

WINTER 2016

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NEW PARTNERS ANNOUNCEMENT

The Partners of Prentice Yates & Clark are pleased to announce that **Paul Jaroszko, CPA, CA** and **Dionne Reid, CPA, CA, DIFA** have been admitted to partnership effective January 1, 2017. Both are dedicated and passionate about all aspects of the firm's public accounting practice including assurance, accounting, taxation and consulting services provided to small and medium sized organizations and individuals.

Paul joined Prentice Yates & Clark in 2006 after completing his Bachelor of Commerce degree at the University of Toronto. He has over 10 years of public accounting experience focused on audits of housing co-operatives and other not-for-profit organizations. Paul has developed a strong knowledge of accounting and auditing standards and has facilitated client training programs.

Dionne joined Prentice Yates & Clark in 2003 after completing a Bachelor of Business Administration degree at University of Toronto in Scarborough. Dionne worked at PYC until 2009 and left to pursue further studies in forensic accounting and acquired a DIFA (Diploma in Investigative and Forensic Accounting). She rejoined PYC in 2013. With a thorough knowledge of accounting and auditing for not-for-profit clients, Dionne currently assists PYC clients in their annual audits and with strengthening their internal control systems.

Registered Disability Savings Plan (RDSP)

Registered Disability Savings Plans help persons with disabilities save for the future.

Having a disability or caring for an individual with a disability can be emotionally and financially draining. The Canadian government, recognizing the need to assist in the future care of an individual with a disability, has created a vehicle for persons with disabilities and their families to save for the future.

As a Starter

The first step is to open an RDSP in the name of the beneficiary who must be a Canadian resident under the age of 60. If the beneficiary is 59, the plan must be opened before the end of the calendar year in which the individual turned 59. Other requirements for enrolment include the need to have a social insurance number and be eligible for the disability tax credit. The program allows only one RDSP per beneficiary and only one beneficiary per RDSP.

Determining the Holder

Once these criteria have been met, the RDSP holder (administrator) must be determined. The holder can be an individual or an organization. If the beneficiary is under the age of majority (the age of majority varies from province to province), the holder can be a parent, a legal representative or the provincial trustee.



If the beneficiary is over the age of majority but not capable of entering into the RDSP arrangement, specified family members may be able to open the RDSP on behalf of the disabled beneficiary until the end of 2018.

Choosing the Financial Institution

The RDSP must be administered through a financial institution participating in the program. Most banks, as well as a number of credit unions and trust companies, offer this service.

There is no annual contribution limit.

Contribution Limits

Unlike other savings plans, there is no annual limit on contributions to an RDSP. However, the lifetime limit of contributions is \$200,000 and the threshold must be met by the end of the calendar year in which the beneficiary attains 59 years of age. The federal government actively contributes to an RDSP plan based upon family income levels.

Tax-Deferred Growth

Similar to the Registered Education Savings Plan (RESP), contributions made to the RDSP are not eligible for a tax deduction by the contributor(s) but income and capital gains within the plan grow

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Registered Disability Savings Plan (RDSP) - continued

on a tax-deferred basis. Once the funds are withdrawn, the amount is taxed as income in the hands of the beneficiary. Withdrawals include a blend of taxable and non-taxable amounts. Money that has been contributed to the RDSP is not included as taxable income when it is withdrawn. (The amount of non-taxable income is calculated according to a formula developed by the Canada Revenue Agency.) However, investment income and capital gains, plus any Canada Disability Savings Grant (CDSG) and Canada Disability Savings Bond (CDSB) amounts in the plan are included in the beneficiary's income for tax purposes when paid out of the RDSP.

Contributions and Withdrawals

It may come as a surprise, but anyone can contribute to a specific RDSP as long as the holder approves the contribution amount in writing. Withdrawals must begin when the beneficiary turns 60. Annual withdrawals, Lifetime Disability Assistance Payments (LDAPs), continue until the death of the beneficiary. A beneficiary may make a one-time withdrawal under the Disability Assistance Programme (DAP).

Investment Criteria

The investment criteria mirror those of an RRSP investment in that investments can be made in mutual funds, fixed income investments, GICs and Canadian, U.S. and foreign equities, including new issues.

Canada Disability Savings Grant

The beauty of the RDSP is that the federal government will assist saving for the beneficiary by providing matching grants of up to 300% for every dollar placed into the account by contributors. The maximum grant provided through the Canada Disability Savings Grant tops out at \$3,500 per annum and has a ceiling of \$70,000 during the matching contribution period that ends when the beneficiary turns 49 years of age.

As can be expected, grant amounts are based upon the beneficiary's family income and inflationary factors but, if you meet the various criteria to apply for the grants, the rewards to the RDSP are as follows:

If family income is less than or equal to \$87,900:

- For the first \$500 you contribute each year to the RDSP, the federal government will deposit \$3 for every \$1 you contribute, up to \$1,500 a year.
- For the next \$1,000 you contribute each year to the RDSP, the government will deposit \$2 for every \$1 you contribute, up to an additional \$2,000 a year.
- If family income is greater than \$87,900:
- For the first \$1,000 you contribute each year to the RDSP, the government will deposit \$1 for every \$1 you contribute, up to \$1,000 a year.

