

WELCH TIMES



AUTUMN 2022

CONTENTS



THE LABOUR CRISIS & HIRING NEWCOMERS

An Interview with CTV



There is a labour crisis in Canada. Many business sector struggling to hire workers, but there are many skilled and educated individuals willing to immigrate and start a new life.

CTV's Tyler Fleming visited our Welch LLP Ottawa office to interview Jessica Zhang-Chapman, CPA, CGA, CIA, and Miguel Gonzalez, two of our firm's passionate team members, and immigrants to Canada.

Miguel shares his thoughts on the interview: "Today, I had the opportunity to share my experience as a newcomer in Canada on CTV News. Thanks to Welch LLP for the opportunity to be a member of the firm. Thanks to Jessica Zhang-Chapman, CPA, CGA, CIA and Henry Akanko for the value that you are adding to the community. And last but not least to CTV News for showing the actions like Welch LLP is taking, actions that definitely change lives."

[Watch the Full Interview](#)



Annual Accounting & Tax Update

Private Enterprises

[VIEW RECORDING](#)

On Thursday, October 6th, 2022, Welch LLP partner Chris Meyers hosted our Annual Private Enterprise Accounting & Tax Update event.

Our expert speakers explored issues related to our current economic environment, the related implications, and what it means for managing your business. This year's event agenda included:

1. Tax Update
2. Accounting Update
3. International Financial Reporting Standards
4. Finance Forecasting and Financing Storytelling
5. Top 10 Tax Planning Tips for Business Owners

In the latter portion of the event, Chris Meyers moderated a panel discussion with a fantastic set of guest speakers: **Ian Lee**, PhD, Associate Professor at Sprott School of Business; and **Robert Hogue**, Assistance Chief Economist at RBC.

The panel discussion was on the topic of Managing in an Economically Uncertain Environment. The hot topics for discussion were:

- Inflation – what's causing it and where it's going
- Housing – the importance of housing to the economy and the impact of rising interest rates in this sector
- Demographics – the state of labour markets and the longer-term outlook
- Productivity – the role of Canada's corporate sector in moving the productivity dial forward

Couldn't attend the live stream? The recording of the event, along with the presentation shown, are available for you to view.



MARKET OUTLOOK 2022: ARE WE ALREADY IN A RECESSION?

LIVE WEBINAR SEPT 14, 2022 | 11:00 - 12:00

The signs are all there, but what are they saying? On Sept 14, at 11AM, our Welch Family Wealth Advisory team gathered for an informative discussion on the 2022 market outlook.

They dove into a number of topics, including:

- The current market outlook and what a recession could look like
- Today's bull-ish trends and what to expect
- Global volatility and what it means for your portfolios

Click below to view the recording of the webinar.

[VIEW RECORDING](#)

