PIVOT

CPA CANADA

MARCH/APRIL 2024

IN DEMAND

How a part-time CFO job can be a multi-tasker's dream and a nimble company's best asset

Nicole Ballestrin, CPA and founder of Aspire CFO

+

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WHEN MENTAL HEALTH AND FINANCIAL HEALTH COLLIDE

SOFT SKILLS MEET HARD WORK

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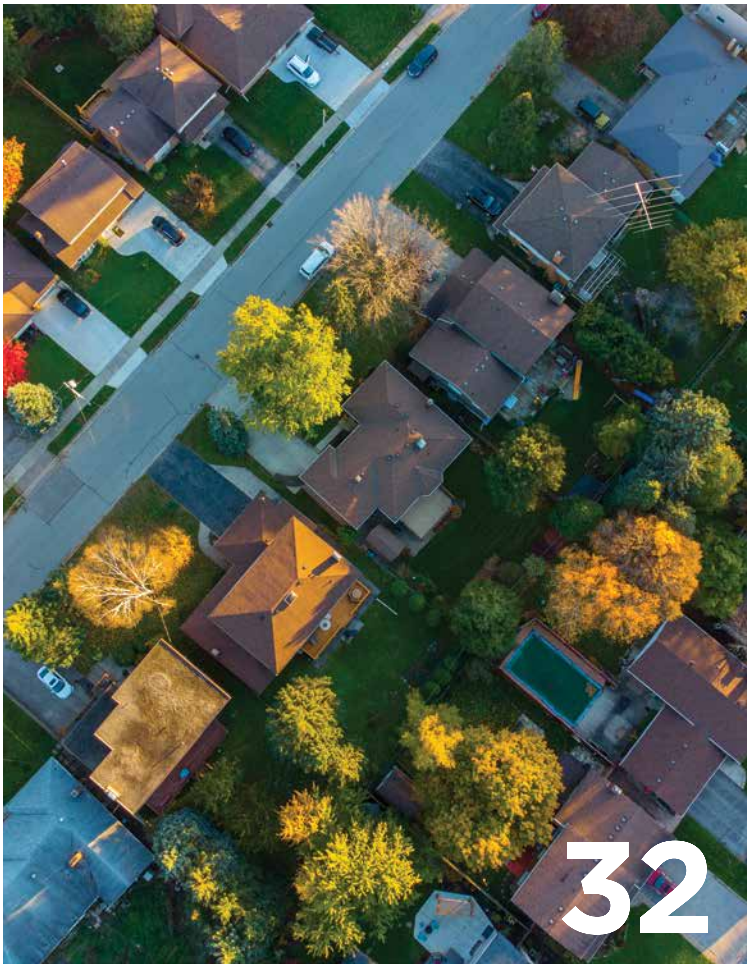

FEATURES

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ON THE COVER
PHOTOGRAPH BY DANIEL EHRENWORTH

WHAT DO YOU THINK?
Send your input to the editor at pivot.letters@cpacanada.ca. If your letter is chosen for publication, it may be edited for length and clarity.

CHARTING A COURSE FOR GLOBAL SUSTAINABILITY

As we work to build a resilient and impactful profession, we now look to you for valuable input **BY PAMELA STEER**

Over the past few months, I have found myself immersed in inspiring collaborative discussions with global counterparts, with a shared vision to establish a global baseline of disclosure standards that will help to hold companies and nations accountable for their climate outcomes.

It was an honour to represent Canadian CPAs on the global stage at events such as the UN conference on climate change (COP28) in Dubai and the GLOBE Forum in Vancouver.

I had the privilege of providing a Canadian perspective on pressing global challenges and was encouraged by the constructive conversations I had with other business leaders in attendance at both events about how sustainable finance and global sustainability standards can drive meaningful climate action.

As a capacity-building partner with the International Sustainability Standards Board (ISSB), CPA Canada champions the widespread use and adoption of the ISSB's standards. At the national level, this support extends to the Canadian Sustainability Standards Board (CSSB) as it works to tailor the standards for the Canadian marketplace.

This month marks the commencement of the CSSB's public consultations on draft standards, a dynamic initiative rooted in the influential S1 and S2 standards pioneered by the ISSB just last year. As I witness Canada's unwavering leadership in integrating the ISSB standards into our local fabric, I'm filled with hope that together we can have a lasting impact on the planet.

CPA Canada has long been a recognized leader in sustainability for more than 20 years, and we remain committed to providing CPAs, governments, businesses and investors with the guidance and support they need for navigating the new realities of sustainability reporting.

Most recently, our organization has contributed to the IFRS Sustainability knowledge hub, formally launched at COP28. With contributions from more than 120 organizations worldwide, CPA Canada's resources are among the top five most accessed through the platform. This speaks volumes about the value of and trust in our thought leadership.

We are also pleased to facilitate conversations in pursuit of global biodiversity targets. CPA Canada has partnered with the Institute for Sustainable Finance as Canadian co-convenors of the Task Force on Nature Related Financial Disclosures (TNFD), tasked with coordinating a nationwide consultation group for fostering transparency around nature-related risks and opportunities.

It is important to remember, however, that sustainability extends far beyond the realms of climate change and environmental stewardship.

As CPAs, we must adopt a more holistic approach to sustainability to ensure not only the resilience of our planet, but also the enduring strength and relevance of our profession in an ever-changing world.

In this edition of *Pivot*, you'll find powerful examples of CPAs from across the country who are embracing this need for adaptability and agility.

Just as conversations about sustainability involve working through competing priorities and diverse perspectives, so too, do discussions on the future of our profession require working across differences to create a sustainable future together.

I wholeheartedly believe that every CPA should have a say in shaping the future of our profession.

We have also heard about the value members place on consultation and the importance of our role in supporting the profession. In fact, 91 per cent of respondents to our recent member poll highlighted the desire to be consulted and 89 per cent supported a national accounting body.

SUSTAINABILITY EXTENDS FAR BEYOND THE REALMS OF CLIMATE CHANGE AND ENVIRONMENTAL STEWARDSHIP

Over the coming months, we will enter a period of consultation with members to hear more and to help inform decisions as we work to build a resilient and future-focused organization that best serves members' interests.

I am amazed each day by the tremendous work being done by members, partners and stakeholders, nationally and internationally, to strengthen our profession and amplify its influence.

Your expertise and dedication to excellence are the bedrock of our profession's collective success and stellar reputation internationally.

Now we are asking for your valuable contributions, your expertise and experience, in service of shaping a future-proof national organization that nurtures and reflects your leadership in tackling some of the most important changes impacting society. ◆

SKIP

PIVOT

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EQUALITY'S CHAMPION

From battling workplace sexism to pushing for economic equity, Nancy Wilson founded the Canadian Women's Chamber of Commerce to address gender disparities in business. **BY LIZA AGRBA**

Before Nancy Wilson launched the first-ever Canadian Women's Chamber of Commerce (CanWCC), she held increasingly senior finance and accounting roles in the corporate world. One of her last jobs before leaving corporate accounting for good was at a small start-up, where it didn't take her long to notice a sharp dichotomy between the young, largely racialized female employees in customer service roles and the predominantly male sales team. It was during this exposure to a misogynistic atmosphere that she found the motivation for her future course of action.

Wilson demonstrated her unwavering resolve when she insisted on fair compensation for the customer service group's overtime work. Despite facing resistance from the company, she refused to yield on the matter. "They wanted me to be what I call a get-along girl—a female CPA who would make them look presentable to their board and just roll with the sexism," she says. Then, determined to be the proverbial change she wanted to see in the world, Wilson started a small accounting firm that would primarily serve women-identified business owners. But the persistent problem of sexism—which she had seen in varying shades and degrees throughout her career—followed her from the corporate world into the entrepreneurship realm.

Wilson began to notice common barriers among her clients, ones that went well beyond the standard difficulties of entrepreneurship—the most glaring of which was the disproportionate challenge of getting a capital loan as a woman business owner. That's about the time when she learned that Canada—unlike many countries around the world, including the United States, many European nations and a few African ones—

PHOTOGRAPH BY **MAY TRUONG**

Nancy Wilson (far right) is joined by CanWCC members and colleagues: (from left) Celia Lopez, member and CEO/founder of Placemade.co; Maryam Masoumi, CanWCC's partnership manager; Catherine Chan, CanWCC's COO and Roxanne Zalucky, member and founder of Breaking Bay Street

does not have a dedicated Chamber of Commerce to represent the interests of women in business. And so she went home and googled how to start one.

Wilson incorporated CanWCC under the Not-for-Profit Corporations Act in 2017 and soon afterward ran a series of informal focus groups to help guide the Chamber's eventual priorities. At the beginning, it was just her and another volunteer working part-time, but in 2020, it became a full-time job. Today, CanWCC is a thriving team of 10 with a dedicated board of advisors and a fulsome agenda of government advocacy.

Systemic problems, Wilson realized through the course of her career, demand systemic solutions. She's leveraging her CPA designation to achieve just that.

Did anything surprising come out of the focus groups you ran after incorporating CanWCC?
One surprising insight was that many people don't know what a Chamber of Commerce actually is or does—let alone one specifically for women. There's a common misconception that they're part of the government, and that's despite their more than 100-year history in Canada. People seem to know that they are pillar institutions with power, and that's about it. And this part wasn't surprising, but access to capital came up a lot.

10
The dedicated number of people at CanWCC

How and why does the business capitalization issue disproportionately affect women?
Women-owned businesses tend to be critically undercapitalized. If they're in an industry where equity-based investment is an option, there's the presence of implicit bias—venture capitalists and angel investors ask women founders very different questions than they do men, which is a whole conversation on its own, but the numbers tell the story. In a very good year, women-owned businesses get three to four per cent of VC investment. In an average year, it's two per cent, and more like 0.2 per cent for businesses owned by racialized women. As for debt financing—which is the available option for the majority of women-owned businesses, because they tend to be in service or e-commerce-based businesses rather than tech—there are all sorts of micro biases going on. And these sectors are considered particularly risky by lenders.

PHOTOGRAPH BY MAY TRUONG

How does CanWCC advocate for change on that and other fronts?
Depending on the issue, an advocacy campaign might be directed to different audiences—formal policy briefs get sent directly to elected officials, and there are also more informal public campaigns. But the ultimate driver of change is almost always government policy, so even if the campaign targets the public, the purpose is to put additional pressure on the government to change or enact policy.

NANCY WILSON FOUNDED CANWCC TO ADDRESS PERSISTENT ISSUES SHE ENCOUNTERED IN FINANCE

What's on the agenda right now?
One project we have on the go is an alliance of different organizations, including other entrepreneurship groups, artist groups and the Canadian Labour Congress, working to put pressure on the government to create policies that support self-employed individuals. Policies targeting women entrepreneurs generally refer to small and midsize enterprises, but there are about one million self-employed women driving the economy. That group is very much ignored. We're also working on a project to help women access business financing, whether it's a bank loan or VC. The project trains folks on how to respond to questions from investors—which, as I mentioned earlier, tend to be very different for male versus female founders—in a way that increases the likelihood of them getting funded.

CanWCC focuses on businesses owned by people who identify as women and non-binary. What is unique about CanWCC?
Although we are organized like all other Chambers of Commerce, and our fundamental activity is advocacy, we are different in that our call to action is economic equity. All our activity is focused on economic equity for our members—but also for the general population. We believe that economic equity is a human right, and that business and community interests are not mutually exclusive. ◆

SOCIAL Qs

PAY EQUITY AND 'GREEDY WORK'

"Greedy work" and its impact on women's career paths could pave the way to equality by redefining work dynamics

BY DORETTA THOMPSON

Economic historian Claudia Goldin's 2023 Nobel Prize recognizes her groundbreaking work on women's workforce participation and the gender pay gap. Her most recent book, *Career and Family: Women's Century-Long Journey Toward Equity*, focuses on what she calls "greedy work"—high-paying, high-prestige, high-pressure roles that demand elite workers be always on, always available. This style of performance and demand can be found across many sectors, including finance, law, management and, yes, accounting.

"Greedy work" is done by highly qualified individuals who are not easily interchangeable, and so are highly rewarded for the sacrifice of personal time. Women remain under-represented in the most senior ranks—and it turns out education and ability are not the differentiators.

Women have long been the de facto family caregivers. These demands limit careers and feed the gender pay gap. As that gap widens, the reasons compound for women to take more flexible, lower-paid jobs.

Goldin sees the endurance of pandemic-driven flexible work arrangements, offering women potentially greater access to high-paid, high-prestige greedy jobs. In an interview with *Harvard Business Review*, Goldin said, "Jobs can always be made flexible. The question is what the cost to the firm is and what the price to the worker will be in lower earnings."

But there's another pandemic legacy affecting the workforce: the heightened drive for work-life balance.

Perhaps the real question isn't how to get more women into "greedy work." But instead, the real question should be: How do we restructure work so it's less greedy for everyone? ◆

Doretta Thompson is financial literacy leader at CPA Canada.

PHOTOGRAPH BY FREEPIK, ISTOCK

THE ECONOMIST

OPPORTUNITY COST

The range of AI's true influence will be determined by how it is eventually regulated

DAVID-ALEXANDRE BRASSARD

Artificial intelligence (AI) has taken centre stage, and all of the accompanying spotlight that comes with it. In 2023 alone, AI has seen a quadrupling of Google searches and triggered significant stock market enthusiasm and investment. Is AI at the peak of the hype cycle or could it be the driving factor behind the fifth Industrial Revolution disrupting the way we live and work? The potential is evident, but so are the concerns.

Contextually, job market disruptions are nothing new: 60 per cent of jobs in 2018 did not exist in 1940. Will the disruption be faster this time around? I argue that the short-term impacts should be greater: displacing workers from old roles is quicker than re-employing them in new ones. This will also be widespread. Goldman Sachs estimated that AI could do one-fourth of current work-related tasks.

60
The percentage of jobs in 2018 that did not exist in 1940

AI stands out because it brings the disruptions to a new crowd. Automation introduced machines and automated processes into factory work, either modifying blue-collar jobs or displacing them. AI, on the other hand, introduces algorithms into white-collar or office work. Whether white-collar workers will be displaced or their role changed is still unknown, but AI is prone to take over low-risk information interpretation and decision-making.

Canada is well positioned on the research and development (R&D) side with several of the largest AI tech hubs within its borders (Mila in Montreal, Vector Institute in Toronto, and Amii in Edmonton). We might very well win the R&D race, but the million-dollar question is whether Canada will be able to implement or transfer that R&D to the private sector. We have had that challenge with prior innovation. Regardless, if it could help with our well-known struggles with productivity growth, now stale for the last eight years, it would be welcome. Canada has historically done better transferring productivity gains to worker compensation, thus reducing risks of rising inequalities: two-thirds of productivity gains have transferred to compensation in Canada compared to 45 per cent in the United States since 1980.

Additionally, the aging population has led to labour constraints being the most cited factors limiting sales or production growth for independent businesses. In terms of addressing labour shortage, the impact of AI should be systemic rather than direct. Industries with high exposure to AI (professional services, finance, information and culture, etc.) currently have lower vacancy rates, in other words, less severe labour shortages. Hence, AI could free up workers from these industries, who would need to join more labour-constrained industries. This might imply job or career transitions, but the displaced workers being white-collar tends to lend itself better to reskilling.

I have no fear that we will have plenty of job needs. Health care and construction, to name two, could benefit greatly from additional labour supply, to address end-of-life care needs of baby boomers and housing supply needs.

