

dollars + sense

winter 2013

MCT in the Community

After serving two terms as Chair of the Peterborough Community Futures Development Corporation, George Gillespie has retired from the Board at their last Annual General Meeting held in October. George has served since the inception of the corporation in 1985 as a Board Member, Treasurer, Vice-Chair and finally Chair.

The Peterborough Community Development Corporation was originally created as the Peterborough Business Development Centre Inc., a federally funded organization, to create employment in the County of Peterborough. Subsequently the organization included the City of Peterborough and was merged with the Community Futures Committee in 1996 to form the present not-for-profit corporation.

The company provides business support to small and medium sized enterprises by way of mortgages and loans. Their mandate is to maintain or create employment in our City and County. At October 31, 2012, the corporation had issued loans and mortgages with a value of \$4,265,235. The corporation's investment fund balance stood at \$6,860,537. Since the corporation began in 1985, the organization has approved 675 loans with a total value of over \$33 Million. It is estimated that this funding has created or maintained jobs of almost 3,000 individuals in the City and County.

The Peterborough CFDC also distributes grants from the Eastern Ontario Development Program each year. In 2012, this program funded over 70 projects with grants totaling over \$935,000.

With a volunteer Board of 16 members and 5 staff at its office at 351 Charlotte Street in Peterborough, the organization also provides business counseling services to organizations of all sizes.

George helped develop this important organization into what it is today and, at the Annual General Meeting, received certificates of appreciation from the Prime Minister, the local MP, MPP, County Warden and Mayor Daryl Bennett.



McCOLL TURNER LLP
CHARTERED ACCOUNTANTS

experience + integrity + people

Providing you the services, you need

Accounting & Assurance

We provide a wide range of professional services, including accounting and assurance for businesses, individuals and not-for-profits organizations in Central Ontario.



Where Are They Now?

Vicky Faught - Accounting...Farming...Teaching...Management.

My time at McColl Turner (1987 - 1992) was filled with career and personal milestones. McColl Turner accepted me for a co-op placement, shared in my graduation from college, and it's where I began my first full-time job. I got married, obtained my CGA designation, battled thyroid cancer, and had my first baby ... all during those McColl Turner years.

Learning the Ins and Outs

I learned so much in the five years I spent with McColl Turner. In addition to the essentials of payroll, personal and corporate taxes, accounting and audit procedures, I learned about building relationships with clients - the familiar faces you'd see annually. By year two or three, you witnessed a comfortable working relationship when the clients started bringing you cookies (smiles).

A Caring Group

Following my diagnosis of thyroid cancer and throughout treatment and surgeries, the staff and partners were very good to me; they'd call, send flowers, and drop in for visits. Also, when Hilary, my eldest daughter was born, the ladies at McColl Turner - Cathy, Tracy, Linda and Laurie and other members of our team - hosted a beautiful baby shower.

Down on the Farm

After we started our family, our Ottawa Valley roots were calling us home. Dean and I moved to a farm in Cobden, north-west of Ottawa and started our own accounting practice together. Dean also began a cash crop farm operation and I began teaching at Algonquin College in the Ottawa Valley. We grow 800 acres of soybeans and corn. (And yes, I've occasionally been spotted driving the tractor and have actually combined a few rows of corn!).

A Rewarding Experience

Living and working in the Upper Ottawa Valley and serving a rural community has been a rewarding experience. You witness tremendous entrepreneurial spirit and share in the experience of family farm businesses as they are passed down from one generation to the next.

One of the things that I really enjoy about the field of accounting - something I experienced at McColl Turner and in our own practice - is the wonderful relationships that are birthed with so many clients. It's like having a little visit with your neighbor every time a client comes in a tax time!

For 16 years I've also enjoyed working as a part-time Professor at Algonquin College in Pembroke. I have taught accounting, finance, math, taxation, etc. as well of instructing students in the Business Management Program at the Canadian Forces Base in Petawawa.

Movin' on Up

Last summer I said goodbye to our accounting practice and obtained a new position as Manager of Administrative Services at Algonquin College in the Ottawa Valley. I'm very excited; management is a new challenge for me.

On October 29, 2012, Algonquin College in the Ottawa Valley opened a brand new 36 million dollar waterfront campus along the Ottawa River. I'm thrilled to have been involved in this building project and a management team member that helped make this dream a reality for the Pembroke area.

Bookkeeping & Payroll

Why not let your staff do what they do best and let us worry about the accounting. What do you have to lose but the headache?

