WELCH TIMES

SPRING 2022

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When I began at Welch in 2015, I suggested a Women in Leadership committee to start the conversation on gender diversity. However, we realized that wasn't enough – it wasn't only gender that we needed to pay attention to. The Partners of Welch committed to implementing a formal Equity, Diversity, and Inclusion (EDI) program at Welch in late 2019. Prior to making this commitment, we reconfirmed our values as a Firm in 2018. Partners and staff alike, rallied behind the core values of Care, Impact, and Empower. Then we needed to live our values, which meant a serious commitment to EDI. This was the first step as we moved towards becoming an employer of choice – an employer of which staff and partners could be proud.

At Welch, EDI means that we are working to ensure that our staff feel they have a fair opportunity to reach their goals and that we have an inclusive space in our Firm at all staff levels. It means ensuring that everyone has a level playing field from which to operate.

Discussion is an important part of any successful EDI journey and Welch is no different. A lot of important discussions took place and continue to take place: discussions with the leadership team on how we can do better, discussions with our staff on understanding perceived barriers and how we can remove these barriers.

Since its inception, we have made steady progress in making our Firm an inclusive space for everyone. We have made both subtle and overt changes as we worked to imbed EDI into our culture. Examples of our work include: an improved maternity leave benefit, mandatory unconscious bias training, transparency in our promotion process, leadership training that is available to all managers, an onboarding initiative catering to new immigrants, and an internal community for women called 'Women of Welch'. The most recent initiative permeates the walls of Welch and reaches into the Ottawa business community. We call it the EDI Welch Community Alliance. Its mission is to work with community partners and organizations to provide education, resources, and communication channels to facilitate the discussion of equality, diversity, and inclusion, by bringing together individuals of different backgrounds.

The work of EDI belongs to everyone at the Firm, and this is widely acknowledged. The level of engagement from our staff in both leading and participating in the various EDI initiatives is impressive. It tells us that Welch is moving the dial in becoming a workplace that fully embraces EDI and the many benefits that stem from it.

We encourage our clients to look at your own business and determine how you can embrace a culture of EDI. The business case for EDI is not complicated: it is not only becoming an expectation of current and prospective employees, but it is the right thing to do. While it can be a daunting undertaking, it will be rewarding.

KATHRYN HANCOCK, CHRL
Director of Human Resources

Welch LLP established a formalized Equity, Diversity & Inclusion (EDI) program in January 2020. Since then, our staff created a number of engaging forums for various EDI practices. From these internal groups, staff members developed an idea of reaching out to like-minded businesses in the professional service sector in the Ottawa community to create a strong network to advance EDI efforts beyond our firm. The core Welch team came together and brought in their networks to form the EDI Community Alliance (EDICA) on October 28th, 2021.

The EDICA was created to empower individuals working in professional services in the Ottawa community to eliminate barriers to equity, diversity, indigeneity, and inclusion in the workplace.

As a community alliance, we identified strategic objectives that would help guide the actions and activities of the EDICA:

1. Establish a platform for professionals to connect, support, and mentor each other in every aspect of life, including but not limited to work.
2. Exchange and share knowledge regarding EDI best practices in the workplace.
3. Encourage cross service line collaboration to exchange and share industry specific knowledge to help us all to become better advisors.
4. Promote content that highlights the positive impact of intersectionality and EDI practices on belonging, innovation, collaboration, recruitment, and productivity.
5. Establish an inclusive network of cross service line industry professionals to discuss both personal and professional development to help enhance EDI practices in the community.

We are committed to educating, informing, inspiring, and engaging the voices of individuals working in professional services along with community members to promote equity, diversity, and inclusion in the workplace.

The EDICA is currently a network of 17 organizations in the Ottawa Capital Region. The network is comprised of professional services organizations including law firms, accounting firms, human resources, and other advisors.