The trials and tribulations of regulating AI

The challenge is figuring out how to regulate AI: what do we regulate, who does it and how much regulation is really needed? AI pioneers, researchers and legislators are split on the call. Too much regulation can stifle innovation, but too little could lead

Exposure to AI and job vacancy rate (%)

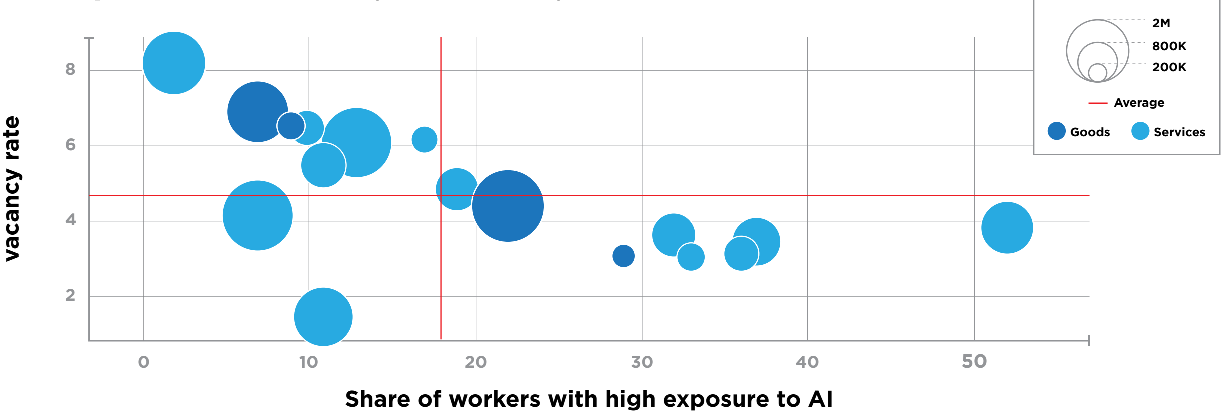


ILLUSTRATION BY KAGAN MCLEOD

SOURCES: STATISTICS CANADA, PEW RESEARCH CENTER to major consequences. A letter from AI experts demanding a pause on the development of high-impact frontier AI projects impacted regulators but has not resonated throughout the industry, with AI development still running at full steam.

Canada's government has essentially "plugged" AI into a privacy bill under study (Bill C27). It leads to many, including CPA Canada, to wonder if the legislation received adequate study and consideration given the probable impact of AI on all facets of society. Until legislation catches up, the government has created a voluntary code of conduct (Responsible Development and Management of Advanced Generative AI Systems) to bridge the gap. It is discretionary and not all companies are on board, once again indicating the split of the industry.

It proves particularly complex with tech companies having bigger market capitalization than many countries' GDP, and AI models spreading across frontiers. With the need for regulation to span internationally, 28 countries signed the Bletchley Declaration, calling for international co-operation at the United Kingdom's global AI Safety Summit.

Canada's role, as a smaller open economy, has yet to be determined. CEO of Shopify Tobias Lütke had an interesting take on X (formerly Twitter): "We don't need more referees in Canada. We need more builders. Let other countries regulate while we take the more courageous path and say, 'Come build here.'" This contrasts with Canada's overall strong and heavy legal and regulatory frameworks.

In the United States, a country that has historically been relatively hands-off in regulating its massive tech sector, the recent introduction of the Executive Order on Safe, Secure, and Trustworthy Artificial Intelligence signals a significantly new direction.

The wheels are in motion across the globe to tackle the question of regulation. But the picture of how things will look in 12 months and 12 years is unclear, and it's not yet a singular and coordinated (or consistent) effort. And if we favour a less regulated approach, the question becomes: Can we trust large tech companies to self-regulate? ◆

David-Alexandre Brassard is CPA Canada's chief economist.

SHAM, WOW

A catalogue of recent cons

BY ANDREW RAVEN

DECK THE CELLS

A 52-year-old woman from Cambridge, Ontario, has been arrested in connection with what police describe as a massive fraud linked to two Christmas markets.

Officers say they received 55 reports of fraud from vendors hoping to set up shop at the It's a Christmas Market in Waterloo. Police did not detail why the woman was arrested or elaborate on her connection to the market. But CBC reported the shopfest was cancelled after its organizer said on social media she had "lost" vendor deposits.

Police received another 12 reports of fraud linked to a similar event, the Christmas Shopalooza, in nearby Cambridge. The Waterloo Regional Police believe there may be more victims.

The suspect has been charged with committing fraud of over $5,000 and was due to appear in court on December 20—five days before Christmas.

UNHELPING HAND

A personal care aid from British Columbia who worked with elderly patients has pleaded guilty to 34 crimes, including fraud and identity theft.

The Surrey woman copped to the charges in the fall, more than a year after being arrested, according to the CBC.

The case began in June 2022 when RCMP say they received a report that a wallet had been stolen from a 96-year-old man and his credit and debit cards were being used across the Vancouver suburbs.

Police say the man's care worker took the wallet and she was slapped with several charges. Officers released the woman's picture to the public, asking for help with what had become a mushrooming investigation.

The charges would eventually extend to cover a total of 19 victims, according to reports.

RIG ECONOMY

A man from Brampton, Ontario, going through "tough" times received a WhatsApp message offering him a part-time job rating hotels online.

The position would pay thousands of dollars a week but there was a catch: he had to deposit money into an anonymous cryptocurrency account to get started.

CityNews reported late last year the man would part with $17,000 before he realized the cold truth: he was being swindled.

The case was one of a growing number of so-called job opportunity frauds, according to the Canadian Anti-Fraud Centre, a partnership between law enforcement agencies. The schemes surged during the pandemic, and even though unemployment has eased, they remain widespread.

While their MOs vary, some will often offer victims a freelance job in which they can rate products, apps or videos. Victims will sometimes receive a small payment, but to make more money, will have to deposit their own funds into a fraudster-controlled crypto account.

Job scams, though, aren't limited to online positions, say police. Fraudsters are increasingly peddling phony opportunities as mystery shoppers and financial agents, and for "wrapping" personal vehicles in company logos.

PHOTOGRAPH BY ISTOCK

GUEST COLUMN

BEHIND THE SCENES

Identifying the pioneering Black professional accountants in Canada

The death of George Floyd, the 46-year-old Black man who was murdered in Minneapolis by a white police officer in May 2020, was an event that sent shockwaves across the world. Law enforcement agencies came under increased scrutiny for their systemic racism. They weren't alone. Organizations across industries and sectors were taken to task for their racist climates, including Canadian business schools.

Responding to calls to decolonize curricula, Steve Salterio, a professor of accounting at Queen's University's Smith School of Business, thought a good activity for his auditing students during Black History Month would be to learn about Canada's early Black professional accountants.

His extensive search revealed nothing. Undeterred, he sought the help of one of the leading Black accounting scholars, Marcia Annisette, a professor and then–associate dean academic at York University's Schulich School of Business, who had published papers on chartered accountants who had immigrated to Canada. Salterio also connected with Tisha King, assistant professor in the School of Accounting and Finance at University of Waterloo. Both scholars were at a loss when it came to where one might find the histories of Canada's earliest Black accountants.

Collectively, the trio decided to seek to identify these pioneering Black professional accountants and document their journeys in pursuing a career in accountancy. As the world becomes increasingly intolerant of exclusionary practices, they felt this research might prove helpful in cultivating an awareness within the profession of where we've been, and also help inform where the profession goes as we seek to pursue greater diversity within the accounting field.

The strategy was two-pronged. First, a genealogical approach that involved searching historical records from 1850 to 1950, carried out by a qualified contract researcher specializing in Black Canadian genealogical research (supported by funds from the Stephen J.R. Smith Chair in Accounting and Auditing at Smith School of Business). Second, work backwards from the present using contacts in the academic and professional accounting communities here and abroad.

After several months and more than 100 hours scouring historical sources, the genealogical part of the research had yielded 10 names, but no evidence that any of them had been a member of a professional accounting body. So, the trio put the word out to the accounting community, drawing on practising and retired senior leaders within the profession, and painstakingly reviewed the histories of the professional accounting bodies (CA, CGA, RIA/CMA).

It was the personal networks that paid big dividends. Annisette, a Trinidad and Tobago immigrant, was mentored by a Canadian chartered accountant, inspiring King to seek leads in her home country, finding a Canadian chartered accountant who obtained his designation in the late 1960s. Meanwhile, Salterio found success in the Maritimes, connecting with Bermudians in an accounting program in the 1980s.

THE RESEARCH INCLUDES A GENEALOGICAL SEARCH OF HISTORICAL RECORDS FROM 1850 TO 1950

During the interviews with these leads, other Black professional accountants of their era were identified and, in some cases, interviewed. In total the trio identified over 20 pioneers and have interviewed all who are still alive.

The research team says, "We're far from being done with this project and invite readers to help us continue to grow this snowball as we seek to honour and catalogue Canada's Black trailblazers in accounting." ◆

Marcia Annisette, PhD, CPA, CGA, Vice-Provost Academic York University and Professor of Accounting, Schulich School of Business; Tisha King PhD, CPA, CGA, Assistant Professor of Accounting, School of Accounting and Finance, University of Waterloo; Steven Salterio PhD, FCPA, FCA, Professor and Stephen J. R. Smith Chair in Accounting and Auditing, Smith School of Business, Queen's University

PHOTOGRAPH BY GETTY

PIONEERS

JOURNEYS

The first Black professional accountants in Canada

In the rich tapestry of Canadian and Black accounting history, the narratives of five distinguished individuals stand out for their remarkable achievements, resilience and groundbreaking contributions. From Aura Meave Elliott-Vaucrosson, who defied gender norms to become a chartered accountant in Quebec, to the trailblazing Honourable Jeanne Atherden, the first Black woman hired by a Big 12 accounting firm in Canada, each story unfolds with unique challenges and triumphs. Their collective journeys reflect not only their professional prowess but also their enduring impact on the accounting profession.

Thomas Crawford, CA, born in Barbados in 1920 and passing away in Montreal in 2013, studied at Sir George Williams University, earning a bachelor of commerce (B.Comm.) in accounting. He became a chartered accountant in Quebec in 1958. Crawford articled with Freedman & Abramovitch, a Jewish chartered accounting firm in Montreal, eventually becoming a partner in Abramovitch, Abramovitch, Crawford & Rappaport & Co. until his retirement in 2003. As the first pioneering Black professional accountant in Canada, Crawford broke barriers and set the stage for future generations. His legacy endures through the continuing existence of the firm under the name Abramovitch & Associés.

Aura Meave Elliott-Vaucrosson, CPA, CA, from Trinidad and Tobago, studied at Sir George Williams University (now part of Concordia University), earning a BA in economics and a bachelor of commerce in accounting in 1962. She obtained her chartered accountant designation in Quebec in 1964. Elliott-Vaucrosson's career path took her from articling with a small Jewish firm in Montreal to a distinguished tenure in the federal civil service, serving in various roles, including as an income tax assessor for Revenue Canada and later as a technical interpretations officer in the Department of Finance. Despite facing skepticism as the sole woman in her bachelor of commerce class, Elliott-Vaucrosson persevered, obtaining two degrees and retiring in Ottawa after 27 years in the federal civil service.

PHOTOGRAPHS **COURTESY OF FAMILY**

OVER 20

How many Black professional accountant pioneers have been identified through the research thus far

Sir Kenneth R. Hewitt, CA, born in Dean's Village, Station Hill, Barbados, attended McGill University, earning a bachelor of commerce (hons.) in economics in 1964 and a licentiate in accounting in 1966. He became a chartered accountant in Quebec in 1967. Hewitt articled with a Montreal-based accounting firm and joined Steinberg before returning to Barbados in 1967. In 1969, he founded Ken Hewitt & Co., the first Black public accounting firm in Barbados, later merging with KPMG. Hewitt's notable achievements include serving as acting governor general of Barbados, a former independent senator and being awarded Commander of the British Empire. Married for 61 years with three children, six grandchildren and one great-grandson, Hewitt remains an influential figure in Barbadian society.

Andrew L. Phillips,CA, originally from St. James, Trinidad and Tobago, attended McGill University in Montreal, where he earned a bachelor of commerce in 1965 and licentiate in accounting in 1967. Phillips became a chartered accountant in Quebec in 1967. His Canadian employment history included summer breaks as a railway porter with Canadian National Railway and articling with S. Hoffman & Co. auditing firm in Montreal. He joined Northern Electric Co. Ltd. in 1968 and later returned to Trinidad and Tobago. Notably, Phillips secured the position of general manager finance at British West Indian International Airways in 1974, marking a significant achievement at the time. His career continued with several senior managerial positions in Trinidad and Tobago until his retirement.

Hon. Jeanne Atherden, FCPA, CA, hailing from Bermuda, began her academic journey at McGill University in 1965, initially pursuing science before switching to the commerce program. She earned her bachelor of commerce in accounting in 1969 and completed all but the thesis for her master of ommerce. Atherden became a chartered accountant in Quebec in 1973. Her career trajectory involved articling with Clarkson Gordon in Montreal, making history as the first Black woman hired by a Big 12 public accounting firm in Canada. Returning to Bermuda, Atherden held significant roles at Cooper & Lines/Coopers & Lybrand (now PwC Bermuda) and the Bermuda Hospitals Board. Her political career saw her become a senator in 2008, later ascending to minister of health and ultimately becoming the leader of the opposition in the House of Assembly of Bermuda before retiring in 2020. ◆

THE BRASS TAX

THE SQUARE PEG

Cryptocurrency reporting doesn't fit neatly into Canada's tax law. Should the government change the Income Tax Act to accommodate it or place the reporting burden on crypto-asset service providers?

JOHN OAKEY

Canadians must report their income from all sources both inside and outside of Canada. The federal income tax system imposes information reporting systems on the payer, like T4, to ensure taxpayer compliance, but these reporting systems have limited or no functionality outside of Canadian borders.

To deal with this situation, specified foreign property (SFP) rules—subject to non-filing penalties—were introduced in 1996 to impose a self-reporting requirement on Canadian resident taxpayers to disclose foreign property. As Paul Martin, then–finance minister, said when the government introduced the draft rules, "These reporting requirements will give Revenue Canada more ability to scrutinize offshore investments held by Canadians and to ensure the complete reporting of income."

Twelve years later, a computer programmer under the pseudonym Satoshi Nakamoto introduced the concept of cryptocurrency—Bitcoin. As the years went by and mainstream adoption of Bitcoin and other cryptocurrencies evolved, some investors started to ask: Is cryptocurrency a Canadian or foreign asset?

For those with a keen technical understanding of distributed ledger technology (DLT), the correct answer is: both. A unit of crypto is not necessarily situated in any particular country, which makes it that much more difficult for Canadian taxpayers and accounting professionals to determine if it is a domestic or foreign asset for tax purposes. Cryptocurrency owners may believe their holdings reside in Canada because the digital information is typically accessed while in Canada through a digital wallet on their phones, thumb drives, laptops or online trading platforms.

For the Canada Revenue Agency (CRA), though, which wants to ensure Canadians aren't hiding their cryptocurrency assets outside of Canada, the tricky question is figuring out when a unit of crypto should be considered a foreign asset, and thus subject to reporting by taxpayers as SFP.

The problem is that the SFP rules in the Income Tax Act weren't designed with cryptocurrency and DLT in mind, leaving CRA's guidance akin to squeezing a square peg into a round hole.

Almost a decade ago, CRA attempted to answer the question: Is cryptocurrency SFP? CRA concluded that cryptocurrency was considered "funds or intangible property." If those funds or intangible property were "situated, deposited or held outside of Canada," then they should be classified as specified foreign property and thus subject to reporting. CRA's attempt to answer the question stopped short of providing guidance on the actual location where cryptocurrency is situated, deposited or held.

Knowing that CRA can't actually determine the true location of cryptocurrency, CPA Canada rephrased the question to CRA in its 2023 document, "CPA questions to CRA." "Can CRA provide examples of cryptocurrency that is situated, deposited or held outside Canada for classification as specified foreign property?"

