

2009

COMPENSATION SURVEY

How is the profession faring in these stormy economic times? Not badly at all, the figures show P. 18

Going for the gold P. 26



SMEs set to increase international business P. 6
Good show: Hamilton host of advice P. 6
The best way to respond to an angry client P. 7

Actually, the only thing certain in life is
death.

At Brendan Moore, we know that sales taxes can be tricky. And when it comes to sales tax compliance, minor (or not-so-minor) errors in process can happen. That's why over 1,000 clients have chosen us to review their sales tax processes on a regular basis. In doing so, we've helped them recover hundreds of millions of dollars in overpaid sales taxes. Something we're certainly proud of.

Visit www.brendanmoore.com or call us at 905.829.8877 or 1.877.568.0488 for more information.



BRENDAN MOORE
Enterprise Sales Tax Solutions

Starting July 1, 2010, Provincial Sales Tax Harmonization
will have an affect on your business.

Contact us today to see how we can help.

www.brendanmoore.com/harmonization.html

**Provincial
Sales Tax
Harmonization**

January/February 2010 Volume 143, No. 1

Editor-in-chief Christian Bellavance
Editor, English edition Okey Chigbo
Art director Bernadette Gillen
Associate art director Kevin Pudsey
Senior editors Bernadette Kuncevicus
 Tamar Satov
 Yvette Trancoso
Associate editor Marie-Josée Boucher
Assistant French editor Margaret Craig-Bourdin
Editor, Web edition Alan Vintar
Magazine Web producer Harriet Bruser
Editorial assistant Suzanne Mondoux
Director of translation Steve Brearton
Contributors Jim Carroll, FCA
 Michael Burns, MBA, CA
 Marcel Côté
 John Tabone, MBA

Technical editors and advisers:
Assurance Yves Nadeau, CA
Business valuation Stephen Cole, CBV, FCA
Education Christine Wiedman, PhD, FCA
Finance Peter Hatges, CA, CBV, CF
Fraud Roddy Allan, CA-IFA
Insolvency Peter Farkas, CBV, CIP, FCA
Legal issues Jo-Anne Demers, BA, LLB
People management Carolyn Cohen, MSW, CA
Personal financial planning Garnet Anderson, CFA, CA
Practice management Stephen Rosenhek, MBA, CA, CIRP
Studies & standards Ron Salole, Vice-President, Standards
Taxation Trent Henry, CA
Taxation - small business Brigitte Alepin, M. Fisc., MPA, CA
Technology Yves Godbout, CA-IT, CA-CISA

Publisher Cairine M. Wilson, MBA, Vice-President Member Services
Sales and marketing manager Brian Loney (416) 204-3235
 brian.loney@cica.ca
Advertising sales manager Bruce Feaver (416) 204-3254
 bruce.feaver@cica.ca
Quebec advertising representative Serge Gamache (450) 651-4257
 sergegamache@videotron.ca
Advertising representative Darcey Romeo (416) 204-3257
 darcey.romeo@cica.ca
Advertising coordinator Michael Marks (416) 204-3255
Circulation manager Annette DaRocha (416) 204-3367

CAMagazine Editorial Advisory Board
 Doug McPhie, FCA, Chair Blair Davidson, FCA
 Margaret Albanese, CA Phillip Gaunce, CA
 Nancy Cheng, FCA Michel Magnan, FCA

CAmagazine is published 10 times a year (with combined issues in January/February and June/July) by the Canadian Institute of Chartered Accountants. Opinions expressed are not necessarily endorsed by the CICA. Copyright 2010.

Toronto: 277 Wellington St. West, Ontario M5V 3H2
 Tel. (416) 977-3222, TDX 103, Fax (416) 204-3409.
 Montreal: 680 Sherbrooke St. West, 17th floor, Quebec
 H3A 2S3. Tel. (514) 285-5002, Fax (514) 285-5695.

Subscription inquiries: Tel (416) 977-0748 or 1-800-268-3793
 Fax (416) 204-3416

On the Internet: <http://www.camagazine.com>
 E-mail: camagazine@cica.ca
letters.editor@cica.ca
advertising.camagazine@cica.ca

Annual subscription rates: \$28 for members; \$25 for CA students; \$28 for non-members. Single copy, \$4.75. Outside Canada: \$72 for a one-year subscription; \$6.50 for a single copy. GST of 5% applies to all domestic subscriptions. For subscription inquiries, call (416) 977-0748 or 1-800-268-3793 from 9 a.m. to 5 p.m., Monday through Friday; fax: (416) 204-3416. GST registration number R106961578. Publications Mail Agreement No. 40062437. PRINTED IN CANADA: Domestic copies mailed in Canada under Publications Assistance Program No. 09829. Return undeliverable Canadian addresses to: *CAmagazine*, Canadian Institute of Chartered Accountants, 277 Wellington Street West, Toronto, Ontario, M5V 3H2.

US and foreign copies mailed by second-class postage paid at Lewiston, NY. US Office of Publications: Lewiston, NY 14092. US POSTMASTER: Send address changes to CICA, P.O. Box 1053, Niagara Falls, NY 14304-1053. US PS 000405 ISSN 0317-6878. Subscribers can choose to stop receiving the publication anytime by written notice to *CAmagazine*. We acknowledge the financial support of the government of Canada through the Publishing Assistance Program toward our mailing costs. *CAmagazine* is a member of the Canadian Business Press. Submissions: *CAmagazine* receives from time to time unsolicited manuscripts, including letters to the Editor. All manuscripts, material and other submissions to *CAmagazine* become the property of *CAmagazine* and the Canadian Institute of Chartered Accountants, the publisher. In making submissions, contributors agree to grant and assign to the publisher all copyrights, including, but not limited to, reprints and electronic rights, and all of the contributor's rights, title and interest in and to the work. The publisher reserves the right to utilize the work or portions thereof in connection with the magazine and/or in any other manner it deems appropriate. No part of this publication can be reproduced, stored in retrieval systems or transmitted, in any form or by any means, without the prior written consent of *CAmagazine*.

CAAs are holding their own

National average compensation unchanged between 2007 and 2009 — and three CAs looking over the Vancouver Olympics

The results of the latest national compensation survey for the CA profession are out, and CAs seem to have weathered the first leg of the recession very well. Conducted in June last year, the survey covered compensation for 2008. Interestingly, the national average turned out to be just one dollar less than the last survey at \$186,543, down from \$186,544.

There are lots of variances in terms of region, practice, etc. John Lorinc's article "Strong & steady" (p. 18) analyzes not only the compensation numbers, but the demographics of respondents, which totaled 15,981, for a response rate of 29%. For example, more respondents (61%) are under the age of 45, while this group represents only 48% of all CAs. The median figures offer a better picture — a 3.1% increase, from \$123,000 to \$126,857.

The recession hit CAs in industry more than in public practice and in the public sector, as total compensation dropped in oil and gas, mining and others. President-CEO respondents also reported a compensation decline from the last survey, done two years before. Atlantic and Prairie provinces fared better than the larger provinces of Ontario, Quebec and British Columbia.

Three CAs will cheer with millions of other Canadians when the 2010 Vancouver Winter Olympic Games open on February 12. Interestingly, they may cheer even louder when the Games close. Dave Cobb, executive vice-president, revenue, marketing and communications and deputy CEO; John McLaughlin, vice-president and CFO; and Terry Wright, executive vice-president of services and games operations, are members of the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC). They were running a pretty tight ship until the global credit crisis in 2008. Roberta Staley tells of their ordeal in "Going for gold" (p. 26).

This month, our Regulars section offers articles on taxation (p. 32), information technology (p. 35) and a particularly timely piece about personal financial planning considering the season and the performance of the Canadian dollar: buying property in the US (p. 40).

At a time when credit card companies are poised to enter the Canadian debit card market, Jim Carroll tells us in his Netwatch column that they might be too late (p. 12). Finally, this first issue of the new decade concludes with Marcel Côté discussing another public issue very close to all Canadians: the healthcare system (Outlook, p. 52).

From everyone at *CAmagazine*, Happy New Year.



Christian Bellavance, Editor-in-chief

upfront

4 MAILBOX

6 PEOPLE

Two days a week, Suzanne Schultz is ready for her close up. The financial planner and CA gets in front of the camera to dish out advice, tough love and sometimes even cash to couples on HGTV's reality show *House Poor*

6 NEWS AND TRENDS

SMEs set to increase international business • Boards a boon to CAs • What's the best way to respond to an angry client? • Numbers game • Going concern

9 BITS & BITES

Canadian pensions score high worldwide • Secrets to saving • Ethics oath • Small biz's best friend • TFSA totals

10 VALUE ADDED

Flex plans gain in popularity • Is IT ready for IFRS?

columns

1 FROM THE EDITOR

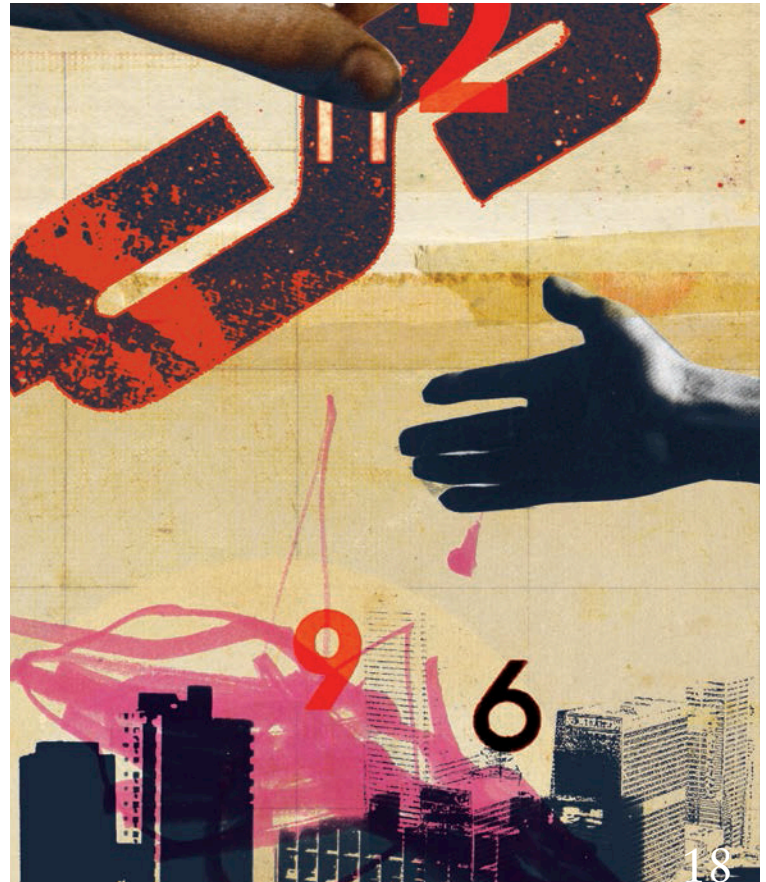
CAs are holding their own

12 NETWATCH

Stranger than science fiction

52 OUTLOOK

Managing the monster



features

18 Strong & steady

Despite the red ink and the relentless scaling back of growth forecasts, the Canadian accounting profession appears to be weathering the financial storm, as the generally positive results of the CICA's 2009 CA profession compensation survey suggest

BY JOHN LORINC

26 Going for gold

Come the Olympics, most Canadians will be glued to TV screens, cheering on the athletes, unaware of the trial organizers faced in preparation for the big event. Three of the senior management team are CAs, who by all accounts have been calm and resolute

BY ROBERTA STALEY

regulars

32 Taxation

Offshore trusts under attack: as the CRA challenges offshore trusts, many cases and appeals are working their way through the judicial system **By Jennifer Smith**

35 Technology

Getting the evasive PEARL: engineering is usually required to create cultured pearls; similarly intervention is needed to achieve a PEARL system **By Rizwan Suleman**

40 Personal financial planning

Keeping a bargain a bargain: US real estate is attractive, but a few tax and estate planning strategies can help you avoid tax and probate issues **By David Altro**

news

14 NEWS FROM THE PROFESSION

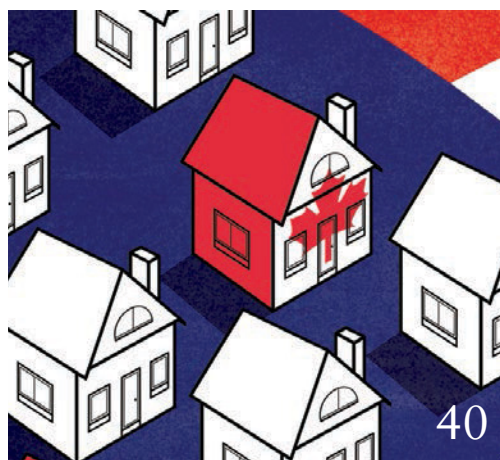
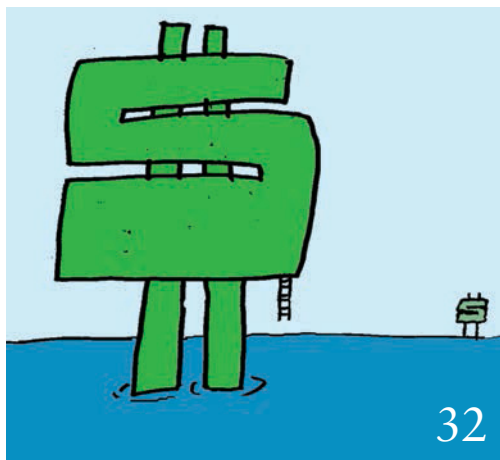
17 STANDARDS DIGEST

professional directory

46 PROFESSIONAL DIRECTORY

48 CAREER OPPORTUNITIES

50 CLASSIFIED





Mailbox

ONE SIZE DOES NOT FIT ALL

Regarding “Ask an expert” (Upfront, November 2009), I was disappointed at the oversimplified response to the question “I’m 57. Should I borrow to invest in stocks to make up for market losses?” The expert, David Trahair, advised getting out of stocks altogether. One of the basic principles of providing investment advice is know your client. In this case we know nothing about the client other than his or her age. We do not know his or her assets, debts, income level, expenses, years to retirement, number of dependents, risk tolerance, objectives, etc. Oversimplifying the situation and response makes it seem as though the investment world is just that, simple. It isn’t, as many investors and advisers have learned in the past year. Equities have proven over the long run that they can provide superior rates of return to most other asset classes and over time the risk is diminished. If we knew all the facts perhaps an all-equity portfolio might even be appropriate.

A one size fits all approach demeans the entire investment world.

Marc Furlotte, CA, CMC
Halifax

David Trahair’s reply:

You are correct; providing financial advice without knowing all the details of the client’s situation is indeed fraught with peril. But the reason I suggest that people approaching retirement consider getting

out of equities altogether is simple — being overexposed to equities can lead to personal financial disaster.

The inherent problems with equities at that age include:

- Emotion: we often invest with our emotions rather than with cold hard common sense based on facts. The S&P TSX composite index lost 49.64% of its value, from a peak of 15,073 on June 18, 2008 to the pit of 7,591 on March 6, 2009. Many people panicked; they sold and crystallized their losses at the worst time.

- Historical results: I have done a detailed analysis of the S&P TSX composite total return index over the past 50 years. The average annual rate of return was 9.52% a year, while the average rate for five-year GICs over the same period was 7.35% a year. If you were 100% invested in equities over the same period, utilizing a typical Canadian equity fund with a management expense ratio of more than 2% (the average fee), you were in GIC-return territory. Space limits prevent mentioning the other problems of stock-market investing, but if you can get near-equity rates of return in a simple GIC that charges you no fees, why bother with the market?

- The future: that 50-year history includes the post-Second World War baby boom and the expansion of many core industries. What will the next 50 years be like? What happens when all baby boomers start drawing retirement savings out rather than pumping money into the market? Personally I’m not counting on the market in the future.

“HARMONY” STRIKES A CHORD

I was very impressed with “Harmony at the top” (October 2009), which featured the achievements and accomplishments of Monique Leroux, head of Desjardins Group. It is inspiring to see a woman and CA at the helm of a large financial insti-

tution. We sometimes forget that banks are only one of the pillars of the financial institutions and that insurance, cooperatives and trust companies hold up the full platform. I worked in financial institutions for more than 15 years, and Leroux’s quotes in the article about the financial crisis are astute.

One of my observations of nontypical accountants who think outside of the box is that they are often musicians as well. I found it interesting that Leroux and Zarin Mehta (People) are also accomplished musicians.

Donna Sharp, CA, CMA
Toronto



Reach your audience

Canada’s top business decision-makers spend far more time reading *CAMagazine* than any other business publication – there’s no better way to reach this influential and affluent audience.

For more information contact: Bruce Feaver at 416.204.3257 or: bruce.feaver@cica.ca

CAmagazine welcomes letters to the Editor. Please write to us at 277 Wellington Street West, Toronto, Ontario M5V 3H2
e-mail address: letters.editor@cica.ca
Letters may be edited for space and clarity



“How do I know that a potential hire is going to fit our culture?”

Unfortunately, you can't know for sure. But there are ways to greatly increase your chances of finding the right fit. One is to work with a recruiter who truly understands the importance of corporate culture.

So how do you find that mythical recruiter? Those people who have actually demonstrated that they get it? Not just for their clients, but for themselves?

Well, you can start with Lannick.

Our commitment to developing the right corporate culture is more than just talk. We've recently been recognized as one of the Best Workplaces in Canada. For the second time.



“Our core purpose is to help quality people and quality companies find the right fit,” says Lannick CEO Peter Jeewan, “and that applies to our internal team, too. We hire great people and we work hard to provide them with a great environment.”

Very simply, we know how important it is to get the right fit. How important it is to find, not just the candidate who delivers all the appropriate skill sets and experience, but one who will fit in with and make a real contribution to your business.

We've done it for ourselves, and we do it for our clients every day. If you'd like to find out how we can do it for you, just give us a call at (416) 340-1500.

With deep expertise in accounting and finance recruitment, Lannick Group of Companies specializes in placing qualified professionals in contract, permanent and temporary roles. Our singular focus on getting the right fit quickly and professionally has helped our clients and candidates succeed for close to 25 years.



LANNICK
GROUP of COMPANIES
The Right Fit. The First Time.™

UPFRONT

News, people, briefs, trends + tips

Host of advice



Good show: Hamilton CA Suzanne Schultz helps homeowners balance their budgets on reality television's *House Poor*

During an episode of the reality show *House Poor*, Suzanne Schultz has to deliver bad news to the homeowners: they must sell a car and some of their triathlon bikes. She knows they won't be thrilled but money is needed to finish the basement kitchen renovation.

Schultz, a 38-year-old financial planner at RBC Dominion Securities in Hamilton, didn't set out to be a TV host, but is enjoying her role giving tough love, sound financial advice — and sometimes a \$10,000 reward — to couples.

She had been doing guest spots on business television shows for about 10 years when an HGTV casting director saw her on BNN's *Talking Tax* and approached her about *House Poor*. She auditioned with contractor Frank Di Leo, the other co-host, and landed the gig. "I don't want to say [being on camera] comes naturally, but I'm not a sit behind the computer all day kind of person. I am definitely outgoing," Schultz says.

RBC has been flexible with Schultz's TV schedule, allowing her to take two days off a week when filming. Each episode requires about four days of her time. There are story meetings, the couple's financial information to review and days on set. Schultz's first appearances on television were more by circumstance than design. She

started by filling in for Tim Cestnick, another CA media darling, while working at his firm, The WaterStreet Group, in 2000. Soon, she was approached for interviews and continued with the media spots when she moved to RBC in 2006.

Schultz believes her CA training has helped with the TV work. When she did audits, she went from company to company, learning about different industries and dealing with different personalities. "That all transfers well to television," she says. Deena Waisberg

SMEs set to increase international business

More than half (54%) of small and medium-sized enterprises currently involved in foreign markets expect to expand their international activity over the next year — and 41% say they will increase it by more than 10%. Those are the findings of a survey conducted by HSBC Bank Canada in Montreal, Edmonton, Calgary, Toronto and Vancouver. The latter two cities are the most optimistic about their growth, with 67% and 71% respectively anticipating an upward trend. Montreal businesses are the least hopeful, with only 30% forecasting growth in international opportunities in the coming year.

A separate study by KPMG Enterprise confirms these great expectations: 60% of Canadian private companies surveyed said they plan to expand their presence outside Canada during the next five years, and 67% said revenue from foreign operations would grow as much as 80% during this period.