GUIDING DOCUMENT

In the spirit of embodying the core values of the EDICA, our events are open for all to attend. They focus on learning about and advancing EDI practices in professional services, and vary in formats, including informative sessions and networking; panel discussion with a focus on diversity and inclusion; sharing stories and building tools for best practices. Our events info will be shared on Welch social media channels. Please consider attending one in the near future!

If you are interested in joining our EDI Community Alliance or want to learn more about what we do, please send an email to edialliance@welchllp.com

Empower
Impact
Empathy
Respect

Meet the FOUNDERS

JESSICA ZHANG-CHAPMAN CPA, CGA, CIA

Jessica is a first-generation immigrant who was born and raised in Shanghai. She has led the firm's EDI program since its establishment in 2020. The diverse and inclusive work environment has had a positive impact on her 10+ years at Welch. She is passionate about making Welch a dream workplace for everyone who is inspired to grow with the firm through the successful delivery of Welch's EDI program. Jessica also plays an active role in EDI initiatives outside the firm. She is a valued member on CHEO's EDII Steering Committee and on HIO (Hire Immigrants Ottawa)'s Workplace Belonging Advisory Committee.

CAROLINE PROULX

Caroline has a passion for mentoring women in the workplace. She was recognized as a Top 50 Woman in Accounting for 2020 by Practice Ignition and featured in Accounting Today, an honour dedicated to the accounting professionals who continue to break the glass ceiling and advance the accounting industry. She is also one of the co-founders of Women of Welch (WOW), an internal group focused on creating discussions and mentorship among women, both in leadership and at the staff level, to increase engagement and opportunities within Welch.

MORIAH GIBBS, CPA

Moriah is passionate about creating inclusive spaces and fostering a sense of purpose and belonging. She takes an active role in mentorship both internally and externally to the organization. Some of her mentoring roles have included developing a Financial Literacy for University Life course for her University's Student Accounts Office, participating in the Big Brothers/Big Sisters in-school mentoring program, mentoring CPA students, and developing internal training for junior staff.

KIMBERLY RODRICKS

Kim is a first-generation immigrant who was born and raised in Bombay. Kim is extremely passionate about philanthropy. From a young age, she has helped organize events for her father's foundation, the "Ferro Equip Foundation", that helps people with disabilities, orphanages and retirement homes both financiallt as well as in kind and mobility aids. She moved to Canada in 2018 to complete her post-graduate degree in Global Business Management (GBM) with a Major in Alternative Dispute Resolution in Toronto. While in Toronto, she volunteered at the Etobicoke Humane society as a dog handler on weekends.

KATE GALLARDO

Kate is a first-generation immigrant who, at the age of 7, moved with her family from the Philippines to Toronto. Having lived in both Ottawa and Toronto, she enjoys immersing herself into the diverse cultures that surround her. She has carried this with her, in both her University and Work life. She has enjoyed learning from her peers and sharing her culture in an inclusive environment.

CELEBRATING

DIVERSE WOMEN IN LEADERSHIP

On the 23rd of March, 2022, our EDI Community Alliance spoke with a spectacular group of women in leadership from the Ottawa Capital Region about their journey and experiences in their industries.

VIEW RECORDING

What are some common challenges and barriers that women face?

- Women often feel that they must work harder to prove themselves and are passed over for opportunities.
- Diverse women have language and cultural barriers, which often, this plays a role in their self-confidence and ability to speak up.
- It is a lot harder for women to network and build strategic and mutually beneficial relationships, as networking events are often not structured to be inclusive to women.
- Gender and generational biases create something called an "Imposter Syndrome" which make it hard for women to assess situations objectively and trust their own judgements. Especially in male dominated professions, women tend to face gender stereotypes and feel that they are placed in an uneven playing field.
- Balancing home and work is often a challenge. In the event they have a family with kids, women tend to be the primary care giver and have less time to dedicate to their career building. Another common challenge is being passed over for promotions due to family responsibilities.

What can we do to level the playing field?

SPREAD AWARENESS AND EDUCATE
We need to spread awareness and educate our male counterparts on how their words and actions, although subconscious, could possibly be contributing to the bias.

