southern golden horseshoe chapter

NEWSLETTER

January 2013

Happy New Year's Greetings to all our Members and Sponsors!

It's hard to believe that 2012 is already a memory. Time certainly does fly when you're having fun!

Let me start off by thanking our Chapter Executive for all their tireless efforts. I have a hard-working and creative team to work with. Without this group of dedicated volunteers, we could never deliver to our members the great programming and additional events that we are now all enjoying.

I am so excited for SGH Chapter as we head into 2013 – a year which promises to be our best yet! Attendance at our monthly dinner meetings continues to grow every month. While I know this may be in part to extending the cocktail reception by a half hour (we have changed the program to start our networking reception at 5:30, with dinner following at 6:30), I also think we are all making more connections, forging new friendships and truly enjoying the company of one and other. And we enjoy the quality speakers we continue to attract to the chapter. This is of course, the core of what FEI Canada is all about.

It is truly a pleasure to see so many professional women now joining us. We must give Line Trudeau special thanks for her tireless efforts to the get the Women's Financial Executive Network (WFEN) initiative off the ground. We look forward to the next networking reception coming up in April.

Our sponsorship community continues to grow as well. It is so nice to see committed and enthusiastic sponsors that are eager to participate in our events with content that is topical for our members. I had a great discussion with one of our sponsors recently who was looking for our member survey results. Why? So that his company could tailor their messaging to what you are interested in. It is sponsors like these that enrich the experience for all of us and we very much appreciate their commitment to our Chapter.

If you are one of our members that has not made it out to a dinner event in a while, I encourage you to come out and join us once again! I think you'll find it to be an enjoyable and informative evening. If evenings are difficult, we are now offering several morning sessions with our Sponsors.

Finally, I'd like to wish each and every one of you a Healthy & Prosperous 2013! I look forward to meeting you at one of our events.

~ Elysia Estee,
Chapter President

Getting the Message out to members: Marketing at SGH

When you really understand the strength of a true PERSONAL NETWORK, you are glad to have an organization and support structure such as FEI that enhances your ability to optimize its value for your career. We thank the participants in our Video recording sessions at recent dinners. You will see yourself on the WEB soon in as many places as we can post them. You have clearly represented the Vision your FEI SGH Executive team has for the chapter.

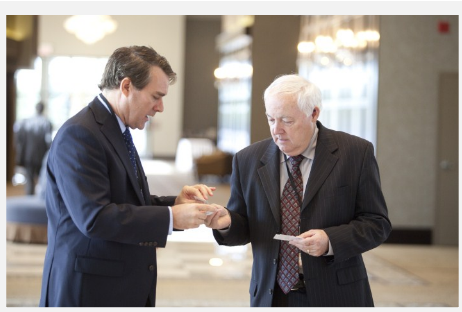
The success of your individual careers speaks to the value of a personal network of professional colleagues. Thank you.

~ FEI Canada SGH Board of Directors

Innovative Content and Building Contacts at SME 2012

Engaging Speakers

A special thanks to Rick Spence for moderating this year's event, and to all of the volunteers for your time and dedication.



Networking and Building Relationships

Savings Through Lease Verification

ELLINGTON
TENANT AND FACILITIES SERVICES

Lease Verification is a detailed analytical process through which your lease, and the corresponding Operating Costs billed to you, are reviewed to ensure compliance with the terms of your commercial lease.

Best Case Scenario – you achieve cost reductions on your rent expenses.

Worst Case Scenario – due diligence. All stakeholders are satisfied that rent payments are no more than what you agreed to pay for, through hard won lease negotiations.

At Ellington, we believe the Landlord/Tenant relationship is a partnership – often a long-term partnership. The Lease establishes the basis for the standards and practices of the partners.

At times, due to lease clause interpretation, oversight, or human error, Operating Costs may be overstated. Lease Verification starts with a review of the Lease and the year-end Statement of Operating Expenses, followed by inquiries to the Landlord for clarification and/or additional details, very often leading to findings of savings opportunities.

Typically, an Audited Statement of Operating Expenses is audited to the Landlord's standard lease. Most sophisticated, well represented tenants are able to negotiate mutually agreeable legal and cost containment changes to a Landlord's standard lease. Although the Audited Statement is vetted to the actual expenses, such hard won negotiated changes to your specific lease are typically not, audited. The process of Lease Verification performs this task to identify any potential financial impact to your bottom line that was not intended and/or specifically agreed to under your lease.

