

Webinar: Government Not-For-Profit (GNFP) Strategy Decision and Implementation Plan

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Sandra Waterson: Good afternoon, and welcome to today's webinar and public sector accounting boards PSABs Government Not-for-Profit Strategy Decision and implementation plan My name is Sandra Waterson. I'm a principal with the Public Sector Accounting Department and the moderator for today's event. We have over 250 registrants for today's session.

Before we start, I'd like to mention some features of our webinar. First, we are committed to providing closed captioning to help promote the accessibility of webinars. We offer the option to turn on closed captions at the bottom of your screen, we endeavor to provide closed captioning that will reflect the information conveyed. Please note, however, there may be instances where we are unable to accurately capture what was said. And if you have any questions or concerns about one of the captions provided, please contact us FRAS Canada.

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The chat function has been disabled. We will have time at the end of the session for questions. So please submit your questions using the Q&A button that you see at the bottom of your screen. And we will do our best to address the questions at the end of the formal part of the session. Before we introduce our speaker today, PSAB has a commitment to diversity and inclusion in keeping with the Indigenous Protocol and building respectful relationships between indigenous and non-Indigenous peoples in Canada. It is customary to acknowledge the traditional territories or ancestral lands of the indigenous peoples.

We are meeting virtually. So I would like to acknowledge that the indigenous peoples are the traditional stewards of the lands and waters where each of us attends the meeting this afternoon or morning, depending on the locations from which our members and presenters are attending. And on behalf of FRAS Canada, it is my pleasure to introduce today's speaker. Bill Cox. Bill is FCPA FCA. With more than 35 years of experience in accounting and auditing, specializing in serving public sector organizations, local governments, First Nations and Not-for-Profit organizations. He is a retired partner from BDO Canada LLP, former PSAB board member and the current chair of PSAB Government Not-for-Profit Strategy Committee. Welcome, Bill

Bill Cox: Thank you, Sandra. I'm still not used to seeing that the term retired in front of my name was what's been more than a year now and still not quite used to it yet, although I can say this is probably the first time that I've worn a jacket in in a few months, although, of course, I do have shorts on as well. This slide here that you see in front of you has the agenda, the things that we're going to cover today. I think we're going to be able to move to pretty reasonably moderate pace. And we don't have a lot of stuff to cover, but we have some really important concepts to sort of talk about and get by.

So I think we're going to have lots of time. Sandra mentioned Q&A session at the at the end. And I think, according to the timing I did when I was practising in front of the mirror last night, we should have lots of time for questions at the end. So if you think of any good questions, as Sandra says, they go in the Q&A and address those at the end.

So we're going to talk this morning or this afternoon depending where you are. A little bit of a background on the history of PSAS and government Not-for-Profit organizations, how we got here, what the issues are.

We're going to talk about the government Not-for-Profit strategy decision that PSAB recently took based on feedback from our group, our committee, the government Not-for-Profit strategy committee. We're going to talk about how once that decision has now been made, what the implementation plan might look like. We've got some starting thoughts there to talk to you about and explain. And then, as I say at the end Q&A session should be lots of interesting things this morning.

So background, all this really started in in 2011, 2012. Anybody who was involved in the public sector at that time will remember that it was not year, the government Not-for-Profit organizations were directed to apply public sector accounting standards for the first time.

Most of them were previously using the private sector, Not-for-Profit GAAP. The Part three GAAP. So they had to move across to process and I think at the time PSAB recognized that its standards were really directed for government. And they may not be perfect for all the government Not-for-Profit organizations and because of that, they decided to have an option to apply for PSAS. Just go full bore with that or to use the 4200 series. And the 4200 series at that point. Back in twenty twelve was virtually a word for word port of part three accounting.

The private sector, Not-for-Profit accounting. So that really came across sort of word for word at that time as an option for organizations to use if they needed that going for PSAS was not going to be appropriate

for their reporting. And that was probably, I think, a good decision. I don't think PSAB thought at the time that what would happen did happen. And what happened was a couple of provinces, including my home province of B.C. They said to their government Not-for-Profit organizations, we don't want to use the 4200 series that's going to make our consolidation too difficult. We want you to go full for PSAS.