Résumé

- 1997** obtains CA designation (Ont.)
- 1999** joins The WaterStreet Group, Oakville, Ont.
- 2000** appears on TV for first time
- 2006** joins RBC Dominion Securities, Hamilton
- 2009** co-hosts reality HGTV show *House Poor*

BOARDS A BOON TO CAs

Canadian CAs continue to play a major role in the governance of both public and private companies, as well as not-for-profit and governmental organizations. According to the latest CA Profession Compensation Survey, 27% of members hold at least one board position. The majority (54%) of CAs who serve on a board are a director of a social or charitable organization, 28% are on the board of a privately held company, 9% are on the board of an industry or trade association and 9% serve on the board of a public company or one of its subsidiaries.

Only 10% of CAs serving as directors are compensated for their board work, but the experience offers many benefits. In addition to providing CAs with a chance to give back to the community by serving on the board of a not-for-profit, board work is also good for career development, the survey findings suggest. The average compensation for CAs serving on a board is \$247,626. CAs who serve on public company boards have the highest mean compensation (\$468,294), followed by those on hospital/university boards (\$367,640) and private company boards (\$358,931). The mean compensation for CAs serving on boards of industry and trade asso-

What kind of boards do CAs serve on?

Type of organization	% of members serving on boards
Social or charitable organization	54%
Privately held company	28%
Industry or trade association	9%
Public company or subsidiary	9%
Religious institute	5%
Hospital or university	4%
Government commission, agency or regulatory body	3%
Cooperative	3%
Crown corporation	1%
Other	10%

ciations (\$271,518) and social and charitable organizations (\$200,243) are also well above the average for all members. (See “Strong & steady,” p. 18.)

CAs who want to be on a board can post their résumé on the CICA’s Directors Source website. For more information go to www.directorssource.com or e-mail directorssource@cica.ca.

John Tabone is CICA’s manager of member value and research services



ASK AN EXPERT

WHAT’S THE BEST WAY TO RESPOND TO AN ANGRY CLIENT?

Unhappy clients will not always tell you they have a problem; they simply move their business elsewhere. So, if a client gives you a chance to repair a bad situation, take it. Here are a few tips to keep your business relationships from going bad — and rescue those that have started to sour:

Extend a peace offering. Don’t succumb to the temptation to avoid clients when hard feelings are present. Offer an apology and make things right with a gesture as simple as a handwritten note, refund or coupon.

Don’t strike back. Your first reaction may be to explain why you are right or why the client is over-reacting. But your chances of keeping that client are much greater if you instead work toward a resolution. Smile, take responsibility (even if you haven’t done anything wrong) and offer solutions.

Listen. Clients will listen to reason if you respectfully listen to what they have to say first. Knowing that you are truly listening to their concerns can make clients agree with your suggestions much more quickly.

Have a standard service protocol. Creating standards, procedures and methods of dealing with clients and servicing their needs can really help. Effectively resolving problems with clients makes them more loyal because they see you care about their business.

Get feedback. Ask what you can do better or how you can improve. And when a problem has been solved, ask if you handled it to their satisfaction or if there is anything they would like you to have done differently.

Maribeth Kuzmeski is author of *The Connectors: How the World’s Most Successful Businesspeople Build Relationships and Win Clients for Life*

#NUMBERS Game

Ready, set, spend In 1924, advertising arrived at the Olympics. Today, more than ever, the enormity of the Games depends on the financial support of corporations

2.6 Millions of US dollars paid to secure a 30-second ad at the 2006 Super Bowl. McDonald's restaurants chose to pass on the NFL championship and advertise at the Turin Games that year, where US\$700,000 secured the same result.

35 to 50 Millions of US dollars spent by Visa International during its two-year Calgary Games campaign. "At the 1988 Winter Olympics, they will honor speed, stamina and skill. But not American Express," read one ad criticized for bending the truth to take aim at a rival.

45 Olympic advertisers who received "make-good" ads in the wake of the 1984 Sarajevo Games where there were one-third the viewers ABC had projected.



82 Years Coca-Cola has advertised at Winter and Summer Games, beginning in Amsterdam in 1928.

386 Millions of US dollars secured by the 1988 Calgary Winter Games for selling broadcasting rights to ABC. Squaw Valley, Calif., received US\$50,000 from CBS in 1960.

900 Millions of US dollars received by NBC for advertising sold during the 2006 Turin Olympic coverage.

1999 Year Johnson & Johnson pulled out of a sponsorship deal worth an estimated US\$30 million after it was divulged that members of Salt Lake City's bid committee had bribed Olympic Committee members to secure the Games.

Steve Brearton

Going Concern



**KAREN KINSLEY, FCA
PRESIDENT & CEO, CANADA
MORTGAGE AND HOUSING CORP.**

COMPANY PROFILE: As Canada's national housing agency, CMHC helps sustain a healthy housing market by

providing mortgage loan insurance to enable mortgages at the lowest possible rate and facilitating homeowners in renovating or refinancing their properties. Established in 1946 and based in Ottawa, the Crown corporation employs 2,000 and posted assets of \$203.5 billion in 2009, with revenue of approximately \$12 billion.

HOT FACTOR: Under Karen Kinsley's leadership, CMHC has received many awards for corporate citizenship and management practices. Most recently Kinsley received the *Ottawa Business Journal's* CEO of the Year for 2009. She was also recognized by the Women's Executive Network in 2008 as one of Canada's Most Powerful Women: Top 100 Award.

COOL PROJECTS: Partnering with Natural Resources Canada, CMHC launched a \$2-million EQUilibrium Housing Initiative providing resources to private developers to construct homes that generate as much energy as they consume. The 15 demonstration homes, to be located across the country, will be completed by 2012 and some are already open to the public for viewings. In 2008 CMHC also initiated a \$300-million housing fund to assist First Nation families to buy, build or renovate homes on reserve lands. This is anticipated to open up housing possibilities in other aboriginal communities in the country.

IN HER OWN WORDS: "Knowing the business, clarity in what must be done, integrity and determination are all values ingrained in me through my CA training. As a leader I try to instill in the people around me a clear sense of direction, and to demonstrate an unwavering commitment to seeing things through. From time to time I also need to believe that impossible things are possible."

Rosalind Stefanac



Canadian pensions score high worldwide

Canada's retirement income system ranks fourth in a global pension index comparing private and public pension systems in 11 countries.

The index, produced by consulting and investment firm Mercer, considers factors including the adequacy of benefits — or how much income is available to a retiree, the participation in private pension plans and the level of pension assets (as a percentage of GDP). While the Canadian system appears strong compared with many other countries, the report concludes there is still room for improvement and cites the following recommendations: increase the level of coverage of employees in occupational pension plans, possibly through a more efficient system; introduce mechanisms to ensure voluntary retirement savings are preserved for retirement purposes and to increase the pension age as life expectancy continues to increase, and increase the level of household savings.

“The fact that no country achieved an A-grade classification [a score greater than 80] confirms that no one system is perfect or currently robust enough to withstand the challenges presented by an aging population,” says Mercer’s David Knox, who oversaw the study.

Global pension index

Country	Overall index value (out of 100)	Country	Overall index value (out of 100)
Netherlands	76.1	Chile	59.6
Australia	74.0	Singapore	57.0
Sweden	73.5	Germany	48.2
Canada	73.2	China	48.0
UK	63.9	Japan	41.5
USA	59.8		

Source: Melbourne Mercer Global Pension Index 2009

Secrets to saving

Ever wonder where your friends and colleagues pinch pennies during tough times? Chances are brand names are the first to bite the dust, according to a Harris Poll.

Nearly two-thirds (64%) of US adults surveyed in October said they bought more generic brands over the previous six months in an attempt to save money, while 47% brown bagged their lunch and 43% went to the hair-dresser or barber less often.

Money-saving methods used by at least one-third of respondents include drinking tap instead of bottled water (36%) and cancelling magazine subscriptions (34%). Others cut down on dry cleaning, cut back or cancelled cable TV or newspaper subscriptions, stopped buying their morning coffee, changed or cancelled their cellphone service and increased their use of car-pooling or mass transit.

ETHICS OATH

MBA graduates from the University of Ottawa's Telfer School of Management are the first in Canada to take a voluntary oath of professional conduct. The 2009 grads took the inaugural Canadian MBA oath to conduct affairs ethically in October, following a similar pledge made by Harvard University's business school in June.

SMALL BIZ'S BEST FRIEND

Canada's small-business owners rely on accountants for financial advice more than any other resource, finds an Angus Reid survey for Sage Software. Two-thirds (65%) of owners polled use an accountant or consultant to help manage their finances, followed by the Internet (38%), industry contacts (32%) and government info (29%).

TFSA TOTALS

Seven in 10 Canadians have not yet opened a tax free savings account, even though they are aware that the tax-saving vehicle exists, finds a poll by RBC. The main reason cited for forgoing a TFSA, available since January 2009, is a lack of money to invest (51%).

Flex plans gain in popularity

Flexible benefit plans are not new, but they are certainly becoming more appealing in the current economic and demographic climate, according to a recent survey by Hewitt Associates. Most organizations with such plans say they have been able to contain benefit cost increases — an advantage as Canada moves from recession to recovery.

Of the 211 organizations from across Canada that responded to Hewitt's Flexible Benefits in Canada 2009 survey, 60% offer a benefit plan with a flexible component, up from 41% in 2005 when Hewitt last conducted this survey. Three-quarters of those who do have flex plans said these programs are meeting or exceeding their expectations with regard to the top three advantages they identified: meeting diverse employee needs, containing rising benefit costs and improving employee recruitment and retention.

Many organizations have employee populations that are increasingly diverse in terms of age, race, culture, gender, family make-up, and so on. Each group has different concerns and drivers as well as a variety of work styles and expectations. "One size fits all" human resources programs don't meet their range of needs, and so aren't effective in attracting and retaining employees. At the same time, the current economic situation forces organizations to

make decisions that ensure programs are structured for optimal return.

Flex plans are evolving to meet changing needs. A new trend is a focus on employee health: wellness accounts, critical illness insurance and health club memberships are all on the rise. In addition, 30% of employers are making financial/tax counseling available and 14% have introduced the new TFSA as an option. At the extreme end of the employee benefit plan continuum, organizations offer choice with respect to total rewards, cash, retirement, work environment, work hours — virtually every aspect of the employment relationship.

Do the advantages of flex plans increase with additional flexibility? Not necessarily. More important to the success of a flexible benefit plan is including options that meet the needs of employees — preferably determined with their input — as well as effective communication and flawless delivery. If these three aspects are in place, a flexible benefit plan is a sure win-win for both employer and employees.

This is a summary. For an expanded article, please visit www.camagazine.com/flexplans.

Paul Stephens is a senior benefits consultant in Hewitt's Vancouver office. Contact: paul.stephens@hewitt.com

Is IT ready for IFRS?

Publicly accountable businesses in Canada now have their sights set on January 1, 2011, as the formal conversion date from GAAP to international financial reporting standards (IFRS). But to be ready in time, they may need to start overhauling their financial IT systems as early as this month, according to Grant Thornton LLP.

"Even though 2011 is the official starting point for IFRS in Canada, the process requires that comparatives for fiscal 2010 be presented with the 2011 financial statements," explains Doug Steele, a Vancouver-based partner and regional IFRS leader with Grant Thornton LLP, "and that comparison must be made in an IFRS context. So if your 2010 fiscal year matches the calendar year, it means that your involvement in IFRS actually began on January 1, 2010. Public companies in Canada are aware of what IFRS means for their accounting obligations, but when it comes to making necessary

changes to IT systems used for financial data, some will get caught off guard about how quickly it's coming up."

Steele points out that the initial challenge will lie in simultaneously running distinct accounting systems during the 2010 fiscal year. "While the 2010 fiscal year reporting needs to be IFRS compliant as part of 2011 reporting, 2010 is also the final year that companies will be using Canadian GAAP. Businesses in this scenario need to make sure that their IT systems can handle parallel processing. Are the company's IT systems' storage and memory capacities up to the job? Will they have the resources to file financial data into two systems? Will the finance staff have access to the type of data they need for the simultaneous filings? A public company that isn't sure of the answers to these questions could be in for an unpleasant surprise after January."

For more on conversion-related IT challenges, please visit www.CAmagazine.com/ITforIFRS.



THE PERFECT BLEND FOR ANY TAX ENVIRONMENT

TAXNET PRO® HIGH PERFORMANCE TAX RESEARCH

Serious tax research starts with Taxnet Pro®. An intuitive interface and state-of-the-art technology deliver relevant, authoritative tax information – quickly and effortlessly. Intelligent, efficient, and powerful, Taxnet Pro is optimized for effective research.

UNPARALLELED CONTENT

With complete primary collections and extensive analytical materials, Taxnet Pro offers exclusive access to the authoritative current content that will give you clarity and insight into any tax issue.

INTUITIVE USER INTERFACE

With seamless linking, comprehensive cross-referencing, a fresh new look and powerful search options, Taxnet Pro is designed for precision research that achieves better results.

POWERFUL TECHNOLOGY

Powered by state-of-the-art technology and heightened functionality, Taxnet Pro offers the fastest route to the relevant information that drives better business decisions.

Taxnet Pro® – High performance tax research in a class all its own
Find out what's new at www.gettaxnetpro.com



Netwatch

BY JIM CARROLL

YOUR GUIDE TO BUSINESS & ACCOUNTING ON THE INTERNET

Stranger than science fiction

Is your industry in the midst of a transition at Silicon Valley speed? If it isn't, it could be very soon, because I'm seeing it happen wherever I go. Take the global credit card industry. For a long time, the pace of innovation has been relatively slow and deliberate; aside from the chip found in your new credit card, it's still been about the same old piece of plastic.

All that is about to change, because as I observed at a recent global financial conference, it is quite likely that our cellphones, BlackBerrys and iPhones will become the credit card of the not-too distant future. When you enter a store, you'll punch a code into your iPhone to confirm the transaction, and you'll get an instant receipt. As this transition occurs, the financial payment industry will find it has suddenly lost control of its innovation agenda. Rather than having the future figured out in boardrooms of bank towers, control will have been wrested away by someone in Silicon Valley who innovates at hyper-speed.

The trend is happening everywhere I look, even in the world of sports. I spoke to 4,000 professionals at the National Recreation and Parks Association's annual conference in Salt Lake City. I challenged the audience — most of them responsible for civic or state recreational activities and park infrastructure — to think about the baseball bat of 2015 or 2020. From my vantage point, it's going to look the same, but it's likely to have a variety of sensors built into it that will provide players with instant feedback regarding the strength and accuracy of their swing; the same sensors will trigger their nearby cellphone to automatically capture a video of their time at the plate.

Retail will change at the same fast and furious pace. I'll walk into a store, and behind the scenes, the store will recognize me through an interaction with my mobile device. That will cause a plasma TV in the corner to start displaying a customized advertisement for me based on prior shopping history, at the same time I'm zapped a coupon for a 20% discount for a few items over on aisle 12.

Farfetched? I don't think so. Creepy? To us maybe, but perhaps not to the next generation. When we think of the strangeness of the future and our likely negative reaction

to some of what might come next, we have to remember this: it's not bad, it's just different.

The key point is that entire industries will be swept along at a raging rate of innovation. All of a sudden, those people who have managed in-store design, layout and promotions will find their old skills don't transfer as easily to this strange new world as the digital denizens reshape the customer experience.

Even the slow, staid senior citizen housing industry is being impacted. Five to 10 years out, we'll have a lot of baby boomers living out their golden years in regular homes as opposed to retirement homes (simply because society won't be able to afford it). Medical professionals will manage their care from afar using a vast array of bioconnectivity medical devices; sensors embedded throughout the home will detect if their behaviour patterns are out of the norm and will trigger an alert. Science fiction? Research into this type of sensor-application is well underway at the University of Missouri.

Here's a good way to think about innovating at Silicon Valley speed: in my home office, I have an MP3 player from somewhere around 1999. It can hold about three or four songs. It seemed cool at the time. Today, it's positively a joke compared with the modern iPod.

Could the fundamentals of your industry as quickly become something like a joke?

Jim Carroll, FCA, is a well-known speaker, author and columnist. Reach him at jcarroll@jimcarroll.com or log on to his website at www.jimcarroll.com

THE LATEST INNOVATIONS

ContactlessNews: payment technology
www.contactlessnews.com/tag/Payment

"Health-monitoring technology helps seniors age in place" www.workingcaregiver.com/articles/aging-in-place/age-in-place

The future of snowboarding and skiing
www.jimcarroll.com/blog/2006/06/the-future-of-snowboarding-and.html



**You see the opportunities,
now capitalize on your vision.**

We've built a global leadership position with a singular focus on helping our clients achieve their objectives. We rely on a process of uncovering and analyzing market intelligence so that our clients can seize opportunities.

We're There.

Global intelligence.
Innovative advice.
Flawless execution.



**CUSHMAN &
WAKEFIELD**®

Global Real Estate SolutionsSM

www.cushmanwakefield.com

PotashCorp big winner at Corporate Reporting Awards 2009 presented by Canada's CAs

PotashCorp was a multiple winner at the Corporate Reporting Awards presented last month in Toronto by the Chartered Accountants of Canada. PotashCorp also won awards for Excellence in Financial Reporting, Excellence in Electronic Disclosure and an Award of Excellence for the mining sector. In addition, the company collected an Honourable Mention in Sustainable Development Reporting.

“Our focus on all aspects of corporate reporting helps enhance our accountability and further protect the interests of the stakeholders who are essential to our long-term success,” said Denita Stann, senior director of investor relations. “It is always an honour to be recognized by the judges and the Canadian Institute of Chartered Accountants.”

The program has recognized excellence in financial and corporate reporting in Canada for more than 50 years. The awards are presented annually and reflect the CA profession's commitment to enhancing the quality of financial reporting.

TD Bank Financial Group and Nexen Inc. were the other multiple winners, collecting industry and judging category awards. In total, 20 awards and honourable mentions were handed out. This also marked the third year that the program featured award categories for large and small federal Crown corporations.

“With today's challenging economy, clarity in corporate reporting is more important than ever,” said Kevin Dancey, FCA, CICA president and CEO. “Corporate Canada is facing extensive scrutiny from investors. It is important that good examples of corporate reporting be recognized.”

Winning companies and Crown corporations are profiled in the Book of Judges' Comments for the 2009 Corporate Reporting Awards. The book is available free of charge by telephone at 416-204-3435 or online at www.cica.ca/cra.

2009 Corporate Reporting Award winners

BY INDUSTRY SECTOR

Overall Award of Excellence	PotashCorp
Forest Products	Cascades Inc.
Life Sciences/Technology	MDS Inc.
Oil & Gas	Nexen Inc.
Diversified Industries	SNC-Lavalin Group Inc.
Financial Services	TD Bank Financial Group
Mining	PotashCorp
Communications & Media	TELUS Corp.
Real Estate/Utilities & Pipelines	TransCanada Corp.
Consumer Products	Canadian Tire Corp., Ltd.

BY JUDGING CATEGORY

Excellence in Financial Reporting	PotashCorp
Honourable Mention in Financial Reporting	Bombardier Inc.
Excellence in Electronic Disclosure	PotashCorp
Honourable Mention in Electronic Disclosure	Talisman Energy Inc.
Excellence in Sustainable Development Reporting	Suncor Energy Inc.
Honourable Mention in Sustainable Development Reporting	PotashCorp
Excellence in Corporate Governance Disclosure	Nexen Inc.
Honourable Mention in Corporate Governance Disclosure	TD Bank Financial Group

FEDERAL CROWN CORPORATIONS

Crown Corporations — Large	Canada Mortgage and Housing Corp.
Crown Corporations — Small	Telefilm Canada

Canada's CAs helping business owners with estate planning

The Chartered Accountants of Canada and Scotiabank Group have teamed up to publish *The Estate Planning Toolkit for Business Owners: Building and Preserving Your Wealth*. The official launch of the toolkit was held in Toronto in late 2009.

"Knowing more about where you are now and where you are heading is very much in your own self-interest, and that of your family," said Cairine Wilson, CICA's vice-president, member services.

The toolkit was written by Peter B. Lillico, BA, LLB, and Steven C. Bark, BA, BComm, CA, with contributions from Pina Melchionna, BA, LLB, MBA, national director, will and estate planning, Scotia private client group. All three made brief presentations at the sold-out event held at the Toronto Board of Trade. Estate planning involves creating, managing, preserving and passing on wealth. It incorporates financial, tax and succession planning, along with risk management and personal protections.