CREATE AN INCLUSIVE SPACE
Organizations need to work towards creating an inclusive space for all employees by regularly reviewing and revising their EDI policies. This is not just restricted to hiring more women in leadership, but rather creating a safe space for all individuals. This also includes structuring networking events to be activities that are inclusive to women.

CHAMPION CHANGE
Being a pioneer for changing the way something is done currently, whether it is the introduction of a new EDI policy or an inclusive environment, can pave the way for other organizations to follow suit. Creating opportunities for women leaders and advocating for more women in leadership will not only enable others to find the confidence, but also give them a mentor who is able to relate to them which is instrumental in planning their career path.

As a firm, and as part of the Ottawa community, we have seen progress in the last few years towards building a more inclusive and welcoming environment. However, there is so much more work to be done in this space to break these barriers.

Author: Kimberly Rodricks, Client Experience Coordinator

BLACK HISTORY MONTH

FEBRUARY AND FOREVER

Black History Month is a time to highlight the history of Black Canadians and their communities, the traumas they face, and their contributions to Canada. This year's is "February and Forever: Celebrating Black History today and every day" which focuses on recognizing the daily contributions that Black Canadians make to Canada.

EDICA HONOURS THE LEGACY

In the spirit of honouring the legacy of Black Canadians, the EDI Community Alliance dedicated their February 2022 meeting to envisioning the celebration described by the students of the African Heritage Club, focusing on five different areas:

- What is Black History Month.
- Historic Perspective of Black Canadians.
- Contributions to the Black Community and Canada.
- Black Joy: embracing and appreciating Blackness in its authenticity and fullness.
- What can we do? Black Futures and a call to action.

Take a look at the presentation put together by the EDICA team below. Use this as a starting point to conduct research, raise awareness, have conversations, and celebrate Black Joy.

VIEW PRESENTATION

Author: Moriah Gibbs, Senior Staff Accountant

EDI COMMUNITY ALLIANCE

REPRESENTATION
IN RECRUITMENT

25TH MAY 2022 | 12:00 - 1:00 PM EST


Dr. Sue Haywood


Zack Fleming


Leanne Bell

On May 25, 2022 from 12:00 – 1:00 PM, join our EDICA team and learn how to better incorporate Representation in your Recruitment practice.

Dr Sue Haywood, Zack Fleming, and Leanne Bell from Business Sherpa Group will join the panel and talk about the inequalities in the workplace, challenges in recruitment and hiring, best practices in hiring new staff, and what we can all do as employers.

REGISTER

Business Sherpa Group Welch LLP®

DOWNLOAD NOW

New Eligibility Guidelines

The How & Why of **SR&ED**

In a recent update to the Scientific Research & Experimental Development (SR&ED) guidelines (as of August 13th, 2021), CRA has provided a new set of guidelines to assess the eligibility of SR&ED work. These new criteria attempt to provide a 'lens' through which to view SR&ED and help simplify the determination on whether or not work classifies as SR&ED. It is important to note that the definition of SR&ED remains the same, and eligible work must still satisfy the five questions.

The CRA has interpreted this definition of SR&ED based on the 'how' (i.e. a systematic investigation) and 'why' (i.e. for achieving an advancement in scientific knowledge or technology) SR&ED is conducted. In order for work to be eligible, these new guidelines suggest that both the 'how' and 'why' must be satisfied.

SR&ED:

"Systematic investigation conducted through experimentation or analysis with the purpose of achieving an advancement in scientific knowledge or technology."

THE "HOW"

The work must be carried out through a systematic investigation or search by means of experimentation or analysis.

Referring to this blog post, we know that a systematic investigation consists of the following four components:

- A problem is defined;
- A hypothesis (i.e. a possible solution to the problem) is generated as a starting point for the investigation;
- The hypothesis is tested by experiment or analysis;
- Conclusions are developed based on the results.

The 'how' requirement further specifies that a systematic investigation completed for the purposes of SR&ED includes a fifth component:

- Evidence is generated and recorded as work is progressed.