Common Lease Verification Savings Opportunities

Overhead. Overhead is defined as management fees, administration fees, salaries of employees, imputed Landlord office rent, leasing costs and leasehold improvement expenses. Are Operating Costs a cost centre or a profit centre? What are the true costs of administering a Realty Tax bill? An Insurance bill? Depreciation Schedules? Does your lease provide that you pay for salaries AND a 15% Administration Fee? On the flip side, is your Landlord incurring expenses to reduce Operating Costs on your behalf?

Vacancy Gross Up calculations. Some Operating Cost expenses are variable with occupancy. Is the Gross Up calculation used an accurate, equitable reflection of costs for vacant space? If you have vacant unused space, are you receiving the full benefit of the credits for Premises Cleaning? Premises Utilities?

Parking. In many commercial office complexes, parking is treated as a separate cost centre with its own revenue and expenses. If not, is the parking revenue being credited to the parking expenses included in your Operating Costs?

Capital Expenses. Where included, are they incurred to replace due to wear and tear and maintain the building to an acceptable standard? Or, are they to improve the building to a new standard? Are they amortized and if so, on what basis?

Ultimately, how well your lease is negotiated determines what you are and are not, responsible to pay for as an Operating Cost. Lease Verification ensures the negotiated lease agreement is adhered to; more often than not this process results in cost savings.

If you do not presently undertake a regular Lease Verification it may be worthwhile to consider doing so.

~ Wendy Burgess, Director,
Lease Verification & Administration
Ellington Tenant and Facilities Services

Does your lease provide that you pay for salaries AND a 15% Administration Fee?

Has Mandatory Retirement been Banned Across Canada?

LERNERS
LAWYERS

The answer to this question is, surprisingly, not clear. For Ontario, Quebec, Manitoba and the Yukon, the provincial human rights legislation treats mandatory retirement as age discrimination regardless of what age it is imposed at. Federally, an amendment to the *Canadian Human Rights Act* will abolish mandatory retirement as of December 15, 2012 by way of Bill C-13.

It is in the other provinces and territories where the answer is more complicated. Although all of these other jurisdictions prohibit discrimination on the basis of age and, therefore, make mandatory retirement illegal by defining it as age discrimination, all have some stated exceptions. New Brunswick human rights legislation allows mandatory retirement where the terms or conditions of any *bona fide* retirement or pension plan provide for it. Saskatchewan, British Columbia, Alberta, Prince Edward Island, Nunavut and the Northwest Territories legislation provide an exception for the operation of a *bona fide*/genuine/good faith retirement or pension plan. Nova Scotia legislation provides an exception for the operation of a *bona fide* pension plan.

Newfoundland and Labrador's *Human Rights Act* provides that age discrimination does not apply to a good faith retirement or pension plan, but this exception does not apply to a good faith retirement or pension plan that requires a person to retire at an age set out in the plan.

Generally, this would mean that mandatory retirement at a certain age is not allowed, even pursuant to a good faith retirement or pension plan. However, the legislation has yet to be interpreted by a court or tribunal.

What does the operation of a *bona fide* pension plan mean? The Human Rights Board of Inquiry dealt with that question in regards to the Nova Scotia legislation in *Theriault* v. *Conseil Scolaire Acadien Provincial (CSPA)*, [2008] NSHRBID No 2. In *Theriault*, the Board of Inquiry held that employers seeking to rely on this exception must prove that the *bona fide* pension plan must be prevented from operating if participants continue working past a defined retirement age. The Human Rights Panel addressing this issue with respect to the PEI legislation found much the same in *Nilsson* v. *University of Prince Edward Island*, [2010] PEIHRBID. In *Nilsson*, the Panel differentiated the language of affecting the "operation" of a *bona fide* pension or retirement plan versus the New Brunswick language which uses the broader language of affecting the "terms or conditions" of any *bona fide* retirement or pension plan.

What does a *bona fide*/genuine/good faith retirement plan look like? The Supreme Court of Canada dealt with that issue in regards to the New Brunswick legislation in *New Brunswick (Human Rights Commission)* v. *Potash Corporation of Saskatchewan Inc.,* [2008] 2 S.C.R. 604.

In that case, the Supreme Court of Canada held that a retirement or pension plan must be subjectively and objectively *bona fide*. Specifically, it must be a legitimate plan that was adopted in good faith and was not for the purpose of defeating protected rights.