"The event's sellout reflects strong interest in the subject matter," said Board of Trade president and CEO Carol Wilding. "The toolkit launch was an ideal springboard to provide valu-



Toolkit authors Peter B. Lillico, Pina Melchionna and Steven C. Bark

able information about estate planning. We were pleased to host an event that brings this kind of added value to our members."

Additional information about the toolkit, including how to order a copy, is available on the CICA website, www.cica.ca/estateplanning.

Stable platform for 2011 IFRS adoption

The Accounting Standards Board (AcSB) staff has released an update of an analysis titled *Which IFRSs are Expected to Apply for Canadian Changeover in 2011?*, which discusses anticipated changes to international financial reporting standards. The latest analysis makes it clear that there are unlikely to be any further significant changes to IFRSs that will be mandatory for 2011 adoption, though a number of standards are likely to be available for voluntary early adoption.

"This is good news for Canadian companies," said Ian Hague, principal, accounting standards dealing with the AcSB's IFRS transition plan. "Companies can now select accounting policies secure in the knowledge that they will not be required to change them again by the end of 2011. However, companies should continue to pay attention to changing standards and consider whether they wish to early adopt any new IFRSs."

To help publicly accountable enterprises (PAEs) plan appropriately, the AcSB staff analysis provides information about: IFRSs that are expected to be applicable for the first year of adoption; IFRSs that PAEs can safely study and plan for now; and the anticipated timetables for IFRSs that will be changing. It also discusses which IFRSs will change again shortly after an entity

has adopted them and what the effect of such changes could be.

The analysis includes all changes presently on the IASB active agenda. Given the usual time to complete a major standards project it is unlikely further significant changes will be made until several years after Canada's adoption. The AcSB is monitoring all IASB projects closely and will, as necessary, discuss the need to avoid undue difficulty for the Canadian adoption of IFRSs.

The updated analysis is available for free download on the CICA's IFRS website. Visit www.cica.ca/IFRS for a broad range of useful IFRS planning and implementation resources.

Not-for-profits — future financial reporting direction update

With more than 160,000 not-for-profit organizations in Canada ranging from local sports and cultural associations to such organizations as hospitals and universities, the future financial reporting direction is of interest to many.

The Accounting Standards Board and the Public Sector Accounting Board plan to release a document for comment in the first half of 2010 that proposes possible reporting options for this diverse and complex sector. Until a new direction has been established, existing accounting standards used by the sector — those from the *CICA Handbook — Accounting* — will continue to apply unchanged.

Not-for-profits considering adopting IFRSs should note that although Canadian PAEs are required to adopt IFRS on January 1, 2011, not-for-profits won't follow that timeline. The transition for not-for-profits will be based on a separate timeline, allowing adequate time to successfully plan and transition.

Stay involved by subscribing for e-updates and visiting the CICA Canadian Standards in Transition website at www.cica.ca/transition.

Ontario's information and privacy commissioner speaks at CA event

The CICA officially launched its publication *The Canadian Privacy and Data Security Toolkit for Small and Medium Enterprises* at a Toronto event in late 2009.

The easy-to-use toolkit provides practical guidance about how companies can effectively address data security and privacy risks.

The toolkit was authored by Claudiu Popa, a security industry veteran and president of Informatica Security Corp. The informative publication uniquely features a foreword written by Jennifer Stoddart, privacy commissioner of Canada and an introductory chapter by Ann Cavoukian, information and privacy commissioner of Ontario. Both Cavoukian and Popa spoke at the toolkit launch.

"Management and employees, especially those on the frontlines, should have a clear understanding of why personal information needs to be protected and how best to protect that data," said Cavoukian. "The CICA toolkit provides valuable guidance in a format that is easy to understand and accessible to non-privacy professionals."



Ann Cavoukian, information and privacy commissioner of Ontario

The event was hosted by the CICA and Ryerson University's Privacy and Cyber Crime Institute.

More information about the toolkit is available on the CICA website (www.cica.ca/privacy).

New IFRS resources — free and online

With the transition to international financial reporting standards entering the homestretch, the CICA has added three new online resources to its program of support to members and the larger business community.

For small and medium-sized enterprises

From the Trenches — IFRS Infocast: a series of conversations with Canadian companies making the transition to international accounting standards. "Listening to the experiences of other enterprises that are moving through the transition may provide insights that will help your organization," says Gord Beal, CICA principal and project leader for the CICA's IFRS transition strategy. The first episode focuses on the experience at Marsulex Inc. This medium-sized public company's IFRS transition plan pays significant attention to property plant and equipment, which makes up more than 50% of its total assets.

Listen to the 15-minute podcast online or download the file and listen when it is more convenient for you.

Get to the Point — Practical how-to tips for small and medium-sized companies: a web-based presentation that helps cut through the complexities of the transition to IFRS. The first session provides basic information, including the transition timeline and core issues to consider. The second session covers information that will help analyze accounting standards and determine accounting policies.

Build your IFRS learning path

How much do you need to know about IFRS? All accounting professionals require a basic understanding of IFRS. Some need in-

depth knowledge about issues specific to their industry. CICA's new Learning Path tool helps assess your learning needs and develop an educational path. Simply answer a five-question survey and the tool will provide you with education and training options.

Visit the CICA'S dedicated IFRS website, www.cica.ca/IFRS, for these and other IFRS resources, including guides and publications, GAAP comparisons, sample financial statements, checklists and other practical planning and implementation tools.

Accounting standards for Canadian private enterprises now in the *Handbook*

ACCOUNTING STANDARDS for private enterprises in Canada have been finalized and are now part of the *CICA Handbook — Accounting*. They can be accessed through Knotia. The Accounting Standards Board consulted widely with stakeholders in development of the standards, which are designed specifically with the needs of private enterprises and users of financial statements in mind. Standards for private enterprises become mandatory for years beginning on or after January 1, 2011. Early adoption is permitted. To learn more, visit www.cica.ca/pe.

Standards digest Want to be kept informed? Log on to www.cica.ca/subscribe

RECENTLY ISSUED PRONOUNCEMENTS

CICA Handbook – Accounting	Date issued†
Preface to the CICA Handbook – Accounting	January 2010
International Financial Reporting Standards (Part I)	January 2010
Accounting Standards for Private Enterprises (Part II)	December 2009
EIC Abstract	
Multiple Deliverable Revenue Arrangements, EIC-175	December 2009
CICA Handbook – Assurance (Part I)	December 2009
Preface to the CICA Handbook – Assurance	
Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements, CSQC 1	
Canadian Auditing Standards	
Retained Sections and Guidelines	
CICA Public Sector Accounting Handbook	
Introduction to Public Sector Accounting Standards (revised)	December 2009

RECENTLY ISSUED DOCUMENTS FOR COMMENT (to January 31, 2010)

Accounting	Comment deadline
EDI Conceptual Framework: Reporting Entity	April 15, 2010
EDI Financial Instruments: Amortised Cost and Impairment	June 15, 2010
EDI Liabilities (IAS 37 amendments)	March 31, 2010
EDI Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters (IFRS 1 amendments)	January 10, 2010
Public Sector	
ED Amendments Resulting from the Adoption of IFRSs in Canada	February 19, 2010
ED Financial Instruments	December 11, 2009
ED First-time Adoption of Public Sector Accounting Standards by Government Organizations	March 26, 2010
ED Foreign Currency Translation	December 11, 2009
ED Liability for Contaminated Sites	January 22, 2010

WATCH FOR

CICA Handbook – Accounting	Accounting Standards for Pension Plans (Part IV)
Documents for Comment	AcSB and PSAB proposals concerning Not-for-Profit Organizations AASB proposals concerning 2010-2013 Strategic Plan

Legend

ED – Exposure Draft	EDI – ED issued by the IASB	rED – Re-exposure Draft
DS – Draft SORP	ITC – Invitation to Comment	SOP – Statement of Principles

† Refer to each Handbook pronouncement for the effective date and transitional provisions.
The information published above reflects best estimates at press time. Please visit our website for the most recent information.

Despite all the red ink in the economy, the state of compensation in the profession has been generally positive over the past 18 months



\$STRONG & STEADY

by John Lorinc

For veteran Winnipeg CA Joel Lazer, it was a revelatory moment. A co-founder of Lazer Grant

Chartered Accountants and Business Advisors, he had set up an innovative employee bonus pool system, which encourages everyone in the firm to take personal responsibility for its overall performance. Inspired by a US management consultant's advice during a 2002 seminar, the so-called "Lazer Results" system augmented an older philosophy established by the original partners in 1982 that ensured the various practice groups would share profits among them-

selves to cushion the blow of a slow year. "We always share the good stuff," Lazer says.

The 33-person practice founded in 1982 by six accountants offers a range of services, including consulting, attracting entrepreneurs as clients and dealing with small businesses with revenues in the \$5-million to \$100-million range. All employees and partners see the monthly numbers. "Everyone at Lazer Grant sees themselves as responsible for marketing the company,"

illustration by MICHELLE THOMPSON



Lazer says. The strategy appears to have borne fruit. The firm has doubled in size since 2002; in 2009, it was on track to generate one of the largest bonus pools since Lazer established the system, despite a downturn that seems to have mostly steered clear of Manitoba. Lazer's story reveals much about the state of compensation in the Canadian accounting industry in the past 12 to 18 months, a period that straddles one of the most daunting global downturns since the Great Depression. Despite the red ink and the relentless scaling back of growth forecasts, the Canadian

vinces seeing an increase in the overall number of respondents (BC 16.6%, Alberta 12.4%). Ontario and Quebec, by contrast, have seen declines of 6.3% and 12.2% respectively.

Ownership, on the other hand, seems to have declined: 83% are employees of a business or organization, up from 77% in 2005, whereas the profession in 2009 includes slightly fewer partner/owners and sole practitioners than it did four years before.

Over the same period, there has been a 6% increase in the number of CAs working in the three levels of government, as well

Overall compensation — all members					
	2005	2005-2007 % change	2007	2007-2009 % change	2009
Count	17,264		17,123		15,981
Mean	\$164,396	+13.5%	\$186,544	0.0%	\$186,543
Median	\$110,000	+11.8%	\$123,000	+3.1%	\$126,857
25th percentile	\$78,000	+11.5%	\$87,000	+3.4%	\$90,000
75th percentile	\$173,550	+12.3%	\$194,880	+2.6%	\$200,000

accounting profession appears to be weathering the financial storm, as the generally positive results of the CICA's 2009 CA profession compensation survey suggest.

"CAs are doing quite well and holding their own, given the economic times we're in," says CICA president Kevin Dancey. The survey, conducted last spring, asked members about 2008, the year that began with the resolution of the asset backed commercial paper crisis and closed with the domino-like collapse of some of the world's leading financial institutions. Dancey points to the fact that of the 15,981 respondents (equivalent to a 29% response rate), 56% were optimistic about total compensation

as in public institutions such as hospitals and libraries (fewer, however, are working in universities and colleges). The growth has been driven by tougher accountability rules for civil servants and public programs, notes Ian Cullwick, a partner with Deloitte Consulting in Ottawa. "The public sector is a good example of where demand outstrips the supply of individuals with public sector experience."

When it comes to compensation, the survey offers a snapshot of a profession capably handling trying times.

Between 2007 and 2009, total average compensation across Canada was virtually unchanged (\$186,544 versus \$186,543, re-

When it comes to compensation, the survey offers a snapshot of a profession capably handling trying times

growth for 2009. "It's an important point," he says.

The survey results offer few surprises about the makeup of the Canadian accounting profession as it enters the 2010s. Having been a partner for 27 years, Lazer belongs to the fastest-growing segment of the owner portion of the profession. And those boomer-related numbers continue to edge up. Compared to 2005, there are now more CAs who have worked 20 years or more, and slightly fewer at the front end of the profession — a result that speaks to the broader demographic change in the workforce at large.

(The overall breakdown is likely even more pronounced. The 2009 results are skewed toward younger accountants because 61% of the respondents are under 45, whereas for the profession as a whole, the actual figure is 48%.)

Consistent with the pre-downturn strength of Western Canada's commodity boom, the profession continued to shift toward British Columbia and Alberta since mid-decade, with those pro-

spectively), although the median rose to \$126,857 from \$123,000 (the 2005 median is \$110,000). The national average for sole practitioners is \$167,515; \$306,603 for partners; and \$442,206 for the owners of other businesses. Nonowners — representing almost 14,000 respondents — report average total compensation of \$167,833.

The average pay for a new CA is a respectable \$71,817, and those figures rise steadily in the first five years — evidence, Dancey says, that the profession continues to be attractive to young people. (Indeed, the CA profession is expecting an increase in the number of UFE writers this year.)

Paul Long, the CICA analyst who compiled the survey, points out that the median figures offer a crisper picture of compensation trends because the averages are pulled up by a relatively small number of very highly paid members. Indeed, in the first to 85th percentiles, total compensation grew between 2007 and 2009.

While the average increases have outpaced inflation in the

past two years, salary growth is significantly lower than the 13.5% increase recorded in the 2004 to 2006 period, says Long.

Within the national data, there are clear regional variations. CAs from Atlantic Canada are still riding the wave of East Coast prosperity, with double-digit average compensation increases since 2007 in every province except Nova Scotia (which registered a more modest 5.2% increase). “Our region tends not to have the highs and lows of what happened in much of the rest of Canada,” says Michele Wood-Tweel, CEO of the Institute of Chartered Accountants of Nova Scotia and chair of the member

relations task force that oversees the survey. “We have a more stable growth pattern; we’re in a more moderate band of change.”

“We don’t see any reduction in salary rates,” says Michael Casey, partner with Hemming Weir Casey Inc. in Halifax. “We’re paying people well and there’s still good demand for CAs in Halifax-Dartmouth.” Casey notes that the large practices have been hit by the fact that a lot of initial public offering work dried up. But for small and mid-sized practices, owner-operated business clients in Atlantic Canada are thriving. “Our firm is growing, our revenue is growing. Our problem is finding good people to

Compensation by province					
2009					
	Total compensation (owners and nonowners)				
	Count	Mean	Median	Percentile 25	Percentile 75
British Columbia	1,718	\$179,255	\$125,000	\$89,350	\$200,000
Alberta	2,051	\$213,850	\$143,700	\$100,500	\$230,000
Saskatchewan	340	\$136,304	\$106,250	\$80,000	\$156,200
Manitoba	500	\$142,408	\$103,980	\$77,375	\$158,500
Ontario	6,165	\$192,023	\$135,000	\$95,000	\$207,500
Quebec	3,498	\$139,855	\$102,000	\$77,300	\$150,000
Newfoundland	97	\$145,870	\$108,000	\$88,600	\$146,465
New Brunswick	147	\$129,814	\$100,000	\$79,800	\$150,000
Nova Scotia	284	\$137,214	\$106,850	\$84,000	\$150,000
PEI	35	\$118,116	\$93,000	\$80,000	\$150,000
Nunavut/Yukon/NWT	22	\$170,958	\$142,000	\$112,836	\$202,000
Outside Canada	1,115	\$324,635	\$200,000	\$139,000	\$339,900
Total	15,972	\$186,527	\$126,800	\$90,000	\$200,000
2007					
	Total compensation (owners and nonowners)				
	Count	Mean	Median	Percentile 25	Percentile 75
British Columbia	154	\$279,063	\$250,000	\$170,000	\$325,000
Alberta	168	\$297,871	\$250,000	\$175,000	\$378,571
Saskatchewan	31	\$246,832	\$208,000	\$160,000	\$280,000
Manitoba	53	\$211,156	\$180,000	\$130,000	\$251,000
Ontario	524	\$297,506	\$237,500	\$158,249	\$350,000
Quebec	257	\$236,222	\$180,000	\$125,000	\$285,000
Newfoundland	7	\$238,647	\$205,532		
New Brunswick	16	\$184,094	\$177,500		
Nova Scotia	19	\$223,513	\$180,000		
Outside Canada	48	\$787,605	\$630,500	\$500,000	\$1,050,000
Total	1,282	\$293,349	\$225,250	\$150,000	\$350,000

Compensation by area of practice

2009					
	Total compensation (owners and nonowners)				
	Count	Mean	Median	Percentile 25	Percentile 75
Professional services firm	6,403	\$160,609	\$108,387	\$78,000	\$175,000
Industry	7,198	\$229,544	\$156,000	\$110,000	\$240,000
Crown corporation or public service	1,532	\$117,747	\$100,000	\$85,000	\$127,672
Educational institution	409	\$118,908	\$104,000	\$85,000	\$138,000
Not-for-profit	348	\$138,381	\$111,017	\$88,000	\$150,000
Other	91	\$256,317	\$146,300	\$100,000	\$250,000
Total	15,981	\$186,543	\$126,857	\$90,000	\$200,000
2007					
	Total compensation (owners and nonowners)				
	Count	Mean	Median	Percentile 25	Percentile 75
Professional services firm	6,835	\$159,396	\$108,000	\$76,001	\$175,000
Industry	7,781	\$233,554	\$150,000	\$105,600	\$235,000
Crown corporation or public service	1,682	\$108,716	\$93,514	\$78,137	\$118,000
Educational institution	423	\$105,852	\$93,484	\$77,538	\$123,000
Not-for-profit	339	\$130,051	\$107,000	\$85,000	\$150,000
Other	63	\$249,458	\$124,400	\$90,336	\$200,000
Total	17,123	\$186,544	\$123,000	\$87,000	\$194,880

do the work.”

In the Prairie provinces, there's been slight growth (less than 1%, except Manitoba, which has 1.02%), but that's a big drop from the boom-time numbers captured in the 2007 survey, which reflected the runup in oil and gas and potash prices.

Evidently, economic diversification has provided a counterbalance to the volatile resource sector. “Manitoba is doing quite well compared to other parts of the country,” says Gerald Peterson, a partner with PPW Chartered Accountants LLP in Winnipeg. He's

the Institute of Chartered Accountants of Alberta. “That's truly reflective of the business here in Alberta,” she says. Despite the slump in the energy business due to the collapse of oil prices, Halford says the profession remains recession-proof. “Our experience anecdotally is that CAs who get laid off due to economic reasons are finding other positions fairly quickly.”

The story isn't as upbeat in Canada's three most populous and economically powerful provinces, as numbers dropped. Ontario, British Columbia and Quebec all experienced falling com-

The average pay for a new CA is a respectable \$71,817, and such figures rise steadily in the first five years

expecting to increase compensation in his firm by 5% to 10%, although there's still a sense of caution among his colleagues and client organizations. “Everyone [in Manitoba] is looking at the future with some concern. But companies are being proactive. We're not seeing a lot of red ink, just smaller profit margins.”

Alberta's average compensation tally remained the highest in the country, at \$213,850, up about 0.7% from 2007. Yet that pace of growth has slowed markedly, says Jane Halford, CEO of

compensation averages, with Quebec dropping the furthest, for a 5.3% decline to \$139,855.

London, Ont., sole practitioner Amy White has heard that there have been layoffs at some of the Big Four and mid-sized firms in southwestern Ontario. That hasn't happened in years, she says. (KPMG, Ernst & Young, PricewaterhouseCoopers and Grant Thornton declined to be interviewed for this feature.) But, White says, the dramatic manufacturing downturn hasn't affect-

Public practice accountants have seen their average total compensation rise steadily from 2005 to 2009

ed her practice. Since buying another practice in July 2008, White says she has been “crazy busy,” largely due to a stream of clients who are starting new businesses in fields such as web design and Internet commerce. In fact, White is in the process of hiring staff to cope with the additional volume.

Outside traditional accounting work fields, CAs who command the highest salaries tend to work in insolvency, new business development and corporate financial advisory capacities, among other fields. Those with additional non-CA designations — chartered financial analyst, engineer, certified business valuator and MBA — tend to earn more. Likewise, the profession continues to attract entrepreneurs, with about one in eight CAs owning a nonaccounting business.

In terms of sector, public practice accountants have seen their average total compensation rise steadily from 2005 to 2009, as has been the case for CAs working in most areas of the public and education sectors.

But the impact of the credit crisis, as well as the period of economic uncertainty that pervaded much of 2008, can be seen in the data for several major industrial sectors. Compared with

2007, total compensation dropped in oil and gas, mining, real estate, retail/wholesale, transportation/distribution, telecommunications, arts/entertainment/leisure and agriculture. Earnings did rise in such fields as pharmaceuticals. But the overall change for industry was a slight drop, from \$232,432 in 2007 to \$229,544 in 2009.