CRYPTO'S BORDERLESS NATURE CHALLENGES ACCOUNTANTS IN DISCERNING ITS DOMESTIC OR FOREIGN STATUS FOR TAXATION

The rephrasing of the question, albeit subtle, allowed CRA more latitude to provide guidance. In this document, CRA states, "[I]t is our view that, where crypto trading platforms (CTP) are resident in Canada and comply with Canadian regulations, cryptocurrency held through such CTPs for the benefit of Canadian clients will typically not be considered as 'situated, deposited or held' outside Canada."

Although this guidance is not definitive, Canadian taxpayers now have some assurance that

ILLUSTRATION BY KAGAN MCLEOD; PHOTOGRAPH BY GETTY cryptocurrency assets held in a Canadian resident's CTP are not reportable as specified foreign property. For anyone else who holds cryptocurrency outside of a Canadian CTP, the lack of clarity around foreign reporting remains. The bottom line is that the Department of Finance hasn't created anything new, and CRA has just taken the existing legislation and made one aspect of holding cryptocurrency squeeze into the existing rules as best it could.

All of which begs another question: Should Parliament update the Income Tax Act to directly address self-reporting of cryptocurrency assets?

Canada is not the only country that has been slow to respond. The United States has lagged with modernizing its laws to address the reporting of cryptocurrency by its taxpayers. The Financial Crimes Enforcement Network (FinCEN) has not updated its Notice 2020-2, which states that a foreign account holding virtual currency is not reportable on the Foreign Bank and Financial Accounts, even though the notice states amendments are intended.

The IRS has also never come out with an official position regarding cryptocurrency and reporting under the Foreign Account Tax Compliance Act. Like Canada, the United States seems more preoccupied with making crypto exchanges and forcing custodians to report cryptocurrency transactions than individual taxpayers. Unlike CRA, though, the IRS did introduce, starting in 2019, a question on the 1040 inquiring about cryptocurrency transactions. Starting in 2024, U.S. persons engaged in a trade or business receiving $10,000 or more in crypto payments will have mandatory reporting.

Meanwhile, the Organisation for Economic Co-operation and Development (OECD) in October 2022 proposed the Crypto-Asset Reporting Framework (CARF) as an amendment to its Common Reporting Standard, which has been adopted by more than 100 countries, including the G20. Full implementation of CARF is ongoing with Canada, United States and over 40 other countries intending to start exchanging information by 2027.

The principle behind the OECD's framework is to impose reporting obligations on crypto-asset service providers to increase transparency, and thus allow tax administrators to have better visibility on crypto transactions and income.

The European Union has recently moved to the adoption of DAC8, which closely resembles aspects of the OECD's CARF, establishing an information-exchange platform that will provide national tax administrators with more visibility on crypto-asset service provider activities.

1 in 4

The number of Canadians who owned some form of crypto in 2023

As we look around the international community, the focus by tax authorities on cryptocurrency reporting is falling not on taxpayers, but rather on crypto-asset service providers.

With Canada and a significant number of other countries adopting CARF to gather and share cryptocurrency information received directly from crypto-asset service providers, is self-reporting of cryptocurrency assets by Canadian taxpayers necessary, either as foreign or Canadian?

As Mark Greenberg, managing director for Canada of the crypto platform Kraken, pointed out in an August 2023 interview with Nasdaq, about one in four Canadians now own some form of crypto and over 30 per cent plan to invest in crypto assets this year. Sooner or later, they'll all need to know whether their crypto holdings are reportable as foreign property or not. ◆

John Oakey, CPA, is Vice-President of Taxation at CPA Canada.

ILLUSTRATION BY KAGAN MCLEOD

GUEST COLUMN

A REVOLUTION IN LEARNING

How the tech-driven transformation of education will impact the CPA learning experience and education as a whole

MAGDALENA SERWIN

In the fall of 2023, I attended the AI and Learning Symposium in Las Vegas, a prelude to DevLearn, one of the biggest educational conferences in North America. The conference, attended by public, private and not-for-profit education leaders, reinforced the fact that we're in a global technological transformation, with AI as the emerging trendsetter in education.

It reminded me of a time 15 years ago, when I started designing and delivering e-learning. During that period, participants experienced several challenges, like disparities in Internet speeds and varying degrees of technology proficiency. On the educator's side, we were still in the process of mastering the skill of creating high-quality e-learning. Years later, when the pandemic struck, the world had no option

but to fully pivot to e-learning. AI is now orchestrating a similar paradigm shift in education. As educators, we can improve the CPA learning experience by using AI and being cost-efficient by focusing our time on tasks that matter the most.

Personalized learning paths
Picture this: AI delves into the unique learner data, crafting personalized learning journeys. These paths sync the learning content with the learner's present skills and ensures that the learning content aligns with each learner's current knowledge, skills and aspirations, helping them fill gaps and build expertise. This isn't that far off, since we are bombarded with personalized content on Amazon, Netflix and LinkedIn all the time. At present, AI can help by curating learning resources and recommending the most relevant materials to learners. For example, the learner can answer a few questions and receive the content that is tailored to their preferences, like receiving ESG and sustainability content.

52%
The number of students over 18 who have used generative AI to complete school work or pass an exam, according to a 2023 study from KPMG

LIKE THE INTERNET REVOLUTION, ARTIFICIAL INTELLIGENCE POSES A SIMILAR POTENTIAL FOR LONG-TERM RAMIFICATIONS TO MANY FIELDS, INCLUDING THE EDUCATION SYSTEM

Adaptive learning
Adaptive learning platforms powered by AI continuously assess the progress of learners and adjust the content and difficulty of e-learning modules to match their learning pace. This can supercharge learner retention and engagement. Think of an online scenario in an e-learning program your pace sets the tempo as you progress and the content is adapted to your knowledge. On a large scale, this can be applied to an entire education program. For example, the three-year In-Depth Tax Program is one of CPA Canada's flagship programs. Now imagine that the content automatically adjusts in real time depending on the learner's responses, click pattern or tempo. This allows the system to provide more relevant content to the learner at a level that is appropriately challenging.

Efficient content creation
Remember those hours staring at a blank page, unsure where to start? AI steps in as the ultimate collaborator for content teams, aiding in the ideation process, bridging gaps in outlines, crafting learning objectives and even drafting captivating video scripts. AI can take on the role in the initial phases so that subject-matter experts can step in and thoroughly vet and fine-tune the content. The era is approaching when AI will be integrated, in some capacity, within the content creation process of educational institutions, including content for accountants.

Data-driven insights
AI is already being used for data-driven insights in the accounting field to enhance a CPA's ability to analyze financial data, detect inconsistencies and make more informed decisions. In education, AI can provide data analytics on the effectiveness of

PHOTOGRAPH BY FREEPIK

e-learning programs. It can identify areas where learners may be struggling and where they excel, enabling organizations to refine their learning strategies for tomorrow.

Chatbots and virtual coaches

These AI-driven chatbots and virtual mentors stand by 24/7. They answer questions, offer explanations, provide feedback and can escort learners through e-learning more effectively with personal support. Chatbots can be updated with new tax laws or audit standards to ensure they provide up-to-date information to learners. Currently these tools are available by text, but the time is coming when they will be video avatars guiding learners through the course.

Skill assessment and certification

AI's role in assessments goes beyond automated grading; it can transform assessments into dynamic tools for personalized learning, evaluation and data-driven decision making that improve learner and professional outcomes. Adaptive assessments could also be used prior to starting a program and during, to adjust the difficulty level of questions on quizzes.

Accessibility and inclusivity

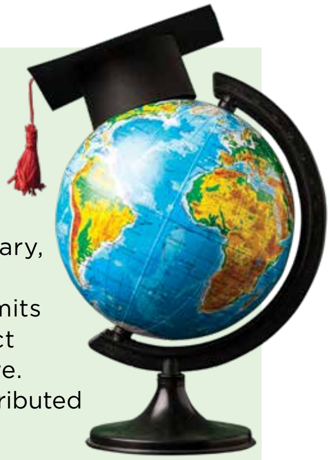
AI-driven tools can enhance accessibility for learners with disabilities or facing other barriers by providing features like speech-to-text, text-to-speech, captions and translations. A note of caution: be mindful that bias can creep into AI, reflecting human biases present in the content it has analyzed. With time and learning, AI may be able to mitigate and navigate around human bias.

AI is not merely knocking on our doors it has boldly arrived. The list above is not all-encompassing, but with each new day, AI is being trained to be better than yesterday, with new tools released all the time. To keep up with the needs of today's learners, institutions need to adapt or they will be left behind. We have a remarkable opportunity here and should not be afraid to be early adopters, try new things and learn from our experiences. Only through our collective efforts and spirit of exploration will we be able to unlock the full potential of AI. It's up to organizations to set proper governance structures and rewrite rule books with AI in mind, and for users to use their ethics to distinguish what is right from wrong. ◆

Magdalena Serwin is CPA Canada's Senior Manager Learning Solutions within the Member Development and Support Department.

PHOTOGRAPH BY FREEPIK, ISTOCK

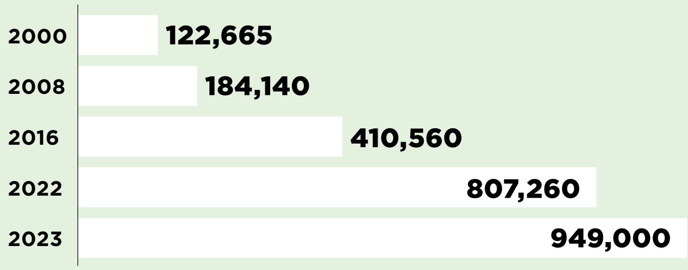
FOREIGN EXCHANGE



International students have made significant contributions to Canada's workforce and economy. But, in January, the federal government announced a two-year cap on foreign student permits amid concerns about students' impact on the housing market and health care. Here's how foreign students have contributed to the country. **BY STEVE BREARTON**

Since 2000 Canada's number of foreign students has steadily increased

International students in Canada



Fees five times what Canadians pay

$38,081

Average undergraduate tuition fee for an international student in Canada in 2023/24. Fees have risen 96 per cent in the past decade and are more than five times higher than fees for Canadians.

Contributing tens of billions to Canada's economy

$22.3 B

Estimated contribution to Canada's economy by international students in 2018, according to a study by Statistics Canada. That's nearly twice as large as Canada's arts, entertainment and recreation sector. Tuitions fees were calculated at $5.9 billion.

Adding to Canada's workforce

135,100

Over 135,000 graduated foreign students took advantage of a program to work in Canada in 2018—up from 10,000 in 2008. That same year, nearly 280,000 international students worked while studying.

A path to residency

3 in 10

About 3 in 10 international students who entered Canada in 2000 or later became a landed immigrant within 10 years.

SOURCES: STATISTICS CANADA AND IMMIGRATION, REFUGEES AND CITIZENSHIP CANADA

BY THE NUMBERS

ILL ADVISED

The advice is to stay home from work if you're sick, and research demonstrates it's one of the most effective strategies to contain infectious disease. But even following a deadly pandemic, many Canadians don't heed those words. One reason is a lack of paid sick days. Legislation is improving the situation, but one-third of Canada's workers don't get paid if they stay home ill. In December 2022, a new federal law mandated 10 paid sick days per year for all permanent workers in federally regulated industries, while Quebec, B.C. and P.E.I. also have degrees of coverage. *—Steve Brearton*

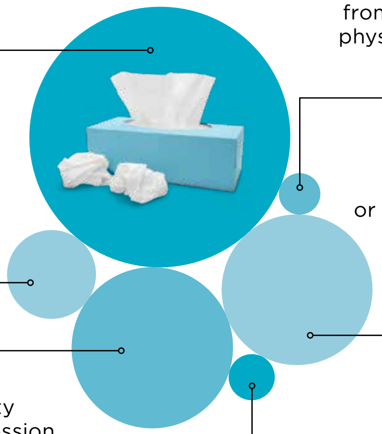
Percentage of Canadians who would go to work while sick, according to a 2021 Environics Institute for Survey Research poll

51%

63%

Percentage of Canadian employees who said their decision to work while feeling mentally unwell was influenced by the assumption it wasn't a good enough reason to take time off, according to 2023 Conference Board of Canada polling data

Canadian employees who say they went to work in the previous year with the following symptoms or conditions, according to a 2023 Conference Board of Canada survey:



Cold/flu symptoms **39.6%**

Symptoms from a chronic physical health condition **6.3%**

Positive test for COVID-19 or symptoms **13.5%**

Dizziness or headache/migraine **22.9%**

Stress, anxiety and/or depression or other mental health-related issues **24.5%**

Injury **7%**

Reasons for going into work when sick, according to a 2021 Environics Institute for Survey Research poll:

My co-workers depend on me **46%**

I wouldn't get paid **43%**

Didn't want to fall behind in my work **33%**

Pressured by boss to keep working **18%**

Feel bored or unproductive at home **13%**

Nearly two-thirds of Canadian workers have paid sick leave

Sixty-four per cent of Canadians reported having paid sick-leave coverage in November 2022, up from about 56% in November 1995, according to Statistics Canada. Workers in Quebec were most likely to have PSL (68%), while those least likely resided in Alberta (59%).

Public service, finance and insurance employees most likely to have paid sick leave; hotel, restaurant and gas station workers least likely

Public administration	Finance and insurance	Utilities	Educational services	Grocery stores	Agriculture, forestry, fishing and hunting	Gasoline stations	Accommodation and food services
89%	**86.5%**	**86.3%**	**77.9%**	**37.2%**	**34.9%**	**27%**	**18.8%**

Canadian companies aren't tracking the impact of sick days or other absences

According to a 2023 Conference Board of Canada survey of Canadian organizations, most employers don't measure the impact of their absence policies on attendance (80.9 per cent) or on productivity and/or profitability (88.4 per cent).

The debate on whether to provide mandatory paid sick leave is often polarized

"What we're trying to address [with paid sick leave] is a worker who wakes up in the morning and they have symptoms. We don't want them to say, 'I'm so worried about paying rent or groceries and food' that they convince themselves that it's probably seasonal allergies and they hope for the best because they can't afford to lose the money."

Laird Cronk, president of the B.C. Federation of Labour, makes the case for mandatory employer-paid sick leave to the CBC in 2021

Cost to business of paid sick days negligible

0.21

Estimated additional percentage cost of a 10-day paid sick-leave policy on existing business expenses, according to a 2021 study by Vancouver-based Centre for Future work; the research also found the policy would have no measurable impact on overall competitiveness or profitability

SOURCES: STATISTICS CANADA, OFFICE OF THE AUDITOR GENERAL OF CANADA, CONFERENCE BOARD OF CANADA, CENTRE FOR FUTURE WORK, ENVIRONICS INSTITUTE FOR SURVEY RESEARCH

PHOTOGRAPHS BY **ISTOCK**; ILLUSTRATIONS BY **NOUN PROJECT**

Nicole Ballestrin, CPA and founder of Aspire CFO

THE CHIEF (FLEXIBLE) OFFICERS

Crisis manager. People person. Revenue expert. A new breed of part-time CFOs are doing their best work as they juggle multiple responsibilities across a range of companies. Most wouldn't have it any other way.

BY LIZA AGRBA

PHOTOGRAPH BY DANIEL EHRENWORTH; HANDS BY ISTOCK

When Nicole Ballestrin got her CPA designation, she never envisioned becoming an entrepreneur. But after spending 15 years working in industry at Nortel, EY, McKinsey & Company and others, she couldn't shake the sense that she didn't belong at a large corporation. "I was always trying to take things to the next level, automate and improve, but was consistently frustrated by the politics and bureaucracy," she says. "I thought a more innovative, fast-paced environment would suit me better, and I was right."