The government also contributes funds to low- and modest-income Canadians through the Canada Disability Savings Bond. Those who qualify can receive up to \$1,000 per annum to a maximum of \$20,000, depending upon family income. The government will make no more contributions after the year in which the beneficiary turns 49. Note that it is possible to receive the bond even if contributions are not made to the RDSP.

Withdrawals from RDSPs

Because RDSPs are designed as long-term plans, withdrawal of funds from either the bond program or the grant program before the 10th anniversary triggers repayment requirements. Plan holders should be

aware that the death of the beneficiary or a determination that the beneficiary may have a shortened life expectancy will create withdrawal or repayment requirements.

Because withdrawals or the death of the beneficiary will create different repayment or settlement terms, the beneficiary should understand the financial and income tax impact of early withdrawal, death or shortened life expectancy. Your CPA tax advisor, in conjunction with the financial institution representatives should be able to offer advice.

Excellent Means of Saving

RDSPs are an excellent vehicle for individuals with disabilities or those responsible for their future financial security. As in any program designed to look after the future welfare of those we care for, the earlier the program is registered, the more opportunity is available not only for government contribution but for the RDSP to grow and provide that financial security. ♦



Penny-Pinching Pays

Playing Scrooge is not just for Christmas any more.

Even though penny-pinching is harder to do today without any pennies, the concept remains valid and is especially applicable to the expenses incurred by small businesses. Here are a few ideas to improve the bottom line.

Outsource

Employees require salaries and benefits as well as insurance, office space and equipment. Contracting out office tasks transfers these costs to a highly competitive third party and frees up your own premises for revenue-producing uses.

Negotiate with Suppliers

Contact your suppliers and see whether you can get a better deal. Far too often suppliers mechanically increase prices without recognizing the value of a long-term, reliable client. Why should rewards and discounts go to new clients while long-standing customers like yourself see costs go up? Call and make your pitch.

Use the Cloud

Using the Internet to send invoices and make and receive payments saves the cost of cheques, envelopes, letterhead and postage as well as the related labour. Further, cloud-based solutions for almost every manufacturing or accounting need are available for a reasonable "lease" rate. Such an approach reduces the cost of buying and installing software and assures you your cloud services will always have the latest updates.

Penny-Pinching Pays - continued

Consider In-House Printers

Many businesses still need to print data to hard copy. Consider purchasing a laser or inkjet colour printer. Once templates for invoices, letterhead, or business cards have been installed, they can be printed as needed, thus eliminating large inventories of pre-printed forms. The templates can be adjusted for format changes or for staff and address changes.

Face-to-face meetings are not always necessary.

Meet with Telecommuting

For most business communication, a face-to-face meeting is not necessary. Virtual meetings will work if the number of participants is small, the meeting is kept short, and the agenda well planned. Establishing timelines, requesting daily updates and having access to work-in-process by the use of shared cloud facilities will ensure projects stay on time and on budget.

Maintenance

How often are the premises cleaned? Perhaps reducing the frequency of cleaning or having staff empty their own waste baskets at the end of the day are options that will reduce costs without impacting the tidiness of the office.

Go Paperless

Going paperless can be difficult for older employees used to paper trails. Paperless offices must establish a filing system suitable to everyone; this includes scanning every piece of paper that comes into the system and allocating it to the appropriate folder. Going paperless also means reviewing existing client files and purging data no longer required for taxation, legal or business purposes. This is the time to adopt standard records management practices for preserving, storing (onsite and offsite) and destroying documents. Scanning documents saves the cost of renting physical storage space, using employee time to file paper, and ultimately shredding and disposing of that paper.

Review the Cost of Your Premises

Signing a long-term lease may lock your business into a lease cost that will not be acceptable in the future. Look ahead and determine how your business will evolve over the next five years. If your strategic plan includes increasing or decreasing your space, consider signing shorter-term leases that allow an exit with, for example, three months' notice.

If you own your building but no longer need all the space, consider subletting. You might also think of selling or leasing the entire property and moving to a smaller space. Such a move would provide proceeds from the sale of the building or lease income while reducing your own rental costs.

Think about Your Future

Taking an hour or so with your CPA to look at your current business model and associated costs will help you think about changes that will positively impact the bottom line and ensure that your business keeps on going. ♦

Holiday Donations

In lieu of seasonal gifts to individual clients, Prentice Yates & Clark made donations to certain charities.



Security Cameras

A video surveillance system may be a good investment for the security of your business.

It may sometimes seem that nearly every aspect of our lives is recorded. Although we may choose to record and share some of our moments on social media platforms, many more typically mundane moments are captured by security cameras that monitor the public and private spaces of our society. If you think your business could benefit from a surveillance system, take care to consider your options before making a purchase.