OUR SPEAKERS



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CRAIG BASINGER

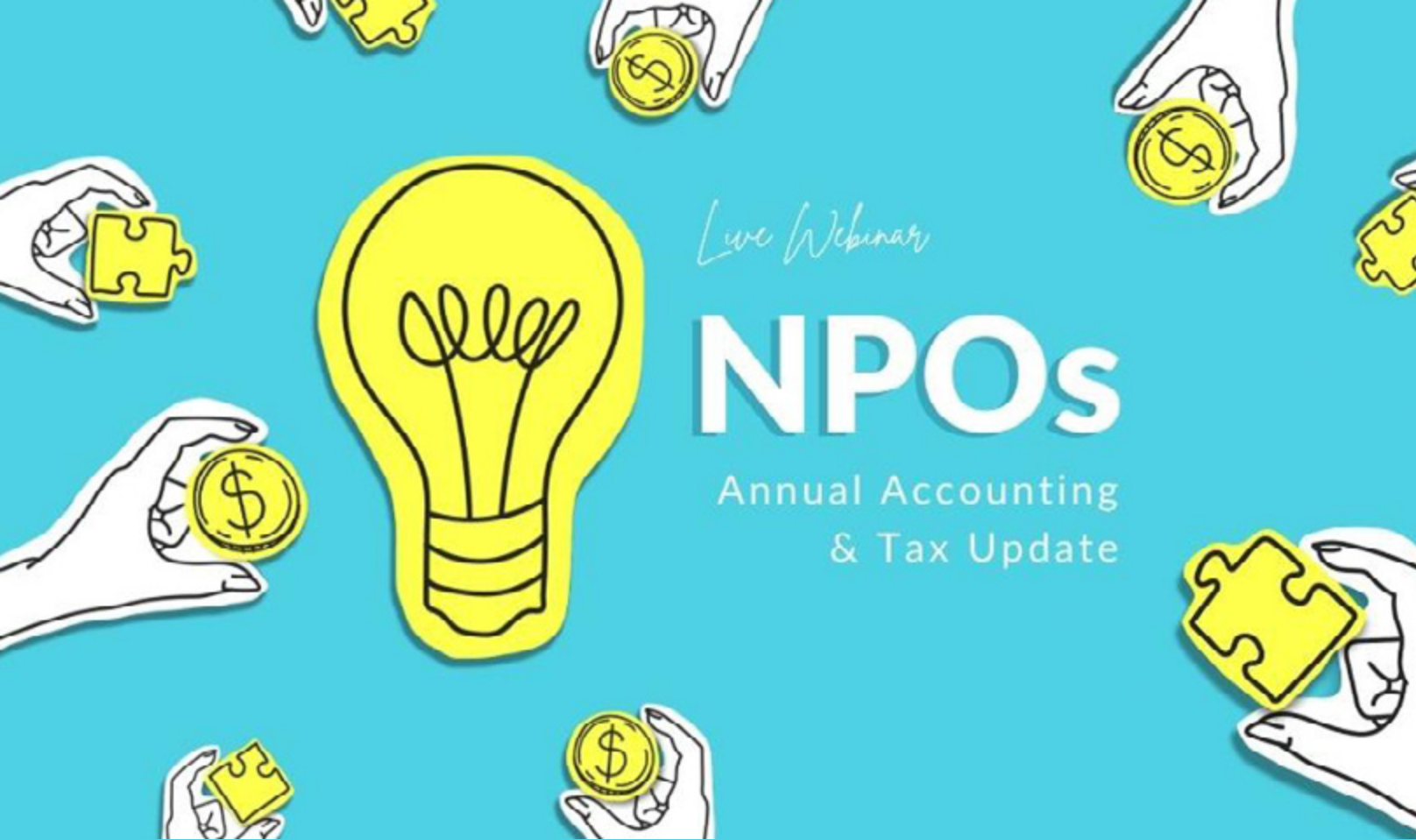
Chief Market Strategist
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PIERRE CL ROUX

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Welch LLP Partner Christa Casey hosts our Annual Accounting & Tax Update event for Non-Profit Organizations. Our expert speakers dive into issues related to Accounting and Tax Standards, along with other topics vital to your organization. This year's event agenda includes:

1. Tax Update for NPOs and Charities
2. HST - Top 10 Issues Impacting NPOs Right Now
3. Reporting and Payroll Tax Issues, CEWS Audit
4. Accounting Standards and Financial Reporting Update
5. Efficiencies in the Remote Working Environment

In the latter portion of the event, Bryden McMaster moderates a panel discussion with a diverse set of perspectives: **Lisa Nowostawski**, Director of Human Resources at Welch LLP; **Daniel Marques**, Principal at Cresa Ottawa; **Ian Lee**, PhD, Associate Professor at Sprott School of Business; and **Robert Hogue**, Assistance Chief Economist at RBC.

The panel discussion, Managing in an Economically Uncertain Environment, covered hot topics such as:

- Productivity – the role of Canada’s corporate sector in moving the productivity dial forward
- Demographics – the state of labour markets and the longer-term outlook
- Housing – the importance of housing to the economy and the impact of rising interest rates in this sector
- Inflation – what’s causing it and where it’s going

Couldn't attend the live stream? The recording of the event, along with the presentation shown, are available for you to view.