Taxation

We have all the right resources to provide you with sound taxation expertise tailored to your requirements.

Business Valuation

Buying or selling a business? Before you take a leap of faith, let us professionally assess the risk with business valuation services.

Entertainment and Deductions

Dear Professor Tax:

I'm a little embarrassed to be coming to you, but I have a simple tax question, or at least I think it is. What's the deal with the deductibility of meals and entertainment? I have always been under the impression that I can always claim a 50% deduction. I opened up a new consulting firm a few months ago and things have been going great. Most of my business is done out on the links (my true passion). We usually close the deal after the game in the clubhouse over a steak and glass of wine, my treat of course! My young, bright, overly enthusiastic employee has informed me that I cannot claim a deduction in my business for these meals, something to do with the golf

Dear Lost:

Well your star employee gave an "A" for effort, but I'll take this one from here. This is a great example of why a little bit of knowledge is a dangerous thing. The simplest of concepts in tax have so many juicy intricate pieces to a rather large puzzle. I can write a short story on the matter if I really cared to. First, let's take a look at what meals and entertainment qualify for the 50% deduction. Generally, this rule applies if it can be considered that there was a business purpose for the meal. You've stated that you seal the deal on most of your contracts over a nice meal. Based on this information, you'd think everything is perfect so let's move on. I wish this were the case but there are more issues to be taken into consideration. Where did you eat the meal; what did you have and did you have any dessert?

Ok, maybe not all of those questions are of importance, but I am looking for dinner suggestions for tonight as all this food talk is making me hungry!

Now, where were we? Oh yes, I was just about to say that it seems that Parliament has taken a vendetta against the "super wealthy". There are specific provisions in the Income Tax Act that deny any deduction if the meal and entertainment expense happened to be on a yacht, a camp, or a lodge. I am hoping none of these situations are applicable to you, so I won't waste any more time.

Canada Revenue Agency have also extended the provision to include a facility, which specifically refers to a golf facility. What this means is if you play a round of golf and eat at the club house either before or after your game, no deduction for the meal is permitted. I understand this seems a little

course but she couldn't explain any further. How is this possible, she cannot be right? If I didn't have these meals at the course, I wouldn't have a successful business. I hope this isn't the case, I just booked our office Christmas party at the club and now I am worried I won't get that 50% deduction. I'm going to have to call in today to cut off the open bar, my wife is not going to be happy. Please help!!!

Signed: *Lost in Lakefield*

harsh, since you already cannot deduct your green fees, however, there is a simple solution. Eat across the street and the problem is solved! Quite onerous legislation considering how many business deals are made in the exact same way you describe for yourself. Now, if you take your clients to the golf club for a meal (must have good food), but not for a game of golf, then we are onside with the 50% deduction. Go figure.

However, there is no need for concern for the deductibility of your Christmas party held at the course. In fact, believe it or not, you may be eligible to claim a 100% deduction for the meal and brown soda pops expended. CRA has stated that so long as the party is accessible to all employees then you will be fine. Even better, you can have up to six of these shindigs per year. There must also be consideration to determine whether or not there is a taxable benefit to the employee. Generally, there will not be a taxable benefit so long as the cost is reasonable. A reasonable amount has been stated to be \$100 per person attending each event.

Well there you have it, meals and entertainment, depending on the purpose, and sometimes location can either be 50% or 100% deductible, or not at all. You can tell your wife the party is back on. When deciding to go for a meal with a client, just remember, what the main purpose of the trip is. Do you plan to go for a round of golf? If so, consider eating somewhere else. If it is nice and snowy out like today, then just take them to the club house for a nice meal.

When is the party?

Professor Tax



McColl Turner is proud to be a locally owned firm of chartered accountants offering an extensive range of accounting and financial services.

Our resources

Needing some quick information? Our Resources section is here to help. In addition to current tax news that is available on our News page, we have provided links to a variety of financial calculators and some of the more relevant tax forms and publications.

www.mccollturner.com/resources.php

Around the Firm

Once again the McColl Turner team is growing to serve you better!



We are pleased to announce that Tyler Lewis, CA, has joined our firm. Tyler is a welcome addition to our tax department as he is currently enrolled in the Canadian Institute of Chartered Accountants In-Depth Tax Course to become a tax specialist. Eric and Marilyn are pleased to have some extra help in the firm's tax department!

Tyson Shennett also came on board as a CA Student. Tyson is a graduate of Trent University's Bachelor of Business Administration program and is currently working towards

obtaining the remaining university courses he needs to become a CA.