So there was a number of organizations in B.C. and other provinces that had to jump straight from private sector for profit accounting to PSAS. And I can certainly remember at the time that was a huge issue for a lot of organizations. The twenty, twenty, thirteen and the strategic plan that was developed it was recognized that this 4200 series having this option for a different type of accounting. And as anybody who's worked with the 4200 series knows, the accounting is quite or can be quite different from full PSAS you get some deferrals maybe where you wouldn't otherwise have deferrals.

You have some direct credits to income, which doesn't happen under PSAS so there's quite a few differences and have recognized in twenty thirteen to twenty seventeen that it really made sense to have one financial reporting framework used by government Not-for-Profit organizations. That was kind reiterated in in twenty sixteen with the strategic plan for twenty seventeen to twenty twenty two, that, that included an objective to develop a government Not-for-Profit strategy, which is what we're going to talk more about this morning.

And following that there are committee our Government Not-for-Profit strategy committee was formed by PSAB, which I have the pleasure of being the chair of and we helped PSAB to put together this first consultation paper, which was issued in twenty nineteen. We're going to talk a little bit more about that later, but that was more of a fact finding sort of paper. Just trying to understand what was out there, what issues people had so that we could really develop a strategy that was going to work for people.

In twenty, twenty one last year. We came up with the second consultation paper, which will also talk about today. And this paper is really what's driving us forward. We came up with a recommended strategy which PSAB said has since adopted. We'll talk more about that this morning. So this is really what we're going to focus a lot on today and talk about where we're planning to go with the strategy. And the paper explains that.

And finally, this year PSAB that has approved the government Not-for-Profit strategy, we'll talk about what the options were and the ones that the one that they approved. But i think we're going in a very logical direction, so we'll cover more of that later on this morning.

Of course, I keep saying this morning in Vancouver. It's I realized it's afternoon and eastern Canada.

So the first consultation paper is, as I mentioned, was really more of the sort of a fact finding, trying to try to understand what state what concerns stakeholders had. So you see the purposes that are listed here inform stakeholders of the Canadian and international Not-for-Profit landscape. Yes, inform yes. But we're also hoping to ask questions. We were hoping to hear back and we did get some good feedback back.

So it was really a two way communication if talking about the Canadian landscape, international Not-for-Profit landscape of which there really isn't a lot of good international standards out there for Not-for-Profits.

There is a project underway right now that's looking at maybe starting with IFRS for small, medium small enterprises, and developing that. But that's just got off the ground. So there really isn't a lot of good international standards out there. The paper also talked about the consultations that had been done in twenty seventeen, twenty eighteen. That PSAB I had done to do some research and get some feedback on matters. And it was really for us to hear back on key matters that were talked about in the paper and we got some we got some good responses.

We got quite a number of responses. And I think 116 respondents altogether. And right across the board, we've got we've got governments, we got government Not-for-Profit organizations. We had a lot of auditors and preparers with comments. So it was really good exercise. And we got some great information on that.

Now, these are the current members of our government Not-for-Profit strategy committee. I suppose the names don't matter. So well. I'm sure the names matter to the individuals of course. But I think really the point of the slide here is to show that we do have good representation among different groups.

Now, this is only the current members. We have had some members that have had to drop off, unfortunately, but we have representation from health sector, colleges, universities, crown Court. So we've got some pretty good experience there. We also have we had an excellent representative from the government of Quebec who unfortunately had to drop off because he got a job in the private sector. I didn't know that was allowed, but apparently it is so unfortunately, he's left us. So we do that. The provincial sort of controller role representation is missing. We're going to try and add that because that's important, because everything, of course consolidates up.

So that will be important. But I think we've had some great experience. We have some great discussion, a lot of different viewpoints on things and the members have been really good at bringing forth things that are important in their sector, but also trying to recognize the big picture. So it's been a pleasure to be involved with this committee.