At the age of 40, she left the familiar pace of life in massive corporations to become a fractional CFO, lending her expertise to small and medium-sized companies on a part-time, contractual basis. Today, she helms Aspire CFO—a team of 30 professionals set up to fulfill all the functions of a traditional finance department, from CFOs to VPs, bookkeepers to controllers. Aspire CFO is made up of about 95 per cent women employees, and focuses on women-owned and impact-oriented businesses. Ballestrin thinks the market for fractional finance professionals can only expand from here—but argues that the role is not for everybody, and especially not for the faint of heart.

"For one thing, being a fractional CFO is higher risk than the traditional route," she says. "You're generally not dealing with huge, fully financed companies with robust infrastructure and established processes. Plus, fractional CFOs often come in at desperate moments that require decisive action. For me, that thrill is part of the appeal, but you really have to love the challenge and be highly skilled at change management. To be successful at this, you must be able to overhaul finance functions very quickly—and under a lot of pressure."

Hiring a full-time CFO can be prohibitively expensive for SMEs, with median salaries in the Canadian market amounting to multiple hundreds of thousands per year. But just as importantly, a smaller company may simply not need a full-time employee to look after their finances. Shauna Frederick—a CPA who provides fractional CFO services under the banner Frederick OTG, and who co-founded the Finance Cafe, a financial literacy platform for women entrepreneurs—initially tried to work herself out of a job every time she took on a new client.

"I thought the goal was to grow every company to a place where they could afford to hire someone full-time," she says. "But I quickly realized that—depending on the business, and the unique goals my clients expressed—that wasn't always the right approach. Some companies never get to the point where they need that level of entrenched support, and that's just fine."

Shannon Pestun, a financial consultant and former business banker who co-founded the Finance Cafe with Frederick, says the market need for fractional CFO services is especially pressing for businesses owned by women and diverse individuals, which on average tend to be smaller and less robustly capitalized.

"Women and other equity-deserving groups—like Black or Indigenous entrepreneurs—often have financial barriers to taking on a permanent, full-time CFO," she says. "But when you bring in a part-time CFO, chances are you're connecting with someone who's an entrepreneur themselves." In her work as a financial consultant, she's seen the direct impact of fractional CFOs on businesses that couldn't otherwise afford dedicated in-house support. "These fractional CFOs take the connection out of the transactional into the relational, really getting to know the business owner's individual needs and motivations. That, in turn, makes entrepreneurs more confident to ask for advice. The numbers show us that women self-report being less confident in the financial aspects of their company. Fractional CFOs fill an important needs gap."

Pestun enlists fractional CFO services for her own consulting company. "What I love about it is being able to customize the level of service I need," she says. Her fractional CFO took over the company's bookkeeping, which allowed her to allocate more time to

Shauna Frederick (left) and Shannon Pestun (right), are fractional CFOs and co-founders of the Finance Cafe

aspirations, and can help plan for your future financial success—but at a fraction of the traditional cost. And while businesses with in-house bookkeepers can take care of day-to-day accounting needs, fractional CFOs take a fulsome look at a company's strategy and provide ongoing support integrated with a business's broader goals. "I know too many entrepreneurs who would only see their accountant as a year-end nuisance," says Pestun. "They didn't have that day-to-day or month-to-month point person to say 'hey, can we go over my three-month cashflow projection together and talk about where I want to be in a year?'"

Meanwhile, for CPAs who would agree that variety is the spice of life, potential exposure to a wide range of clients brings a great deal of interest and excitement to the job. Even as they juggle multiple clients, some fractional CFOs focus on a particular sector—but many, like Frederick, purposefully avoid limiting themselves and make a point to work in many different types of businesses.

Frederick works with homebuilders, lawyers and retailers, to name a few. "I benefit from my clients' very different experiences and perspectives," she says. "But I also get to find common threads between processes and procedures from different industries, which can sometimes be similar with respect to strategic planning, budgeting or KPIs."

Ballestrin also runs the gamut when it comes to the type of business she chooses to work with. "It's very exciting to be exposed to so many different companies and scenarios. Working this way is incredibly intellectually stimulating," she says. When she hires for Aspire CFO, Ballestrin specifically looks for people who, in her words, find the standard corporate route "mind-numbing." To make it, you have to enjoy a fast-paced work life—and know how to organize multiple priorities on any given day.

Fractional CFOs often come in at desperate moments that require decisive action

revenue-generating aspects of the business. But beyond that, Pestun meets them every quarter for a thorough review of her company's financial performance. "I say to them, this is what I want to accomplish this year, and then we look at my margins and explore possible opportunities together," she says. "They often challenge my thinking and provide the emotional support that helps furnish good financial decision-making."

For many business owners, that's the crucial upshot of the part-time CFO model. You get the advantage of an in-house expert who intimately understands your business, takes the time to get to know your professional

But while a full-time CFO has the benefit of all-day exposure to a company and the respective nuance of its inner workings, a fractional CFO has to be intentional about getting that exposure and deciphering what makes a given business tick. "It really helps to make sure I have face-to-face time with my clients in their office at least once a month," says Frederick. "You have to physically be there and listen to their team members to get a full picture of what's going on." And given the importance of accounting for the nuanced differences between clients across myriad industries, a meticulous process for maintaining clear, detailed notes about every client is an essential part of the job.

PHOTOGRAPH BY CHRIS BOLIN; HAND BY ISTOCK

Just as crucially, your people skills have to be first-rate. "The real value-add for a fractional CFO goes well beyond the core skills any CPA would have. You have to be able to hold a room and influence people," Ballestrin says. "From the point you meet a client to when you present an assessment, convince them that what you're proposing is the best decision for their business, and follow through by helping lead their team. People skills are absolutely crucial."

That's especially true given that some SMEs don't think to bring on a fractional CFO until they reach a crisis moment in their financials. Many smaller companies get away solely with having a year-end accountant take care of their taxes—until, that is, their business increases in complexity and their financial situation suddenly spins out of control.

"Small businesses can get very complicated very fast," says Ballestrin. "And sometimes they take too long to bring in help, precisely because in-house expertise is seen as so expensive. And so, I often come in when there's a significant amount of cleanup to do." Ballestrin says that crisis management is the reality of her job more often than not, and that it takes no small measure of grit and perseverance to turn the proverbial ship around in a high-stakes moment.

On the bright side, clients who find themselves at this unfortunate juncture tend to have a strong appetite for change—which makes for a very different set of challenges than Ballestrin faced in the world of behemoth corporations. "If you're an innovative, fast-moving CFO, it's a perfect fit," she says. "You can come in, recommend a plan and implement change very quickly."

For Frederick, getting her CPA designation was crucial for her success as a fractional CFO, largely because a CPA is trained to look at a problem with a broad lens and understand that solutions are seldom black and white. "As CPAs, we're trained to ask questions and remain curious. If you're not doing that, you might be solving the wrong problem for clients and leaving them in more trouble than when you went in," she says. And given the breadth of her client base, her research training also regularly comes in handy, affording her the ability to seamlessly shift between industries and adjust her strategies accordingly.

Ballestrin also sees her CPA training as hugely advantageous. In order to be a successful CFO, she argues, you can't just be a high-level people manager—you have to have a strong accounting background. "I'm just going to say it—there are CFOs out there with no accounting background who often attempt the job and fail. I have come in several times to replace former investment bankers who have done exactly this," she says. "We often start by overhauling the books. We're in the nitty-gritty of the numbers from the get-go. If you don't have those core skills, and if you don't know how to coordinate with auditors, you're unlikely to succeed at this job." Almost all Aspire CFO team members have a CPA designation or a local equivalent (the company also has branches outside Canada, including in Ghana and the Philippines).

Ballestrin thinks fractional CFOs—and fractional finance more broadly—are apt to become more broadly accepted as awareness of this option grows for business owners. But the key, she says, will be for the industry to

Crisis management becomes a regular part of the job for a fractional CFO

The early stages of a client relationship are often the most intensive in terms of time commitment. Initially—especially if the CFO comes on in the midst of financial crisis—Ballestrin might allocate as much as 40 hours a month to a single client to conduct a full assessment and get the ball rolling. Once there's an established routine, regular and accurate financial reporting, strong processes and some level of automation, the time investment goes down. "Now, the CEO can focus on strategy and growth and actually move the company forward, instead of being dragged down into some financial crisis they don't know how to handle," says Ballestrin. On average, getting there takes two to three months. "It's fast, but it's worth it when you get to the other side." Some fractional CFOs may leave at that point, while others, like Ballestrin, tend to stay on indefinitely, dialing their support up or down as needed.

scrupulously maintain a high standard of quality. That's why she doesn't run Aspire CFO with an agency model, in which every professional would be an independent contractor. Collaboration, mentorship and some degree of central oversight are as key to her business model as the policy of hiring people who can multitask and enjoy exciting challenges.

Because if there's one thing fractional CFOs seem to have in common, it's a tendency to grow weary in static situations. "Multiple times I've been offered the opportunity to come on board full-time for my clients, and I've always turned them down," says Frederick. "The honest reason is that I believe I would get bored. I think there are a lot of accountants out there who don't want to do the same thing over and over again with a single company. For people like that, this career route might be a good fit." ◆

PHOTOGRAPH BY ISTOCK

Easily grow a profitable valuations practice with Valu8er™

Expand your CPA practice into a full-service firm offering business valuations, litigation support, M&A advisory, tax planning and estate planning with Valu8er™

Business valuation reports sell for anywhere between $5,000 to $100,000+, and over 70 per cent of baby boomers are expected to sell their business by the end of the decade. Unfortunately, CPAs are usually an afterthought as an option for completing business valuations. But that doesn't have to be the case. Thanks to the new technology, algorithms and artificial intelligence of Valu8er Expert Reports Inc. (Valu8er™), CPAs can now do valuations at the highest level without outsourcing to a third party.

Valu8er was founded by Rim Grewal, a CPA, CA and CBV with over 12 years of business valuation experience. He believes that CPAs, given their long-standing client relationships, are in the best position to make assumptions around a business's balance sheet, general ledger, historical EBITDA, private company comparables and capital asset requirements, thus putting them in the driver seat to complete valuations.

"CPAs should be spearheading valuations, and not outsourcing this work to external professionals with no client relationship or knowledge. The valuation never gets completed without the CPA's knowledge anyway," says Grewal. However, without the expertise of different valuation methodologies or how to properly calculate share value, this can create financial, tax and legal risks. That's where Valu8er's web application comes in. "Valu8er holds the CPA's hand to complete the business valuation step by step, without skipping anything integral or overlooking any relevant risk factors," adds Grewal.

Valu8er holds the CPA's hand to complete the business valuation step by step

Motivated to do better

Inspired by accounting software CaseWare and CaseView, and focused on studying global valuation standards, Grewal was driven to come up with a better way of preparing valuations than messy template spreadsheets and Word documents. Valu8er's web application eliminates both, speeding up the valuation process exponentially (up to 10 times faster) by automatically producing reports in final, ready-to-be-billed PDF format, with all schedules, appendices and references completed within—meaning users spend no time on report production.

Valu8er's relative algorithms and artificial intelligence draw conclusions on suggested EBITDA and sales multiples independently, thus minimizing human bias. In addition, reports are extremely detailed and standardized at the highest level possible, built to satisfy the critical eye of the CRA and the courts. Its broad set of coding enables business valuations for any size company within any industry and using any approach, and provides a one-stop shop to manage all live and complete files through the Valu8er dashboard.

Who can use it?

Any CPA practice can easily start preparing business valuations on Valu8er. Furthermore, outside of the monthly per-user subscription, CPAs pay only for final reports in PDF format. Users can elect for low-, medium- or high-level reports (each at different price points), similar to the three levels of financial reporting for CPAs. If the firm doesn't wish to complete valuation reports internally, Valu8er can complete all valuations through its team of in-house experienced valuators by way of a partnership agreement. Plus, the company provides free training, webinars and ongoing file support, in addition to guidance on other valuation practice areas.

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TRICKS OF THE TRADE

CPAs have long provided financial guidance and expert solutions to their clients. But now many are being asked to navigate a tricky landscape of emotions, family issues and personality clashes, which means drawing on—or learning—an entirely new way of solving problems.

BY LISA VAN DE GEYN

Candy and Andy (not their real names), well past retirement age and ready to spend their days perfecting their pickleball game, have decided it's time to hand over their successful business to their grown children. The children, Randy and Sandy (also not their real names), don't get along, though that has nothing to do with the family firm. There are underlying trust issues, thanks to questionable behaviour decades ago, and after countless miscommunications in the ensuing years, the only thing these two agree on is that their relationship is strained.

On this particular afternoon, the four are sitting in a rather stuffy boardroom discussing the future of the business and its management. There's also a trusted adviser in the room, acting as a neutral party and facilitating the dialogue, Candy and Andy's accountant. At a break in the conversation, a quiet Randy shifts in his chair and looks over at Sandy. "I just want to say I'm sorry for what happened." Sandy sits silently, eyes fixed on a painting across the room. The CPA, with many years of insight, plenty of experience in negotiations and mediations and armed with impeccable interpersonal skills, recognizes this as a critical moment in the company's future. After a long pause, the CPA turns to Sandy and says with compassion, "Can you tell Randy you heard what he said?" The apology Randy's offered is what some call a "golden bridge" in negotiation—it can allow both sides to advance constructively. Had the CPA in the room not been well-versed in dispute resolution and engaged in active listening, Randy and Sandy might still be at an impasse.

In the past, accountants typically were not seen as advisers with both the soft skills and negotiation know-how required to navigate an example like the story above (predicated on a true story, though with personally identifying details altered). While those who aren't in the profession might have once seen CPAs as technically minded professionals who fancy spreadsheets over people, that perception is changing. With clients turning more frequently to their CPAs for advice and guidance, the accountant's

ILLUSTRATION BY CINDY LUBINIC

role now extends well beyond tax preparation and scouring financials. In fact, successfully helping clients through arduous disputes—divorce, partnership clashes, contract disagreements, estate planning, business dissolutions and the like—by using negotiation and mediation (to avoid costly and time-consuming arbitration and litigation). CPAs are also often expected to have other people skills that rely on emotional intelligence, such as empathy, problem-solving, active listening, etc.

Negotiation and dispute resolution were always a crucial part of Wallace Howick's day-to-day. A CPA, former partner at Deloitte and former national vice-president of wealth management at one of Canada's largest banks, Howick, based out of Burlington, Ont., has spent much of his over 40-year career helping clients through negotiations and disputes. It's been such a vital part of his journey as an accountant that not only has he been formally trained in negotiation at Harvard, but he also teaches it to accountants—from newly qualified CPAs to firm partners. "I became fascinated by negotiation early in my professional life. My first mentor handled a lot of business sales, and working with clients on dispute resolution became part and parcel of what I was exposed to, and what I eventually handled myself," he says. "I was a numbers guy, but I was also a process guy, and negotiation is a process." Howick believes few people fully understand the role principled negotiation and interpersonal skills play when disputes arise, and how much they can affect the outcomes. And, while some professionals aren't well-versed in these skills—engaging parties, surfacing their underlying interests (not just their stated positions) and helping them find a shared solution to a shared problem—can be honed over time with mentorship and practice. "I think there's a growing recognition in the profession that, with training and experience, accountants can increasingly help their clients through disputes, especially since most of them have financial implications," he says. "Helping clients solve problems in an efficient and effective way builds trust and, at the end of the day, that's what a professional relationship is all about."

Like Howick, Peter Weissman has dealt with his fair share of assisting clients with resolving (often tricky) issues and quarrels. The Toronto-based FCPA and Trust and Estate Practitioner is a partner at Cadesky Tax and specializes in estate planning and litigation support, corporate reorganizations, private company taxation and tax dispute resolution. He now considers possible contentious controversies—or, rather, minimizing these controversies in the first place—when he starts working with a client. (Example: Dad leaves his business equally to both of his kids. One has the capacity to operate it, the other does not. A decade later, the one who has the capacity to run the company is impaired by the veto power of their sibling. A thoughtful adviser would've recognized the problem early on and discussed it with the client, perhaps suggesting Dad leave the business to the child who could run it, and another set of assets to the other child, or perhaps considering the use of a trust.)

