

DRAWING

THE

ELEMENTS

*As extreme weather events
grow and intensify, CPAs
are helping clients respond
and adapt to a risky reality*

BY PRASANTHI VASANTHAKUMAR

PHOTOGRAPH BY ISTOCK



PHOTOGRAPH BY THE CANADIAN PRESS/ISTOCK

CHRIS MILES is one of the lucky few whose home was spared when the Jasper wildfire tore through the Alberta town last year. But the blaze, ranked as the second most expensive wildfire event in Canadian history with just under \$1.23 billion estimated in insurable damage, still left its mark.

As a CPA at a small public accounting firm in the tourist destination, Miles witnessed the devastating impact it had on his clients. Some lost their businesses to the flames, while others are still struggling with the decline in visitors. And Jasper entrepreneurs aren't the only ones losing sleep over the potential for further climate-related catastrophes.

More than 90 per cent of Canadian business leaders and CEOs worry their businesses will be damaged by extreme weather this year, according to a 2025 KPMG survey. Most say their operations were damaged or disrupted by such

disasters in 2024, and 68 per cent are preparing for nature to throw another curveball.

Over the past year, Miles has helped his clients affected by the Jasper wildfire gain additional financing, handle tax issues, sell their businesses and navigate insurance claims. In cases where the insurance company's damage estimates don't line up with the client's, he presents a more realistic picture to the insurer. "With an owner-managed business, you [often] come to your accountant for anything financial," Miles says.

Other types of insurance coverage have also posed challenges. In the wake of the fire, business interruption insurance has been crucial for many clients, he says. However, most policies last 12 months, which often isn't enough time to reopen and recover. Policies that last 24 or 36 months can make the difference between failure

and success. That's why Miles advises businesses that may face weather disasters to look closely at their insurance policies and review them annually.

Capital gains taxes are another sore spot for affected businesses. For example, if an insurance company evaluates a fire-ravaged rebuild at \$2 million for a rental property that was bought in 1995 for \$400,000, the owner is on the hook for a hefty capital gains tax, explains Miles. However, it's not like the owner receives a big cheque; the money goes toward rebuilding, which leaves nothing to pay the tax.

In theory, owners can defer these taxes until they eventually sell their properties—if they meet certain criteria, including rebuilding within two years. But in a remote location like Jasper, that timeframe isn't realistic for many businesses, he says. It's impossible to know if you will meet that deadline, and early statistics are not encouraging. According to Parks Canada, only four of the 375 destroyed properties requiring remediation are ready for occupancy as of October 2025, while 229 have yet to apply for a permit to rebuild.

For many businesses, the decision to rebuild or sell may come down to the weight of these taxes. "It's stressful for businesses in town," says Miles.

FACING THE FALLOUT

Historically, organizations have focused more on emergency management response and business continuity, says Roopa Davé, a Vancouver-based CPA, and partner and national leader for sustainability at KPMG Canada. But it's better to start planning earlier—something that Davé acknowledges can be hard.

"Planning [involves] finding a budget to adequately think about these risks," she says. "Mitigations are challenging when we have many different things on our plates, whereas when an emergency happens, you have no choice and have to respond." Davé says that tends to mean a lot of money and effort is spent on responding to extreme weather. "There's been challenges in pulling that [response] forward to an earlier exercise."

Davé explains that this earlier exercise is a climate risk assessment, which involves understanding a business's exposure to various climate risks—including extreme weather—and integrating that into enterprise risk management. A business would then consider resilience and adaptation measures and assess insurance coverage. This early work then flows into the business continuity and emergency management response efforts.

Although organizations have traditionally been more reactive, things are slowly changing. Davé sees more businesses planning earlier, perhaps due to investor demands and sustainability disclosure standards. This proactivity is positive, but it comes with its own problems.

Cross-functional collaboration—or lack thereof—can be a challenge. For example, when climate risk assessments are driven from the financial or investor perspective,

"it's not always connecting back to your emergency planners, who need to be connected to the work you're doing upfront," she says. Similarly, emergency management efforts must bring finance into the conversation. "A really strong partnership between these functions can lead to the most successful outcomes."

LEVERAGING DISASTER SUPPORT

A CPA's expertise can be invaluable in planning and staying one step ahead of weather crises. They bring a financial lens to the climate risk assessment and can integrate it into the regular cadence of enterprise risk management, says Davé. Because of their grasp of the costs of business interruption and asset damage, and knowledge of ownership structures, they can help organizations decide where to invest precious funds.

For example, if a business that's renting a small distribution centre with little inventory is facing a significant flood risk,

Surveying the damage caused by the Jasper wildfire



it may not invest in adaptation measures because its financial exposure is low. “That way of thinking is where CPAs can really bring in the impact to the business,” she says.

CPAs can also see the big picture. Those that look at the value chain can ensure major suppliers and customers are factored into the equation. “Again, they’re bringing in the perspective of ‘I look at these dollars every day, so I know these are incredibly important customers. Have we ensured that we are assessing our climate risk, and our resilience [measures] are covered—not just for our operations, but beyond?’” says Davé.