The profession’s industry numbers generally mirror broader compensation trends in the private sector. In a new national survey of 500 large firms representing more than 870,000 employees, Mercer Consulting found that average salaries rose about 2% in 2009, with a 2.7% forecast for 2010. But those figures, says Montreal-based Mercer principal Marie-Christine Piron, exclude the 30% of respondent firms that simply froze salaries outright in 2009, and the 8% that plan to freeze salaries in 2010. In the financial/banking/investment sector, the averages have been slightly lower, at 2.5% for 2010. “They’re being very careful before announcing 2010 raises,” Piron says.

Not surprisingly, the 2009 survey reveals a reduction in total compensation for senior executives. President-CEO respondents reported a real decline of almost 5% since 2005, and CAs holding

it takes one to know one



andrea cromie CA

jennifer mazzarolo CA

jon nagamatsu CA

alex barker CA

jonathon morris CA

carmela tersigni CA

jeff campin CA

mark frankel CA

The Mason Group specializes in the recruitment and placement of finance and accounting professionals because that’s the world we come from. For permanent or contract searches – for all levels from Financial Analyst to CFO – we know what it takes to help our clients and candidates find their perfect fit.

t 5 f g h n a 7 i
q p r v 2 u % t l
n w t h e a s v h
l e f x m a s o n
c t b g r o u p m
+ o q z 1 f e 3 u
a 0 e 8 c n d o t

Discover yours at www.masongroup.ca

Mississauga 905-804-1100

Toronto 416-733-9393

(strategic search partners)

other top financial posts experienced a contraction since 2007.

Those changes reflect ongoing media coverage of executive pay, increasingly cautious compensation governance practises for top-level financial managers in large organizations, and the long-term move away from stock options and other incentive plans that stress short-term results rather than long-term growth.

Among top financial executives generally, Ian Mason, a principal at Hugessen Consulting in Toronto, has seen flat pay and scaled back bonuses in the past 12 to 18 months. Some firms have opted to change their profit-sharing plans by targeting most of the funds in the bonus pool to top performers, Mason says. "That person will get much more than others this year but will get the same as typical increases for previous years."

Indeed, while firms in economically stable regions such as Manitoba or Atlantic Canada have been able to maintain their profit-sharing plans, the survey shows a sharp 16.2% drop in nonbase compensation nationally, a clue that at the end of last fall's market roller coaster, many firms retrenched in anticipation of a recession.

"A lower increase, say 2% or 3%, is not unusual," says Susan

As Cullwick points out, the plight of organization pension plans has led to some upward pressure on base salaries as firms look to front-load their compensation liabilities. "Cash is king."

The apparent resilience of salaries in the accounting profession has prompted many in the industry to reflect on the state of the job market for CAs in the next few years. In the middle of the decade, big firms were engaged in the so-called "war for talent." The shortage of highly qualified accountants, increased regulatory demands and the resource boom in Western Canada all contributed to an extremely tight hiring environment. Young accountants could write their own ticket and firms had to engage in bidding wars to land the recruits they needed.

These days, the market remains steady and certainly is less cutthroat than it was circa 2007 — a welcome change for many firms. "Despite the economy, it's a fairly strong and healthy career market for CAs," says Cullwick. "Firms have been fully deployed and there's an insatiable thirst for CAs in industry. [Demand] has been strong in Atlantic Canada," says Wood-Tweel.

In the past year or so, small and midsized practices with steady books of business have been able to recruit more effectively.

The plight of organization pension plans has led to some upward pressure on firms' base salaries

Maynard, audit partner with Collins Barrow in Toronto. As Mason has seen among his compensation clients, Maynard says the only employees receiving bonuses these days are those who "far exceeded expectations. That could be a source of frustration for some people, and hopefully it won't be long lived."

The scaling back of bonuses is magnified by the fact that nonbase compensation jumped 34% between 2005 and 2007, so the total change from mid-decade is almost 50%. Long points out that nonbase compensation is more easily adjusted than salary packages.

What also seems to be taking place is a reconsideration of the nature of bonuses. For much of this decade, bonuses were broadly distributed, reflecting an organization's growth. But Mason says some firms are moving to tie bonuses for financial executives to achieving compliance goals. Graham Dodd, senior manager for Deloitte Consulting's human capital practice in Vancouver, says many companies are managing their bonus plans much more closely, with an eye to rewarding individual performance. "That means building a stronger understanding of what different levels of performance look like for various roles, in terms of output and behaviour with clients or colleagues," he says.

As for benefits, the survey indicates that for both owners and non-owners there has been a slight decline in the proportion of respondents receiving virtually every category, including health, life insurance and pensions, as well as a range of perquisites such as out of country travel and parking. The trends reflect a general belt tightening in the face of a diminished economy, as well as the ongoing problems facing defined benefit plans in large companies.

"There's a lot more good candidates becoming available," says Maynard. When a firm puts out a salary offer these days, she says, there isn't much push back by applicants, in terms of perks, bonuses or higher pay packets. But, Maynard says, "you're still paying well for the strong performers."

In some parts of the country, such as Alberta, education officials have added university spaces to generate a larger flow of accounting graduates as a means of ameliorating labour shortages. Ontario, likewise, has seen record numbers of new accountants joining the profession.

Elsewhere, the ebb and flow of Canada's regionalized economy has brought new recruiting advantages. Casey says his firm has been able to attract Maritimers who went west to take advantage of the prosperity from the oil/gas sector but have been coming back to Atlantic Canada.

But the sense of recruitment equilibrium may not be long-lived. "As we start to emerge from the recession, it's really a time for organizations to pay attention to keeping talent," says Dodd. "There's a historical pattern that retention risk is greater in the aftermath of a downturn."

Back in Winnipeg, Lazer has seen his steadily growing firm come through a period of uncertainty with a poise that underscores the accounting profession's claim to be recession-proof. And a generous helping of managerial smarts, in the form of a well-executed incentive system, certainly hasn't hurt either. "It's why we have everyone so energized around here. Everyone feels ownership of the company."

John Lorinc is a freelance writer based in Toronto



Foresight is 20/20.

Working with an AIC expert reassures your clients that you are working in their best interests. With an independent appraisal, your clients can be sure they are getting the most accurate and expert advice regarding the real value of a property. Put an AIC expert on your team and get accurate, reliable advice and market information. Our real property experts are at the forefront of the market and can advise your clients on everything from choosing the right risk management strategies to ensuring that they are IFRS compliant.

Make a real property expert – an AACI or a CRA – part of your team today. Visit www.aicanada.ca



Appraisal Institute
of Canada

REAL VALUE EXPERTS

Organizing the Olympics may not be a sport unto itself, but it still takes buckets of sweat. Meet the CAs behind the Games

By Roberta Staley

Going for GOLD

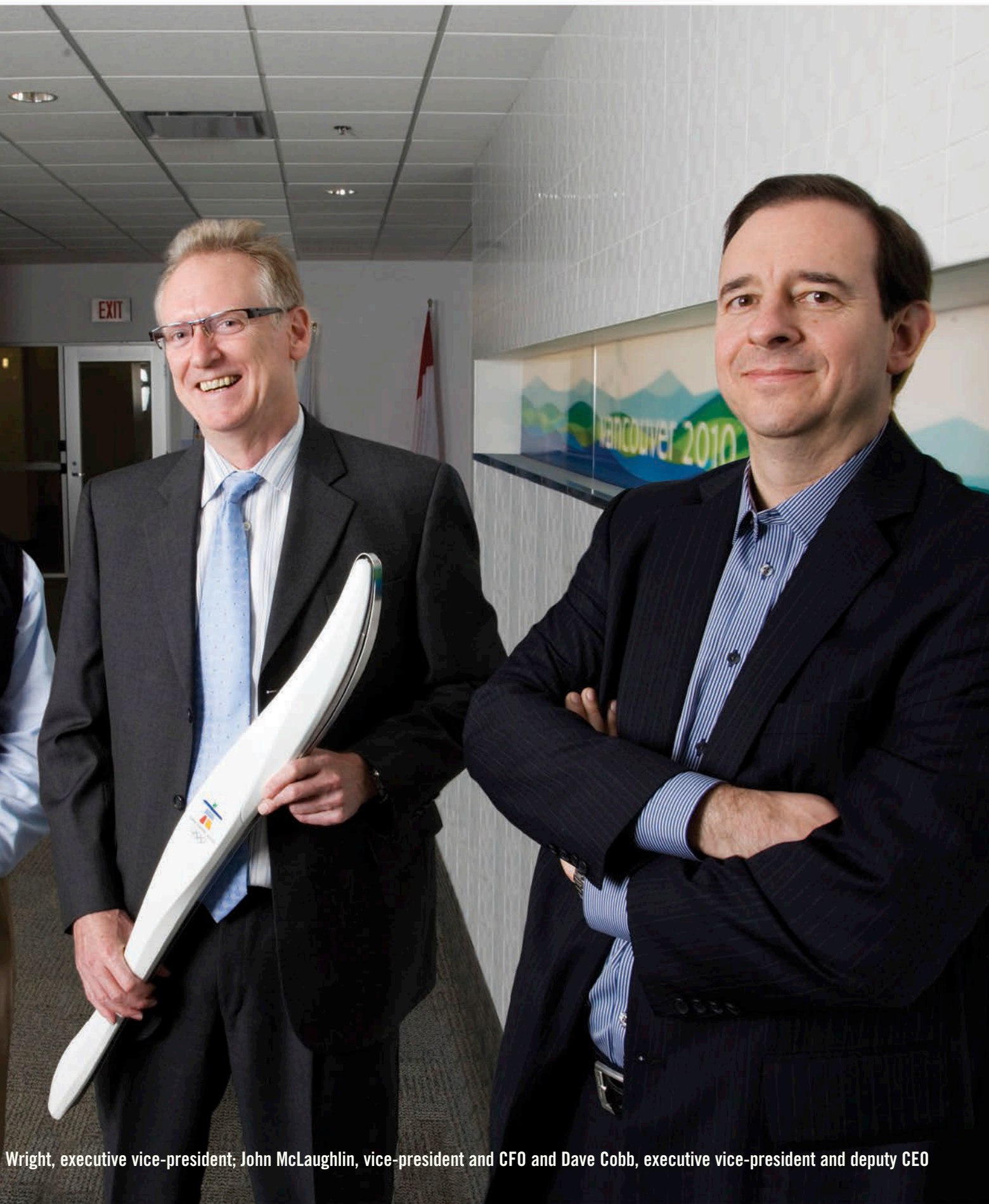
Of the gazillion things clamouring for Terry Wright's attention, the one topping today's list is food — lots of it — enough for 1,200 hungry athletes at a time, three times a day, every day, for more than two weeks. Wright, a CA and the executive vice-president of services and games operations for the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games (VANOC), is snowed under a daily avalanche of to-do lists. With a day as tightly wound as a Victorian lady's corset, timing is everything and, at this moment, food has top priority.

The dining room at the athletes' village, located on the Vancouver waterfront, is set up, the kitchen is firing, and the VANOC executive team is coming down for a gourmet test run. They will be served an evening meal in the exact proportions the athletes will receive in February.

Photography by DARRELL LECORRE/KLIXPIX



VANOC's trio of CAs (from left): Terry



Wright, executive vice-president; John McLaughlin, vice-president and CFO and Dave Cobb, executive vice-president and deputy CEO

The meal will have been analyzed and approved by the International Olympic Committee (IOC) to ensure it meets nutritional standards. It will be BC-ized, says Wright, and contain fresh, local ingredients. It will cater to cultural culinary nuances to suit the unique palates of the athletes, who hail from more than 80 countries.

And that's just one item on Wright's heaping plate. "These are big operations," he says with understatement.

The services, supplies and manpower needed to run the upcoming, \$1.76-billion Olympic and Paralympic Games are mind-boggling. It takes a team of professionals — with the stamina of a biathlete and the fearlessness of a ski jumper — to help plan for and orchestrate this colossal quadrennial winter sporting event, which runs 17 days from Feb. 12 until Feb. 28 in Vancouver and Whistler, then resumes March 12 for 10 days of Paralympic events.

As legendary NCAA basketball coach John Wooden once said, "Sports do not build character. They reveal it." And there is no shortage of character — the sort that inspires sportscasters to throw out words like heart and grit — shown not only by

40 trips to Toronto in the past few years to sign more than 50 national sponsors such as General Motors and Cold-fX. He is also VANOC's go-to communications guy, giving journalists from around the world the latest updates during interviews and media conferences.

Until about a year ago, it was mainly good-news reporting. Then, in late 2007, the subprime mortgage crisis shook the US. The ripple effect, felt first in the residential real estate market, lapped onto the financial and retail sectors, triggering a worldwide tightening of credit. VANOC found itself facing a multimillion-dollar shortfall, and the sweet, endearing smiles of Olympic and Paralympic mascots Quatchi, Miga and Sumi seemed, suddenly, slightly naive.

Six months before the Games were to begin, the IOC, based in Lausanne, Switzerland, had signed only nine international sponsors due to the recession. Eleven sponsors had been budgeted for. VANOC's share of each sponsor was \$15 million, leaving it \$30 million short, Cobb says. VANOC had also failed to sell \$12 million worth of billboard advertising it had bought up.

Cobb, McLaughlin and Wright had to overcome great challenges for the 2010 Olympics to go ahead with a pomp and pageantry that belies the fiscal prudence forced upon them by the global economic crisis

Wright, but by two fellow chartered accountants who are part of VANOC's 10-member senior management team.

Wright and CAs Dave Cobb, executive vice-president, revenue, marketing and communications and deputy CEO, and John McLaughlin, vice-president and CFO, have shown that, while organizing the Olympics may not be a sport unto itself, the endeavour can have as many heart-stopping moments as a gold-medal match between long-standing rivals. It is due in large part to Cobb's, McLaughlin's and Wright's ability to overcome great challenges that the 2010 Olympics are going ahead with a pomp and pageantry that belies the fiscal prudence forced upon them by the worst global economic decline since the Second World War.

The men's composure in the face of such fiscal trial and tribulation has not gone unnoticed. As president of the Canadian Olympic Committee (COC) and VANOC board member Michael Chambers says, the three CAs have always remained calm and settled and resolute. "It takes a trained disposition and focus to have gotten through all this. The education, training and experience of McLaughlin, Wright and Cobb lent great assistance to the board. When a question was asked, you got the straight goods," says Chambers, a former athlete and a law partner at Maclaren Corlett LLP in Ottawa.

Cobb, indeed, appears unruffled as he sits in his glass-walled office at VANOC's four-storey building on the outskirts of east Vancouver, sipping coffee from a mug as white as Whistler snow. He is the organization's marketer and deal-maker, having made

But it was in Cobb's nature to remain coolheaded. The 47-year-old, who sports a beguiling gap-toothed grin, is tall with an athlete's slender build — testimony to his days as a centre back in 1982 to 1983 with the Vancouver Whitecaps reserve soccer team. Sports has always been a part of Cobb's life; he attended Simon Fraser University on a soccer scholarship, working with KPMG shortly after graduating, then joined the Vancouver Canucks management team in 1992, where he rose to the position of chief operating officer, which he held from 1999 to 2004. So when VANOC's shortfall increased, Cobb fell back on his athlete's training: rally the team and work out a new plan of attack.

VANOC reduced full-time positions and made a plea to the private sector to lend about 1,500 full-time employees to supplement VANOC's operations, a move echoing previous Olympics, which have relied extensively on volunteers. Then, late last summer, in a move that caused VANOC staff to heave a collective sigh of relief, the IOC announced (without giving a specific dollar figure) that it would assist financially if there was a budget shortfall. The IOC, says Cobb, has no contractual obligation to pay the money related to the shortfall in international sponsorship, but it recognized that VANOC was left holding the budgetary bag. "The IOC committed to help us out and that should eliminate the gap that we have in our budget now," says Cobb, who starts his 11-hour days at 7 a.m. The promise "to help us at the end if we're short gives us quite a bit of confidence on the revenue side," he adds.

Cobb acknowledges the situation could have been worse. When he started in August 2004 as executive vice-president, after

VANOC CEO John Furlong convinced him to join the management team, Cobb bolted out of the starting gate. "We had success early and rode the wave of interest and excitement early and secured the majority of our revenues before the recession hit," he says. "We were very fortunate." Furthermore, VANOC avoided the scandal afflicting past Games, such as the 2004 Summer Olympics in Athens, Greece, which saw overruns climb into the billions of dollars due in large part to frenzied last-minute construction. Cobb says VANOC worked "really hard learning what we could do about previous Games, what went well and what didn't go well, doing everything we could not to repeat the mistakes previous organizations had made."

Construction of new facilities and upgrades were completed one to two years before the start of the Games, at a cost of \$580 million, a tab that was picked up by the BC and Canadian governments. Finishing early saves you money, says Cobb. "You're not paying overtime and you're not vulnerable to the market to get things done."

Having the facilities ready early also had two other big advantages, says Cobb. Not only did it allow time to train the people who will be operating the facilities, but it gave the Canadian athletes the opportunity to train where they will compete, giving them home field advantage. This complements the national Own the Podium 2010 strategy to see Canadian athletes win a record number of bronze, silver and gold medals. The target is 35 medals, projected to place Canada in the top three participat-

ing nations. At the last Winter Games in Turin, Italy, in 2006, Canucks brought home 24 medals, seven of them gold. Canada's performance as a host nation, however, has been tarnished; gold eluded our athletes at both the 1976 Montreal Summer Olympics and the 1988 Calgary Winter Games.

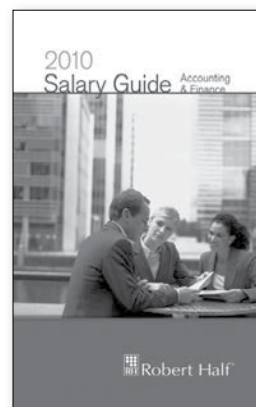
Staying focused and training hard to secure an Olympic medal has certain similarities to trying to balance the Olympic budget. Every improvement in performance, every progression, is the result of buckets of sweat. "When the economy turned in the fall of 2008 it was a big change for us," says Cobb. "We are fighting for every dollar. Delivering on a balanced budget is our commitment, but it has become a much bigger challenge so we have to work much harder for every dollar than we used to."

The IOC allowed VANOC to make a few changes in response to economic pressures, but nothing that "was defined when we put our bid in was compromised," says McLaughlin, who was the chief architect of the Bid Corp.'s financial plan, drawing upon his experience helping balance the books at Vancouver's 1986 World Exposition on Transportation and Communication world fair (Expo 86), as well as MUSIC '91 and the 1994 Commonwealth Games.

McLaughlin's light and airy office, like Cobb's, has glass walls that sport the VANOC motif, graceful intermingling waves of pale blues and greens. Seated straight-backed at a table, McLaughlin muses that a huge part of the challenge he and his team faced came from the lack of flexibility in putting on the Games. In



Top financial talent is always your best investment.



Call today for your FREE 2010 Salary Guide.

Accountemps, Robert Half Finance & Accounting and Robert Half Management Resources are the leaders in specialized financial and accounting staffing for temporary, full-time and project placement, respectively.

1.800.803.8367
accountemps.com

1.800.474.4253
roberthalffinance.com

1.888.400.7474
roberthalfmr.com



other words, the show must go on — ready or not. Adaptability, imagination and compromise have been key to ensuring the planning for the Games has gone as smoothly as it has, he says.

McLaughlin, 53, has relied upon a top-notch finance department, including 10 “flexible, smart and hard-working” CAs to handle revenue and costs, as well as any tax peculiarities that have arisen since he became vice-president in 2004. “We’re doing some things nobody has really done before,” says the blue-eyed, bespectacled McLaughlin. Managing VANOC’s elaborate lattice-work ledger means falling back on his solid CA training, while using his imagination and ingenuity to adjust to anomalous circumstances. VANOC, McLaughlin says, has 30 very different revenue streams, including income from merchandise and ticket sales and contributions from broadcast rights and sponsorship.

Sponsorship is especially complex; it entails contributions in kind — products and services as well as cash to VANOC — in a complicated form of barter. For example, General Motors is donating vehicles, while Petro-Canada is providing fuel. “You have to have good internal controls so you know where the money is coming from and how it is coming,” says McLaughlin. “Then we have to make sure that we collect what’s owing us.” And there is nothing straightforward about the GST, he adds, with some of the supplies for the games falling under the “temporary importation” category. This refers to foreign goods brought into Canada for use only for the Games, then immediately returned to the owner. Because some importers are not registered for the GST

and cannot claim credit for GST paid, certain remission orders reduce the payable taxes, he says.