So the second consultation paper which is the more recent and the two obviously came up with sort of three possible. What we consider possible courses of action. The whole process started with I can remember our very first government not-for-profit strategy committee meeting, our very first meeting One of the things that we did was some brainstorming.

And we thought about what are all possible directions we could go with this in terms directing government Not-for-Profit organizations to some accounting standards. Where could we go? And we threw everything on the table at the start. IFRS even GASB and FASB being in the States Accounting Standards Board, really everything was on the table and I think we had probably about 15 possible options to sort of start and work through in a systematic basis. And we got those down to really only three that we thought would work in our in our circumstances. So we kind of whittled those down.

We had some evaluation criteria, it's actually talked about in the paper what our valuation criteria was. But it was it was things like making sure we understood what the users of the financial statements wanted to try and get comparability between different government organizations and government and private organizations to get consistency to have sustainability, meaning that these standards would work over the long term.

So when we went through all those criteria, we really ended up with three that we thought were at all workable. And those are the three that you see on the slide here. So the first one, what is sounds almost a little funny that we have in here, because the first one is status quo.

What we're doing now, PSAS, with or without the 4200 series. In some ways a little strange that we have it as an option because one the real reasons for looking at this was that the great difference between 4200 series and full PSAS was one of the concerns that brought us here in the first place. But having said that, we recognize it has been ten years. It's been workable for ten years, there has been some concerns and issues, but it has worked. So it still was on the table as a possibility. Option three which is the other one that we didn't recommend, was to apply another source of GAAP.

And that would be we had two sub options, three or three B that would either for all government Not-for-Profit organizations or for a particular subset applying another source of GAAP. So that would probably be putting government Not-for-Profit organizations back to the Accounting Standards Board and back to private sector, Not-for-Profit GAAP, which is where most of these organizations came from. So, again, that would be going sort of backwards in a way, but would be possible and did meet some of our criteria.

But it was really option two in the middle was the one that met the most rank, the highest with our criteria. And that's and that's why we made this our recommendation. We actually were we were uncertain when we were drafting the paper. We were uncertain if we should come up with a recommendation whether we should just present these three options and get feedback and hear what people wanted. But we thought it was worth going ahead and making a recommendation to us. It was a clear frontrunner. We thought by making a recommendation. It would probably speed the process up a little bit. And we really couldn't go wrong because either two things would happen: Either majority respondents would agree with us, in which case we're sort of ahead of the game because we're already heading in that direction; or we would hear loudly and clearly that that was not the way they wanted to go, in which case, we'd be back to looking at other options.

So we didn't see a downside to make a recommendation We did make a recommendation and it ended up being the recommendation that was that was approved. I should mention, just going to talk about this a little bit more in a couple of slides. But I did want to mention the title there. It's kind of verbose that says PSAB incorporating the 4200 series with potential customizations.

So what is incorporating the 4200 series mean? It doesn't mean that we pull everything that's in the 4200 series in total. And just throw that into the PSA handbook. That's, that's not what we mean. Instead, we mean a rational method of reviewing the 4200 series standards. One by one and looking at the standards to see if there's anything there that isn't already in the PSA handbook or would add some value,

something that's missing the PSA handbook. That's still consistent with the conceptual framework, those sort of things that were there after looking at them and seeing that they were needed, those would come across to full PSA handbook and be available for anybody. So I'm going to talk a little bit more about the process in a minute.

I also wanted to mention this potential customizations a little bit, too, because that sounds perhaps slightly at odds with this idea of comparability, because we're still saying we could have potential customizations for non-profit organizations or certain sectors of non-profit organizations.

We felt that the reason we have that there, and I should say there's nothing at the outset, there's nothing planned. There's no customizations planned. It's just a tool that we thought was going to be important for PSAB to have to be able to customize if there was a situation in the future where it's needed for non-profit organizations or a particular segment, non-profit organizations. We thought having a tool there was important because government Not-for-Profit organizations, really are in some ways, a lot different than the governments that control them. They do have some different issues, different stakeholders.