For companies that are operating in different jurisdictions across Canada, special attention must be paid to the differing rules. However, the trend is moving towards banning mandatory retirement across Canada, as can be seen in the legislative changes removing the upper age limit to age discrimination in human rights legislation over the last number of years making any efforts to continue to impose mandatory retirement by a company fraught with difficulty.

~ Jennifer Costin, Lerners LLP

For further information or assistance, Jennifer Costin can be reach at 519.640.6370 or jcostin@lerners.ca.

For companies that are operating in different jurisdictions across Canada, special attention must be paid to the differing rules.

Strategies for Maintaining a Collaborative Work Culture

Robert Half® Management Resources

The challenges of the most recent recession have brought, in retrospect, some benefits to businesses. For one, those experiences have led to a tighter-knit workforce for many firms. Out of necessity, downsized teams pooled their knowledge, skills and experience to solve problems, stay on track with objectives and maintain morale. We called it "doing more with less," but quite often, employees achieved more than they thought possible.

As new business opportunities emerge, employers will be wise to keep building on this team spirit and mindset. After all, if your employees surpassed expectations during a time of uncertainty, imagine what they can achieve in a time of growth. Following are some strategies for supporting a collaborative work culture:

Communicate a clear vision

To be effective, any team needs to be able to centre its attention and energy on a common goal. Whether it's "Win the business of ABC Company" or "Increase account billings by 20 per cent by the fourth quarter," make sure teams fully understand the vision the firm is working toward at any given time and what they can do to help realize it.

Support autonomy, not isolation

Most workers today prefer a hands-off management approach because it makes them feel trusted, competent and capable. However, allowing your employees to work autonomously also means ensuring they don't become so focused on their individual responsibilities that they end up isolated in "silos." Encourage staff to share ideas and opinions with each other openly and often. Also, make brainstorming and problem solving activities a team effort whenever possible.

Encourage mentoring

Mentoring, which is a common retention tool, can also help to enhance everyday collaboration in the workforce. It can break down barriers between seasoned employees who "know the ropes" and workers who need to learn them. In addition to setting up formal mentoring arrangements, encourage all staff members to share knowledge with each other informally, as well, and to provide support when colleagues need a helping hand. However, be sure to emphasize that the goal of such interactions is to provide or receive guidance — and not to micromanage others or ask them to do your work for you.

Support employee technology preferences

Social networking applications, web-based file sharing services, and tablet computers are just some examples of consumer technologies that many professionals rely on to enhance their on-the-job productivity. However, use of these technologies may not align with corporate IT policies. To help support workforce collaboration, many managers find they must actively champion the technology preferences of their teams — and convince IT departments to permit the use of these tools in the business.

Highlight team achievements

When employees collaborate successfully to create a tangible outcome for the business — for instance, finding a way to trim 10 per cent off the budget for a high-profile project, or meeting a critical deadline several days ahead of schedule — waste no time in congratulating the entire team. Acknowledging and praising a specific achievement helps to underscore for others how effective collaboration can lead to positive results for the business. Everyone will plainly see that management truly values teamwork.

The teamwork that blossomed among employees during the most recent recession should not be squandered — or considered unnecessary now that business conditions are improving and bringing in additional staff is again a possibility. A collaborative culture should continue to be nurtured as a source of a competitive advantage.

~ Robert Half Management Resources, North America's largest consulting services firm providing senior-level accounting and finance professionals on a project basis. For further information, visit www.roberthalfmr.com or follow Robert Half Management Resources on Twitter at twitter.com/roberthalfmr

To be effective, any team needs to be able to centre its attention and energy on a common goal.

Canada-U.S. Business Travelers
Managing the tax risks of your mobile workforce

Sending employees to work for short periods of time abroad rather than placing them on formal long-term assignments is becoming the norm. While employers have developed policies and procedures to address the personal, payroll and corporate tax risks with respect to long-term assignments, business travelers are inadvertently overlooked. Business travelers can also trigger the same personal, payroll and corporate tax risks, potentially creating significant exposure to employers and their employees. As well the Canada Revenue Agency (the "CRA") is increasing its audit activity and scrutiny of cross-border services.

Tax risks arising from your mobile workforce in Canada

Corporate tax risks

Business travelers can trigger a host of corporate tax and compliance risks. Non-residents are taxable on business income if they carry on business in Canada (subject to any relief under the Canada-US Income Tax Treaty, "The Treaty").