Advantages

There are two key elements to a video surveillance system: the recording system and the cameras themselves. As an owner or manager of a business, there are plenty of advantages to considering a video surveillance, or closed-circuit television (CCTV) system as a part of your business' security. Some of the benefits may include:

- deterring crimes such as theft and vandalism
- protecting employees
- monitoring key entry points, areas and assets
- monitoring machinery and production processes
- providing evidence in the event of an incident

Cameras

A higher resolution camera, such as high definition (HD) 1080p will produce much more detailed images than a lower resolution camera. The ability to make out a face, or a licence plate clearly could be quite important. Many security camera models capture 15-30 frames per second (fps); a higher frame rate will provide smoother video. While a higher resolution and frame rate are clearly better both require more storage capacity.

If you have a large area to cover, you might consider cameras with a wide-angle lens. You may also want to consider zoom lenses to allow close up videos when required. Be sure to use outdoor cameras for outdoor installation; indoor models may not be sufficiently resistant to the elements, or durable to vandals.

Recording System

Secure storage of the recorded images is the heart of your surveillance system. Security images can be recorded using a dedicated appliance such as a Digital Video Recorder (DVR) or Network Video Recorder (NVR), a PC or even in the Cloud. The number of cameras the system can support may be limited by the hardware, software or even licences; whichever type of system you choose, be sure to leave room to expand.

Security Cameras - continued

Traditional CCTV systems are simpler to set up and more secure than their networked cousins because they use dedicated analogue coaxial cabling to transmit their images. A DVR receives the camera signals, processes the images and stores them in a compressed digital format that can be retrieved for later playback. A PC with both video-capture hardware and recording software can also perform the same task. In both cases, the hardware physically limits the number of video feeds that can be recorded.

Digital IP-based cameras can be more complex to set up, but the use of Internet standards provide for greater flexibility; IP cameras use Ethernet cables, or even WiFi, just like the other devices on your network. Aside from technological differences, an NVR serves much the same purpose as a DVR; the hardware may, however, limit the number of video signals it can receive and store. A PC with the right software can also be used to receive, store and play back video from your IP cameras; specialized hardware is not required. Many IP systems also allow live or stored video to be retrieved remotely, commonly via a web interface or even a mobile app.

An IP-based camera system can be recorded in the Cloud for a subscription fee.

If you prefer a more hands-off solution, an IP-based camera system can be recorded in the Cloud for a subscription fee. Keep in mind that this may require a lot more Internet bandwidth than if you just store your video locally. IP-based systems do require extra security – like the rest of the computers and devices on your network, they can be hacked.

Regardless of whether you choose CCTV or an IP-based system, storage capacity is an extremely important consideration. The video resolution, frame rate, number of camera feeds and length of time you need to keep your recordings will dictate the minimum amount of hard drive space you need. When the storage runs out, older recordings will be replaced by new ones; more capacity to start with is better.

Do Not Do It Yourself

The many technical, mounting, transmission and security issues that accompany installation of surveillance cameras suggest hiring outside experts to install the equipment is the preferred way to go. When one considers camera requirements, weather conditions, positioning for maximum transmission and recording along with wiring, DVR/NVR placement, not to mention a service contract and warranty, spending a few dollars for installation is a smart expenditure.

Legal Issues

Even though the use of surveillance cameras in the workplace is quite common, Canadian courts are not in favour of the frivolous use of surveillance that infringes upon an employee's right to privacy. The key question that must be answered before installing surveillance cameras in the workplace is: "Should the employee have a reasonable expectation of privacy?" As such, constant monitoring in the workplace may be frowned upon. Where cameras are installed in general areas, consider posting notices in conspicuous places to indicate the area is monitored. Such signs remove any doubt as to the expectation of privacy. If in doubt, it may be prudent to seek legal advice before installing a new surveillance system.

Plan Ahead

Before making a decision to buy a surveillance system, consider the needs of your business, your budget limitations and the legal aspects of installing cameras. If you decide to proceed, get equipment designed for commercial use. Avoid consumer-grade components which may be less durable and provide less flexibility. Buy the best you can afford. ♦

Inside PYC

Congratulations to Jessie Everett for successfully completing the CPA Common Final Exam (CFE). Jessie has met all the professional requirements and has obtained her Chartered Professional Accountant designation.

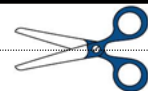
Congratulations to Allison Mills for successfully completing the CPA Common Final Exam (CFE). Allison will continue to accumulate work experience toward her designation as a Chartered Professional Accountant.

The annual **Golden Horseshoe Co-operative Housing Federation** AGM/Winter Workshops Supplier Expo will be held January 28th in St. Catharines where J.J. Pauze will be attending.

Congratulations to **Susan Davy, Executive Director, House of Compassion**. Ms. Davy won the draw for the Niagara Presents gift basket courtesy of Prentice Yates & Clark at the recent ONPHA Conference and Trade Show.

We would like to welcome **Derek Chu** as a new member of our professional staff.

Best of Luck to Colin Tozer who has joined another accounting firm recently to further expand his experience.



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We hope that you find *info@pyc* a useful source of information. If you should ever have any specific questions or concerns regarding your own business or personal finances, please call us. We will gladly help in any way that we can.

If you would like to contact us by e-mail, we can be reached at *info@pyc.net*. Some of the articles appearing in this issue of *info@pyc.net* were prepared by the Chartered Professional Accountants of Canada for the clients of its members.