[VIEW RECORDING](#)

UPCOMING EVENT

Welch LLP®

Essential Governance Practices for NPOs

WEDNESDAY, NOV 30, 2022

11:00 AM - 12:00 PM

Practical steps to oversight, strategy and risk management in the current environment

[REGISTER NOW](#)



Mona Tessier

Celebrates 25 Years with Welch LLP

Join us in celebrating Mona Tessier, CPA, CA, on her 25th anniversary with Welch LLP!

Mona has been with Welch LLP since 1997 and was made a partner in 2021. She has worn many hats during her tenure, from managing collaborative platforms, to providing Garth Steele with GST/PST assistance, to becoming our resident HST expert, to taking over Garth's role upon retirement in the OTG as the Director of Indirect Taxes.

Mona received her CA designation in 1990. In her current role at Welch LLP, Mona provides indirect and payroll tax advice to her clients in various industries. Mona has worked on indirect tax reviews for several national and Ottawa based not-for-profit organizations as well as some for profit organizations.

Mona is also a skilled teacher and speaker. She uses her expertise outside of the firm to also train other CPA's through CPAO on HST matters. In addition, she has given presentations through various organizations on Income Tax for the Self-Employed and Financial Accounting for Small Businesses.

As well as being dedicated to work at Welch, Mona is also enthusiastic with personal pursuits of physical fitness and hobbies, which include: swimming, biking, skiing, piano playing, and singing in choirs!

Thank you for your leadership at Welch LLP, Mona!

Kathy Steffan appointed President of the *National Club*

Congratulations to Kathy Steffan, Partner at our Welch Toronto office, on your recent appointment as President of the National Club.

Having been a member of the club for 11 years, Kathy is excited to have been appointed this very prestigious role. The National Club is a private club founded in 1874 for business professionals located in the Financial District of Downtown Toronto, Ontario, Canada. It provides private dining and meeting facilities and accommodations to its members and guests.

"I am honoured that the Club had confidence in me. I am excited to be taking on the role just as we have emerged from the pandemic which was a very challenging and stressful time for the Club. I am looking forward to a drama-free term and bringing back some fun to the club. I will be re-introducing many of the club events that were put on hold for the past 2.5 years."



Kathy became President at the Annual General Meeting in June of 2022. As President, her role is to oversee the overall governance and the various committees of the club. She will head the Executive Committee, monitor the Club's Strategic Plan, maintain continuous interaction with General Manager/COO, run Board meetings, and host various events for members and guests of the Club.

In September, the National Club will be starting construction on a section of their chic rooftop restaurant and lounge, making it an all-year-round venue for members and guests to enjoy. Kathy is already starting to plan for the National Club's special 150th birthday in 2024. We can look forward to exciting times ahead for the National Club.



2022 Anniversary Scholarship Award Recipient

MYLES RAMSAY



Congratulations Myles Ramsay on your well-deserved award!

Myles is the winner of the 2022 Welch Anniversary Scholarship of \$2,500. Myles resides in Belleville and is off to the University of Toronto where he is enrolled in their Rotman Commerce program.

We wish you the best of luck with your studies!

Beginning in 2008, the Quinte offices of Welch LLP announced they would be awarding a scholarship annually. On hand for the presentation with Myles was Welch LLP Partner Michael McMurray.

Associate Revenues

A Changing Metric



As the owner of a medical practice or clinic that employs additional doctors as associates, you are required to determine the right revenue strategy that will cover your costs but also keep those doctors engaged in your practice. Here are three possible associate revenue strategies:

Flat Fee Basis

The most common and relatively simple to implement. This revenue strategy is based on a flat fee percentage of the associate's billings earned each month. The rate applied to this billing varies significantly depending on the type of practice and income expectations of the associate.

Downsides:

- This poses certain risks to the clinic as costs can increase without a matching increase in the revenue per procedure.
- The percentage fee compensation package doesn't necessarily motivate the associate, where possible, to earn extra revenue or focus on performing high dollar procedures.