LEARNING HOW TO STEER DISCUSSION AND KEEP THE END GOAL TOP OF MIND HELPS EVERYONE DURING A CONFLICT. SO DOES THE ABILITY TO PARAPHRASE AND REFRAME.

"At the planning stage, we can try our best to create structures that minimize disputes, but we can also have honest, frank discussions with our clients about the non-technical aspects of what we've seen in the trenches," he says. Since much of his work involves planning with the view of lessening the chance of disputes, he's had to have tough conversations with clients. "I encourage parties, such as family members, to talk to each other, even though some of the conversations may be difficult. Where planning has not worked out, or where disputes cannot be avoided, accountants can also provide expert opinions as to how matters could be resolved or assist the parties in mediation."

For Weissman, the most onerous disputes to help settle are the most personal ones. "Divorce, estate litigation and dealing with the family cottage—clients come to me for these types of consultations as opposed to just tax issues." In one case, he

represented one of four siblings who were to each receive one-quarter of their father's estate. His client had mental health issues, which precluded her from working. "Her father had been supporting her and the one-quarter of his estate was quite modest; it would not have allowed her to survive financially. Her lawyer filed what's called a dependent's relief claim, asserting she was entitled to more than what had been left to her," he says. "There was a tax-deferred pension plan in the estate that could be transferred to my client tax-free because of her health situation. None of the advisers realized this, and there was a stalemate in the dispute resolution process. When I was brought in, I confirmed the deferred pension plan could be transferred to my client without tax. The saving of the tax allowed the parties to settle because there was more money to settle with."

Weissman adds that emotions often play a big role in these matters, and he focuses on balancing emotional issues with the desired objectives to settle disputes. This requires empathy, understanding and collaboration more than technical skill. "I'm constantly involved in sensitive or difficult situations where soft skills are very important."

Some of these soft skills are obvious, but you can't help a client if you're not listening to the client. Problem-solving, compassion, creativity, teamwork and evaluating non-verbal cues are also on this list. But there's more to conflict management and how best to work clients through challenges in constructive ways. One is employing process and structure—both skills in an accountant's toolkit. Learning how to steer the discussion and keep the end goal top of mind helps everyone. So does the ability to paraphrase and reframe. "Once someone truly feels heard, you can then look to reframe, and the ability to reframe a point of view in a non-adversarial way is key. It's hard for people to see options when we only have one solution in our minds, so paraphrasing and reframing helps to shift from positional black-and-white thinking to a problem-solving, forward-looking perspective," says Tanya Sterling, a Victoria-based CPA and chartered financial divorce specialist in collaborative practice who has certificates in collaborative dispute and resolution, and negotiation. "Using language like 'Help me to understand. I hear you saying X. What is important to you about X?' helps find their underlying unmet need. You can help shift the focus from blame to problem-solving, where everyone is working together to find a solution instead of fighting about who is right."

Sterling shares an example: In this case, the client is in a shareholder dispute. "They're not getting along; it's a common situation where one thinks she's doing more than the other and they're at the point where they're not even talking to each other anymore. In mediation, we want to disentangle the situation with open communication. So, when one says, 'You never do what you say you're going to do,' after digging deeper to get a better understanding of the situation to ensure the person feels heard, the blame statement is reframed to 'It sounds like you're looking for some accountability,'" she says. In this way, the people in conflict can start to hear each other's version of the story and then shift to generating options. If you can lessen the combative language, uncover their interests and find shared goals, you're turning the heat down in the situation. "You just have to be careful not to shift to reframing or coming up with solutions too quickly, as everyone needs to be heard before taking the next steps." In situations where they just don't agree, that's okay. "Instead of focusing on the conflict, we focus on an outcome and how we can get there.

ILLUSTRATION BY CINDY LUBINIC

Even if their shared goal is to deal with the dispute out of court and not spend more in fees, that's a mutual goal and we can go from there."

Perhaps one of the best ways to help a client is to identify when you don't yet have the expertise required to advise on the dispute alone. Alana Geller, CPA, CBV, CFF, FEA and partner at Richter, an advisory firm with offices in Montreal and Toronto, has worked on dispute advisory and conflict prevention for many years. She has been involved in resolving a number of significant disputes—succession planning, ownership arrangements, governance and the valuation of private companies in the context of transition planning and transactions—acting as an adviser or independent expert. Geller recognized she wasn't experienced enough earlier in her career to have the kinds of relationships with clients that would entice them to turn to her with these issues. "I witnessed senior accountants who worked with and engaged in sensitive matters with clients, and I learned a great deal from them. As I matured and enjoyed relationships with business owners, wealth owners and senior executives, I began to advise in these areas," she says, adding she also obtained her chartered business valuator designation to enhance her ability to advise. "I don't have the technical expertise to do all this work, but I do have the client's trust and deep knowledge of their situation, and that enables me to coordinate and execute on various matters working together with other professionals—lawyers, bankers, strategy consultants, etc.—with complementary technical expertise to mine," says Geller. Her guidance garnered trust and loyalty with her clients, and she says she often remains a close adviser after the dispute has been settled.

Weissman echoes the notion of the trust that comes with helping clients resolve major distress-causing issues, and the way good advice from a reliable adviser retains business and ultimately advances the relationship. "Over the years, I've come to realize that I don't sell tax planning—I sell trust. And when you've assisted clients through a dispute resolution matter, trust is enhanced," he says. "It's not the dollar amounts in settlements or savings that I remember most. I think about what the problem was and the relief my clients feel when these matters are finally resolved. That's a beautiful thing." ◆

ILLUSTRATION BY CINDY LUBINIC

The Housing CONUNDRUM

BY ALI AMAD

As Canada's housing crisis escalates, *Pivot* asked CPAs and other experts how best to deal with the country's current situation and provide some insights into overcoming the housing challenges that lie ahead

Lorne Burns

Lorne Burns is an FCPA and former KPMG national industry leader for real estate (2011-21).

How would you assess the current housing crisis in Canada?
Canada's changing demographics have drastically impacted the demand for housing, but it's not only because of population increases. People are getting married later in life. As a result, they're living on their own longer. The largest increase in any demographic for housing is in single-person households, and we just haven't been able to construct enough to keep up with the demand. On the supply side, the challenge of housing affordability is driven by how expensive it is to build homes in Canada. The cost of construction has increased dramatically over the last 10 years. Inevitably, housing is going to cost more, and when you factor in growing demand and high interest rates, you've got yourself a ticking time bomb.

What role can CPAs play in tackling the housing crisis?
The profession is well-placed to articulate the extreme magnitude of the investments required to address this crisis. CPAs can communicate that the only way we're going to solve the daunting financial challenge is by having all hands on deck. We're going to need financial resources in the private sector, from lenders and institutional investors, and on the public side, through government funding and incentives. No one source can do it on its own. Everybody has to participate. Everybody has to collaborate.

What are the obstacles in addressing the short supply and high demand in the housing market right now?
The most frustrating constant in the housing crisis debate is how all the different parties villainize each other.

1974
When the Multi-Unit Residential Buildings scheme was created to offer tax deductions for rental building owners

"THE ONLY WAY WE'RE GOING TO SOLVE THIS DAUNTING CHALLENGE IS BY HAVING ALL HANDS ON DECK"

Investors who buy properties to rent them out are providing a solution for renters who can't afford to buy, but they're often depicted as the problem by affordable housing advocates. Governments on all levels criticize developers and institutional investors, and vice versa. This villainization gets us nowhere.

What innovations and policy changes do we need to solve the housing crisis?
The large majority of Canada's purpose-built rental stock was built between the 1960s and 1980s. At the time, the federal government had incentives and tax credits in place to encourage rental development. For example, the Multi-Unit Residential Buildings scheme was created in 1974 to offer tax deductions for rental building owners. But there were well-publicized abuses of programs like MURB, which led to them being shut down. Today, compared to the United States, our rental stock is far behind in terms of quality and quantity. Reinstating programs like MURB can help us meet rental market demands. However, because of previous abuses and the associated political risks, policymakers are wary of bringing back those old incentives. This is another area where CPAs can play their part: by establishing stronger ethical codes and transparent reporting for participating parties, they can ensure that these programs are not abused like they were in the past.

PHOTOGRAPHS BY ISTOCK

Mike Gallagher

Mike Gallagher is a retired CPA with 38 years of experience as a controller and director of finance in the Thunder Bay, Ontario, area.

How would you assess the current housing crisis in Canada?
Everyone's calling this a housing crisis, but a crisis is something temporary. The housing situation in Canada has been a compounding problem for decades, and that compounding problem has now come to a head. Record immigration has outpaced housing development. Speculators are buying up properties as investments and leaving them vacant. Short-term rentals are further cutting into the housing supply. Federal and provincial governments are addressing our housing shortage by incentivizing new construction, but their approach is predominantly benefiting the medium- to higher-income brackets, leaving those in poverty, as well as seniors and immigrants, struggling for affordable housing. Unsurprisingly, these factors have contributed to rising housing costs that have hindered the country's social progress and created a systemic lack of adequate housing.

Beyond the most expensive major urban areas like Toronto and Vancouver, how has the housing crisis impacted smaller Canadian cities like Thunder Bay?
They're experiencing similar issues: homelessness crises and year-round homeless encampments, as well as an overall lack of affordability. In Thunder Bay, real estate is relatively cheaper compared to our largest cities, but at a $325,000 median for a detached house, home ownership is still out of reach for many residents. This includes recently arrived immigrants, who are becoming a more significant part of small-town Ontario's demographics as its population ages.

What innovations and policy changes do we need to solve the housing crisis?
We should consider bold actions on the taxation front, such as substantially raising existing taxes levied on vacant or underused properties—Toronto tripling its vacant home tax last fall is one good example—and implementing more drastic progressive tax systems targeting short-term rental income: the more short-term rental properties you own, the higher your tax rate. Otherwise, new government-funded reimbursement programs for landlords who provide housing below market rates could bridge the affordability gap. Governments must also prioritize not-for-profit entities focused on building affordable housing rather than subsidizing high-end developments. Repurposing underutilized spaces like vacant office buildings for dense, low-cost housing is another viable solution.

How can CPAs use their expertise to turn those proposed solutions into a reality?
Housing has always chiefly been a for-profit sector in Canada. Profit itself is not a problem, but what we've witnessed over the past few decades is that the current model is driving up the cost of housing and not meeting the needs of all Canadians. As CPAs, we have to ask ourselves what's wrong with this model, particularly from a corporate social-responsibility perspective. In recent years, we've devoted a lot of our efforts

"EVERYONE'S CALLING THIS A HOUSING CRISIS, BUT A CRISIS IS SOMETHING TEMPORARY"

toward the environmental side of ESG regulation, but we must also concentrate on the social side. We can do this by creating metrics through research and white papers that help businesses develop profitable approaches to provide Canadians with adequate housing. These efforts will also meet the demands of younger generations who want to invest in companies that make a profit while also benefiting people from every walk of life. Affordable housing solutions, like the ones I've outlined above, can meet both of those requirements, and we must show investors and businesses the path toward accomplishing these goals.

$325,000
While cheaper than a big-city alternative, the median cost of a detached house in Thunder Bay is still out of reach for many residents

PHOTOGRAPH BY ALAMY

PHOTOGRAPH BY CP IMAGES

7%

Matching the OECD countries' average of community housing stock would increase economic activity in Canada

Maya Kambeitz

Maya Kambeitz is CEO of Norfolk Housing Association (NHA), a Calgary-based community housing provider.

From your perspective as CEO of a non-profit community housing provider, how would you assess the current housing crisis in Canada?
This crisis is a result of governments of all stripes stepping away from housing and failing to recognize it as a key social determinant of health. As a society, we've assumed that the private market will respond to demand from all Canadians. That's simply not happening: there is a lack of investment and prioritization for a sufficient supply across the entire continuum of housing. The financialization of housing is harming many Canadians because we're trying to extract value from something that is a basic human need.

How does NHA help address the housing crisis?
NHA was a community response to ensure that families of all incomes would be able to secure housing in Calgary's Hillhurst and Sunnyside neighbourhoods. As a non-profit, social enterprise, we invest our profits into capital improvements and the expansion of our housing stock. We currently manage 138 purpose-built rental units. In our buildings, 50 per cent of our residents pay rent that's geared toward their income, rather than the going market rate. Post-pandemic, this is a vital need in Calgary, where one in five residents is unable to afford adequate housing.

"APPROXIMATELY A THIRD OF ALL CANADIANS ARE RENTERS AND THAT PROPORTION IS EXPECTED TO GROW"

Would the housing market benefit from increased investments that emulate NHA's model nationwide?
Definitely. Right now, we are the only 50/50 mixed-income housing provider in Calgary. When NHA began operating in 1980, the federal government was quite involved in housing, and so it was able to obtain a decent level of funding. But over the years, this funding has dried up. The community housing sector deals with the same challenges as the private sector, but we have comparatively very limited access to capital and equity. For example, we don't have a rental acquisition financing fund under our federal National Housing Strategy. Prioritizing homeownership is not the only approach. Approximately a third of all Canadians are renters and that proportion is expected to grow. We've prioritized community housing before in this country and we can do it again.

What role can CPAs play in increasing the prioritization of community housing in Canada?
By exploring financing models that overcome the barriers faced by community housing providers, CPAs can help preserve existing rental stock and prevent its transformation into unaffordable developments. CPAs can also educate the private market on the economic and social benefits of engaging in this space. For example, there is a direct causal link between the proportion of community housing within the overall housing stock and economic productivity. CHRA, Housing Partnership Canada and our sector partners commissioned Deloitte to produce a study on the impact of community housing on Canada's economic productivity; the study showed that if Canada brought its community housing stock up to the Organisation for Economic Co-operation and Development (OECD) countries' average of seven per cent by 2030, it would increase economic productivity by 5.7 to 9.3 per cent. That amounts to a boost of upwards of $136 billion in our GDP. CPAs can also make the social case for investment in community housing. After all, businesses will undoubtedly benefit from partnering with community housing providers in the areas where they operate and where their workforce lives.

2 YEARS

When many homeowners will renegotiate their loans after entering into mortgages when interest rates were subprime

Jo-Ann Lempert

Jo-Ann Lempert is an FCPA in Montreal. She is Quebec leader for MNP's Real Estate and Construction Group.

How would you assess the current housing crisis in Canada?
Housing prices climbed up tremendously before recent interest rate increases, and yet they still haven't dropped off as much as expected in major cities like Montreal. Buyers are now hesitant to enter the market because of those high interest rates, which has left things in a bit of a stalemate: a lot of homes are sitting on the market at high prices that few are willing to pay. There are also critical concerns that many homeowners who entered into mortgages in the early days of the pandemic—when interest rates were subprime—will have a hard time renegotiating their loans when they come to term in the next two years. If highly leveraged homeowners default on their mortgages en masse, that could send ripple effects through the economy.