Alan Peretz of Deloitte, the official supplier of professional services at this year’s Games, is the firm’s lead client service partner for Deloitte’s sponsorship of VANOC. Peretz has worked closely with McLaughlin on various financial aspects of the Games, including risk. Late in 2008, as the world economy was crashing and burning, McLaughlin was understandably concerned about the ability of sponsors to deliver on promises, says Peretz, director of operations for Deloitte’s enterprise practice in BC. Peretz helped McLaughlin analyze three key risk queries: was the sponsor financially viable? Could sponsors deliver by the opening ceremonies? How secure were their suppliers? General Motors was closely eyeballed. As at other North American auto giants, record-high gasoline prices had battered vehicle sales at GM and the company was seeking government bailouts on both sides of the border. And a Tennessee company that was the supplier for a key product — tents — was also scrutinized. “We used publicly available information to make an assessment,” says Peretz.

VANOC found things were in pretty good shape on the supply side and where there were some questionable areas, good dialogue and good action plans were put in place, says Peretz, who gives kudos to McLaughlin for keeping the ride as smooth as possible over the bumpy road. “He is a great team builder; he gave the team responsibility and accountability and let it do its job.”

UBC DAP

The gateway to accounting

Accelerate your future with the Diploma in Accounting Program (DAP) at the University of British Columbia.

If you are a university graduate seeking a professional accounting designation, you can fast-track your education through the UBC Diploma in Accounting Program (DAP). UBC DAP’s curriculum is recognized by the Chartered Accountants School of Business (CASB) and satisfies most of the program requirements.

APPLICATION DEADLINES

May start: Feb 1 (International applicants)
Mar 1 (Domestic applicants)

Sep start: Jun 1 (International applicants)
Jul 1 (Domestic applicants)

Find out how DAP can accelerate your future: www.sauder.ubc.ca/dap



Opening Worlds

THE UNIVERSITY OF BRITISH COLUMBIA

CAS HAVE LONG INSISTED — unconvincingly to some — that there is a fun side hidden behind their earnest public demeanour. Wright, a man perpetually wired on his own enthusiasm, certainly repudiates the cliché, sitting poised on his office chair like a snowboarder ready to launch from the starting gate. “We’re a bit busy,” he beams, as if catering to the needs and whims of heads of state, members of the British Royal Family, 5,500 athletes and team officials and 10,000 members of the media is as thrilling as winning a gold medal.

Wright, 52, is responsible for “the big functions.” These include the Olympic village where the athletes will reside, as well as transportation, logistics, accommodation, snow management, cleaning and waste management, press and broadcast operations, temporary construction, secondments and, of course, food services. He must make sure all the athletes are well fed and well housed. There must be controls in place to ensure the athletes arrive on time to their events, which are scattered across 10 venues in Richmond, Vancouver, Cypress Mountain in West Vancouver and Whistler, 120 km north of Vancouver along the Sea to Sky Highway.

Oh, and pray for snow.

Nothing that Wright can't handle. "I have a lot of energy and I love this work," says the CA, who worked at Expo 86 after he finished articling, acting as the bridge between finance and operations and entertainment.

Keeping the VIPs happy and the athletes well fuelled is a cakewalk in comparison to the problem of transportation — long Vancouver's bane. As any commuter will attest, traffic is a never-ending headache, with bottlenecks at key linkages between the urban centres that make up the Greater Vancouver Regional District, with its 2.2 million population. "We have to get 30% of the cars out of downtown Vancouver," says Wright, who stays at a Vancouver apartment during the week and takes the 40-minute flight home to Victoria on weekends. Commuters into downtown will be encouraged to telecommute, walk, cycle or take public transit to work. Not an easy pill to push in February when Vancouver is soaked by bone-chilling winter rains.

This is but another minor hillock in the mountain range of challenges that Wright has scaled in the past dozen years. Tourism Vancouver first approached him in 1997 to do a feasibility study on the potential for Vancouver and Whistler to host a Winter Olympics. He prepared a business plan for the domestic bid committee and, in 1999, was contracted to lead the development of the technical aspects of the bid while overseeing the bid's finances. At the time, Wright's now 19-year-old son was in Grade 2. After such a lengthy gestation period, do the Vancouver Olympics feel like Wright's baby? "It kinda does — and I want it to be delivered," he says.

Now that VANOC is in the home-stretch of Games preparation, Wright has the luxury of looking back at a journey that he compares to trekking the Himalayas. "One of the challenges on a project as big and as complicated as this is that you get to the top of the mountain that you slogged your way up to get something done and before you can celebrate you look ahead and you see a bigger mountain," he says.

It's hard for Wright to believe that the Olympics — once only a dream — are mere weeks away. It has been a long haul for him, McLaughlin and Cobb. But when given accolades by men such as Chambers, the three downplay their contributions, preferring to deflect credit onto the VANOC team and the host of

volunteers. Nothing will make these men happier than to see the Games go ahead without a hitch, allowing the athletes to finally take centre stage.

While it may be time for the athletes to shine, it can also be said that the commitment, ingenuity and endurance of Cobb, McLaughlin and Wright show that the spirit of an Olympic champion rests not only with the athletes, but with those who have worked to ensure the Games are an unforgettable experience for participants and viewers alike.

Roberta Staley is a freelance writer based in Vancouver

ACOMBA
ACCOUNTING SUITE

GET INTO THE COMFORT ZONE
www.acomba.com/editionconfort
1 800 862-5922 OPTION 5

COMFORT EDITION

RELAXE
ACOMBA ACCOUNTING SUITE
General Ledger, Accounts Receivable
and Accounts Payable Modules

RELAXE
PERSONALIZED ONE-HOUR SETUP ASSISTANCE
Installation, configuration and basic training

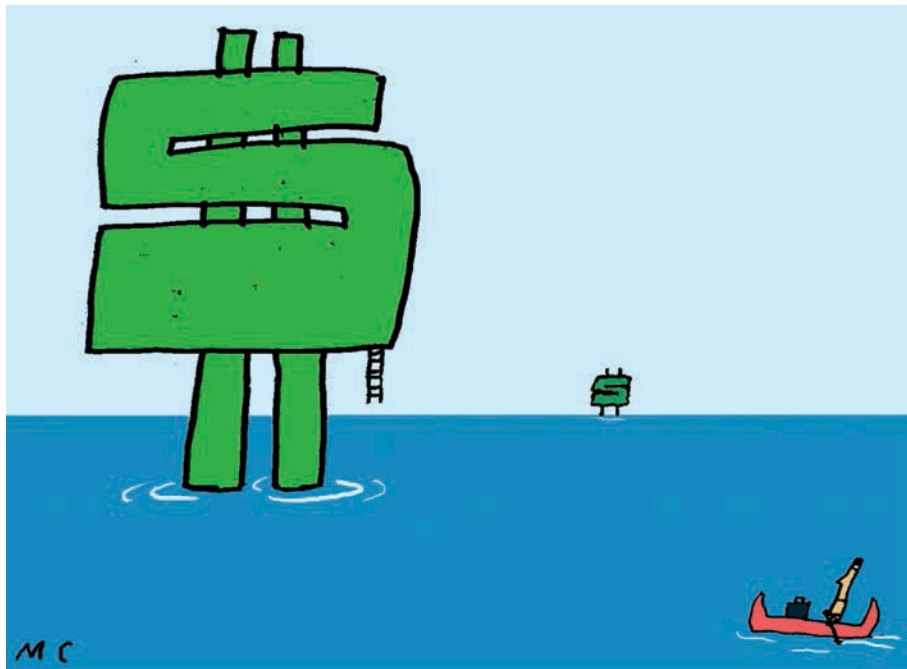
RELAXE
15-MONTH UNLIMITED TECHNICAL
SUPPORT AND UPDATES

RELAXE
WEB TRAINING
ACOMBA Environment

RELAXE
BUSINESS FORMS
50 Customized cheques
Customized invoices
Self-adhesive envelopes
Business cards

Offshore trusts under attack

As the CRA challenges offshore trusts, many cases and appeals are working their way through the judicial system



In the Canadian context, the expression “offshore trust” generally denotes a trust whose primary beneficiaries are resident in Canada and a trust that has been formed under and subject to the laws of another country, usually a low-tax jurisdiction. Both the Department of Finance and the Canada Revenue Agency (CRA) have taken steps to prevent the use of such trusts to defer or eliminate Canadian income tax. Finance has developed proposed tightening amendments to the non-resident trust rules in Sec. 94 of the Income Tax Act and is negotiating tax information exchange agreements with a number of jurisdictions. The CRA has attacked offshore trusts using a variety of approaches, including the general anti-avoidance rule (GAAR). These complex cases are beginning to work their way through the judicial system, and so far the CRA is ahead, 2:1. The cases are of interest not only because of their impact on offshore

trust arrangements but also because of the myriad of legal issues they address.

In *Garron et al v. The Queen*, 2009 TCC 450, the Tax Court of Canada held that the trusts in question were not resident in Barbados because their “central management and control” was in Canada, even though the trustee for both was resident in Barbados. As a result of this decision, two Barbadian trusts were denied the exemption provided in Article XIV(4) of the Canada-Barbados Treaty.

This case involved a typical offshore freeze. While Barbados is not a low-tax jurisdiction per se, it does not impose tax on capital gains realized by Barbadian residents. This fact, in combination with the treaty exemption, has made Barbados an attractive jurisdiction for offshore freeze transactions. The CRA has listed Barbadian freeze transactions on its items under review for the potential application of GAAR. However, GAAR was just one of several grounds of assessment in the Garron case, and did not form the basis of the decision.

In 1998, the owners of common shares of PMPL Holdings Inc., a Canadian corporation, converted their shares to fixed value preference, or freeze shares, with a redemption amount of \$50 million. Two trusts with Canadian resident beneficiaries were settled by an individual resident in St. Vincent. The sole trustee of each trust was a corporation resident in Barbados. The trusts subscribed for shares of newly incorporated Canadian holding corporations, making them wholly owned. These corporations then subscribed for common shares of PMPL for nominal consideration, no doubt on the basis that the freeze shares represented the then current fair market value of PMPL.

Two years later, in 2000, the trusts disposed of most of the shares in the holding companies in an arm's-length sale, realizing capital gains of more than \$450 million. The trusts claimed the exemption in Article XIV(4) of the treaty, which provides that only the contracting state of which the vendor is a resident has the right to tax gains from the sale of certain property. This would mean that if the trusts were resident in Barbados, there would be no tax on the realized capital gain in either Canada or Barbados.

The Minister took the position that the treaty exemption did not apply and issued assessments to each of the trusts in respect of the gains. In addition to assessing the trusts, the Minister also assessed the preferred shareholders of PMPL (the other appellants) with respect to the same gains pursuant to subsection 75(2) of the Income Tax Act. These latter assessments were a protective measure only, there being no intent to tax the same gains more than once. The Minister based his assessments on the following alternative arguments: (i) the trusts were resident in Canada under general principles; (ii) the trusts were resident in Canada by virtue of Sec. 94 of the act; (iii) subsection 75(2) of the act applied to the other appellants; (iv) the GAAR applied; and (v) the sale proceeds should be reallocated from the trusts to the other appellants by virtue of section 68 of the act.

The tax court judge, Justice Woods held that the exemption in Article XIV(4) of the treaty did not apply because the trusts were resident in Canada. Although the corporate trustee of each trust was acknowledged to be a resident of Barbados, Judge Woods concluded that the central management and control of each trust was in Canada based on the evidence as a whole. She found that the corporate trustee's role was limited to executing documents as required, and providing incidental administrative services. It was not expected to have responsibility for decision-making beyond that. In her view, "more likely than not," the corporate trustee had agreed from the outset that it would defer to the recommendations of the Canadian principals. Among the many factors that the judge considered relevant was the fact that each Canadian principal (with his wife) had the power to replace the trust's "protector," the person who had the power to replace the corporate trustee.

This conclusion must be contrasted with the long-standing decision in *Thibodeau Family Trust v. The Queen*, 78 DTC 6376, where the Federal Court found that the residence for tax purposes

of the trust was in Bermuda, on the basis that the majority of the trustees were resident in Bermuda and the trust document provided for majority decision-making on all matters involving trustee discretion. Judge Gibson's obiter in *Thibodeau* appeared to reject the central management and control test on the basis that the fiduciary duties imposed upon trustees would not permit them to take direction from a third party.

Judge Woods found the *Thibodeau* decision to be insufficient authority for rejecting a central management and control test to determine trust residence. In her view, "adopting a similar test of residence for trusts and corporations promotes the important principles of consistency, predictability and fairness in the application of tax law" (Para. 160). This aspect of the decision is bound to be somewhat controversial, and could well form the basis of the appeal to the Federal Court of Appeal.

The decision that the trusts were resident in Canada was sufficient to dispose of the appeals, but Judge Woods went on to address some other issues raised. For purposes of this article, space permits us only to summarize her conclusions:

Sec. 94 did not apply to deem the trusts to be resident in Canada, since the trusts did not "directly or indirectly" acquire

The decision that the trusts were resident in Canada was sufficient to dispose of the appeals.

But the judge went on to address other issues raised

property from the Canadian principals. However, even if Sec. 94 had applied, this would not have affected the availability of the treaty exemption if the trusts were resident in Barbados. The test of residence in the treaty requires that the person or entity claiming treaty benefits be "fully taxable" in the residence country (see *Queen v. Crown Forest Industries Ltd.*, 95 DTC 5389 (SCC)). Sec. 94 only applies to income from certain sources and does not make the trusts "fully taxable" in Canada.

Subsection 75(2) is an attribution provision that is applicable to reversionary trusts. It was held not to apply because there was no "acquisition of property" from the Canadian principals. Further, the exemption in Article XIV(4) takes precedence over the application of subsection 75(2).

With respect to the application of GAAR, the existence of a tax benefit and an avoidance transaction were conceded, so the only question was whether there was a misuse or abuse within the meaning of subsection 245(4). The Minister submitted that it was an abuse of the treaty to use the exemption in Article XIV(4) to avoid an anti-avoidance rule such as Sec. 94. Judge Wood disagreed, stating this approach would be contrary to that suggested by the Federal Court of Appeal in *The Queen v. MIL (Investments) S.A.*, 2007 DTC 5437. "It does not make sense that a transaction that is subject to tax under the Act by virtue of an anti-avoidance provision necessarily constitutes a misuse or abuse of the Treaty" (Para. 373). If it had been intended that Sec. 94 should override the treaty, this should have been specifically mentioned in the treaty.

The Minister submitted that Sec. 68 should be applied to

reallocate a portion of the sale proceeds to the other appellants, because the fair market value of the shares of PMPL at the time of the freeze was substantially greater than the value attributed to them. However, Judge Woods did not address the quantum that should have been allocated to the other appellants, stating that “in all the circumstances it would be preferable to defer a consideration of section 68 for another day” (Para. 399).

The final result is that the appeals of the trusts were dismissed and the appeals of the other appellants were allowed. The case is again being appealed.

Other recent offshore trust decisions

There are two other recent offshore trust decisions both of which are under appeal. In *Antle et al v. The Queen*, 2009 DTC 1305 the CRA successfully challenged a spousal trust arrangement whereby property was transferred by the taxpayer to a Barbados spousal trust tax-free and sold back to the taxpayer’s Canadian spouse in order to create a bump in the cost of capital property, relying on the capital gain exemption in the treaty. The tax court found that there was no validly constituted trust, and that, in any event, GAAR applied to the series of transactions undertaken by the taxpayers.

In the case of *Morris et al v. MNR*, 2009 DTC 5127, the Federal Court considered the withholding tax requirements under section 116 and came to the conclusion that when no tax is owed

because of a tax treaty, the CRA has no discretion to refuse to issue a clearance certificate. In reaching this result, Justice Simpson concluded that the trust in that case was resident only in Barbados. In her view (at para. 38), a finding of dual residence “must be based on actual physical factors and there are no such factors linking the Barbados Trust to Canada.”

Conclusion

We can expect to see more offshore trust cases in the coming years, as well as appeals from the cases that have already been decided. These cases address a number of tax and legal principles, so their ultimate outcomes will be important to follow. For example, if the *Garron* decision is upheld, it will be necessary to examine, in each case, where the central management and control of a trust is exercised. This could prove to be an impediment to the use of trusts as tools in international and interprovincial tax planning. In addition, if the tax court’s interpretation of *Crown Forest* is correct, Finance’s proposed amendments to Sec. 94 will not be entirely effective.

Jennifer Smith, LLB, is an executive director in the Ottawa tax practice with Ernst & Young LLP. She can be reached at jennifer.j.smith@ca.ey.com

Technical editor: Trent Henry, tax managing partner, Ernst & Young



**You track
accounts.
We fast-track
accountants.**

With immediate access to 2 million financial professionals, we can find the skilled candidates who match your job requirements in significantly less time. No firm is more skilled at putting experienced people in front of you, quickly and cost-effectively. Count on us to help put your financial hiring on the fast track.



Robert Half
Finance & Accounting

1.800.474.4253
roberthalf.com

Getting the evasive PEARL

Engineering is usually required to create cultured pearls; similarly intervention is needed to achieve a PEARL system

Have you wondered how a costly accounting information system (AIS) can become a productive and indispensable tool? How can AIS support operations and be an integral part of the business to the extent that senior management encourages the pervasive use of it throughout the organization? The answer lies in turning the traditional AIS into a process enabling accounting and reporting linked (PEARL) system. Large enterprises have undertaken this transformation using enterprise resource planning (ERP) systems. For small and medium-sized enterprises (SME) this may be an opportune time to pursue a PEARL system because of the availability and affordability of configurable ERPs. Most, if not all, SMEs have AIS that meet their internal and external stakeholders' needs; however, not all SMEs have put their AIS under the microscope with the intent of moving it

along a continuum from the traditional AIS to a PEARL system. The evasive PEARL system represents an ideal achievement. This move along the continuum is a difficult journey and not always successful; however, by paying attention to the top five critical success factors outlined in this article, there is a greater probability of success.

Traditional AIS shortcomings

Traditional AIS is set up to capture legally binding commitments and completed transactions with a typical workflow in the procure-to-pay cycle illustrated in "Traditional accounting information system" on page 37. Such systems do not capture information on processes and do not assist in the coordination of these processes resulting in the following shortfalls:

- resources are required to create, maintain and retrieve documentation on processes;
- processes that cross departments have to be coordinated



SUSANNA DENTI

and completed by administrative departments (e.g., purchasing or accounting), resulting in additional transaction processing costs; and

- access to information on process performance is not readily available for management decision-making and accountability.

Ideal PEARL system

An ideal PEARL system on the other hand, in addition to capturing the necessary accounting information, will capture information on process activities from the start of the process, allow for the electronic flow and capture of subsequent activities with minimal manual effort and provide reporting on all of the captured data elements. Typical procure-to-pay cycle workflow in a PEARL system is illustrated on page 37, with the functionality details as follows:

Process-enabling functionality should:

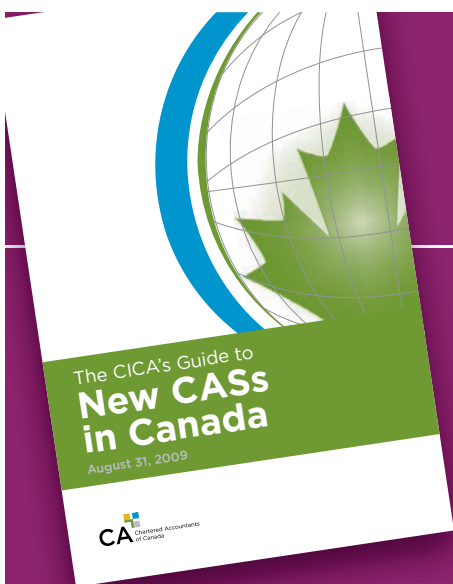
- allow for the capture of information on process activities in the system, by the area that is performing the activity, from the very first task in the process;
- enforce organizational policy by both sequencing process steps (i.e., workflow) and only allowing the process to proceed after the organizational requirements are met;
- increase productivity by: offloading as many administrative tasks as possible to external entities; facilitating the sharing of information between different departments within the organization and with external entities; and allowing for the electronic completion of administrative tasks such as approvals, communication and process status reporting.