So there may be times where that tool is needed. The customizations could include presentation and disclosure items or perhaps even accounting policy differences. We wanted to leave the tool wide open to future PSAB to decide when it's needed. I think our feeling is that it should be mostly use for presentation and disclosure. But that's not up to our committee. That's up to the PSAB and I think the type of type of item that sort of has hit our radar there for customization might be something like. And this is just an example, it's not being considered, might be something like risk disclosures for financial instruments, which as most accountants know, can be pretty onerous in many different types of organizations, both government and non-government.

So there may be a case as an example, there might be a case where he might say, you know, although we have all this financial instrument risk, disclosure and fair value notations and things, perhaps we can limit that a little bit with government Not-for-Profit organizations. Now, that's not being considered. I'm just using that as an example. But that in our minds, I think that's a kind of customization that might be there rather than a customization that would completely change the accounting that was that was there. So that's a very long explanation. But so what we're thinking for option two there.

So we got some good feedback to the paper. Twenty nine responses, but some of those were group responses. So total. Ninety three respondents actually a little bit less than the first consultation paper, but still pretty good. And I think most important is we did get responses right across the sector, all different kinds of organization, organization governments, preparers, auditors different types of government organizations. So a good wide reaching response. And you can see some of the messages that we got back really was strong support for the option two that we had recommended. We'll say it wasn't unanimous. There was some people who did not think option two was the best. But for the most part good support for option two.

There was good agreement that that would improve comparability from where we are today, which is very difficult to compare currently. It's very difficult to compare 4200 series statement to a full PSAS statement.

In my working life, I used to do that sometimes in the same day, in the morning, I'd be reading one kind of statement in the afternoon of 4200 statement and even for myself somebody who works in the sector, I would take a minute for me to really understand what this was saying and what the financial position of this organization was with this weird 4200 series.

So we're going to improve our comparability. We also the second bullet point there about consulting through the implementation phase was very interesting. We heard that from many respondents and frankly, I was a little bit surprised by that. Not because it's not important, but just because the consultation is the way that PSAB works with everything. You know, staff prepare documents, they go to a board meeting and then there's public exposure, there's consultation papers, there's exposure drafts, there's reexposure drafts. So it was always planned that there would be consultation throughout the implementation phase. But because we still heard that quite clearly from many respondents, I think we I think will be important for PSAB to sort of maybe go above and beyond and just really make sure that they're being completely transparent and getting feedback throughout the implementation phase that it really is going to be important.

And we also heard some comments on specific guidance currently only found in the 4200 series that the respondents considered was important and should be considered as some of that information that comes across to the regular PSA handbook. We probably, for example, heard the word endowments quite a few times because we don't have any specific endowment accounting rules in the current handbook and probably something is needed there.

So as I, as I mentioned already, option 2 incorporating 4200 series with potential customizations is the recommendation we made and was accepted mostly by respondents and also has been accepted by PSAB.

Some of the whys as to as to why that was the recommendation. We can see on the slide here. The first one might appear a little cryptic. It says proposed revised reporting model. What we're talking about there is that we notice when we when we had when we reviewed feedback from stakeholders that many of their issues, not all the issues, but many of the issues were related to factors that are that will be either solved or improved with the new reporting model that's just being finalized now, along with the new conceptual framework that's going to address many of the concerns that stakeholders have on their own, something as simple as the net debt indicator.

We got many responses from government Not-for-Profit organization saying, you know, this net debt indicator might be important for governments, but we don't tax. It's not an important indicator for us. And yet you still make us put down our statement of financial position. Well, in the new reporting model the net debt doesn't have to be on the statement of financial position. So as little things like that that we think are going to be improved, it's going to address many of the concerns they had which will make it easier to get rid of the 4200 series and only being a part only bring in part of that.