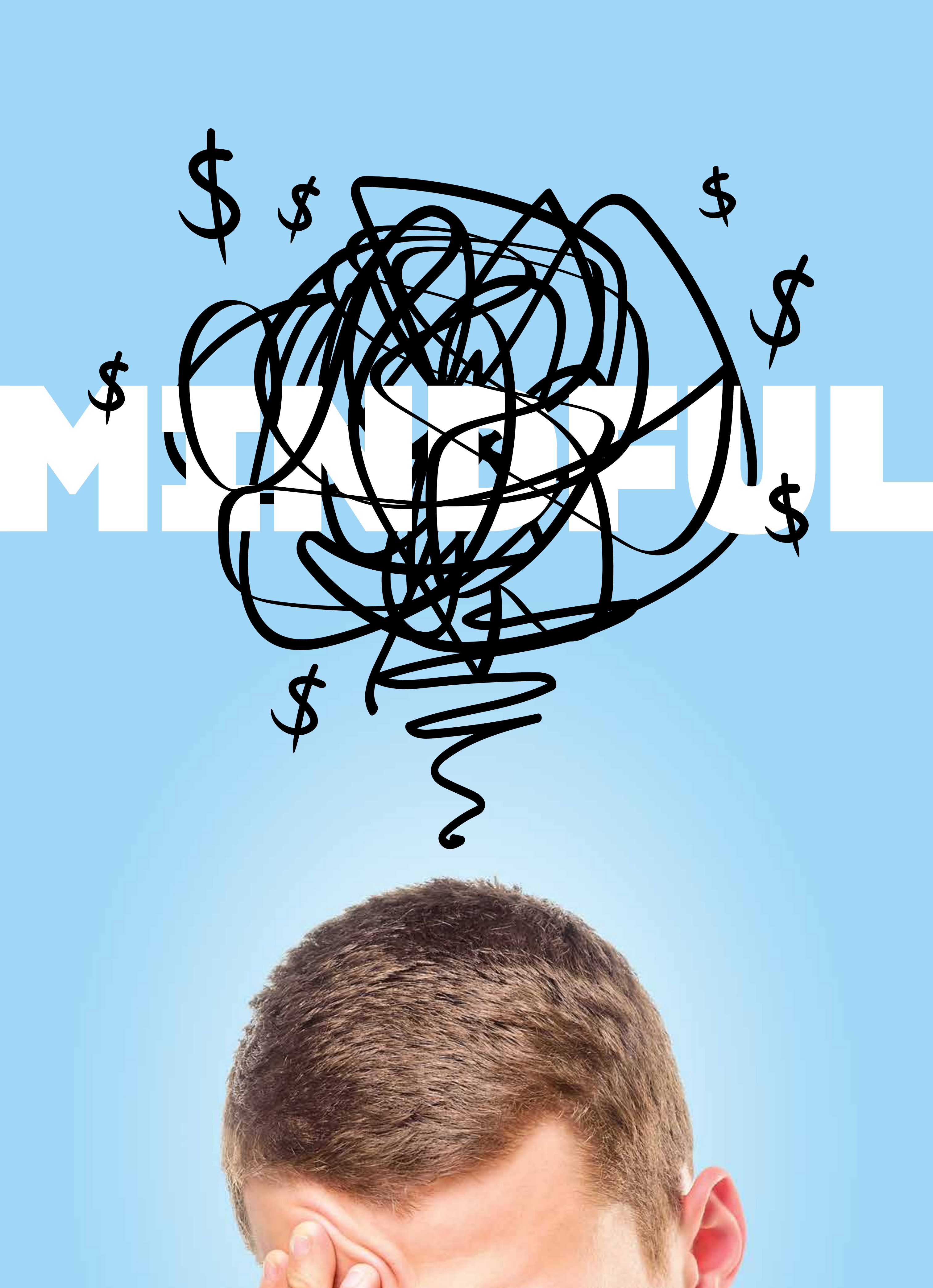
What can Canadian homeowners and the real estate and construction sector do to manage the housing crisis?
Right now, a lot of Canadians are getting caught off guard by the impact of rising food costs and interest payments on their bottom lines. That's why they need to take a page out of the CPA playbook and devote more time and effort into monitoring their spending and forecasting their expected cash inflows and outflows. Similarly, companies must diligently work with financing partners, their lenders and investors, to ensure they're constantly managing their expectations and capitalizing on opportunities to minimize financing costs.

How can CPAs play a role in helping Canadians and businesses in this space?
Many CPAs work closely with the different players in the housing market, including bankers, developers and investors. This provides them with a unique understanding of all their needs. For CPAs who work in assurance, like myself, we're also not allowed to have a stake in the game. This objective position places CPAs in the ideal role of communications facilitator: if I'm bringing parties to the table, it's specifically because I have no interest other than enabling everybody to understand each other and to work well together.

"[HOMEOWNERS] NEED TO MONITOR THEIR EXPECTED CASH INFLOWS AND OUTFLOWS"

How can CPAs help clients navigate the ongoing risks and uncertainties of Canada's housing crisis?
Education is important. On a local level, CPAs are well-connected in their communities, which gives them the ability to advise stakeholders about evolving economic factors and potential policy impacts, safeguarding against threats that could harm the housing market. Communication and transparency with stakeholders are also key. There are all kinds of software for forecasting, budgeting and cash flow analysis to make sure you're on top of things. But software can take you only so far. CPAs cover your financial bases, but they also can understand and report on the core metrics that lenders and investors care about. Managing trust and reciprocity in those relationships is so vital when the market is unpredictable. ◆

PHOTOGRAPH BY GETTY


MINDFUL

Financial well-being, local economic benefits and mental health can all intersect, as CPAs work to help people who are struggling with debt

BY ALEX CORREA

It's easy for CPAs to overlook the widespread influence that can occur through their work. Their roles can lead to improvements in both mental and financial well-being of their clients, while contributing to the growth of local economies, and in doing so, making a substantial societal impact.

An Ipsos poll from September 2023 shed some light on the emotional and lifestyle consequences of being in debt. Canadians who see their personal debt as terrible are more prone to increased stress (seventy-seven per cent), anxiety (seventy-two per cent), and staying home more often (seventy-two per cent). "Canadians are feeling the pressures of our economy, with everything costing more and more," says Michel Rodrigue, CPA and president and CEO of the Mental Health Commission of Canada (MHCC). "Particularly those who have mortgages or are hoping to find affordable housing."

These struggling Canadians, though, once they are economically stable, are likely to contribute more, which lifts the Canadian economy overall. CPAs, with their toolkit of financial solutions, can, in turn, help lead this change by taking on these clients who had been seen as high risk. And financial services companies and tech platforms—recognizing a business opportunity—are working to help this underserved segment, with results proving that it's ultimately worth the effort.

PHOTOGRAPH BY ISTOCK

The pandemic introduced a range of stressors that led to a shift in decision making for many

The pandemic had a huge impact on Canadians' mental health. Not only did it become a health stressor, it also created social barriers and financial stress for many people. The anxiety affected financial decision making, according to research from PMG Intelligence, a market research and data science firm. "Covid restrictions had an impact on decision making—people were more willing to make uncomfortable or difficult decisions they would have avoided traditionally," says Rob Grein, president and CEO of PMG Intelligence.

It's during this pivotal timeframe when a CPA's work can be most impactful. "What we found was that people wanted to take control of their financial destiny. Their receptivity to financial advice grew, and, with it, their financial literacy," Grein says. "If you help people actually understand their finances and boost their financial literacy, they'll feel more confident." The end result, according to PMG Intelligence's research, is reduced stress—mental, physical and financial.

A study conducted by Risk Analytica for the MHCC revealed just how widespread the mental health challenges are becoming among Canadians. The study showed that one in five Canadians will experience some sort of mental crisis, and by age 40, nearly half of the population will have experienced a mental health disorder.

At least one financial institution is working to expand its services to focus on individuals who need to liberate themselves from debt and predatory lenders. Operating under DUCA Financial Services Credit Union Ltd, DUCA Impact Lab operates as a recognized charitable organization and non-profit innovation hub. Its primary objective is to enhance banking services for everyone, with a particular focus on assisting people struggling with debt.

"You can have a really profound social impact on people's lives through banking if you do it in the right way," says DUCA's Keith Taylor, executive director of DUCA Impact Lab. The Impact Lab, under his guidance, tests models like the Escalator Loan Program, challenging conventional notions about high-risk customers.

For those grappling with high-cost debt, the Escalator Loan Program offers loan approval based

THE BOTTOM LINE

Exploring the impact of mental health on CPAs, as efforts to prioritize well-being and awareness gain traction

While the work of CPAs can contribute to a healthier space, the mental well-being of these professionals often takes a back seat in the fast-paced world of accounting and finance.

Michel Rodrigue, president and CEO of the Mental Health Commission of Canada (MHCC) and a CPA himself, believes it's important to prioritize mental health awareness within the CPA community. "There's the overall impact on mental health, but there's also the direct impact week after week on our economy," Rodrigue says. The cost of mental illness to the economy is estimated at over $50 billion annually, indirectly through sick days and reduced productivity, and directly through disability claims, income support and health care costs. "We've got half a million people not showing up to

PHOTOGRAPH BY GETTY

DUCA Impact Lab, a recognized charitable non-profit hub, aims to enhance banking services for those grappling with debt

1 in 2

Number of Canadians who will experience a mental health disorder by the age of 40

on cash flow rather than credit score. Despite borrowers having lower credit scores and incomes, the program maintains a low default rate. It also includes a rebate system, which reduces interest rate and provides a financial buffer for borrowers.

DUCA's business growth since 1954 has been due to a customer base who were viewed, on paper at least, as risky, outlines Taylor. Yet these same people turned out to be excellent banking customers. "Without them, we wouldn't have grown into one of the largest credit unions in Ontario [with 17 branches and over 87,000 members]," he adds. This credit-disadvantaged and underserved segment makes up more than 9 million Canadians.

Taylor adds that most escalator loan clients are from marginalized communities. "They're low credit, low income—almost all are women of colour with dependents, and have gone through some sort of life disruption," he says. "Since they've had a credit hit as a result, they've had to then take on predatory debt to manage that sudden transition because they couldn't get access to mainstream institutions."

In the United States, Black and Latin households make up 31 per cent of the population while also representing 64 per cent of the unbanked and 47 per cent of the underbanked. In 2020, the Trudeau government—in a targeted effort to combat systemic racism—launched an initiative to help Black Canadians get business loans with national banks. Now fin-tech apps, including banking, credit and investing platforms, have started to work to address these disparities. Financial service platforms like Chime focus on assisting communities of colour and low-income individuals, offering tools to build credit profiles and reducing the costs associated

work because they have a mental health problem or illness," Rodrigue adds. "It's quite impactful."

A 2021 study of accountants revealed that over half of the survey's respondents struggled with mental health due to long working hours and demanding deadlines.

To combat this issue, Rodrigue advocates for implementing the National Standard for Psychological Health and Safety, commissioned by the MHCC. This framework consists of 13 psychosocial factors (including workload management and clear leadership and expectations) that, when addressed, can contribute to a psychologically healthy workplace. "There's a way for us to create workplaces where people can thrive and where you would put elements in place so people can have conversations about mental health, unencumbered by stigma," Rodrigue says. "And once you start doing that, it's no longer a career- limiting move to say, 'I've been unwell and need to seek help.'"

A 2019 Deloitte study further emphasizes the need for a mental wellness program. It showed that for every dollar invested in mental health initiatives in a workplace, there's an observed return, with visible improvements in areas like employee productivity, reduced absenteeism and heightened levels of engagement. With evidence of the financial viability of mental health initiatives, MHCC has focused efforts to increase the quality of these services. Their national Mental Health App Assessment Framework is designed to evaluate the rapidly growing number of mental health apps. This framework aims to ensure that individuals can access validated and evidence-informed resources.

Rodrigue hopes MHCC can help create guidance on implementing mental health initiatives within the CPA community. He also emphasizes the potential for CPAs to become agents for this change. "I commend CPAs for ensuring that financial literacy becomes widespread. MHCC is trying to achieve the same with mental health literacy—not only enhancing the well-being of the workforce but also positively impacting the bottom line."

PHOTOGRAPH COURTESY OF **MHCC**

The Scadding Court community centre in Toronto helps immigrant entrepreneurs by renting out food stalls at affordable rates

Local multiplier effect occurs when money is spent in local businesses, allowing capital to recirculate throughout the community

50

Cost per year, in billions, of mental illness in Canada

with traditional banking. Stock trading, typically associated with the more affluent, who can afford to pay a broker, has now become an option for people with low incomes; fractional investing apps like Wealthsimple enable low-income individuals to invest in the stock market with minimal entry barriers—commission free and with accounts that can be opened with no minimum deposit.

"As lower-income people have additional income, they're most likely to spend it within their local economies," Taylor says, an economic impact known as the local multiplier effect. When money is spent locally, it circulates throughout the community, helping generate additional income and employment opportunities beyond the initial transaction.

This creates a web of interconnected benefits, it also influences the social and cultural fabric of a community. This, in turn, can have positive effects on the mental well-being of the people living in that community by fostering job creation and economic stability. As local businesses thrive, employment opportunities increase, providing a sense of financial security and purpose.

In addition, the support for local businesses can translate into increased funding for community programs. As is the case at Scadding Court Community Centre in Alexandra Park, a small neighbourhood in downtown Toronto, which has been helping local women and immigrant entrepreneurs thrive since 2018. Through their initiative called the Newcomer Entrepreneurship Hub, they offer workshops on how to launch a business.

The opportunity for CPAs to help affect positive change like this exists—although hurdles still remain. "The challenge that we have in Canada today is that access to financial advice is limited for people who don't necessarily have enough investable assets," says Michael Banham, CPA and vice-president of client experience at PMG Intelligence. "We know from our research that if you get financial advice, you're going to be better off. I think that's part of the journey to making people more self-sufficient." ◆

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EXTRAORDINARY ITEM

LESS IS MORE

Why everyone wants a 'minimaluxe' home right now

BY CORRINA ALLEN

It shouldn't surprise us that 'minimaluxe' décor is quickly becoming the defining home décor trend of the year. Echoing the way the quiet luxury trend has hit the fashion world, with leading celebs and style icons eschewing logo-emblazoned Louis Vuitton for The Row or Loro Piana, interior designers are also emphasizing a "less is more" aesthetic while at the same time demanding more *from* that less. The style, a portmanteau of "minimal" and "luxury," lowers the decibel on luxury, but raises expectations. Minimaluxe design demands more comfort, more cozy and more of a home-like feeling. It's gentle on the eyes, on the brain and on the body. A minimaluxe room is a retreat—not into a bare, minimalist canvas, but into a space that embraces the visitor without distracting them.

Previously, luxury décor announced itself in a loud and immediate manner with gleaming metallic surfaces, dramatic angles and intense hues. For reference, picture the home of any Real Housewife. The current iteration of luxury whispers, using high-end fabrics, textured wall treatments, calming colour palettes and soft silhouettes replete with curved lines.

“I noticed about six years ago that the way in which students were reacting to projects was changing,” says Viz Saraby, professor of interior design at George Brown College in Toronto. “Prior to that, they would do pretty wild things—really experiment with ideas that would be considered exciting and challenging. Then, all of a sudden, everybody wanted to do spaces that were relaxing. They kept using the words ‘elegant but warm.’”

Interior designer Bahar Zaeem of the Toronto-based firm RZ Interiors says that she began to receive requests for minimaluxe looks from her clients shortly following the peak of the COVID-19 pandemic. “A lot of professionals were working from home or were hybrid. We wanted a space with subtlety. We didn’t want something that disturbed our focus.”

To her, the minimaluxe look relies on the use of varying textures contrasted across different surfaces. Zaeem cites linen fabrics, white oak for cabinetry and flooring, and rich plasters for walls. She adds that natural light plays a big role in the look and that textiles and paints are selected for the way that light will play off of them. “You’re not going to see bold colours,” she says. “You’re going to see surfaces that have character to them.”

When you combine these elements, she explains, the result is a muted, calm, comfortable space where “there’s nothing obstructive to your eye.” Instead of being instantly struck by a room’s bold design, people who enter a minimaluxe space relax into it, absorbing elements of the décor one by one—whether it’s a luxurious fabric on a sofa or a subdued but sculptural light fixture. One recent client, Zaeem recalls, told her: “I don’t care about the glamorous look. I just want it to feel like home to me.”