- Non-Resident Companies must file a "Treaty based return"
- Penalties are imposed for not filing, as required

If the non-resident carries on business through a permanent establishment ("PE") in Canada, the non-resident will be taxable on the profits attributable to that PE. The Treaty has extended the definition of a PE to include a "Services PE", heightening the risk of creating a PE. Under the Services PE provision of The Treaty, activities of employees can deem a PE to exist if certain conditions are met. If a PE does exist, the consequences are significant:

- The non-resident will be taxable by Canada on the profits attributable to the PE
- The non-resident employees could lose exemptions available under The Treaty and will be taxable on their Canadian source income

Other corporate tax risks include indirect tax issues with respect to the services rendered in Canada and Regulation 105 which imposes a 15% withholding tax (plus 9% if in Quebec) for fees paid to a non-resident for services rendered in Canada.

Payroll tax risks

Every person paying remuneration to an employee working in Canada must withhold Canadian income tax at source in respect of that employee's Canadian source income (i.e., the remuneration attributable to the work days in Canada).

- The withholding obligation applies to non-resident employers
- The withholding obligation applies even if the employee is ultimately exempt from Canadian taxation under The Treaty
- The only exception is where a waiver is obtained from the CRA authorizing no withholding

The penalties for not withholding can be substantial and employers can also be liable for the taxes that should have been withheld from their non-resident employees.

In addition, employers must report the Canadian source income and related tax withholdings on an annual information return (T4 slip and T4 summary). Additional penalties are imposed for not filing this return.

Waivers/Exceptions from withholding

It is possible to obtain a formal waiver from the CRA, relieving the employer from its Canadian withholding obligations.

The CRA has waiver forms (R102-J and R102-R) and procedures specifically aimed at business travelers. The new process is intended to simplify the waiver process:

- It allows joint employee/employer applications
- It may have retroactive effect (i.e., from the date services are provided by the employee)

Waivers may be granted under the new process where the employee is a resident of the U.S. and is expected to earn less than C$10,000 in Canada in the year (and therefore would be exempt under The Treaty) or resident in another treaty country and expected to earn less than $5,000 in the year.

Employees earning more than the threshold described above may still be eligible to apply for a waiver if their wages will be exempt from tax under the Tax Treaty.

continued, page 7

Business travelers can trigger a host of corporate tax and compliance risks.

Canada-U.S. Business Travelers
Managing the tax risks of your mobile workforce

cont'd

The CRA recently announced an administrative exception to withholding and waiver requirements with respect to non-resident employers sending non-resident employees for a conference in Canada for 10 days or less (including travel). There are further conditions which the CRA has laid out with respect to this exception, including the maximum amount of earnings the employee can earn (including travel expenses), the type of activities the employee and employer are engaged in, as well as they type of conference that is being attended.

The CRA continues to work with industry groups to further simplify and streamline this administrative process. It is believed in the near future, further announcements will be made on an even more streamlined policy and process for short term business travelers that may be treaty exempt.

Personal tax risks
Non-resident employees are subject to tax on their Canadian source income (i.e., employment income from working in Canada). While many business travelers may qualify for Treaty relief, and not be taxed in Canada, eligibility has become more difficult. The Treaty now applies the 183 day test of Article XV on a rolling 12-month period (instead of a calendar year).

The non-resident employee will be subject to penalties and interest in respect of any taxes owing to Canada and will look to their employer to be made whole. Canadian income taxes are generally higher than U.S. income taxes, and hence the overall tax burden may increase. Foreign tax credits are available to help mitigate the chance of the employee being double taxed but must be claimed within certain time periods.

Reputational risk
More and more companies are striving to be compliant and corporate compliance is top of mind of most senior executives. Taxation authorities demand compliance with their respective tax rules. Failure by an organization to comply with such demands in a timely manner can result in not only penalty costs, but also in reputational risks and questions regarding internal controls and corporate governance.

Consistency
Companies increasingly are concerned where statements made by the company and positions taken in visa applications, business registrations and license applications, corporate tax return filings, payroll filings, transfer pricing documentation, and employees' personal tax filings are not consistent. Inconsistency between the type and underlying basis of visa applications and the tax positions taken is particularly concerning.