So that will help customizations provide a tool of flexibility for PSAB. I talked about customizations already a little bit, but we think if we're going to get rid of the 4200 series and only bring across those pieces of it

that are needed it's still important to recognize that Not-for-Profit organizations are unique and there may be a time where people will need to use that customization tool. So that's there for PSAB to use. Also importantly is that guidance that is available on the 4200 series that isn't in the regular PSA handbook will be available to everybody.

So whenever we bring in perhaps something around, endowments, for example, will be available to other organizations that that aren't nonprofit organizations. And there are some of those that have endowments. For example so they'll get the benefit of those standards. So it's really going to improve everybody. It's going to improve life for government Not-for-Profit organizations. And it will give us some more standards for all government organizations And it should improve comparability and understandability of the financial statements.

So in terms of the implementation, there was a there's a couple of ways to go. And I suppose you perhaps the simplest would be you just start at the first standard in the 4200 series and work through one by one. And look the standard and see if there's anything that's there. That's missing with the that's missing in the current PSA handbook and see if it's consistent with the conceptual framework and add in anything that would be a way to go. But we thought it makes much more sense to do it on a group of standards approach. So that's the way that we're going to go with this. And that means looking at like standards together. So, for example, all the revenue standards would be looked at together and that should make it a little quicker a little faster to get done with these.

We'll be able to identify logical inconsistencies by doing it in the right order. So I think that is the right way to go. We also heard from people when we're looking at our feedback, some concern around transitional provisions, and we recognize that we're sort of fighting against two different things here. One is we may have some good standards that come out of the 4200 series that we're going to add to PSA handbook And, if those are good standards to add again going back to my endowment example, maybe that's going to be a good one to add. You know, why wait?

Why not be able to use it right away? But on the opposite side of the spectrum, are we going to have changes every year? I don't want to change my financial statements every year for some new accounting policy. That's going to be a lot of work. So what we're thinking is going to be the most logical way is to have all the changes effective at the same time. So for the very first standards that we're working on, that will probably be some quite future date, maybe five years out but having the early adoption allowed. So if there's a standard there that you it's a good standard you want to adopt it, you can.

Or if you want to wait and do everything in five years time or whatever, that the date hasn't set, whatever that date is, you can do that. So that should give you the best of both worlds to everybody.

We also suggested to PSAB That would be a good idea to establish an advisory committee. So this would be an advisory committee for government Not-for-Profit organizations. The current committee we have as a strategy committee, which would disappear once the strategy for implementation is done. But we think it's a good idea to have an ongoing advisory committee just really recognizes the fact that government Not-for-Profit organizations, are different from the governments that control them.

They do have some different issues. And it's important for PSAB to have some experts a specialist there, to be able to help them going forward into the future. The Accounting Standards Board has a nonprofit advisory committee. It seems to work well for them. So I think it's a good, good idea for PSAB to also have that talent available to them.

Now, we're going to look at our implementation plan here. And it's going to sound like I'm contradicting myself a little bit here. And to be honest, we were as a committee, we were a little bit surprised in the order ordering of this. But it makes sense.

And I'll try and explain how we got where we got so from left to right. This is the order that we see going through the 4200 series to review the standards that are there and determine if there's anything that should come out of there and go into the regular PSA handbook. So I have mentioned a couple of times our revenue and contributions particularly endowments, are have been identified as most important and how we're going to do things on a group of standards basis. And yet the very first one we have is a single standard and arguably not the most pressing standard, and that's capital assets. But there's a reason why we thought that one made sense We think it will be a relatively straightforward standard to work through. There's not many issues.

There is a couple of differences between 4200 series and current PSA handbook. So they're not exactly aligned but there's not that many differences. Only a couple of issues to really work through. So I think it will be very fairly straightforward. We thought it'd be a good one to start with because it would get us going. And we get our feet under us, get a good process going, get some panels of experts together and also build the trust with stakeholders. As I said, we heard repeatedly how important it was that stakeholders are consulted through the process We thought if we get going on a fairly simple bite sized project to start we can build up that trust, get the process going, and then move on to some of the meatier issues.