This longing, too, may stem from a desire to differentiate our homes from the spaces where we work. “Office design,” says Saraby, “used to be quite different from home design. Home design would have soft furnishings and offices would evoke some sense of prestige or importance with more steel and metal.”

Then, firms began creating office spaces that adopted the concept of residential design. “Companies started to put out office furniture with softer finishes. That was a dramatic thing to happen to office design. The driving force behind that was that people would stay at work longer if it felt more like home,” Saraby explains. The contest for more comfort and coziness was on, driving us to create even softer spaces for ourselves to retire to after work.

MINIMALUXE EMPHASIZES A ‘LESS IS MORE’ AESTHETIC, AIMING TO ACHIEVE A MINIMALIST YET LUXURIOUS FEEL

The motive may even be psychological. A CDC study on exposure to stress conducted in June 2020 found that across a group of more than 5,400 adults surveyed, 40.9 per cent reported at least one adverse mental or behavioural health problem related to the pandemic. It’s possible that our tolerance for hard edges and sharp corners has been worn away by years of COVID stress, economic

PHOTOGRAPHS COURTESY OF **RZ INTERIORS** uncertainty and the political flame wars these events ignited. The move away from physical discomfort and mental clutter makes sense and encapsulates everything from an avoidance of underwire bras to a distaste for harsh overhead lighting (as made famous by the TikTok meme about never, ever, ever using the "big light").

"There's so much going on in our world," says Saraby. "You need a place of refuge."

Stress factors aside, there is a potential positive outcome hidden in the move toward minimaluxe design: the idea that investing more money into higher-quality items could result in greater longevity for a trend that sees us working harder to preserve the items we have and consuming fewer items in the future.

"One of the courses I give is on retail design," says Saraby. "What I try to do with the students is to ask them to design a space that sells things that are not temporary. Whatever you sell has to be worthwhile—something that's durable, long-lasting, has character. I think this has started to take precedence over shiny and short-lived. There is kind of this underlying groundswell of interest in changing that up." ◆

DESIGN

TEA TIME

This husband-and-wife team wants to make your morning cuppa healthier **BY REBECCA GAO**

Tea is one of the oldest beverages in the globe. And, after water, it's the most consumed beverage worldwide. That's why it's so surprising that there's been so little innovation when it comes to your morning cuppa. (The most recent big advance in the tea business was the invention of the tea bag around the turn of the 20th century). But with their company iLOLA Tea, husband-and-wife duo Tim and Su-Mari Hill are hoping to do just that.

PHOTOGRAPH COURTESY OF **ILOLA TEA**

About 12 years ago, the Hills were looking for a change of pace. Tim, a former CPA, had climbed the corporate ladder and was on track to be a partner at an accounting firm, but he wasn't sure that's what he wanted. "I had all the passion for business, more than my passion for accounting or finances," he explains. Plus, the Hills had just welcomed their second baby and wanted to spend more time together as a family. So, they decided to start a business: 1902 Stores and Tea House in Gibsons, B.C., a quaint store that sold homemade scones and carried a large collection of organic tea blends. Soon, though, the Hills began to feel restless. They had been experimenting with fermented drinks, selling them through the store, and later through food service distribution companies. Spying yet another business opportunity—dealing directly with restaurant chains—they eventually closed up their shop and focused more on building up a beverage brand.

They had an agreement with a Canadian/U.S. restaurant chain, had sent inventory to suppliers and had started staff training, but then COVID hit, so the opportunity fell through.

As much of the world headed into their homes, so did the Hills' tea business. Tim and Su-Mari did what so many other families did during the pandemic: they spent a lot of time in the kitchen, tinkering with recipes. With the potential negative health and environmental effects of tea bags in mind (some tea bags have been shown to leech microplastics and nanoplastics into every cup), the Hills created the iLOLA tea disc, a mini hockey puck–like disc of pre-portioned tea that's held together with a house-made probiotic blend. The goal, says Tim, is to make a quality loose-leaf tea with the convenience of a tea bag.

But making loose-leaf tea easier to consume is useless if there isn't a way to keep it fresh. Tea deteriorates when it's exposed to light and air, which makes flavours and scents weaker and translates to shorter shelf lives. Conversely, tea matures and tastes better over time when it's kept in ideal conditions—and iLOLA's tea discs are no exception. To solve this problem, the Hills invented the tea disc humidor, a sleek container that blocks air and light, and also moderates the humidity to create the perfect environment for aging the tea. There's also a built-in diffuser that infuses flavour into the tea to improve the taste as it ages.

"Plus," Su-Mari says, "[the humidor] looks pretty cool."

Since pivoting their tea shop into an e-commerce site where they sell their discs and humidors, the Hills have been featured as one of Oprah's favourite things and have pitched on the 18th season of *Dragons' Den*, where they accepted a deal from Arlene Dickinson for $750,000 in exchange for 25 per cent of the company. As for what's coming down the line, the couple is hoping to build a subscription-based model for their tea discs and license the tea disc recipe to other brands.

"I think our kids will grow up and be like, 'Oh, you *didn't* have a fermentation room in your house?'" Su-Mari says. "We're always dehydrating, blending, experimenting, figuring out how to do tea better." ◆

Fries on the DownLow is a popular item you'll never find on the menu at the DownLow Chicken Shack

FOOD

CAN YOU KEEP A SECRET?

Secret menus are a staple of many restaurants. Here's the psychology of why they work so well. **BY KATHERINE SINGH**

Doug Stephens, the co-owner of the DownLow Chicken Shack (along with his business and life partner, Lindsay Mann), is no stranger to doing things, well, on the down low. That's where the name for his Vancouver-based restaurant came from. While running his previous restaurant, Merchant's Workshop, in the culturally rich Commercial Drive neighbourhood, Stephens and his crew were sometimes working against bylaws, frying their off-menu chicken and hamburgers during off-hours because they didn't have a hood vent and chemical suppression. They were eventually reported to the fire department, ending their covert frying run. But, when Stephens decided to open his next venture, in June 2018, he already had a name: the DownLow Chicken Shack.

With a name and a history like that, it makes sense that Stephens and crew would extend their love for the discreet to their menu, by hosting one of the city's most notorious—and most beloved—secret menus. "The second thing we ever came up with for the restaurant was the Fries on the DownLow," Stephens tells *Pivot*. "And that was the first thing we ever decided would never go on the menu."

A SECRET MENU HELPS RESTAURANT OWNERS CONNECT WITH CUSTOMERS ON A PERSONAL LEVEL

The culinary equivalent of "off the record," secret menus have become a staple for fast food joints and indie restaurants alike. In Toronto, Salad King's Islamic Noodles (similar to a pad Thai topped with creamy panang curry) have been a fan fave for over 30 years, while much-beloved chain Burger's Priest has a host of not-so-secret special burgers. Meanwhile, at Montreal's Notre-Boeuf-de-Grâce, the secret menu is literal—there's an insert hidden in a pocket within the regular menu that features comfort food favourites such as grilled cheese, animal-style fries, burgers and a fancied-up veggie dog. They're all delicious, but more importantly, they're great for marketing, tapping into people's desire to be in the know and share that knowledge with others.

For Stephens, the decision to launch DownLow's inaugural menu with an item that would never actually be physically found on it was an easy one. "I love secret menus, I love menu hacks, I love it when people start to think about different ways to enjoy food in a space," Stephens says. "The second thing we ever thought of for the restaurant was the secret menu item, and that's inspired by my love of the idea that you only know about it if you're in the know."

According to Cyrus K. Cooper, a professor and program coordinator at Centennial College's School of Hospitality, Tourism and Culinary Arts, this sense of exclusivity is exactly the draw for guests when it comes to secret menus. Similar to hitting up a password-needed speakeasy or ordering a tricky cocktail off a non-existent bar menu, "you're tapping into the uniqueness, the cool factor. You're tapping into making something different; because ultimately the most expensive thing in a restaurant is an empty seat," he says.

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Another draw is the community-building aspect; once you *are* in the know, you can share that knowledge with friends and fellow diners. In many cases, engaging with these menus makes guests feel like they're a part of the action and integral to the secret menu. News of DownLow's secret menu has spread primarily via word of mouth and sporadic social media posts, and the menu is ever-evolving, Stephens says, dictated by customers' requests. Their Double-Double Double-Down—two boneless thighs with cheddar cheese and bacon on a potato bun—was a direct response to what customers were wanting in their already existing chicken order: in this case, adding more chicken.

For restaurant owners, the decision to add secret items to their menu is a no-brainer, because it's one way to help restaurateurs do what they want to do: stand out from their competition, something Cooper says is "paramount." They can also be great ways for establishments to try out new recipes and dishes on guests before adding them to the permanent menu.

These menus don't work for every type of restaurant. As with most things, authenticity is key. "It can't be forced," Cooper emphasizes. "It has to be a restaurant that is exciting, it's got to be a restaurant that is dynamic." And it has to be a restaurant that is prepared, which means everything has to be calculated, costed and integrated into the flow of the kitchen. "It has to be [an item] that you know is going to be ordered or added on or used in another item, so it doesn't throw a monkey wrench in the organization of the kitchen or the restaurant when somebody throws a curveball order," he says.

For DownLow, secret menu items don't account for an overwhelmingly large number of sales, representing three to five per cent of the restaurant's sales at any time. But that doesn't make it any less valuable. For Stephens, it's fun, it's inexpensive for the restaurant and it does bring joy to the dining experience—for both diners and for the staff. The value is intangible, but real. "We look at what it brings to the staff and what it brings to the guests, what it brings overall to the experience, and I think when you add all of these pieces up, it's significantly more than the sum of its parts," he says.

As for what brand new customers should order when they eat at one of the DownLow's two Vancouver locations? While that's akin to asking him to choose a favourite child, Stephens' tried-and-true secret menu order is also the original. "My favourite current secret menu item will always be my first secret menu item: the Fries on the DownLow. It's the one that kicked it off for us, it's the one that brings me a lot of joy." ◆

TRAVEL

HOLD THE PHONE

Our hyper-connected world has inspired a new trend: the phone-free vacation

BY SARAH MACDONALD

At the musée du Louvre in Paris last winter, I noticed how the face of almost every visitor was blocked by a phones. Standing in front of the *Mona Lisa*, rather than observing the small portrait with their eyes, locking it away as a memory, dozens of people were experiencing it through their screens.

It's not a judgment to say that, collectively, our phones dominate how we experience life. We've all grown alarmingly attached to the services that our cellular devices provide. On average, according to a report by DataReportal, smartphone users spend almost four hours a day glued to their little phone screens.

This dependence on mobile phones impacts our vacations and how we engage in different environments. Gone are the days of printing off directions on MapQuest or using a foldable map to reroute ourselves if lost on a trip. Today, while travelling, our phones assume the roles of navigator, entertainment provider and personal photographer. Added to that, it's hard to "unplug" from work or personal responsibilities because our devices make us reachable at all times.

This digital overwhelm has led to the rise of travel companies and vacationers, and generally anyone who may need a "digital detox," to focus on phone-free vacation experiences.

In June 2023, Ulko-Tammio, an island in Finland, became the first spot to actively encourage visitors to put their phones away and experience the vastness of the island. Johanna Tyynelä, tourism director, says the goal of the island—and the campaign to get folks there—was to "focus their senses on nature rather than on their phones. Many people find it difficult to put their phone down even on holiday. Sharing your holiday activities on social media might feel more important than simply enjoying the moment."

There are no rules prohibiting users from bringing their phones out on the island. Going phone-free is encouraged, softening what could be a rigid demand into something vacationers enjoy doing voluntarily. Tyynelä says this encouragement was a success and led to visitors relishing in the island's offerings without a phone to always capture a moment or route them to the next destination.

"We believe that we will receive more visitors to the island of Ulko-Tammio, and it will remain a sacred place where visitors always find a peaceful place to relax."

There are some spaces that do have the ability to create a firmer phone-free setting. At the Over Yondr music festival in Upstate New York, attendees are given small pouches to put their phones in for the duration, to focus on the event itself. Yondr designed these phone pouches to lock when closed; they can be opened only when out of distance from the phone-free zone, by tapping on a digital base.

Aside from dedicated, digitally free islands and music festivals, there are travel companies and packages curated around a phone-free experience like FTLO Travel. FTLO Travel arranges for young professionals to meet and vacation together—but there is a specific phone-free travel option. It's less intimidating to be phone-free in these situations because there's some built-in socializing with planned experiences.

Joel Greaves, co-owner and founder of Somewhere Inn, a boutique spot in Calabogie, Ont., says his inn's ethos is "to inspire our guests to escape the city, and spend time in nature—we believe nature has the power to restore." Yet Greaves notes a vital conundrum because the property has a contactless check-in, which helps their efforts in sustainability—but also requires guests have a mobile device.

A PHONE-FREE VACATION CAN HELP VACATIONERS DISCONNECT SO THAT THEY CAN RECONNECT LATER

Generally, it's difficult to enforce a totally digital-free travel experience because vacationers often need their phones for other things than photos and social media. Today we download apps to check in for travel or use QR codes to see menus—some contactless holdovers from the pandemic.

For Greaves, it's all about balance and, much like Ulko-Tammio, encouragement.

To combat the lure of screens, Somewhere Inn doesn't have televisions in their rooms. After check-in, Greaves says, guests are invited to participate in a welcome drink at the inn's wine bar, and encouraged to talk with the staff. Outside, there's a central fire pit, where guests can meet each other or simply watch the waves on the lake. These are some of the examples of Somewhere Inn's efforts to set up infrastructure encouraging visitors to put their phones down.

Ultimately, the phone-free trend is popular as an act of resistance against the ways technology interferes with our day-to-day experiences. Phone-free vacations may not solve all the problems we have with general control and maintenance over technology, but it may, as Greaves says, help us disconnect to reconnect. As a hotelier and travel enthusiast himself, he wonders if it's less about being phone-*free* and more about simply slowing down.

"It's slow travel. It's figuring out how to facilitate a way for people to live like a local and not have to rely on their phone to answer all these questions for them," he says. ◆

PHOTOGRAPH BY GETTY

BOOK VALUE

TALL TALES

The fascinating story behind the Big Apple's big buildings and how the wealthy elite are fuelling the race to go higher and higher

BY BRIAN BETHUNE

A look southward from New York City's Central Park, writes Katherine Clarke in *Billionaires' Row: Tycoons, High Rollers, and the Epic Race to Build the World's Most Exclusive Skyscrapers*, reveals the "physical manifestation of tens of billions of dollars in global wealth." The display comes in the form of a collection of "supertalls," a series of ultra-thin condominium towers that cast some very long shadows indeed. The second part of the collective name that gives Clarke's book its title comes from how closely together the buildings are clustered on and about 57th Street in Manhattan.

As for the first part, it was blindingly clear well before computer magnate Michael Dell set a New York real estate record in 2018 by purchasing the six-bedroom penthouse at supertall One57 for $100.47 million that mere millionaires were as shut out of this market as the homeless people sleeping on the now shady park benches below. Even New York, a city iconic for the vast chasm between its richest and poorest inhabitants, had never seen anything like Billionaires' Row.

Clarke is a *Wall Street Journal* reporter, a specialist in high-end real estate (with extraordinary access to market insiders) and a fine writer. In *Billionaires' Row* she has crafted her own supertall, a remarkable work for our times, carefully built layer by layer and as captivating as it is disturbing. Cowboy developers, the ultimate risk-takers in what Clarke fairly calls the "blood sport" of skyscraper production, provided her with stories about fortunes made, fortunes—and marriages—lost, and last-minute Hail Mary financial passes that sometimes saved the day. (Notably, their numbers do not include Donald Trump, the most famous New York real estate mogul of all time but never a major player in the supertall world.)

