fees	**$ -**	$ 1,170,000
Cash received for recovery of assessment expenses	**-**	23,717
Cash received from investment income	**(3,774)**	-
Cash paid for operating expenses	**(820,170)**	(1,017,063)
Net cash provided (used) by operating activities	**(823,944)**	176,654
Investing activities:		
Cash received from sale of investments (net)	**670,013**	243,786
Cash paid to purchase capital assets	**-**	(2,372)
Net cash provided by investing activities	**670,013**	241,414
Increase (decrease) in cash	**(153,931)**	418,068
Cash, beginning of period	**495,976**	77,908
Less: Transfer to CPA Ontario	**(342,045)**	-
Cash, end of period	**$ -**	$ 495,976

See accompanying notes to financial statements.

1 Purpose of the organization

The Public Accountants Council for the Province of Ontario ("the Council") is a corporation without share capital that was continued under the Public Accounting Act, 2004 ("the Act"). The Act was proclaimed into force on November 1, 2005. The Council is exempt from income taxes.

The purpose of the Council was to ensure that public accounting in Ontario is practised in accordance with internationally respected public accounting standards that reflect the public interest in the delivery of superior quality public accounting services. The Council is responsible for:

Developing and maintaining the standards that CPA Ontario must meet in order to be authorized to license and govern the activities of its members as public accountants;

Overseeing CPA Ontario's continuous compliance with the Council's standards since it has been authorized to license and govern the activities of its members as public accountants; and

Maintaining public confidence in public accounting through the appropriate prosecution of offences under the Public Accounting Act, 2004.

On April 30, 2021, pursuant to the provisions of Schedule 7 of Bill 245 the Council is dissolved, and all its assets, rights and obligations are transferred to and vested in CPA Ontario.

2 Significant accounting policies

Revenue recognition

In accordance with section 33 of the Act, the Council prescribes the fees that are to be paid by CPA Ontario to fund the activities of the Council. These fees are based on the Council's annual operating expenditures. The prescribed fees are recognized as revenue in the fiscal period to which the expenses relate.

Interest income, which is recognized as earned, and realized and unrealized gains and losses based on quoted market prices, are recorded as investment income in the statement of operations and changes in net assets.

3 Investments

As at	**April 30, 2021**	October 31, 2020
Province of Manitoba savings bond, interest fixed at 1.83%, due March 5, 2021	**$ -**	$ 103,258
Province of British Columbia savings bond, interest fixed at 1.75%, due July 9, 2021	-	159,792
Province of British Columbia savings bond, interest fixed at 0.39%, due July 9, 2022	-	299,013
Province of Alberta savings bond, interest fixed at 1.83% due December 1, 2022	-	107,950
	$ -	$ 670,013
Less: current portion	-	263,050
Long-term investments	**$ -**	$ 406,963

4 Capital assets

As at	**April 30, 2021**		October 31, 2020	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Furniture and equipment	**$ -**	**$ -**	$ 105,273	$ 93,072
Leasehold improvements	**-**	**-**	153,857	87,376
	$ -	**$ -**	$ 259,130	$ 180,448
Net book value		**$ -**		$ 78,682

5 Lease commitment

Effective April 30, 2021 the lease agreement for office space is transferred to CPA Ontario by operation of law.

CONTACT INFORMATION

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