Fee Per Use Basis

This basis is similar to a rental model. The most common spaces to use this method will be private operating rooms or clinics operating specific machinery. To implement this model, a clinic must have a full cost analysis prepared. Once this cost is determined, the clinic adds an amount for profit to determine the appropriate rate to charge. The benefits of a fee per use model is that the clinic can earn revenues from any doctor in need of a room or a service and ensure each rental is profitable.

Declining Fee Basis

This fee structure starts at a normal rate to ensure the clinic receives sufficient revenues to offset the costs of clinic operations, and then decreases to a lower rate to encourage the associate to generate additional revenues.

For example, if a clinic determines that total costs of operations for an associate are \$17,500 a month and that most associates will generate \$50,000 in revenues monthly, they could consider the following fee structure:

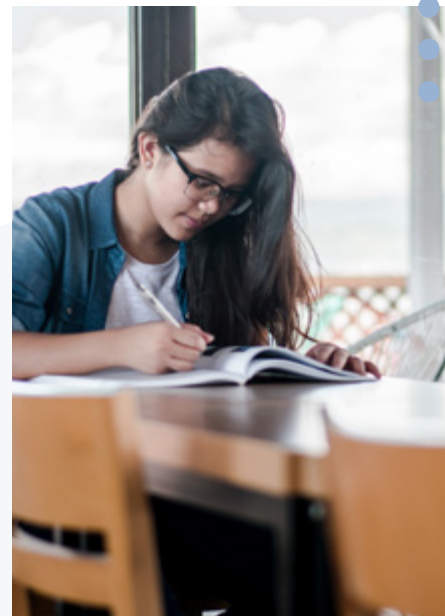
- 35% of first \$50,000 in revenues earned in the month
- 20% of excess revenues earned in the month
- 20% may sound high if the initial costs are covered by the initial payments, but this 20% is needed to cover some of the variable costs of the additional procedures performed by the associate and would include a profit portion for the clinic as it is the owners of the clinic that are taking on the risks of ownership, managing the staff and operating the clinic.

The revenue methodologies discussed above are only a couple of potential methodologies that clinic owners can use to generate additional earnings, many other methods and combinations of methods can be considered to optimize the earnings potential of the clinic.

In addition to revenue methodologies, clinics should also look closely at machine utilization, space utilization and cost optimization as methods to increase the profitability of the clinic. As an added benefit, the increased revenues or decreased costs will create a more valuable clinic when you decide it is time to sell.

If you have any questions or if you would like assistance in preparing these applications, please contact your Welch LLP advisor.

HOW THE RESP HELPS WITH THE COSTS OF EDUCATION



The costs of post-secondary education are high and rising at a rate that consistently out-paces inflation. One program designed to help Canadians with costs associated with college and university is the Registered Education Savings Plan (“RESP”).

There are three main benefits to using an RESP to fund education:

1. GOVERNMENT GRANTS

The bread and butter of the RESP is the Canada Education Savings Grant (“CESG”), where the federal government provides a 20% grant on RESP deposits. There’s an annual CESG limit of \$500 and a lifetime limit of \$7,200 per child. A contribution of \$2,500 annually will yield the \$500 maximum annual CESG and after 14.5 years, you’ll have received the lifetime maximum. Missed opening an RESP immediately upon the birth of your child?

No problem, every year you can recoup one year of missed CESG.

For example, pretend your child just turned 4 years old, and you open their first RESP. The first 4 years of potential RESP contributions were missed, resulting in \$2,000 (\$500 x 4) of accumulated eligible CESG. To catch up, your annual contributions should be:

Child Age	RESP Contribution	CESG Received	Unused CESG
3	0	0	\$2,000
4	\$5,000	\$1,000	\$1,500
5	\$5,000	\$1,000	\$1,000
6	\$5,000	\$1,000	\$500
7	\$5,000	\$1,000	\$0
8	\$2,500	\$500	\$0



2. TAX-FREE GROWTH

The investment within the RESP, which is a mix of contributions and government grants, grows tax-free. The compounding effects over time can be extreme. Compare an initial investment of \$2,500 with 5% annual return, one made within an RESP and one made in a personal non-registered account taxed at 30%.