In a scenario where an employee requires goods or services that have not been presourced and the business policy requires competitive bids, a process enabling purchasing system will

require authorized employees to create online requests for goods or services. Before any action is taken on an online request, a predefined workflow in the system will enforce the business' procurement authorization policy and obtain the necessary online approval. Approved request is electronically forwarded to the purchasing area for adding purchasing information and posting a request for quote or request for proposal on the business' extranet site (approval requirements for posting, if any, are enforced by the system). Purchasing may specify potential vendors that should receive alerts (faxes or e-mails) about the posting. Interested vendors are required to submit their quotes or proposals online with the system enforcing both submission requirements and deadlines. Online evaluation matrices are filled

The PEARL system is an optimal achievement. The journey is difficult and not always successful, but with attention to critical factors there is a greater probability of success

out by purchasing and, if required, by other internal stakeholders with the system combining and summarizing the evaluations. After the selection of a successful vendor, if required, a draft contract is created on the system using the bid terms and conditions. Contract negotiation, review and approval processes are facilitated by an integrated contracts module. Purchasing would create a purchase order from the approved contract or bid submissions. Purchase order is electronically routed for internal approval(s) and electronically transmitted to the vendor. The capture of information on requisitioning, sourcing, contracting, and purchase order issuance activities in the system automates and supports



GET READY FOR THE NEW CANADIAN AUDITING STANDARDS

New quality control standards, applicable to ALL areas of public accounting, came into effect **December 15, 2009**.

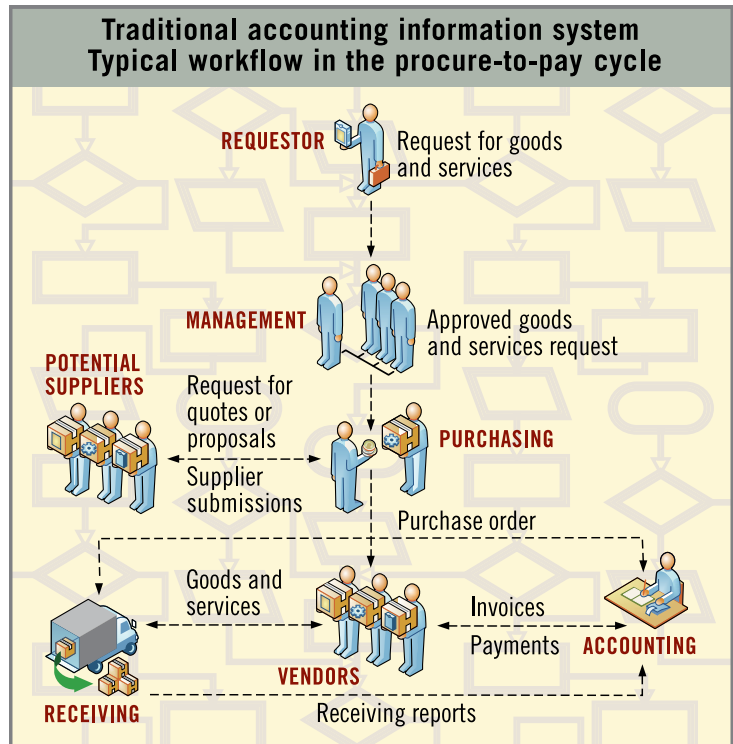
New Canadian Auditing Standards, applicable to all financial statement audits, come into effect for periods ending on or after **December 14, 2010**.

For more information and support, go to www.cica.ca/CAS.



purchasing department's processes while enforcing organizational policies, provides online status/progress information, creates an audit trail, and provides reporting for decision-making as described below in the reporting functionality section.

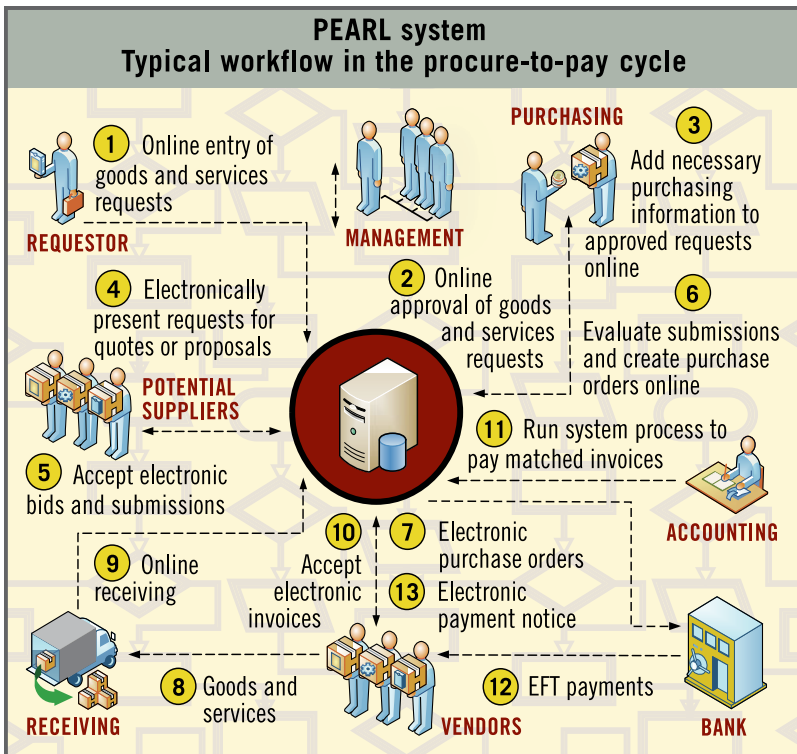
Accounting functionality will capture legally binding commitments, completed economic transactions, and support internal controls by both enforcing segregation of duties and providing an online audit trail. In procurement systems there is a complete online audit trail of the requisition and its approval, sourcing activities undertaken to obtain best value, and the purchasing commitment with its approvals. Completed economic transaction is recorded in the system upon the online receipt of goods or services. A PEARL system will automatically accrue a liability based on purchase order unit price and the receiving that is done in the system. Vendors' invoices are imported electronically and approved by the system for payment based on the match to purchase orders and receiving. Alternatively, vendors are requested not to send invoices, as payment will be processed in accordance with the payment terms on the purchase order after receiving is done in the system on the premise that invoice processing costs exceed the additional benefits from invoice matching. Vendors are paid through electronic fund transfer (EFT) and advised of their payments electronically (fax, e-mail, or portal). Internal controls are evident through online authorizations and segregation of the requisition, purchasing, receiving, and payment duties.



Reporting functionality A PEARL system will have the following types of reporting functionality on the process information in the system along with the associated system information such as user, date and time of activity:

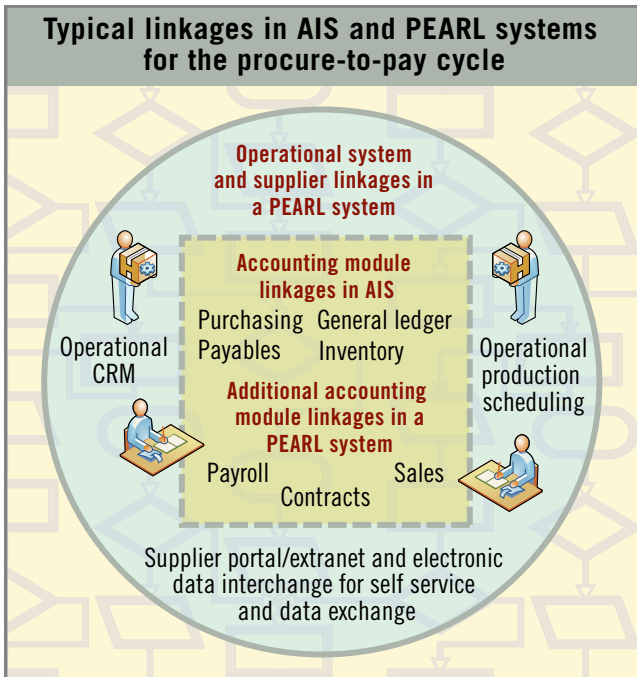
- key indicator reporting may include items such as average time it takes to convert an approved requisition to an approved purchase order categorized by the sourcing type (noncompetitive, quotes and proposal) or percentage of competitively sourced versus noncompetitively sourced purchases over specified reporting periods;
- standard reporting may provide information reports such as outstanding approved requisitions by departments or provide exception reports such as approved requisitions outstanding for more than an acceptable period of time by requisition approver and/or creator; and
- ad hoc reporting may include not only activities with successful vendors, but also unsuccessful bidders such as bidders that have less than 50% success rate over specified reporting periods.

Linked functionality refers to the interfaces between the different accounting modules, with internal operational systems, and with external entities. See diagram on page 38 for typical linkages in AIS and PEARL systems for the procure-to-pay cycle. In addition to the standard AIS linkages between the purchasing, payables, inventory and general ledger modules, a PEARL system will have linkages with:



BAIBA BLACK

- payroll module to provide the current organization hierarchy and employee information for process workflow and approval. In addition, the payroll module linkage allows for procurements from employees and for processing employee travel expenses in accounts payable with minimal effort to set up employees as also having a vendor relationship with the business;
- sales module linkage to provide purchase requirements based on sales orders and to provide current or projected cost informa-



tion for sales quotes or sales order pricing. In addition, for the strategic partnership model of doing business, it is essential that each external legal entity is set up once and given the relationship of customer and/or vendor to provide comprehensive reporting of sales and purchases with each entity; and

- contracts module to facilitate contracting processes and to provide information on contract terms including rebates or volume discount entitlements, if any.

Linkages with internal operational systems such as a customer relationship management (CRM) system can automatically flag inventory items with unacceptable return rates or customer issues. Alternatively, linkages can allow purchasing to view customer issues and the amount of after-sale support required for vendor products to assist in sourcing and/or negotiations, and production scheduling system to automatically initiate purchase requisitions or purchase orders to pre-approved vendors for the required goods and services.

Linkages with external entities will allow for two-way electronic transfer of information such as purchase requirements, quotes/proposals, purchase orders, shipment information and invoices. Also, in a PEARL system, vendors are provided secured online self-serve access to their information (address, bids, orders, shipments and invoices) to minimize inquiries from vendors and the need for administrative support to vendors.

Success factors in achieving PEARL

The majority of information systems projects do not achieve their original objectives; however, the risk of failure can be mitigated by identifying and focusing on the success factors. In a project to transform the existing AIS or to implement a PEARL system, the top five of the critical success factors are:

1. clear vision of the PEARL system and its objectives with senior management buy-in and funding (including a 10% to 20% contingency budget);
2. before undertaking a PEARL system implementation or transformation, review current procedures and processes with the intent of standardizing and documenting them. This will ensure readiness for a PEARL system, which requires adherence to well-defined processes. Also, documenting current processes will help define systems requirements;
3. detailed documentation of technical requirements and functional requirements with scenarios. Documentation should have sufficient depth and detail to evaluate and rank sales presentations that generally promise the world;
4. strong project management with clearly defined project roles and responsibilities, including a project sponsor (usually from senior management) who has a direct stake in the success of the PEARL system, steering committee that represents major stakeholders, project manager with extensive change management experience, and adequate internal staff on the project team who are free to concentrate on the project;
5. conscious management of change including timely decisions by steering committee, frequent general and targeted communications to internal and external stakeholders, use of champions to get buy-in from resistant employees, and documented processes that are well communicated and used in training employees.

Conclusion

In nature, naturally created pearls are rare; human intervention or engineering is required to create cultured pearls. Similarly, in systems, senior management needs to engineer or intervene to achieve a PEARL system. AIS can turn into a PEARL system with vision, design and support. Implementation or transformation of systems is a difficult and risky journey with obstacles such as technology/software limitations, unique business processes that cannot be easily adapted to a PEARL system, gaps between organizational capability and technological feasibility and resistance to change. However, with diligent undertaking of the top five critical success factors, the chances of success increase. With the current economic downturn, where all expenditures need to be justified and competitive advantage is essential for survival, businesses can't afford not to seek the evasive PEARL system.

Rizwan Suleman, CMA, CA•IT, is an instructor at NAIT Institute of Technology, in Edmonton. He can be reached at rizwans@nait.ca

Technical editor: Yves Godbout, CA•IT, CA•CISA, director of IT services, Office of the Auditor General of Canada, he can be reached at godbouy@computrad.com

“The list of benefits is long. We now have the ability to sustain exponential growth... and keep capital costs down — for example, we’ve lowered our inventory levels by 50 percent, without experiencing shortages.”

Scott Bell, COO, Arthur’s Fresh

Arthur’s Fresh & SYSPRO ERP

Arthur’s Fresh was founded by its namesake’s son, company president Travis Bell, a fifth generation fruit farmer from Goderich, Ontario. The Bells have been growing fruit and pressing cider on the original family homestead, and surrounding areas, since 1893. “Having grown up on a fruit farm,” says COO Scott Bell, “all we do is put fresh fruit and vegetables in bottles. We never dilute our fruit with added sugar, water, concentrates, preservatives or additives.”

Growing up on a farm also taught the Bells about environmental responsibility, and the virtues of “buying local.” Arthur’s Fresh purchases six to eight million pounds of produce every year. “We’ll even pay more to get Canadian produce,” says Bell. “We understand the importance of allegiance to Canadian products. And, of course, the fewer miles your food travels to get to your plate, the better it is from both environmental and nutritional points of view.” The company’s signature smoothies, packaged in lightweight, 100-percent recyclable containers, are bottled in an HACCP-certified production facility that runs on electricity generated by water and wind.

Scott Bell joined Arthur’s Fresh in 2007. His first job was to manage the company’s transition to a full-fledged enterprise resource planning (ERP) system. Fast-growing and aggressive, the company’s implementation schedule ran to an ambitious timeline. The decision to go with SYSPRO ERP was made in December 2006. Three months later, in March 2007, the system went live.

“Before SYSPRO,” says Scott, “Arthur’s Fresh ran on Quickbooks, Microsoft Access and one brain. My brother was the enterprise system — front office, back office, purchasing, manufacturing and product formulation. Our revenues were about \$6 million in 2006, and doubling yearly. The business was quickly becoming complex beyond the ability of one person to manage — we needed to free my brother from his office and factory roles, to let him concentrate on the job of being president. In short, we needed SYSPRO.”

With so much growth in hand, and so much emphasis on nutrition and health, Arthur’s Fresh needed an ERP system that would manage financial complexities, run a factory, guarantee quality, and offer precise control over every aspect of the supply chain. “We partnered very closely with SYSPRO,” says Bell. “One of the things we really liked is their consulting services — that’s key for a small company like ours. We were great in Access and Excel, but none of us had prior experience with an ERP.”

For Bell and Arthur’s Fresh, the initial implementation was only the beginning. “When you implement SYSPRO,” says Bell, “you’re not just doing it for the basics. There are other

pieces down the road that you’ll really want to leverage.”

The company’s first “post go-live” implementation was electronic data interchange (EDI). “Costco was our first, but not our last EDI implementation,” says Bell. “It’s a good cost-saving measure for our customers, and a great implementation for us.”

Arthur’s was quick to harness SYSPRO’s system for inter-warehouse transfers. “When you double every year,” says Bell, “you grow out of your physical environment quickly. We had to start using third-party warehouses, so we could maintain our facility solely for manufacturing. It’s not the lowest cost approach, but it’s what we had to do because of the growth we were facing. With SYSPRO’s Goods In Transit system, we’re better able to control our inter-warehouse movements and costs.”

Next came the materials resource planning module. “We wanted the MRP module in a hurry,” says Bell. “We don’t spend our money on marketing, we spend it on product. What we put in the bottle is a large part of our costs — more so than other juice companies, because our product is healthier. That’s one of the areas that swung us to the SYSPRO side, because it manages minimum levels, blanket POs, uses multiple units of measure for pricing and handling, and because it makes MRP recommendations based on forecasts, available stock, and current demand.”

Finally came the Trade Promotions module. “We wanted to get on top of trade promotions with all our various customers,” says Bell. “In prior years the sales team handled promotions, but over time it became increasingly time consuming and complex. The Trade Promotions module is key to our growth.”

Since March 2007, says Bell, each of the company’s ERP objectives has been achieved. “The list of benefits is long. We now have the ability to sustain exponential growth; to trace lots and undergo various stringent audits; manage the P&L; manage very long lead times for raw materials; do business with Costco, Wal-Mart, Safeway and other EDI companies; control promotional costs; and keep capital costs down — for example, we’ve lowered our inventory levels by 50 percent, without experiencing shortages.”

These days, says Bell, brother Travis has come to trust the data he receives from SYSPRO. “He’s happy now, and he sleeps more. He trusts the clerks to do the jobs he only trusted himself with in the past. SYSPRO has freed him up to go close a new sales account, and that’s a lot more valuable than having him do the accounting.”

For more information about Arthur’s Fresh please visit: www.arthursjuice.com

**Delivering
high-end
solutions
mid-size
companies
can afford.**



SYSPRO™
Simplifying
your Success

Contact SYSPRO today for
your free copy of

*“When, How and Why
of ERP support for LEAN”*

Toll-Free in Canada
1-888-259-6666 x228
info@ca.syspro.com

www.syspro.com

Keeping a bargain a bargain

US real estate is attractive, but a few tax and estate planning strategies can help you avoid tax and probate issues

With US sunbelt property values having decreased dramatically over the past few years and the Canadian dollar trading at reasonable levels, it isn't surprising that a number of Canadians are contemplating purchasing a property stateside. To explore the crossborder estate and tax complexities of such a purchase, the following case study considers a Canadian resident couple planning to purchase a condo in Florida.

Brad and Angelina are married and are both Canadian citizens and residents. They have two children: Bonnie, 29, and Matt, 26, also Canadian citizens and residents. The couple plans to purchase property in Boca Raton, Fla., for US\$1.5 million. They expect to close on the property with cash but plan to finance between 50% and 60% of the purchase price (between US\$750,000 and US\$1 million).

Brad's life insurance policy has a face value of US\$2 million; his total estate is worth about US\$6.5 million (including a \$2-million life insurance policy). Angelina's estate

is worth about US\$8.5 million. Their total joint estate is worth US\$15 million. They don't own any shares or bonds of US companies and would like to lower their potential US estate tax liability.

Issues with holding property titles personally

Probate is the legal procedure required to transfer legal title to children or beneficiaries upon your death. As per Florida statutes, probate may cost up to approximately 3% of the value of the Florida estate (US\$1.5 million) upon the date of death, which translates into approximately US\$45,000 of probate fees and expenses based on the current value of the property. Of course, it is highly likely that the value of the property will have greatly appreciated at the time of death and that probate expenses would be significantly higher.

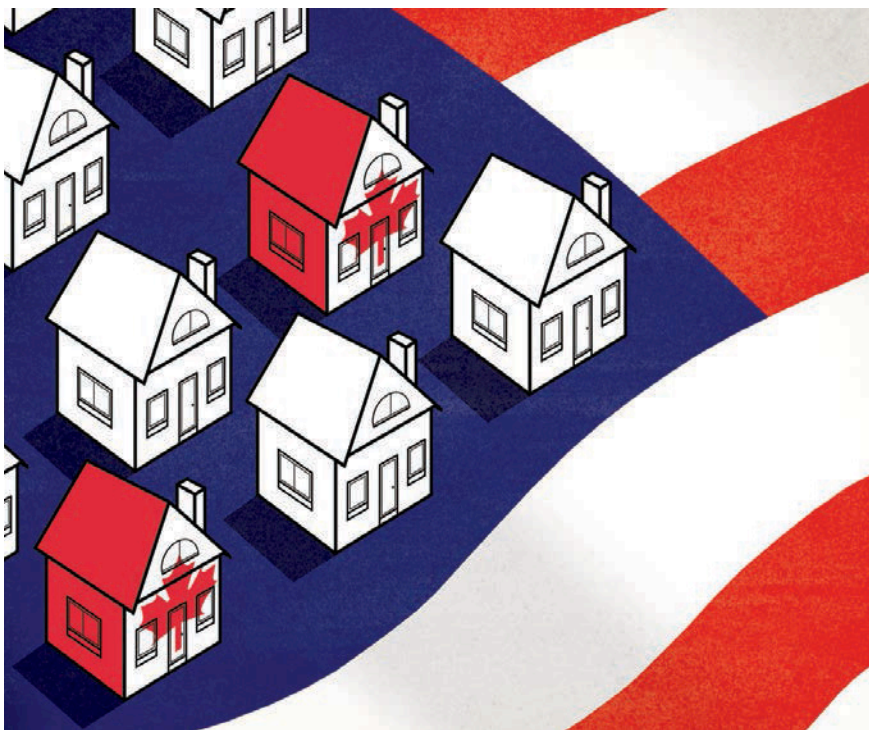
Other US real estate title ownership issues include an incapacity hearing and guardianship determination if you are deemed to be incapacitated. A guardianship proceeding is a legal proceeding under which a person who lacks the ability to manage certain functions of daily living is

declared by a court to be incapacitated and loses the legal right to make certain decisions. The court must make a finding of incapacity then determine whether to appoint a guardian to exercise the decision-making rights that were removed. Guardianship proceedings require legal representation and can be costly.