By following these five criteria, you can demonstrate to CRA that a systematic investigation was adopted to solve the problems which arose during your experimental work.

A key component of the 'how' criteria is that known design methods, techniques, procedures, protocols, and standards are only investigated and applied as a starting point to the research and do not constitute the research in full. Problems which are solved by established procedures and standards are defined by the CRA as a systematic approach and do not fulfill the 'how' requirement. Consequently, a systematic investigation will ensure the development of an idea (which can be based on known facts) through experimentation or analysis and, as a result of testing, this idea will evolve past that which is known in the relevant knowledge-base, thus, satisfying the 'how' requirement.

THE "WHY"

Work must be conducted to achieve an advancement in scientific knowledge or technology.

The CRA interprets an advancement as: *"The generation of knowledge that advances the understanding of science or technology".*

The CRA requires that this knowledge is conceptual knowledge and not factual knowledge. Thus, it is important to describe to the CRA the conceptual knowledge which is created as a result of the research and identify the knowledge gap which exists to ensure the work results in the creation of new knowledge.

An uncertainty exists when you are not sure if your problem can be resolved by the existing knowledge base due to an insufficiency of knowledge.

As a result of this insufficiency, new knowledge is required and the generation of this knowledge can lead to an advancement. Furthermore, this knowledge can be generated regardless of whether or not your work achieved your project objectives, as failures can still lead to the generation of knowledge which advances the understanding of science or technology.

It is important to emphasize that this knowledge is new knowledge, that is, knowledge which is not available within your business or openly available to the public. When this knowledge is not available, it suggests that technological knowledge is insufficient and, thus, attempting to resolve your problem through experimentation will result in the generation of new knowledge.

This knowledge can be demonstrated through the development of technology. In certain scenarios you may seek to meet the project objectives through creating new or improved technology. In these situations, experimental development can result in the generation of new technological knowledge. These scenarios arise when there is a need to:

- Generate new technology to meet your project objectives;
- Make improvements to existing technology;
- Use existing technology in a new context to achieve your objectives.

Therefore, if your work attempts to: (1) resolve an uncertainty; (2) advance your conceptual knowledge; (3) address a knowledge insufficiency; and (4) generate new knowledge, the work will satisfy the "why" requirement.