RESP

Year	Start	Growth	Tax	End
1	*\$3,000	\$150	\$0	\$3,150
2	\$3,150	\$158	\$0	\$3,308
3	\$3,308	\$165	\$0	\$3,473
16	\$6,237	\$312	\$0	\$6,549
17	\$6,549	\$327	\$0	\$6,876
18	\$6,876	\$344	\$0	\$7,220

NON-REGISTERED

Year	Start	Growth	Tax	End
1	\$2,500	\$125	\$38	\$2,588
2	\$2,588	\$129	\$39	\$2,678
3	\$2,678	\$134	\$40	\$2,772
16	\$4,188	\$209	\$63	\$4,335
17	\$4,335	\$217	\$65	\$4,487
18	\$4,487	\$224	\$67	\$4,644

*starting investment within RESP is \$3,000 due to the \$500 CESG being added to the \$2,500 initial investment.

Over 18 years, \$7,220 in the RESP vs \$4,644 in the non-registered account – a 55% improvement in financial position.

3. LITTLE TO NO TAX ON WITHDRAWALS

Withdrawals from RESPs can take one of two forms: Post-Secondary Education Payments (PSEs) and Educational Assistance Payments (EAPs).

PSEs are withdrawals of contributions and are not taxable, there is no limit to PSE withdrawals. EAPs are withdrawals of non-contributions: government grants and investment growth. EAPs are taxable in the hands of the student (T4A income). The student generally has little to no other income, and therefore very little tax is paid on EAP withdrawals. There is a limit of \$5,000 on EAP withdrawals in the first 13 weeks of admission to the post-secondary institution, but no limit thereafter. Withdrawals must be facilitated by the RESP subscriber (person who setup the RESP and made contributions) and proof of enrollment will be necessary to access the funds.



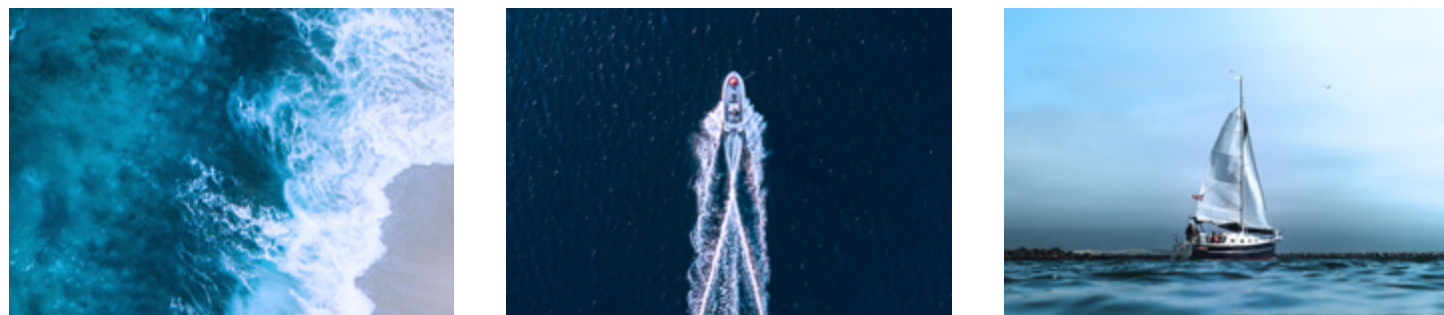
The RESP is an exceptional vehicle to help fund continuing education, the benefits of which become more pronounced the earlier you start. Even with an early start and disciplined contributions, an RESP alone is often insufficient to completely fund post-secondary education. Your Welch advisor can support you in creating an education-funding strategy as part of a broader financial plan to ensure you and your family are setup for success.