Some strategies to manage the risks

Tracking and monitoring of your business travelers
- Identify the business traveler population
- Track and monitor the business traveler
- Analyze the data to assess corporate, payroll and individual tax exposures
- Manage business travelers by adopting policies, payroll procedures and deploy technology tools to easily track and monitor employee travel

Voluntary disclosures
Addressing non-compliance in past years is one of the steps in becoming compliant on a go forward basis The Voluntary Disclosure Program is a program that encourages taxpayers (including non-residents) to become compliant with the CRA. Under the Voluntary Disclosure Program, penalties may be waived and, in certain circumstances, interest relief granted.

~ Scott Elms and Lorna Sinclair
Global Employer Services
selms@deloitte.ca
Or 905-315-6773

losinclair@deloitte.ca
Or 416-643-8224

… corporate compliance is top of mind of most senior executives.

Winding on down the road

Succession planning strategies for a smooth exit from your business

RBC Wealth Management
Dominion Securities

The Dool Team of RBC Dominion Securities
www.doolteam.ca

Many business owners tend to procrastinate implementing a business succession plan since running and growing their business is their priority. According to a 2012 survey of Canadian entrepreneurs by PROFIT magazine, only 18% of business owners have a formal, written succession plan.

Business owners, long dedicated to their business and its day-to-day operations, tend to delay this important planning step, however PROFIT's study indicated that nearly half of Canadian business owners plan to exit their business within the next five to 10 years.

A formal succession plan can assist business owners in planning a smooth and successful transition to retirement. For example, 50% of Canadian business owners plan to sell their businesses internally, and another 24% plan to sell or transfer to family members. Careful planning helps with the future of the business, as new owners have time to plan for their tenure and learn how to run the business successfully.

Formal planning can also help to improve the financial stability of the business itself, and drive innovation as new leaders bring new ideas and energy. It can also help to minimize tax and, in the case of family businesses, maintain family harmony.

As you prepare for the transition of your own business, consider the following planning steps as part of a formal plan:

Choose your successor wisely

Communicate openly with your family and determine who is most interested and capable to lead your business. In some cases, you may have to choose a non-family member, such as a key employee, to take over your business; or you may need to sell the business outright.

Let your chosen successor lead the plan

According to family business consultant Dr. Dean Fowler, letting your chosen successor lead the succession plan and focus on strategies to buy out the senior is more successful than the senior taking the lead.

Groom and transition out

Succession planning should ideally start five to 10 years before your anticipated retirement age. Have your chosen successor gradually take on more responsibility and meet key business contacts well before you transition out. Then be willing to let go of the lead. Have faith in your chosen successor to take over the business.

Hire an external advisor for assistance

A professional family business succession facilitator is specially trained to assist with business succession plans. As a neutral third party, this advisor can help open the lines of communication between family members and partners, for a more successful transition.

Fair does not mean equal

In order to maintain family harmony, it may make sense to give children who aren't involved in the business fewer assets or other assets such as non-business assets, securities or life insurance proceeds as part of their inheritance, instead of giving them active business shares.

Consider key financial planning strategies

- Contribute more to your retirement fund than is currently permitted by a Registered Retirement Savings Plan (RRSP) through an Individual Pension Plan (IPP)

continued, page 9

A formal succession plan can assist business owners in planning a smooth and successful transition to retirement.

Winding on down the road

Succession planning strategies for a smooth exit from your business

cont'd

- Consider an estate freeze to minimize taxes
- Consider a shareholder's agreement that addresses business ownership issues triggered by events such as retirement, disability, death, etc.
- Look into insurance to cover unforeseen events or fund buy-sell arrangements

More information on succession planning is available in the RBC Dominion Securities guidebook, *Family Wealth Management - Ten Strategies to Build and Protect Your Family's Wealth*. Please contact us (905) 639-5114 for a complimentary copy.

~ Paul Speziali, CFP, CIM, FCSI, Financial Planner & Associate Advisor, RBC Dominion Securities Inc. Member-Canadian Investor Protection Fund

This article is for information purposes only. Please consult with a professional advisor before taking any action based on information in this article.