But it's the sales staff who gave Clarke most of the eye-popping details about crazy rich people (of all ethnicities). Many of the prospective buyers' stories are primarily displays of raging ego—they are no different from the developers in that regard—but some speak volumes above time and place. The supertalls began to rise in the aftermath of the 2008 financial crisis as the uber-wealthy around the globe sought safe havens—for themselves and their money—and appreciating assets in an era of zero interest rates. The number of Russian billionaires, to cite one of Clarke's pertinent stats, tripled between 2009 and 2012, making them prime client material for luxury condos. One oligarch insisted the windows in his unit be replaced with bulletproof glass, due to his fear of a helicopter attack.

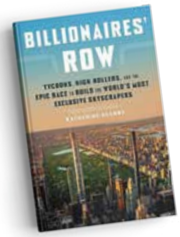
But nothing seems to capture the tiny demographic's desires—and its ability to purchase them—better than the Chinese family who, having already secured a Manhattan condo, were about to finalize the purchase of a $15-million Greenwich, Connecticut, mansion when they presented a final demand. They wanted the seller to include her cat, because the buyers' daughter had become entranced with it during a visit. As the agent involved told Clarke, she essentially had to say to the seller, "$15 million for your cat," and wait for whatever was coming. Fortunately for all involved, probably including the cat, the seller immediately responded: "Thank God. I hate that cat. She can have it."

Those are the screwball comedy anecdotes that propel Clarke's narrative, making it a compulsive page-turner. But layered throughout are the granular details of financing and "assemblage." The latter is the term for the intricate process of collecting enough adjoining land and air rights in the right locale—in compliance with New York's byzantine rent-stabilization and rent-control laws—for such mammoth constructions to break ground, all the while facing rivals' attempts to thwart the assemblage via strategic purchases.

And then there are the technological and design breakthroughs that permitted what one developer called the "penis envy" underlying the race to the sky. The developers of supertall (and superslender) 432 Park Avenue trooped off to the University of Western Ontario's Boundary Layer Wind Tunnel Laboratory to see what their potential problems might be. They eventually decided to leave five unenclosed open spaces, each two storeys high, in their tower to allow the wind to pass through without excessively swaying the units.

It's the final layer, though, that makes *Billionaires' Row* soar high, as Clarke, with understated grace and nuance, continually shows how the world of skyscrapers has changed over the past century. She opens her book with developer Harry Macklowe's memory of his gleeful eight-year-old self on a visit to the Empire State Building's observation deck in 1945. Clarke doesn't stress it then, but that image returns time and again, because the private nature of the supertalls—no public access at all—makes clear that the power and exclusivity of wealth in the second Gilded Age exceeds the first.

The condos in the supertalls, 44 per cent vacant at last count, are as much temples of wealth as actual residences. They are, in fact, the world's most expensive safety deposit boxes, rooms holding nothing more than (presumably) metaphorical stacks of cash, topping the Manhattan skyline and looming over the mortals below. ◆



A MULTI-BILLION DOLLAR GAME OF REAL-LIFE MONOPOLY WITH SKYSCRAPERS MEANT FOR NEW YORK CITY'S ELITE

PHOTOGRAPH BY GETTY

WORK

ARE DEI JOBS REALLY DISAPPEARING?

More than 300 DEI roles have been eliminated in the last six months. So where do DEI initiatives go from here? **BY TAYO BERO**

After the murder of George Floyd and the ensuing protests in 2020, executives in the corporate world responded by pumping resources into their diversity, equity and inclusion departments. Three years later, many of those roles have disappeared.

According to recent analysis from Live Data Technologies, chief diversity officers are more vulnerable to layoffs than other types of jobs. And, according to Revelio Labs, it's not just execs. More than 300 DEI roles have been eliminated in the last six months, including at Amazon, Twitter and Nike, which have lost between five and 16 DEI professionals each. The *Harvard Business Review* also analyzed data from interviews with more than 40 chief diversity officers in 2019 and 2021, and found that, after 2020, they were burdened with extra responsibility and disappointed in the swift return to status quo once the dust had settled from the protests. This hasn't been the trend at every company—in 2022, for example, L'Oréal Canada created a new chief diversity, equity and inclusion officer position, appointing long-time employee Marie-Evelyne Francois to the role, while Interac Canada says it has ramped up its investment in DEI. But in general, companies do appear to be reducing their investment in this area.

"We had this uprising, and so organizations needed to react and many of them did so by hiring people into leadership roles as corporate diversity officers and so on," says Kristen Liesch, co-founder and co-CEO at Tidal Equality, a Canadian firm that provides organizations with methodologies to help them embed equity into their decision making and organizational culture.

What happened?

The problem, according to Liesch, is that back in 2020, company executives poured a lot of money into what essentially amounted to good-looking window dressing. Many business leaders stated support for marginalized populations, booked big-ticket speakers at events for their employee research groups and spent money on inclusion programming and training. But instead of investing in *new* initiatives, these companies—often taking action for the marketing or reputational benefits but didn't have an appetite for true systemic change—funnelled money into strategies that had been the status quo for about 50 years.

On top of that, Liesch explains, it's been three years since the initial 2020 uprisings, and the pendulum swing in that time has been strong and swift.

"In the U.S. [specifically], we've seen the backlash take a very particular legislative and political framing [with] the striking down of affirmative action laws."

As affirmative action laws came under attack, she says, Republican lawmakers were quick to translate that momentum into consequences for corporations which had initiatives that could have been perceived as being to the disproportionate benefit of a certain group of people who identified with any type of status, protected or otherwise.

Economic constraints are also a major factor in how organizations choose to invest in inclusion and equity strategies. With a recession looming, company executives are scrutinizing their DEI portfolios to see if they've delivered any economic returns to the business. And in most cases, executives claimed they simply couldn't make the business case for these increased DEI efforts.

So, they began pulling back from their solidarity statements, divesting from their DEI portfolios and, in some cases, letting go of their chief diversity officers—without hiring anyone to replace them.

What's next?
What DEI really needs is the reimagining that it didn't get during the COVID-19 pandemic and the Black Lives Matter protests, says Liesch. "What happened [in 2020] was a doubling down on the same tactics that had been in place since the Civil Rights Movement. And they didn't make change then, and they didn't make change three years ago."

So far, DEI efforts have pinned the onus for change squarely on individuals, reflected in initiatives like unconscious-bias training. This is not an effective way of addressing the root cause of these inequities, Liesch says.

"All of our systems, unless they were designed from the starting point with equity as an explicit desirable outcome, are biased in creating discriminatory and inequitable outcomes," she says. "So, the first thing that needs to happen is a conceptual shift away from the individual's responsibility to be the source of the change to the systems-based approach."

MANY DEI PORTFOLIOS ARE BEING RE-EVALUATED FOR BUSINESS REASONS

One very simple example, Liesch says, is blind hiring, where HR departments strip applicants' resumés and cover letters of any identifying details, which can reveal everything from race, age, educational background to class, and evaluate based on different criteria. This changes what information a hiring manager has access to, which can help avoid triggering their implicit biases.

When it comes to money woes, Liesch says that, too, is a cop-out.

"Even though companies say they haven't seen an ROI for [DEI] in the last three years, or for much [longer], there is evidence at the high level that more diverse teams produce better outcomes and they produce more innovative approaches. That evidence has been written on the wall for 30 years," she says. "So those leaders who are still asking for the business case could really just google it."

That's what's behind Interac's investment in DEI. The company doesn't have a chief diversity officer; instead, its DEI efforts are more holistic. In 2023, it launched Count Me In, a data campaign that asks employees to voluntarily self-disclose their identity, including race, gender, sexual orientation, etc.

"The composition and engagement of our workforce is an important measure of how well our diversity efforts are working and where to invest in our people for development," says Peter Seney, manager of sponsorship and corporate citizenship at the company. "We believe that it's our diverse ways of thinking and lived experiences making us a stronger and more relevant company. This is why we've made investments in employee data collection and internal programs to continue to cultivate a diverse and inclusive workplace by deepening our commitment to anti-racism, enabling opportunities and growth for Interac employees and communities."

The company is also strategically "embedding DEI by design in [its] business," Seney says. That looks like specifically developing programs for newcomers to Canada, running summer internships and experiential learning programs for Black and Indigenous youth, and acting as a corporate sponsor for equity-based programs, including Conscious Economics' HeARTwork, which makes recommendations for ways Canadian companies can remove barriers for diverse women.

All of the research, Liesch says, shows that diversity, equity, inclusion and belonging in our organizations has the potential for good returns. So, if organizations are really willing to acknowledge the writing on the wall, we need to see a different kind of investment in corporate equity strategies. ◆

***PIVOT* RECOMMENDS**

Off the clock

BY CHRIS POWELL

PHOTOGRAPH COURTESY OF **AMAZON PRIME VIDEO**

Watch

Turning popular video game franchises into TV shows and movies has led to decidedly mixed results. But *The Last of Us* showed what can be achieved with the right talent in front of—and behind—the camera. Which is why we're genuinely excited for Prime Video's highly anticipated adaptation of ***Fallout,*** led by *Westworld* writer/creator Jonathan Nolan and starring the always reliable Walton Goggins (*Justified*).

Read

As co-founder and editor-at-large of tech site Recode, journalist Kara Swisher is one of the foremost authorities on the world's biggest tech companies and their leaders. She was among the first journalists to begin seriously covering the tech industry, and her unmatched ability for uncovering stories famously led one CEO to accuse her of "listening in the heating ducts." Billed as "part memoir, part history and, most of all, a necessary recounting of tech's most powerful players," **Burn Book** blends stories of unmatched ambition and innovation with a clear-eyed reckoning of Silicon Valley's outsized impact on our daily lives.

Listen

Oh sure, we all like to celebrate a winner. But as demonstrated by the Wondery podcast ***The Big Flop***, stories about ideas that don't quite achieve liftoff are also compelling. The podcast, which examines instances of major hypes turning into major fiascos, has dedicated episodes to the ill-fated movie adaptation of *Cats,* Crystal Pepsi, and country superstar Garth Brooks's much-maligned makeover as moody alt-rocker Chris Gaines.

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NOTES & NUMBERS

The oboe has a reputation as one of the hardest instruments to learn. But after Juanita Gomes, CPA, played one for the first time as a kid, there was no going back. Today the oboist from Kelowna, British Columbia, balances her work as a partner at an accounting solutions firm with nearly two decades as a performer with the Okanagan Symphony Orchestra. **BY ROB CSERNYIK**

PHOTOGRAPH BY DARREN HULL

I was trained classically on piano from about age nine, and then I went into school band class and started on the clarinet. But I didn't find it challenging enough. **One day I took an oboe home and couldn't put it down.** I thought it was the most amazing instrument I'd ever tried. Though I never worked on a music degree, I did study with the principal oboist of the Okanagan Symphony Orchestra—Walter Burton, now a retired CPA.

The oboe's structure is different from most woodwinds. It's got a double reed, and I had to learn to make them in order to produce the sound that I love. **It's a beautiful, penetrating sound but it's also difficult to get that pure tone.** It can take years of practice and hard work.

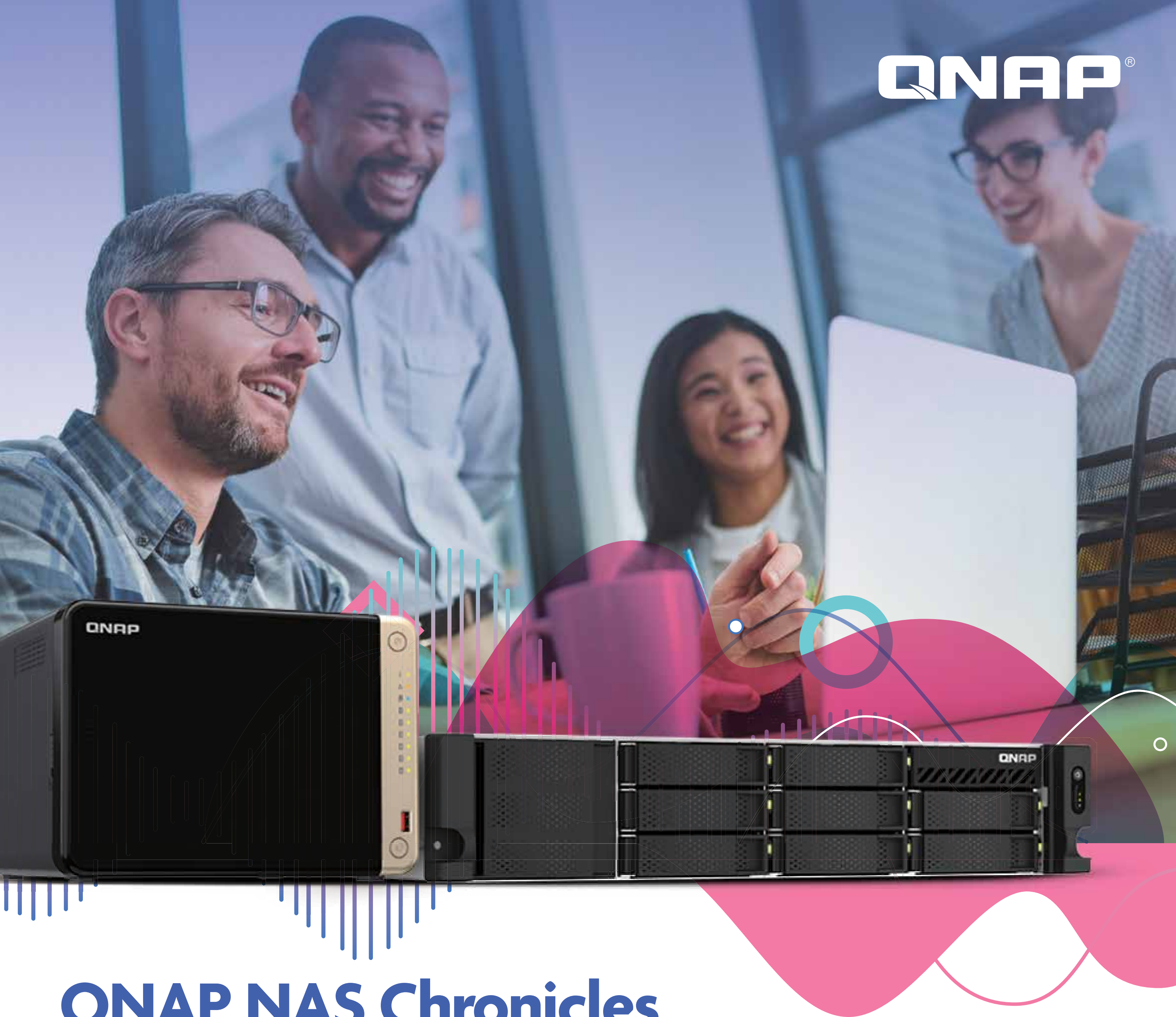
In high school I took an accounting course and it piqued my interest. It's so outside the norm of your typical high school courses. **I found it fascinating to understand how a business was run and the logic behind accounting.**

I like making sense out of business challenges by finding solutions to see businesses succeed. It's also nice to have control over how your time is spent and be with family when needed.

I really like pieces that evoke emotion because the oboe is kind of like an extension of the human voice. I enjoy playing Mozart because the music that he wrote for the oboe is very light and beautiful. Romantic-era music like *Swan Lake* and *Romeo and Juliet* are some of my favourites, too.

I love the challenge of coming up with solutions for businesses. **Problem-solving often requires creativity, and music is creative.** The oboe is an extreme challenge as well. It's one of the hardest instruments to learn and I love the idea of conquering it.

Balancing being a musician with my professional life as a CPA is tricky. It's like being an athlete—you need to be in shape. My embouchure and lung capacity can go quickly if I don't practise at home, so I have to schedule time to stay on top of that. Finding time for rehearsals and shows to make sure I stay in shape can be really challenging—especially during busy season.



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