So we took that philosophy to the PSAB board when we met with them gave them my recommendation and they understood I think, what we're saying there. But they also said, you know, this contributions an endowment that's pretty important as well. And we don't think that should just be put aside for some later date. It is important to get started on that. So that's why it's not a misprint. That's why those two circles on the left overlap each other. We're going to start with capital assets. Yes. But in parallel, we'll start doing the background information on contributions. So that we're not delaying that.

So capital assets will be the first sort of completed one. But we'll be starting with contributions and endowments and then finishing up after capital assets are complete.

Then controlled and related entities. Quite a few differences there between 4200 series and full PSA handbook. So that will be an interesting one. And then reporting model. We did get feedback from people. I mentioned earlier that the reporting model is considered by many to not be perfect for government Not-for-Profit organizations. But we did think that was probably a little further down the list, probably not quite as important as contributions and controlled and related entities, but also because the new reporting model coming out with the conceptual framework addresses several of the concerns that were there.

So we think it probably makes sense to look at the reporting model after everyone has had time to digest that, the new reporting model that's just coming out of the new conceptual framework and then we'll just be left with probably a smaller number of meatier issues to deal with reporting model.

So next steps after the webinar today. We are expecting we're going to go to the December board meeting and we're expecting or hoping that the capital assets project proposal will be passed at that time. One can never presuppose what a board will do, I suppose. But they've been kept in the loop very well. And I think they're supportive of the direction we're going. So I would expect that it will be approved at that meeting that we know for sure.

And then if so, we will be issuing an exposure draft for the first project, capital assets by fall twenty twenty three. So that is in the standard setting That's a pretty fast timeframe, but we think we can move that fast. But still have good, good consultation, good feedback for stakeholders. So we'll be a good project to test.

A couple of a couple of links for you here, as you can see on the slide, there is a project page for government Not-for-Profit strategy is kept fairly well up to date.

So just put that in your browser history and go back to that time to time, just to keep up with the project. There's the newsletter. If I always say any time, I'm doing a webinar presentation of any kind, I always say to everybody, you should if you're not. I already subscribe to the FRAS Canada newsletter. You should. It's the best way to stay up to date with standards in both in whatever sector you might work in, but also in the other sectors. And you also see all the social media tags there for as well.

Sandra is our moderator today This is her contact information, either her or Camila, one of her colleagues, are probably the best first contact points If you have concerns, questions, want more information, they are very reachable, very quick to respond. And I think they would say don't hesitate to drop them an email if you have any questions concerns, comments. They're always happy to hear from people.

Now, we are the questions. Sandra, I think you're going to moderate the questions, I'm sure we have hundreds coming in.

Sandra Waterson: Yeah. Thanks. Bill. That was great. This is the opportunity for our Q&A session. So if you do have questions that you haven't submitted yet, please go to the Q&A button at the bottom of your screen and submit your question. We do have one that I'm going to call out now, Bill.

So the question is, is there a concern that under option two, that any proposed customization is allowed at the standards level may still create inconsistencies since the accounting basis applied across jurisdictions may still differ? This would result in comparability issues of one sector chooses customizations, while others do not.

Bill Cox: Yes, that's a great question. And there certainly are some concerns there. I think we're as I said, we don't have any particular customizations planned at the outset. But we want to make sure it was a tool for PSAB. So I think PSAB will be looking at any potential customizations really with this in mind and see if we're going to create any inconsistencies there better be a really good reason for that. I personally hope

that most customizations would be presented in disclosure, not accounting policy, but that tool still is there So I think it's going to be up to PSAB to really decide what makes sense for a change. We don't want a lot of inconsistencies. One of the big reasons for doing this project is to remove inconsistencies, inconsistencies. So the questioner is quite right to point out that, you know, if we get too many customizations that really could be some inconsistency. So I think this tool would be there hopefully use on a rare limited basis and hopefully used mainly for presentation and disclosure items rather than accounting policies.