Upcoming Chapter Events

SGH Chapter Dinner - January 17, 2013
Current Update on the M&A Market
Speaker: Howard Johnson, Managing Director, Veracap
Burlington Golf and Country Club

FE Eye Opener - January 23, 2013
Preparing for Workplace Audits and Inspections
Speaker: Lisa M. Bolton, Sherrard Kuzz LLP, Employment & Labour Lawyers
Hilton Garden Inn Oakville

SGH Chapter Manufacturing Series with Deloitte - February 13, 2013
Part 1: Future of Productivity - Clear Choices for a Competitive Canada
Speaker: Bill Currie, Deloitte Canada's Vice Chair and Americas Managing Director

SGH Chapter Dinner - February 21, 2013
Entrepreneurship
Speaker: Elan Pratzer, Managing Partner, Caldwell Partners Canada
Harbour Banquet and Conference Centre, Oakville at Bronte Harbour

SGH Chapter Dinner - March 19, 2013
Motivational presentation - Real Human Being - A 'Life System' for Leadership and Networking
Harbour Banquet and Conference Centre, Oakville at Bronte Harbour

FE Eye Opener - April 3, 2013
Selling Your Company
Presented by: Veracap

SGH Chapter Manufacturing Series with Deloitte - April 17, 2013
Part 2: Manufacturing around the world - The economic imperative
Speaker: Hon. Pierre Pettigrew, Executive Advisor, International for Deloitte

SGH Chapter Dinner and WFEN Event - April 25, 2013
Gender Intelligence
Speaker: Jane Allen Partner & Chief Diversity Officer, Deloitte Canada

And stay tuned for more information on these events:

FE Eye Opener - April 29, 2013

SGH Chapter Dinner - May 16, 2013

Annual Golf Tournament - May 27, 2013

FEI Canada Annual Conference in Lake Louise - June 5, 2013

Annual Chapter Social - June 13, 2013
Compass Restaurant

To receive notification of these events via email, contact fei.sgh@gmail.com.

About our Organization

Welcome to the Southern Golden Horseshoe Chapter of Financial Executives International Canada.

Our chapter provides a great forum for peer networking by CFOs and other senior financial executives who want to meet quality people and share with others solutions to the crucial issues that confront them daily.

fei financial executives international dirigeants financiers internationaux canada | southern golden horseshoe chapter

Financial Executives International—Canada's pre-eminent association connecting financial executives through networking, knowledge exchange, advocacy and ethical leadership.

Our FEI dinner meetings, professional development seminars and informal outings focus on the highest quality speakers and entertainment to facilitate the flow of new ideas, perspectives as well as sound career and business decisions.

Your Chapter Directors

President - Elysia Estee
Vice-President Finance, Services,,Softchoice
elysia.estee@softchoice.com

Vice-President, Chair, SME Ctte - Ananth Koovappady
Controller, Kelron Logistics
akoovappady@kelron.com

Past-President & Chair, Nominating & Governance Ctte, Distinguished Service Award Cttee - Azam Foda
Principal, DeciZens
azam@decizens.com

Director, Chair of Market Development & Communications - Bob Rollwagen
Principal, Private Strategy Leadership Planning
bobrollwagen@gmail.com

Secretary/Treasurer - Dan Bowes
VP and GM, Watts Industries
dbowes@wattscanada.com

Director of Sponsorship - Tom Evans
thomasevans@cogeco.ca

Director of Membership - Tammy LeBlanc
Controller, HR Manager, Habasit Canada Limited
tammy.leblanc@ca.habasit.com

Director, Chair of Programming - Florian Meyer
Financial Practice Leader, Newhouse Partners Inc.
fmeyer@newhousepartners.com

Director, Vice Chair of Programming - Norm Col
Partner, Deloitte & Touche LLP
ncol@deloitte.ca

Director, Chair Women's Financial Executive Network - Line Trudeau
CFO, FEI Canada

With thanks to our Chapter Sponsors

Deloitte.

LERNERS LAWYERS

RBC Wealth Management Dominion Securities
The Dool Team of RBC Dominion Securities
www.doolteam.ca

Robert Half® Management Resources

SHERRARD KUZZ LLP Employment & Labour Lawyers

VERACAP CORPORATE FINANCE Experts In Value™

WESTERN UNION business solutions

Superior ENERGY

EHRSearch

ELLINGTON TENANT AND FACILITIES SERVICES

FEI Canada Southern Golden Horseshoe Chapter

Chapter Administrator
Rosemary Petrossi

Address
SGH Chapter
c/o 13 Peter Ave.
Guelph, ON, N1E 1T5

Phone
289.828.0200

Email
FEI.SGH@gmail.com

Website
www.feicanada.org/Chapters/chapters/southerngoldenhorseshoe