Apart from anticipating everything that can go wrong, CPAs are essential in the heat of the moment. In the middle of a weather catastrophe, they can open funds and resources to respond, and ensure there’s enough money to move forward. They are the “stewards of a business’s financials,” she adds.

In Sturgeon County—a four-hour drive northeast of Jasper—Sabrina Duquette, CPA, has been taking on this stewardship role as the county’s manager of corporate

finance and treasury. Last July, firefighters from this municipal district north of Edmonton responded to the Jasper fire, she says. From a financial perspective, this assistance wasn’t a heavy lift for Duquette, but it was a preview of things to come.

This spring, Duquette experienced her first wildfire. Sturgeon County declared a state of local emergency in May when a blaze near Redwater Provincial Recreation Area spun out of control. Although she had previously participated in mock scenarios to train for weather disasters, this was her first time dealing with the frightening reality of a wildfire. “I was technically prepared, but nothing that really compares to experiencing a live situation,” she says.

Duquette quickly set up a financial tracking system with job codes, general ledgers and earnings codes for regular and overtime work. She took over the system to monitor internal and external resources—from daily check-ins to timesheets—to account for staff and support future claims for provincial disaster relief funds. She also raised the

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Wreckage outside the Maligne Lodge in Jasper, Alberta, after wildfires swept through the area

spending limits for select staff so urgent purchases could be made without delay. Having preferred vendor and equipment lists, standard contracts and workers' compensation clearance letters on a shared platform can save time in an emergency, she says.

The emergency passed, but Duquette had other pressing tasks. She established categories of situations to break down expenses, such as emergency response costs for evacuations and firefighters' needs. Other costs included damage from the emergency response itself, such as breaking down a fence to access the fire—a cost that is not covered by insurance. Her team is also supporting businesses to recover costs for items like crops, hayfields and custom seeds. The careful collation of these costs is an essential part of cost recovery claims to the province.

As well, Duquette and her team recommended financial relief measures, such as deferred taxes for evacuees, to give residents time to get their affairs in order. But one of her best steps may have been one she made before the fire. In March of this year, Duquette and her team proposed a new financial reserve policy that included an emergency management category designed to support strategic financial planning for unanticipated events like weather-related disasters. "This was a terrible event, but we were ready in ways I didn't imagine we would be," she says.

Duquette credits her team for the success of their overall response. After overseeing several CPAs, she noticed their critical thinking skills, attention to detail, commitment to accuracy and accountability, and ability to change gears quickly. "I would speak a couple of words and they were like, 'I got you, I understand.' It's just the same wavelength." For Duquette, a CPA's ability to draw on the fundamentals of their experience and education is crucial in a crisis.

REDUCING RISK AND FINDING RESOLVE

No stranger to a crisis, Rick Danyluk, CPA, is the general manager, finance and CFO for the District of North Vancouver—roughly a 12-hour drive southwest from Sturgeon County. Danyluk had his first brush with extreme weather on the job in 2005. Heavy rainfall triggered a landslide in the Berkley-Riverside escarpment, killing one woman and injuring a man. In addition to the loss of life, Danyluk estimates the event cost more than \$6 million.

Responding to the landslide was a "sink-or-swim exercise," Danyluk says. "When you experience something, you always learn from it. Because of the scope of that event, the learning [curve] for everybody was big." It drove the municipality to review potential risks from the natural environment, look at risk tolerance and develop long-term plans that considered the implications on finances, risk and safety.

According to an article published in 2023 by the International Institute for Sustainable Development, British Columbia is Canada's epicentre of climate-change-induced disasters. Danyluk has certainly noticed a difference. He says summers

feel drier and hotter, rainfall and snowfall are more intense, smoke and air quality issues from wildfires are greater, windstorms cause more damage and there are fewer cold days. "It's a long list of changes."

In his efforts to reduce risk, Danyluk found the International Public Sector Accounting Standards Board's draft climate-related disclosure standards helpful. Released in the fall of 2024, these voluntary standards aim to help public sector organizations report on climate-related risks to and opportunities for their operations, as well as climate-related public policy programs and their outcomes.

The standards enable Danyluk to see how his municipality's strategies, like raising the risk-to-life threshold for new construction and encouraging low-carbon buildings, measure up. "We find the framework valuable," he says. "It allows us to collaborate with others and share information in a standardized way, helping us address the problem sooner and more effectively."

A lack of information can be an obstacle, says Danyluk. For example, energy emissions data by location is not easily available, which makes it difficult to identify which communities are falling behind in carbon reduction, and why. Sharing information helps you learn from other municipalities and assess how you're doing, he adds.