And if it was something i used that example of financial risk disclosure, if it was something where just the disclosure was maybe slightly minimized from what a full government would have to do, that would probably not create many, if any inconsistency issues. So I think that's sort of the hope. And we'll have to make sure, you know, through responding to exposure graphs and things. Make sure that that piece really looks carefully at that issue. And doesn't create more inconsistencies.

Sandra Waterson: Great. Thanks, Bill. I might just add that also to provide some rigour around when customizations are being proposed it has to be documented as to why a customization is felt to be relevant in the basis for conclusions with any document that goes out for comment as well.

OK, another question is, how do we join the advisory committee for the government Not-for-Profit project?

Bill Cox: That's probably a Sandra question.

Sandra Waterson: Sure. And if you have an interest in joining the advisory committee, I would ask that you reach out to both Camila and myself and maybe we can set up a short chat to talk about the role and responsibilities the committee and next steps that would be great. And our email contact information was on one of the earlier slides.

Bill Cox: Sandra I hate to put you on the spot when we're live like this, because you and I haven't talked about this, but have we considered whether we might also have associates to the committee, the Accounting Standards Board nonprofit committee has associates who are not members, but receive information in advance and are able to provide feedback to the members. We probably have. I put you on the spot. We probably haven't even thought about that yet, but it might be worth considering.

Sandra Waterson: Yeah, no, I think it's a great idea. And we haven't thought about it or gotten to that stage yet. We're just in the process of sort of considering sort of what the membership should look like for our GNFP advisory committee. The current members of the GNFP Strategy Committee will form part of the new advisory committee. So we need to look at what to make sure we've got a robust group. What experience, we need to fill. And but I think having an associates list is also a great idea. And it will be something that we will consider as we're starting our standard level projects and getting things underway.

OK, the next question I have is will customizations be mandatory or optional? Could any public sector entity apply the customization?

Bill Cox: Yeah, good. Good question. And because this is a tool, it really is going to be up to PSAB board. Our thought at this time is that we believe that with the PSAB board, the strategy itself doesn't

really speak to that. So I suppose it's possible. It may depend on what the customizations are. Perhaps PSAB board of the day says this is a customization for non-profit organizations, but it may also work for, I don't know, small local governments of less than ten million dollar budget or something. It will be completely up to PSAB, but that's beyond the scope of what we're recommending. We just want to make sure that there's a tool there to recognize the differences. The government Not-for-Profit organizations have.

Sandra Waterson: Great. Thanks, Bill. And the next question is, is what happens to the 4200 series once we've gone through this process? And when would such a change take effect?

Bill Cox: So the 4200 series will completely go away. It will go away. Many of you are probably aware that some of the sections of the 4200 series have already gone away. I think off the top my head, I can just think of related parties. I believe. Anyway, there's, there's been some, but this as a result of this process, when this process is completed, we're going to go through the group of standards at a time looking at them, see if there's anything in those standards that's not in the PSA handbook. That's important that stakeholders could use. And that's consistent with the conceptual framework. If there is, that will come across. And then those standards will disappear. So at the end of the process, there will be no 4200 series at all.

Oh, I think I think, Sandra, the question also asked about timeline and I don't know if you have better thoughts than I do on that one. I think it's got to be at least five years, I would think before the 4200 series is completely gone. I guess we're guessing. What would you say, Sandra?

Sandra Waterson: Yeah, I don't know. We haven't that's going to be a tricky one, and it's going to be something that we're going to have to consider carefully because we need to because of the strategy that we're thinking about trying to implement of having all the changes effective at the same date. But with the early adoption, we're going to have to sort and try and forecast out when we think that review of all the sections will be completed, which we haven't sort of undertaken that exercise yet.

So it could be a little ways away. But as you know, the first exposure draft that we're hoping for, capital assets collections should be out by the fall of twenty, twenty three. So to complete the review of all the sections will be a few years down the road. Sorry, I can't provide any more. Nothing more precise at this time.

Another question I have is, what impact does the accounting standards board project on contributions and related matters have and how will it impact PSAB work?