Since probate and guardianship procedures are also time consuming and freeze the estate, we would like to structure the couple's estates so they avoid probate and guardianship procedures.

There are specific rules under the Internal Revenue Code and the US-Canada Tax Treaty regarding US estate tax applicability to a Canadian resident who dies owning US assets.

Those with less than US\$60,000 worth of US domiciled assets avoid the whole US estate tax issue. Even where the US assets exceed US\$60,000 on death, there may still be no US estate tax payable by applying the treaty as it provides that should the worldwide value of assets not exceed US\$3.5 million (2009 rule, this exemption is subject to change under cur-



First to die with no planning (US\$)

Worldwide estate	\$6.5 million
US taxable estate	\$1.5 million
Estate tax marginal rate	45%
Estimated estate tax amount	\$219,846

rent code legislation and also pursuant to draft bills proposed to the Senate and Congress. At press time, a legislative clarification was expected before the end of the year) there will be no estate tax.

However, should the US assets exceed US\$60,000 and the worldwide estate exceed US\$3.5 million, there may be estate tax on death depending on the value and ratios of the US assets as the numerator and the worldwide assets as the denominator multiplied by the exemption, to determine the credit. The resulting credit is then subtracted against what would otherwise be the tax.

With no US estate planning, should Brad die first and in 2009, his estate faces a potential US estate tax liability of US\$219,846 (see table above). This calculation is based on his worldwide estate of US\$6.5 million in 2009 and his potential US\$1.5-million ownership interest in the property. (Sec. 2040(a) of the code, the Contribution Rule, presumes that where husband and wife own jointly, the entire value of the property is included in the estate of the first to die.)

There are two ways to mitigate that tax if Angelina survives Brad. The first is a marital credit available under the code and the treaty. Brad's asset basis is such that his estate tax would be eliminated. Upon the second spouse to die (assuming Angelina dies after Brad), her US estate tax liability will be US\$410,220 (based on US\$1.5-million value of the property and US\$15-million worldwide estate), using the 2009 values and exemptions (although there is actually a credit when the second spouse dies shortly after the first).

If Angelina dies first, there will be a tax of US\$42,000 even after applying the marital credit because of her higher worldwide estate. In such a case where the marital credit isn't sufficient to eliminate the estate tax, a second approach would be for the surviving spouse to roll the US assets of the deceased spouse into a qualified domestic trust, which will form part of the crossborder trusts (CBT). In such case, the marital credit will not apply.

Potential strategies

Purchase of property and CBT

We recommend purchasing the property through two separate CBTs (one for Brad and one for Angelina). Each trust would own 50%. This would rebut the presumption of IRC Sec. 2040(a) contribution rule, which presumes that where husband and wife own property, the first to die paid for the property. Each spouse's contribution would be the percent of the value used in each of their estates and not the entire purchase price.

CBTs are structured so that upon the death of the first spouse, the 50% value of the property does not get added to the surviving

spouse's half but stays inside the trust of the first to die so that only 50% of the property is in the estate of the second spouse to die. Upon second to die, the property in the trusts would be divided into two equal shares in the trusts for Bonnie and Matt, providing the children with creditor protection and marital asset protection if divorced.

With CBTs in place, probate expenses and procedures related to the property will be completely avoided in the US and Canada. Aside from reducing or eliminating US estate taxes while preserving foreign credits in Canada under the US-Canada Tax treaty, a CBT structure also protects beneficiaries against their creditors and/or a beneficiary's divorcing spouse from realizing rights to the property in the CBT.

Lastly, CBT assets are not generally subject to the jurisdiction of the guardianship court if either spouse were to become mentally incapacitated. Rather than going through a guardianship proceeding, a CBT enables the successor trustee to step in to manage assets without court intervention.

In each spouse's respective CBT, they are the grantor, trustee and beneficiary, while the spouse serves as a co-trustee. No one else is involved in the CBT while the grantor is alive. There are no annual filing requirements either to the IRS or Canada Revenue Agency (CRA) unless there is rental income. Nor will there be

There are rules under the Internal Revenue Code and the US-Canada Tax Treaty regarding US estate tax applicability to a Canadian resident who dies owning US assets

any requirement for an accountant or attorney for annual administration or maintenance fees. Once established for the first property, the trust structure is ready to accept any additional property purchased in Florida without further amendments or expense. Should the couple no longer own Florida properties, no dissolution, wind-up procedure, or legal or accounting services are required. The CBT is basically maintenance free and revocable should they wish to amend or delete any clauses.

Furthermore, should they ever sell the property, the sale proceeds would flow to the individual as opposed to the trust.

With regard to US estate tax liability, transferring a US property ownership interest into separate CBTs means that upon death, the deceased's estates will not be subject to the full value of the property for estate tax purposes.

Valuation discounts

Each CBT will now be able to apply the valuation discount. The property would be valued at US\$600,000 (instead of US\$750,000) for US estate tax valuation for each of their respective CBTs.

The IRS bases its determination of estate tax due on an asset's fair market value. Fair market value is defined as the price at which the asset would change hands between a willing buyer and a willing seller, neither being under compulsion to buy or sell. Fair market value is often a gray area, leaving the worth of the asset and the resulting tax due open to dispute.

Valuation discounts may substantially decrease the value of an asset and therefore lower the tax. They apply to real estate and businesses depending on how title is held. If Brad tries to sell his 50% interest on the open market, he may not be able to find a buyer because buyers rarely want to own something over which they have no control. For example, if the buyer subsequently wanted to sell the property, Angelina, who holds the remaining 50%, may not be interested. Since Brad may have a hard time finding such a buyer, the marketplace would offer substantially less than the 50% pro-rata share of the total value. So why should Brad's estate (or Angelina's if she dies first) pay estate tax on the full 50%? Therefore, the valuation discounts quantify the difference between the pro-rata share of the asset (in this case 50% of approximately US\$1.5 million) and the value of the precise interest owned.

Based on our experience and research conducted on the matter, valuation discounts accepted by the IRS where title is restructured into two separate CBTs are between 20% and 33%. Being conservative, we use the 20% mark.

Therefore, with the described valuation discounts, and where title is restructured as hereafter proposed into two separate CBTs, Brad's estimated taxable estate for US estate tax purposes may be reduced to US\$600,000 (US\$750,000 minus 20%) based on a

If Brad dies first (US\$)	
Worldwide estate	\$6.5 million
US taxable estate	\$600,000
Estate tax marginal rate	37%
Estimated estate tax amount	\$192,800
Unified credit amount	\$134,382
Estimated estate tax payable	\$58,418
Tax payable post-marital credit	\$0

worldwide estate of US\$6.5 million (for simplicity purposes, the available discount has not been reflected in the denominator) if he dies first, resulting in US estate taxes estimated at US\$58,418 if he passes away in 2009. Should Angelina survive Brad, a marital credit is applicable under the code, and thus Brad's estate will not owe any tax (see "If Brad dies first," above). Note that the marital

If Angelina dies first (US\$)	
Worldwide estate	\$8.5 million
US taxable estate	\$600,000
Estate tax marginal rate	37%
Estimated estate tax amount	\$192,800
Unified credit amount	\$102,762
Estimated estate tax payable	\$90,038
Tax payable post-marital credit	\$0

credit doubles up the unified credit.

If Angelina dies first, after splitting the property into the two CBTs and taking the valuation discounts, her estate would have tax of \$90,038. However, with the marital credit, there would be no tax (see "If Angelina dies first," below left).

Upon second to die (US\$)	
Combined worldwide estate	\$15 million
US taxable estate	\$600,000
Estate tax marginal rate	37%
Estimated estate tax amount	\$192,800
Unified credit amount	\$58,232
Estimated estate tax payable	\$134,568

Upon second to die, however, the estate tax is still problematic as US\$134,568 is owed (see table above).

Florida nonrecourse mortgage

NRM is a useful estate planning structure to decrease the value of the US taxable estate. It creates a dollar-for-dollar reduction on the US taxable estate upon death. A standard mortgage does not give the estate a dollar-for-dollar deduction for a nonresident. RBC Bank in the US offers this product to Canadian residents.

As described above, we would expect the IRS to allow a 20% discount of the value of the property where title is held by the two CBTs. The discounted value of the property would be US\$1.2 million for US estate tax valuation purposes.

If the couple obtained an NRM from a US bank at a rate of 60% loan to value (which is their maximum LTV ratio), in the amount of US\$900,000 on the US\$1.5-million property, the total valuation of the US property would be US\$150,000 for estate tax purposes for each spouse (after applying the valuation discount in the two CBTs).

Each spouse would pay 50% of the purchase price from separate bank accounts. The CBT of each spouse would be deemed to own half of the value of the property. After creating the CBT, applying the discount value and obtaining an NRM from the bank as a refinance after the purchase, there will only be minimal estate tax exposure. Since each CBT will hold title to 50% of the property with 50% of the NRM debt, each spouse's interests in the property would be valued at US\$150,000 for US estate tax purposes (US\$1.5 million x 20% discount divided by 2, minus 50% of US\$900,000 NRM).

Thus, should the couple die in 2009, the estate would have US\$24,242 US estate tax liability as opposed to the aforementioned US\$134,568.

Interest deductibility rule

If they have the available liquidity, it is preferable to pay all cash for the entire purchase price and to then refinance after closing. The resulting loan proceeds are used to fund the purchase of an investment portfolio in Canada. Thereby, they are able to deduct

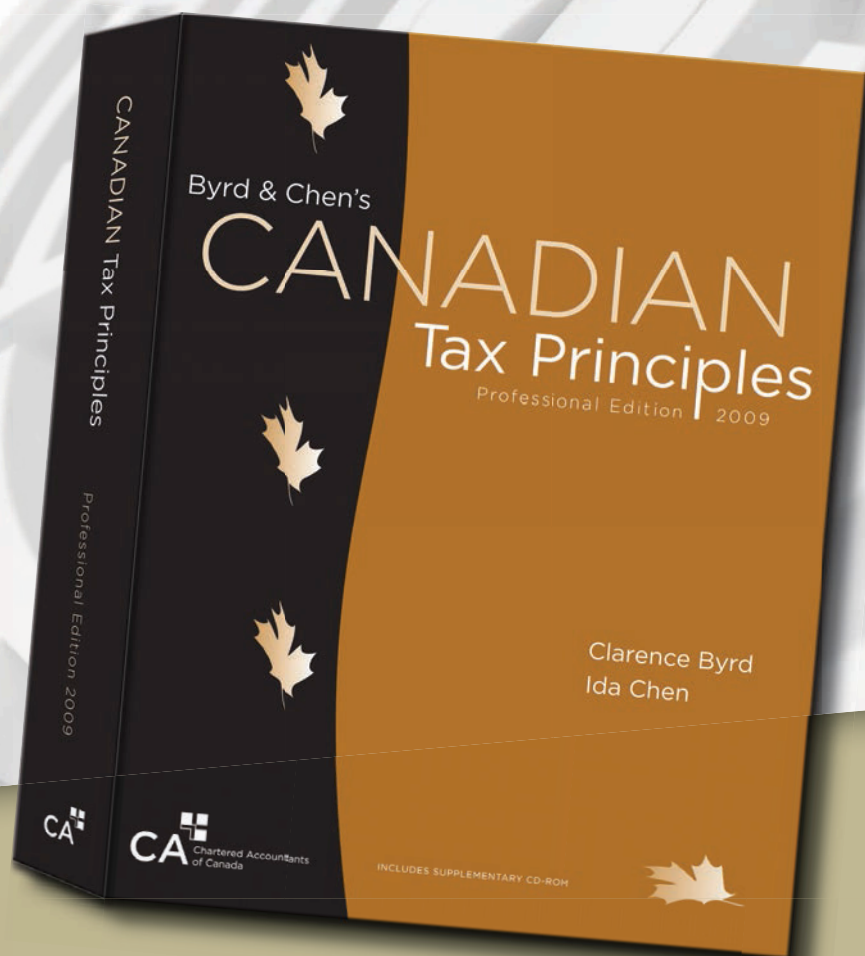
Byrd & Chen's Canadian Tax Principles

Professional Edition, 2009

**Comprehensive guidance
and straightforward solutions
to your challenging tax questions**

Canadian Tax Principles is a reliable source for identifying the key issues in a tax problem and giving you the information you need to solve them.

**For more information or to order,
visit knotia.ca/store/ctp-CA09**



the interest on a US mortgage from the revenue generated by loan proceeds in a Canadian portfolio.

Worldwide estate value issue

The larger the worldwide estate value, the lower the unified credit available under the treaty and therefore the higher the estate tax. In other words, if Angelina dies first and leaves her US\$8.5-million estate to Brad, his worldwide estate upon his subsequent death would be US\$15 million with a tax of US\$24,242 even with the above estate plan in place.

Canadian crossborder spousal trusts in Ontario wills

To avoid the value of the estate of the second to die being \$15 million, amendments to Brad and Angelina's Canadian wills should be implemented. Each spouse should bequest his/her estate to the other spouse by testamentary crossborder spousal trusts in their respective Canadian Last Will and Testament. From the IRS perspective, the value in such spousal trust (i.e. Angelina's estate value of US\$8.5 million left to Brad in her will, as revised), won't be considered part of his estate on his subsequent death. Therefore, his worldwide estate would be US\$6.5 million on death, not US\$15 million and the US estate tax would be US\$5,205 instead of US\$24,242. There are also Canadian estate planning advantages for spousal trusts. For Angelina's estate as second to die, her worldwide estate will remain at US\$8.5 million with tax of US\$13,109 instead of US\$24,242.

Private nonrecourse Florida mortgage

To completely avoid US estate tax on death of both first and second spouse, the couple could arrange a second, private US NRM in the amount of US\$200,000 on the property. The US\$200,000 loan proceeds are invested in their investment portfolio. The property would be valued at US\$100,000 for US estate tax purposes. This value is divided in half, since the separate CBTs would each own half the property. Thus, for US estate tax purposes, each estate would be valued at US\$50,000.

Should the couple pass away in 2009, each estate would be liable for \$0 US estate taxes on first to die and US\$102 of tax on second to die. The advantage of the NRM is an elimination of US estate taxes upon death.

Alternative estate planning structures

The following are alternative estate plans that present certain problems and are generally considered more aggressive and may have a higher risk of IRS audit. They include: Canadian corporation; Canadian limited partnership; Canadian family discretionary trust; and Florida limited liability corporation. The objective of such alternative estate plans is to avoid US estate tax.

Some of the issues with these strategies include:

- higher capital gains tax rate for a Canadian corporation: IRS rate of 34% plus Florida Department of Revenue tax of 5.5%. In the CBT, the IRS rate is 15% for a long-term holding (i.e. more than 12 months). Florida does not tax the gain where title is held by the CBT;

- there is also the shareholder benefit rule with the Canadian corporation that could cause the shareholder who uses the property for personal use to be forced to add the value of the usage to his or her Canadian income;
- US banks generally do not provide mortgage loans to these structures;
- IRS position of looking through these structures for US estate tax purposes and taxing as if individually owned;
- in the Canadian family discretionary trust structure, there is an issue with the 21-year disposition rule;
- note that if the individual had already owned the US property and it had appreciated in value, transferring title to such legal entities would be considered by the CRA as a deemed disposition. This means that an immediate Canadian capital gain tax would be triggered on the gain. However, capital gain taxation may be delayed using rollover provisions in Canadian Tax legislation where applicable;
- where the individual already owns the property and transfers it to either a Canadian family discretionary trust or limited partnership and continues to use the property, the IRS may apply the retained interest rule and look through such entity and tax the individual upon death;

The Florida nonrecourse mortgage (NRM) is a useful estate planning structure that creates a dollar-for-dollar reduction on the US taxable estate upon death

- expensive legal fees to set up some of these structures as well as annual filing requirements.

Conclusion

Planning to avoid US estate tax and probate issues for Canadians depends on the facts of the particular case. The foregoing example applies sophisticated, but conservative, tax and estate planning strategies that we have applied in client situations. Upon death after the implementations, probate procedures were successfully avoided and IRS Estate Tax Clearance Certificates were obtained with no estate tax payable. Although some aspects can be implemented at the time of first death, establishing and documenting the appropriate structure at the time of purchase is critical to achieving the tax minimization objective.

(The issues and solutions discussed apply to all states where Canadians typically own a vacation home, including Florida, Arizona, California, Hawaii, etc.)

David Altro is the managing partner of Altro & Associates LLP, a law firm with offices in Canada and the US. He can be reached at daltro@altrolaw.com

Technical editor: Garnet Anderson, CA, CFA, vice-president and portfolio manager, Tacita Capital Inc. in Toronto



YOUR CLIENTS HAVE BUSINESS PROJECTS.

The Business Development Bank of Canada is passionate about one thing: entrepreneurs. We provide them solutions so their businesses can grow at the pace of their aspirations – come rain or shine.



FINANCING | VENTURE CAPITAL | CONSULTING | www.bdc.ca

Canada

Connect with your clients using *Small Business eNuggets*

A library of over 50 web-based, interactive presentations for you to share with your existing and prospective clients

This powerful online learning service supports your delivery of advice and information to your clients by educating them on a variety of business topics. Preview and select the ones that are timely and relevant to each of your clients.

Sold as annual Internet licenses for use with 100 clients at \$199, 250 clients at \$299 or 1000 clients at \$499.

Go to www.smallbusinessenuggets.ca or email enuggets@cica.ca for more information.



AMBIT

ART + SCIENCE

Ambit is an executive search firm specializing in finance and accounting professionals. We have a proven track record of providing highly personalized service to Canada's leading companies.

At Ambit, we've perfected the subtle art and science of matching the right person with the right position.

Learn more about us
+ 416.703.5050

AMBIT SEARCH
36 Toronto Street, Suite 1160
Toronto ON M5C 2C5
www.ambitsearch.com



CATHY LOGUE, JOANNE ELEK & SHERIZA PERABTANI



LANNICK
GROUP of COMPANIES

The Right Fit. The First Time.™

25 years helping quality people and quality companies find *the right fit*.

register with us or consult with one of our Client Associates at:
416-340-1500 or info@lannick.com

search contract staffing

"Forging a new vision of recruitment excellence across Canada."



Yacoub & Associates

Recruitment Professionals Inc.
www.yarecruitment.com
Tel: 416-861-0882

Y&A Recruitment Professionals Inc. is a boutique consulting & recruitment firm that aims to change the face of recruitment by continually raising the industry standards.

For a decade, Jocelyn Yacoub and her team have specialized in placing CA's: whether it is your first industry position or you need to explore new senior opportunities, we have built the relationships that can help your career.

Toronto, Montreal, Calgary, Vancouver

Let us introduce you
to your next career move

www.inteqna.com

RECRUITMENT SPECIALISTS IN
TORONTO, CALGARY, VANCOUVER,
EDMONTON & HALIFAX

INTEQNA

For the people we know



The Larkin Group

Executive search

Susan Larkin, CA, MBA

2275 Upper Middle Rd. E., Suite 101 Oakville ON L6H 0C3
T: 905.491.6806 E: susan@larkinggroup.ca
www.larkinggroup.ca

1% TRAINING OBLIGATION (QUEBEC)

- Tired of paying all or part of the 1% ?
- Will your back-up survive an audit ?
- Prior years internal verifications
- Pay Equity Compliance



Tel: (514) 484-5160
 Fax: (514) 484-5453
 E-mail: info@liwconsultants.ca
www.liwconsultants.ca

JW Associates International



Janet Webb
 President

CAREER DEVELOPMENT

Business Coaching
 Career Consulting
 Termination Support
 Outplacement

EXECUTIVE SEARCH

Senior Search Group
 Future Leaders Group
 Onboarding
 Retention Consulting

Programs qualify for continuing professional development requirements
 Over 20 years experience advancing the careers of Financial/Accounting professionals

416-363-6532 info@jwassociates.ca www.jwassociates.ca
 120 Adelaide St. W. Ste 2500 Toronto, ON

Bruce R. Duncan & Associates

RECRUITMENT SPECIALISTS
 EST. 1970

J.B. Perry

416.642.6455
jperry@bruceduncan.com

Specializing in Accounting & Finance Searches
 8 King Street East, Suite 1005 • Toronto, ON M5C 1B5

www.bruceduncan.com



NORTH AMERICA'S LEADER IN PRACTICE SALES

LOOKING FOR
 A CHANGE OF
 SCENERY?