We also have also been fortunate in recruiting a number of University of Ontario Institute of Technology (UOIT) Bachelor of Commerce students. In May, Kaz Nesbitt started as a full-time CA Student after having served as a summer student with the firm last year. Michael Riseley and Clarissa Sidaway also joined us in September. Kaz, Mike and Clarissa are benefiting from a variety of "hands-on" experience here at the firm which will help them as they study for their CA examinations taking place this year.

The partners are pleased to announce that Kevin Mulligan has been promoted to the position of manager and will join the firm's other manager, Meghann Agnew, in this role. These CAs are a very integral part of the McColl Turner team as their responsibilities include supervising and training junior staff in addition to numerous other responsibilities.



Our Newest Partner

We are pleased to recognize Marie Dietrich's dedication and commitment to our clients and the community we serve by welcoming her to our partnership effective January 1, 2013.

Marie joined McColl Turner in 2000 after moving to the area with her husband, Matt Imeson, to be close to Matt's family. The following year she obtained her CA designation. Marie began her career with Ernst & Young in Toronto after graduating from Queen's University's Bachelor of Commerce program.

Marie provides accounting, auditing and tax services to a wide variety of our clients. She also heads up the firm's Quality Control Committee which is responsible for ensuring we are up-to-date with our profession's ever-changing assurance and accounting standards. Marie is a mother of three children between the ages of 3 and 7 and enjoys supporting the community in her role as Treasurer of the United Way of Peterborough & District.

Marie has played a key role in the continued growth and development of McColl Turner. Her admission to the partnership will help ensure that our core values of providing service to our clients with integrity and distinction while making a valued contribution to our community continues into the future.

CPA or CA. Which is it?

Well Both!

Well after the US General Election this past fall it's easy to see that Canada is significantly influenced by our neighbors to the south. However, you may not have noticed that this influence has also crept into the Accounting Profession in Canada. Commencing this coming summer, Public Accountants will be required to use the designation "CPA", for Chartered Professional Accountant. For existing CAs this means they will be identified as "CPA, CA" starting July 1, 2013. Voluntary use of the term is permitted now.

The Canadian Institute of Chartered Accountants has recently agreed to form a new organization called CPA Canada in early 2013. They feel this is necessary as the global financial crisis has brought the regulation of the accounting profession under very close scrutiny world wide. It became apparent that the CPA designation was emerging as the largest accounting designation around the world. It is used by more accountants than any other designation, with the current ratio of CPAs to CAs globally being about 2:1. However, as the Canadian accounting profession is provincially regulated, any decisions regarding subsequent changes had to be made provincially.

As such, the Institute of Chartered Accountants of Ontario recently approved a bylaw amendment necessary to adopt the new Chartered Professional Accountant (CPA) designation. For members already qualified to use the CA

designation, the CPA designation can be used voluntarily effective on November 1, 2012 and never-the-less must be used by July 1, 2013. CAs will be required to use the form "CPA, CA" and then, if they are also a Licensed Public Accountant in Ontario, they must indicate that as well. Some will use the acronym LPA, and others will spell it out for clarity's sake.

Under recently enacted changes, firms and sole practitioners that use the "Chartered Accountant(s)" or "CA" logos as a part of their name have until January 1, 2018 to change their name to include the new "Chartered Professional Accountant" logo.

The overall goal of these revisions is to protect the CA designation, as mergers with other accounting bodies in Canada may occur in the future, which could result in the disappearance of the CA brand altogether as a consequence. With these new regulations, the CPA *and* the CA designations will continue to appear for better identification with the public.

However, just as surely as the sand moves on the beach, further changes will occur to the accounting profession in Ontario in the future. So the public needs to stay tuned and watch for the CPA and the LPA logos to accompany the CA brand as further changes occur with your professional accountant in the new year.



Based in Peterborough, McColl Turner provides a wide range of professional services to individuals, businesses and not-for-profit organizations in Ontario. Our firm was formed when John A. McColl and James H. Turner joined forces and established a practice in 1946. For over 65 years we have continued to build our resources. Our experienced professionals deliver accounting, assurance, advisory, tax and valuation services throughout Ontario.

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Dollars & Sense

is published throughout the year. If you have any comments, suggestions or future articles or if you wish to be placed on our mailing list for this newsletter, please contact Linda Vickers at 743-5020, ext. 201 or by email at linda.vickers@mccollturner.com

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