Bill Cox: Yeah, that's a great question because anybody who is keeping up with the county standards Board nonprofit guidelines will be aware of the projects that they're working through. And when you saw our schedule with capital assets first, but contributions starting in parallel and then being the next major project, there is going to be some point in time where both PSAB and the Accounting Standards Board are looking at some aspect contributions at the same time. So there's no reason why the two boards need to come to exactly the same decision on any of the matters. But having said that, there may be some good information that good concepts are good plans that might work across the board. So I know,

Sandra, I think you attend or at least you're advised of what happens with some of those meetings. So I know I know this. I understand you can correct me, Sandra, that the staff from both the board and PSAB who happen to share a building do sort of keep each other in the loop in terms of what's going on there.

Sandra Waterson: That's correct, Bill. We do monitor each other's projects and touch base with colleagues from the sister boards to be aware of the issues that they're addressing and how we can consider how it impacts us and vice versa.

OK and I don't see any more questions. I think that's it. For our questions.

Bill Cox: We did we did have one. How are we doing, we got lots of time. We did have one about I saw in my email, about international strategy. How does how does PSAB's international strategy impact the implementation of this. Do I have time to answer that? Sure. And another one has just popped up, too. So if you want to address the international one, and then we'll go to the next one Sure.

Sure. So the international question is a good question. Because one of the first things we did when we were brainstorming as a committee was look at what's out there internationally. And there really is not a lot of good standards for Not-for-Profit organization out there around the world. And particularly in the in the government world, in it seems in many countries. There's quite a distinction between government and Not-for-Profits or NGOs, as they might call them. The international strategy for Canada was to look towards IPSASB and the International Public Sector Accounting Standards Board standards as a starting point for standards. And that's the way that we're going in the future. But IPSASB doesn't have any Not-for-Profit standards. So there really isn't anything there for us to start with.

So it certainly was considered, but there wasn't anything there that we can really hang our hat on, which is why we're going through the process that we are planning.

Sandra Waterson: Great, thanks. And last question is when considering some of these concepts that may work across the board for NFPs, even governments such as contributions, how will we engage a broader audience in the discussion than just those that work in the Not-for-Profit sector?

Bill Cox: Oh, that's a good question. Probably because it comes from B.C. and unless Cheryl's moved. But that's a great question. And i don't think any of this is all this will be full PSAB decisions. And I didn't mention this although I think I probably intended to in that the process at PSAB I think has changed a bit in terms of when I think back, it's probably all standard setters when I think about it, when I think back to maybe ten, fifteen twenty years ago, the process was standard setters used to be we'll put out an exposure draft, and we'll sit back and we'll wait and we'll hear we'll read comments that we get back. I think the process has changed.

It certainly has from my observations that PSAB changed to where that's not enough. Now. Now we're going to make sure we have some outreach. So that reach will be all really the whole community, not just the Not-for-Profit organizations themselves. One of the things, particularly with nonprofit organizations, government Not-for-Profit organizations, we know there's a very strong interest in the controller community, for example, because they don't want a a bunch of needless different accounting in their

controlled organizations that they then have to deal with on consolidation. So it'll be very important, for example, to have the controller community engaged and listen to as part of this process.

So I think it's the intent of PSAB, to make this completely public across the whole government sector, not just focusing on the Not-for-Profit organizations themselves. And Sandra. You're the PSAB staff person. So have I said anything that contradicts what your plans are?

Sandra Waterson: No, I would agree with you completely. We definitely try to make sure we get responses from all parties involved and the whole PSAB stakeholder group and community, as you referred to. So, no, I agree with you completely. OK well, I'd like to thank you very much for your time today.

And thank you, Bill, for a very informative and insightful presentation We hope that you found this webinar helpful and understanding the government Not-for-Profit strategy decision and the implementation plan and we look forward to hearing from you as we begin our process of looking at the standard level projects. And we will look forward to your feedback on any proposals that come forward. We appreciate your time and your interest in our work. And thank you very much. For attending again.