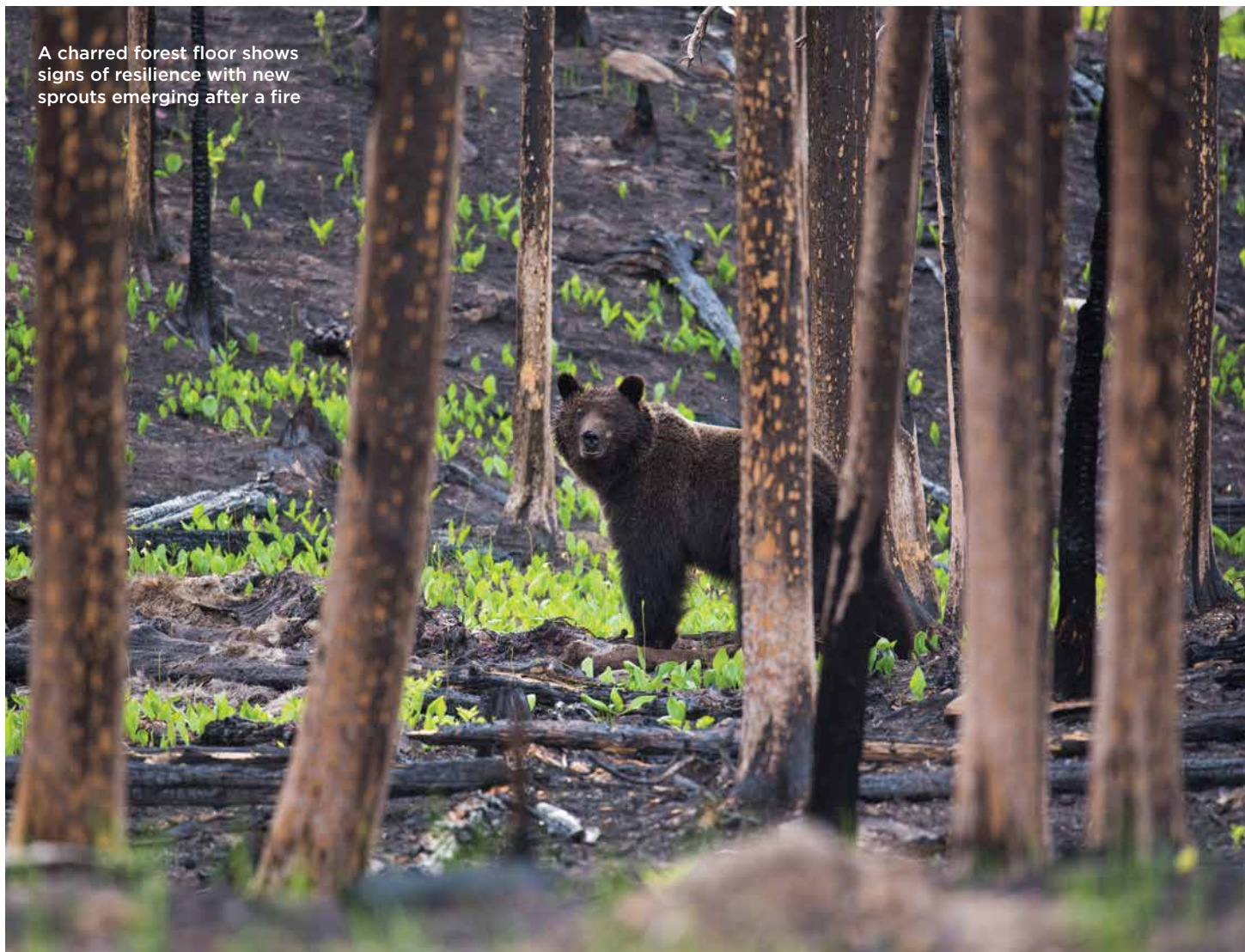
"A lot of climate projections are saying [climate disasters] won't happen until 2050, but it's happening now"



Emergency Coordination Centre during the Redwater Recreation Area Fire at Sturgeon County

PHOTOGRAPH BY STURGEON COUNTY

A charred forest floor shows signs of resilience with new sprouts emerging after a fire



FUELLING CLIMATE RESILIENCE

In the battle against extreme weather, federal and provincial governments have a role to play in facilitating this free flow of information between regions. On a macro level, tax reform could also help.

“Canada’s tax system is starting to address climate adaptation and disaster resilience, particularly with the new Clean Economy investment tax credits for climate-resilient infrastructure,” says Yara Bossé-Viola, a Montreal-based CPA and partner at R&D tax incentives services at KPMG Canada, in a statement to *Pivot*. But there is room for improvement. More tax credits, deductions and grants could fuel investment in climate-related projects, she says. And there’s an appetite for these incentives. “KPMG’s annual federal budget survey of 501 business leaders revealed nearly 9 in 10 respondents agree that Canada should focus on attracting more green investment,” Bossé-Viola says in the statement.

Business leaders can also do more to weather the storm. KPMG’s Davé says uptake of sustainability disclosure standards from the International Sustainability Standards Board and the Canadian Sustainability Standards Board is “moderate at best.” Although many businesses follow relevant sustainability disclosure standards to meet compliance requirements, the ones that choose to adhere to them because of their inherent value excite her the most. In her view, these businesses have a first-mover advantage.

“There’s always a role for CPAs in helping their organizations think about climate change,” Davé says. “And probably on top of that list is extreme weather. A lot of climate projections are saying [climate disasters] won’t happen until 2050, but it’s happening now. It’s clear we don’t necessarily have the time we think we have to prepare for this changing environment. It needs to become a critical piece of business planning and risk management.” ♦