WHAT HAPPENS IF MY CHILD DOESN'T GO TO SCHOOL?

The advantages of the RESP largely disappear if the beneficiary (person for who's benefit the RESP was established) decides to not pursue post-secondary education. In this scenario, best to be patient and not dissolve the RESP immediately – your child may change their mind and funds in an RESP can remain there for up to 36 years. If it's becoming clear that continuing education is not part of the plan, you have a few options:

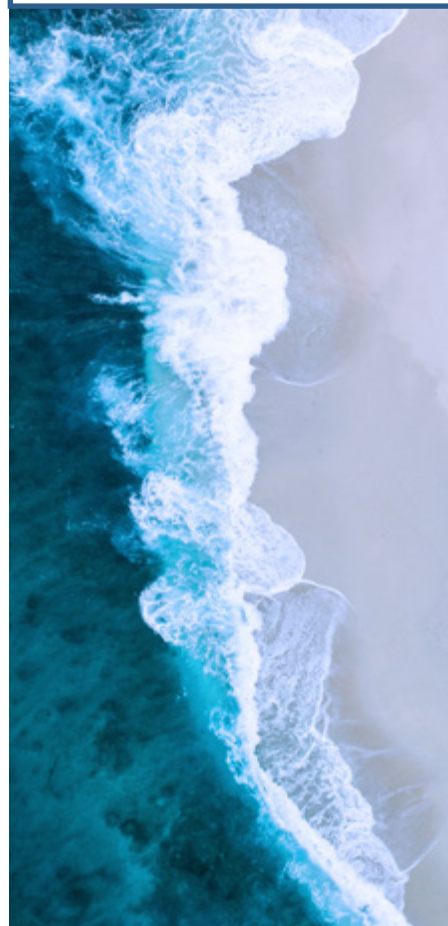
- Transfer the RESP value to a sibling (must be under 21 years old)
- Transfer the RESP into an RRSP of the subscriber
 - Must have the RRSP contribution room
 - RESP must have been active for over 10 years
 - CESG amounts must be returned
- Withdraw the funds
 - CESG amounts must be returned
 - Taxes to be paid on the investment growth (at your marginal rate) plus an additional 20% penalty

THE IMPORTANCE OF A WELL LAID OUT FINANCIAL PLAN



“On a train bound for nowhere . . . or so the song goes. Investing is NOT gambling; done right, it incorporates thoughtful portfolio construction incorporating objectives with capital market assumptions influenced by the current environment and expectations going forward. But sometimes gambling is afoot in the markets.”

- Craig Basinger, Chief Market Strategist of Purpose Investments



Welch Family Wealth Advisory continues to believe in the notion that financial markets will continue to rise over time. With that in mind, it is important to stay invested. However, it is also important to plan for times like these.

Craig Basinger, Chief Market Strategist of Purpose, mentions it is almost impossible to tell when we are truly at the bottom of a cycle. A well laid out financial plan will have developed a strategy to ensure your cash flow needs will be met without being forced to sell your investments at the wrong time. Proper planning will take into consideration the timing of exiting the market to ensure funds are available in advance.

The plan will ensure the majority of your funds are properly invested and the cash flow needs can be met in the desired period. It is risky business jumping in and out of the market in a haphazard way. For instance if you missed the five best days of U.S. market gains since 1988 your annualized returns for these years would be 4%.

However, if you had been in the market on those five days your annualized return, for the same time period, would have been 11%. It is time we all had a well laid out comprehensive financial plan - don't you think?

Read the article or [download the PDF version.](#)

OUR CLIENTS IN THE NEWS



Tanner Insurance
CELEBRATES THEIR 100 YEAR ANNIVERSARY



RBR
WHY RBR IS PAYING ITS EMPLOYEES TO COMMUTE TO WORK



Lytica
RAISES \$13M AS IT CHASES GLOBAL CUSTOMERS FOR PRICING INTELLIGENCE SOFTWARE



RVezy
ON TRACK FOR \$1B IN REVENUE



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