We have qualified buyers waiting! We simplify the process and help you get more for your practice... along with the BEST terms. To learn more, call Brannon Poe, CPA at 1.888.246.0974 or visit us at www.accountingpracticesales.com

CORPORATE CONSULTANTS

Financial and
 Financial Executive Search
 Since 1976

155 UNIVERSITY AVENUE, SUITE 1910
 TORONTO, ONTARIO, CANADA M5H 3B7
 TELEPHONE 416 862-1259 FAX 862-7926
info@corporateconsultants.com
www.corporateconsultants.com



RDBASE.NET

THE SIMPLE SOFTWARE SOLUTION TO DOCUMENTING SR&ED TAX CREDIT CLAIMS

- Reduce documentation efforts by as much as 75%!
- Create concise project descriptions with cost correlations
- License fees as low as \$1,000 / year
- Full training and support available

[SR&ED eligibility overview & demo at www.rdbase.net](http://www.rdbase.net)

Rod K. Tanaka, C.A.

TANAKA ASSOCIATES

Executive Search Inc.

120 Adelaide Street West, Suite 2500
 Toronto, Canada M5H 1T1
 Tel: (416) 410-8262
 Confidential fax: (416) 777-6720
 E-mail: tanaka@sympatico.ca



THE VERRIEZ GROUP INC.
 Executive Search Consultants
 Since 1985

Professional Search. For Professional Leadership.

London Office
 252 Pall Mall St., Suite 203
 London, ON N6A 5P6
 t: 519.673.3463 f: 519.673.4748

Toronto Office
 36 Toronto St., Suite 850
 Toronto, ON M5C 2C5
 t: 416.847.0036

verriez@verriez.com
www.verriez.com

Member of the Association Of Executive Search Consultants

FRANÇOYS BRUNET, CA — CONSULTING FIRM

U.S. and International Tax

- Services:
- U.S. and international tax consulting
 - U.S. tax returns (individuals and corporations)
 - International transaction consulting

- Resources:
- Our team is composed of experienced tax advisors
 - Our network is established in over 100 countries

630 RENÉ-LÉVESQUE BLVD. W., • SUITE 2895 • MONTREAL • QUEBEC • H3B 1S6
TELEPHONE: (514) 938-0663 • FAX: (514) 938-1695

CONTRACT POSITIONS IN ARCTIC CANADA

Northern firm requires experienced auditors for two to three month contract positions commencing May 1, 2010 (other work terms may also be available). Excellent remuneration for hard work. Travel and accommodation is provided. Candidates should be CAs with excellent interpersonal skills and have the ability to work independently.

For more information see www.mackaylandau.ca.

Please send your reply in confidence to:
MacKay Landau, PO Box 20, Iqaluit, Nunavut X0A 0H0
Ph: 867-979-6603 Fax: 867-979-6493
Email: shawnlester@mackaylandau.ca



Special CA Firm Directory Offer

Register today to get a Free Enhanced Listing

The CA Firm Directory, from the CICA, is the go-to source for clients looking for CA firms. A basic listing is always free and when you register today you will receive an enhanced listing with priority placement and an image free for 6 months.

Go to www.cafirmdirectory.com to get started today.

CA Firm Directory



I like my work environment

I like working with entrepreneurs

I like where my career is headed

Want to think alike?

Contact us
hr@sterncohen.com

SC | Stern Cohen
guidance

Ashley Hargest, CA Tax Manager www.sterncohen.com

RBC DOMINION SECURITIES

It all adds up to a great new career

Your expertise as a Chartered Accountant

- + Our industry-leading Wealth Management platform
- + Your networking and client service skills
- + The strength and reputation of RBC
- = One great new career as an Investment Advisor

Please email your resumé in confidence to Jim Grundy, Vice-President & Branch Manager at Jim.Grundy@rbc.com or fax to 306-791-9250 (private).

Professional Wealth Management Since 1901

RBC Dominion Securities Inc.* and Royal Bank of Canada are separate corporate entities which are affiliated. *Member CIPF. ®Registered trademark of Royal Bank of Canada. Used under licence. RBC Dominion Securities is a registered trademark of Royal Bank of Canada. Used under licence. ©Copyright 2009. All rights reserved.

“GREAT ACCOUNTANTS
AREN'T BORN, THEY'RE...
Hired!”



accounting
& finance inc.
people that count



PTC is in the business of providing our Clients with Accounting Professionals for **Contracts and Projects**.
Send us your RESUME by visiting our website.

Bruce Singer, Chartered Accountant
CEO & Visionary

Typical projects include IFRS, Controllers, Assistant Controllers, CFOs, Auditors, Taxation, Treasury, SOX Specialists, Junior to Senior Accountants.

For today's **CONTRACT OPPORTUNITIES**, visit our website at: ptcaccounting.com

TEL 905-660-9550
TOLL FREE 1-877-303-9550



The key to a successful search

Unlocking a wealth of qualified candidates has never been easier.

- Advertise your position to over 70,000 CAs
- Access our resume database (free with every job posted)
- Include your posting in our *CareerVision* newsletter
- Limit applicants to CAs to ensure high quality candidates

Visit CA Source today

CA | SOURCE

www.casource.com



Fast Track to Partnership

Are you looking for a new challenge in a unique professional environment that allows flexibility and the opportunity to really make a difference?

We are looking for a **Senior Manager** to assume responsibility for a wide variety of assurance clients ranging from small local businesses to complex consolidated entities with numerous subsidiaries. At the present time you have 5 to 10 years post designation experience and are ready for new challenges.

This position provides the flexibility you need to ensure work/life balance, allowing for participation in the growth of a unique business environment and commitments and contributions to family, community and other areas of life. We offer all of these advantages together with a superior compensation package that is second to none and includes tax free accommodation, vacation travel assistance and very generous annual leave.

A partnership opportunity within one year exists for the right candidate. For more information visit our web site at www.mackaylandau.ca.

If this position interests you, please send your resume and cover letter in complete confidence to:

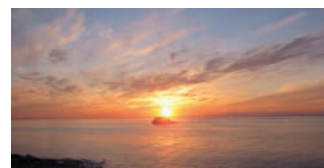
Email: shawnlester@mackaylandau.ca

Fax: 867-979-6493

Mail: PO Box 20, Iqaluit, Nunavut X0A 0H0

Mackay Landau

Chartered
Accountants



DO YOU NEED HELP?

If you are a sole practitioner looking for assistance in meeting the independence requirements for review of files & financial statements & preparation or review of corporate income tax returns, or any other support to maintain your practice, we can help you. We have the experience & the staff. We are located in mid-town Toronto. For more information call Maurice at 416-635-9080.



MEUK CORPORATION

MAXIMUM EFFICIENT USE OF KNOWLEDGE

Visit us at www.meuk.net or contact David Sabina, C.A. 905-631-5600 dsabina@meuk.net

COMPLETE SR&ED CLAIM PREPARATION SERVICES

Recover up to 65% of experimental development costs

Free Assessments < 15 minutes
Claims often completed < 1 week
Fees typically < 20% of \$ recovered

ATTEND AN UPCOMING SR&ED WORKSHOP!
Details @ www.meuk.net

ME + U = Knowledge

Attention CAs Your search ends here!

Career opportunities in CA firms as:

- ▶ Managers... to \$125K
- ▶ Supervisors... to \$95K
- ▶ Seniors... to \$80K
- ▶ Tax... to \$150K
- ▶ Valuators... to \$150K

Contact us at: 416-917-1299
or visit our site:
www.yoursearchendshere.ca

Recruiters of CAs for CA firms since 1997

POSITIONS WANTED

Are you concerned about the new CSQC1? Do you require an external FQ reviewer and/or monitor? I'm a CA with 20 years experience currently working in the QA area. I perform file quality reviews and monitor reports. Procrastinate no further. Please call Karen at 416.356.6637.

CAREER OPPORTUNITIES

A rapidly growing Bay Street financial reporting and compliance firm, specializing in servicing the needs of publicly listed junior resource companies is searching for a manager to be responsible for a block of clients. C.A. designation preferred; experience in preparing financial statements and supporting notes consistent with Canadian GAAP and IFRS; excellent communication skills; strong work ethic; the ability to multi-task. Please reply in confidence to Box 676, CAmagazine

ACCOUNTING SERVICES

Trustees in bankruptcy – proposal administrators, receivers and managers. Toronto and Eastern Ontario. Brief & Associates Ltd. Tel: 416-635-7337.

GTA and beyond CA with over 25 years of public accounting experience (private and public filers) in a Big 4 and other, available for per diem and contract assignments. Experienced in working paper and financial statement preparation, in-

cluding corporate and personal tax preparation (CaseWare and various tax software). Contact imakri0702@rogers.com or call 416-346-0124.

Canadian CA, very experienced and professional, now available for per diem and contract assignments within the GTA. File Quality Review & File Monitoring, Assurance Engagements, Not-For-Profit and Condominium Corporations, Personal and Corporation Taxes and Incorporation of Professionals. Proficient with all major accounting and tax software. Call David now at 905-598-2800.

IFRS Implementation – CA/MBA, based in west GTA, with 20+ years of industry experience is available for freelance engagements including IFRS Implementation. If you require an experienced professional to complement your current staff, contact me. Per Diem, short or medium term. See www.proclaimconsultants.com or call Carl at (905) 815-5431.

Mississauga Accountant available anywhere in the Greater Toronto Area for per diem or contract assignments including accounting, taxation and working-paper preparation. Experience includes a wide variety of small, medium and large-sized clients. Call (905)712-9446.

Professional Accountant/Financial Divorce Advisor looking for per diem short/long-term assignments. Specializing in working papers, audits, financial statements, personal and corporate tax returns, business advice.

Fifteen years experience with different clients. New branch office in London, Ont. Telephone (905)270-4467.

GTA area CA with 12 yrs+ experience available for per diem assignments. Experienced in planning, reviewing and preparing year ends, financial statements, corporate and personal tax returns, new audit approach, including paperless office environment. Contact CAprofessional@yahoo.ca or call 647-401-4209.

PROFESSIONAL OPPORTUNITIES

ARE YOU OVERWHELMED BY THE EVER-CHANGING PROFESSIONAL STANDARDS?

Do you have just a few Audits & Reviews?

Wouldn't life be so much simpler (and more profitable) if you just did Notice to Readers and Tax?

As a Toronto-based CA firm with a 27 year proven track record we are looking to purchase audit & review accounts. If interested please reply in confidence to

tom@copland-CA.com
or 905-477-1300 ext 25

Accounting Practices Wanted – We are a growing professional services firm (accounting and taxation, wealth management) looking to add to our existing accounting practice and welcome any opportunities in B.C., Alberta or Ontario. We offer flexible succession options allowing current owners to, at their discretion, remain involved in the practice in an advisory capacity. We also offer a premium for practices that,

like us, are run with integrity and share a commitment to providing exceptional client service. Please forward details of your practice to accounting@firstleaside.com.

Accounting Practice Sales – Please see our website at www.accountingpracticesales.com. Are you ready to sell your practice now? Sell your practice through Accounting Practice Sales for a fixed price without an earn-out deal that will carry on for years. After all, if you wanted to stay in practice, why sell out? BUYERS – registration with us is simple and free via our website. North America's leader in Accounting Practice Sales. Contact Brannon Poe for a confidential discussion at: 1-888-246-0974 or via email poe@knology.net

South Side Edmonton, AB firm looking to acquire South Side accounting practice (with staff) up to \$1.0M. Flexible terms. Contact Chris@cameronhankinson.com.

Invitation to CAs in practice and CAs looking to become their own boss! This is an opportunity to specialize in your chosen field – Assurance, Tax, Advisory, or other specialty by utilizing all the resources at Kapadia LLP. You will be able to thrive in your existing practice with a built in succession plan OR create a new adventure! Kapadia LLP is a growing firm with state of the art technology, time and billing system and trained onshore and offshore staff. Please contact Rupesh Kapadia, CA @ 416-816-6696 to be a part of the Firm of the Future!

3-Partner Toronto Firm – Our established firm seeks an ambitious CA with 3 to 5 years of post-qualification experience in owner-managed businesses to participate in the succession process of a retiring partner. Please reply, in confidence, with resume to Box 688, CAmagazine.

Buyer – Toronto. North York CA firm will buy a practice or block of accounts. We provide Canadian/US tax and assurance services to owner managed companies. Please email at ca4you@rogers.com

Accounting Practice Sales

Current Listings:

Toronto, ON – \$255,000

Southwest of Lloydminster,

AB – \$725,000

Calgary, AB – \$200,000

Sechelt, BC – \$117,000

Sechelt, BC – \$400,000

Central Interior, BC – \$975,000

To view the most up to date

listing information,

please visit

www.accountingpracticesales.com

Tax Specialist Wanted

– Well-established and growing eight partner CA firm with excellent client base

located in Toronto requires CA with minimum of three years full time tax experience. Excellent opportunity for partnership for motivated individual with strong aptitude for tax. Competitive compensation and benefits. Please reply to Box 685, CAmagazine.

Toronto – CA with US and Canadian experience interested in purchasing a practice preferably in the North GTA but would consider the GTA. Please call 416-388-7252.

Toronto CA, with 700k in billings, interested in association/partnership in the GTA. Engagements include compilations, reviews, audits, TIs (Taxprep, CaseWare). Reply to Box 670, CAmagazine.

Hamilton, ON based CA interested in purchasing a block of accounts in Grimsby, Hamilton or Burlington areas. Assurance clients welcome. Any size up to \$200,000. Please respond in confidence to perdiem@cogeco.ca

OFFICE SPACE

Highways 401/404/Sheppard – CA firm, with in-house tax special-

ist, has prestigious, first-class office space available at a building with premium gym facilities. Offers a flexible mix of 3 (2 window partner-size) offices, 2/3 work stations, boardroom with panoramic view, shared reception and kitchen, and filing/storage area. Ideal space for accounting firms, law firms, and firms with expertise in valuation, insolvency, or investigative and forensic accounting looking to share costs, enjoy inherent synergy and cross-referrals. Please contact Peter at 416-499-3112 ext.318, or Sonja at ext.309.

Yonge/Eglinton – CA firm has luxurious executive office, furnished or unfurnished, available immediately. Use of boardroom, internet, telephone line(s), copier, fax, scanner, reception and IT support. Direct subway access. Please call 416-464-1827.

Hamilton, ON – Small CA firm has excellent downtown main floor office space available. All required amenities included. Ideal for sole practitioner looking to share overhead. For more information, please reply to Box 689, CAmagazine.

WEB DESIGN

Website Design – Do you need a website? Is your existing site in need of an upgrade? Do you lack the time to develop and maintain your website? Do you want a professional site at an affordable price? Visit us at accountantswebdesign.ca

MEDIATION / CONSULTING SERVICES

CA/CFA with in-depth investment banking/corporate finance experience (12 yrs) is available for valuation and financial modeling services. Assistance with discussions with potential business buyers and banks (loan granting and debt restructuring). Comprehensive experience with asset and goodwill impairment testing under IFRS 36. Please contact Karl @ 647-887-7364 or karl@finmodelling.com

CA trained in Mediation, with 12 years CA practice experience and 20 years building, operating, preparing for sale and ultimately selling a successful family business, can help resolve family, succession, and business to business disputes. Tel 416-616-7655 or allan@nadlersolutions.com



Log on to

www.camagazine.com

and subscribe to our monthly newsletter,
Online News.

We'll have you up to date in
no time!

The essential companion to
our print edition

www.camagazine.com
online news

Replying to a CAmagazine Box Number?

Box #

277 Wellington Street W
Toronto ON M5V 3H2

Fax us at

416 204.3409

Send e-mail to
advertising.camagazine@cica.ca

Please ensure that the
Box Number is clearly indicated
on your envelope, fax or e-mail.



Managing the monster

Every country is facing the challenge of managing its healthcare system. Some have well-structured systems, such as France, which probably boasts the best system in the world and one of the least expensive. In contrast, the US has a system that is the most costly on the planet and far from the highest quality. And even though the Canadian system may be above average, we face the same challenges.

Healthcare is the most important activity in industrialized countries, outdistancing the leisure, housing, food and oil resources industries. According to *The Atlantic Monthly*, one-quarter of the US economic growth in the past decade has been due to rising healthcare costs, with no corresponding improvement in Americans' well-being. As President Obama recently pointed out, in the US, better healthcare management is first and foremost an economic challenge.

Canada spends 10% of its GDP on healthcare, a figure that would be acceptable if it remained stable. However, if we don't want to get bogged down in the same quagmire as the US, which allocates 17% of its GDP to healthcare, it's time for serious changes.

Good healthcare systems are based on a universal public-health insurance regime, one of Canada's major assets. But universal systems are often criticized for limiting the scope of private supplementary health plans. Defenders of the exclusivity of the public system argue that introducing supplementary plans would weaken political support for the universal plan. Unfortunately, their unsubstantiated contention carries weight in political circles. Yet our system's main shortcoming lies elsewhere.

The two pillars of our healthcare system are medical clinics and hospitals and other healthcare institutions. And the way they are managed is a disaster. While our physicians are competent and devoted to patients, the fee-for-service compensation scheme they operate under is dysfunctional. It encourages abuse while discouraging teamwork and delegation of responsibilities. Fee-for-

service has brought the frontlines of our system to the level of a cottage industry, a situation unique to this sector of the economy in 2009. That's where our system fails, the same way as many other healthcare regimes around the globe.

Hospitals are in even worse shape. Despite the good that can be said about public administration, it isn't designed to manage complex and intense operational activities. In fact, no private-sector activity could be efficient if it had to operate under the systemic constraints, which include the proliferation of employee perks such as job security, executive salary ceilings and the lack of modern management of capital spending budgets plaguing our hospitals. But we can't blame administrations. It's the constraints under which these institutions have to operate that are senseless.

We can't blame hospital administrations. The constraints under which they operate are senseless

Two years ago, I made a small investment in a private surgery clinic, which opened my eyes to the issues that undermine the efficiency of public institutions. One telling example is the regular cancellation of operations scheduled for the last hour of public-sector shifts because a Treasury Board rule prohibits overtime. As a result, hospital resources are regularly underutilized.

I could also point to healthcare technology. In every sector of the economy except hospitals, technology leads to lower costs. But poor management practices in the healthcare sector endure because there are virtually no sanctions against inefficient managers. The problem is ongoing, especially since boards of healthcare institutions have no real authority. In a private one, lenders would take action.

Canada has to overcome the taboos paralyzing its healthcare system. This means ensuring our social values aren't monopolized by an ideological clique that persists in maintaining in a state of mediocrity a sector that is critical for Canadian society as well as for our economy.

Marcel Côté is founding partner at SECOR Consulting in Montreal



Make the most of your time this tax season

Ernst & Young's Guide to Preparing 2009 Personal Tax Returns — Internet Edition

The guide tax professionals depend on for practical examples, handy reference materials, and fast answers when preparing tax returns.

Written by tax professionals for tax professionals, *Ernst & Young's Guide to Preparing 2009 Tax Returns* is the online resource you need to stay up-to-speed this busy tax season.

For more information or to order:

knotia.ca/store/T109-CA • 1-800-268-3793 or 416-977-0748

Announcing... *Ryan Property Tax Services ULC*



*Industry visionary
Brendan Moore,
an innovative
thought leader
in Canadian tax,
leads Ryan Property
Tax Services ULC.*

Control Your Canadian Property Tax Liabilities

Since 1991, Ryan has become the leading tax services firm in North America, providing the most innovative approach to tax consulting available in the industry today. Our latest innovation includes Canadian property tax services to manage and represent your real property, control your tax liabilities, and dramatically improve your bottom line.

Industry visionary Brendan Moore leads Ryan Property Tax Services ULC, a subsidiary of Ryan, as CEO and Managing Principal. Brendan Moore is an industry-recognized pioneer in Canadian tax, and his seasoned team of property tax professionals has the same detailed local knowledge and experience that made Ryan the recognized leader in North American tax consulting for nearly two decades.

For more information, please call 800.545.1856 or visit us at www.ryanco.com.