Author: Nicholas Ogrodnik, Technical Advisor

GST/HST and New Residential Rental Properties

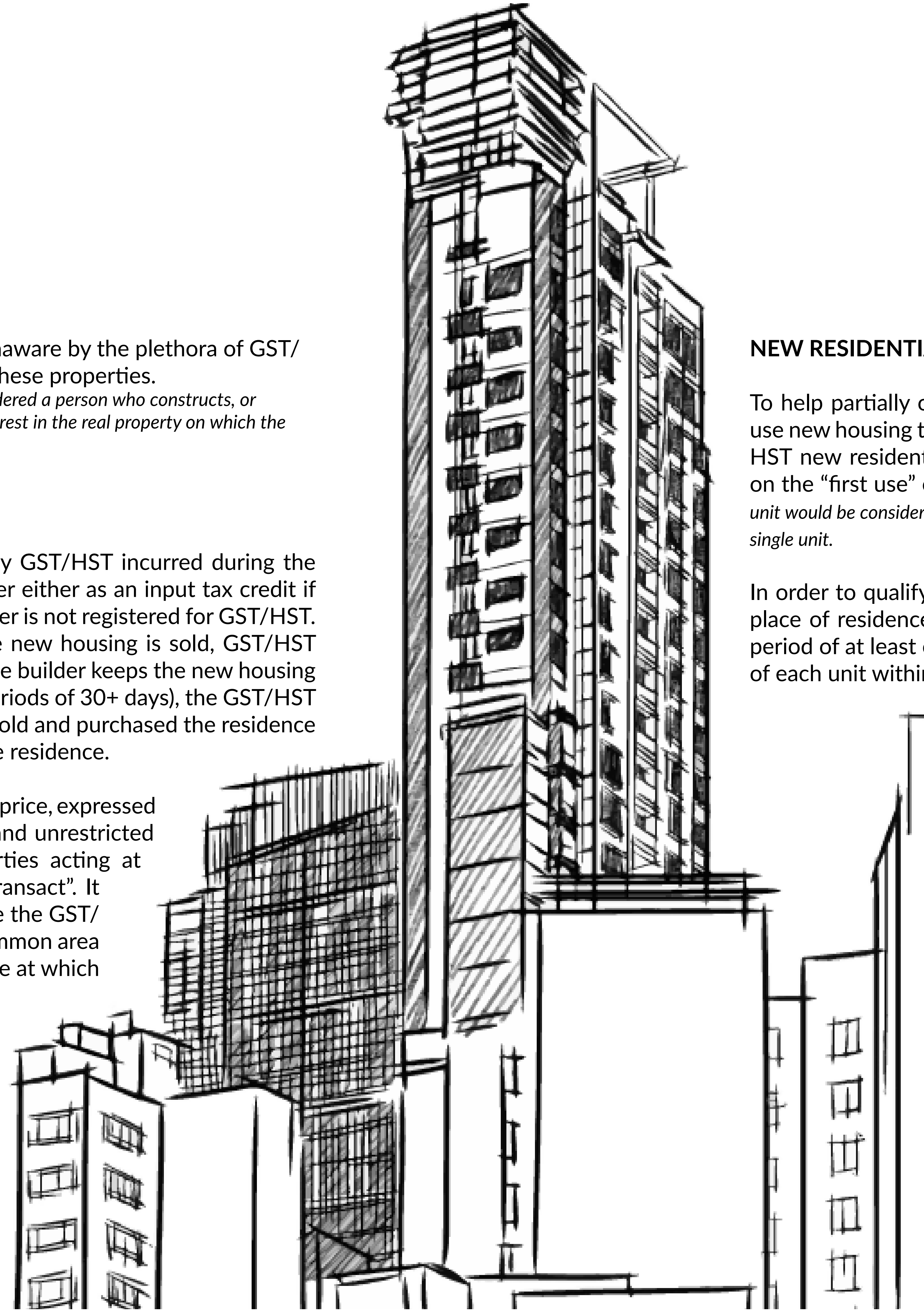
Builders of new residential rental properties can get caught unaware by the plethora of GST/HST rules related to the construction and subsequent use of these properties.
For purposes of applying the GST/HST rules discussed below, a builder is considered a person who constructs, or engages another person to construct, new housing and at that time has an interest in the real property on which the new housing is situated.

SELF-ASSESSMENT OF GST/HST

The sale of new housing is subject to GST/HST. As such, any GST/HST incurred during the construction phase of new housing is refundable to the builder either as an input tax credit if the builder is registered for GST/HST, or as a rebate if the builder is not registered for GST/HST. Once the construction phase is substantially complete, if the new housing is sold, GST/HST would apply. However, if instead of selling the new housing, the builder keeps the new housing and uses it to generate long term residential rent (i.e., rental periods of 30+ days), the GST/HST change of use rules kick in and the builder is deemed to have sold and purchased the residence and must remit GST/HST based on the fair market value of the residence.

CRA generally considers the fair market value to be "the highest price, expressed in terms of money or money's worth, obtainable in an open and unrestricted market between knowledgeable, informed and prudent parties acting at arm's length, neither party being under any compulsion to transact". It is important to be able to support the value used to determine the GST/HST liability triggered by the change of use rules as this is a common area of dispute with CRA in the event of a CRA audit. Also, the stage at which the change of use occurs may affect the GST/HST liability. You may be required to remit GST/HST at a point prior to the completion of the construction of the building (i.e. if a tenant moves in when the construction is 90% complete).

When determining the value to use in making the self-assessment, be sure to use the value relative to the point in time when the self-assessment is required. Otherwise, the builder may end up paying more GST/HST than is warranted in the circumstances.



NEW RESIDENTIAL RENTAL PROPERTY REBATE

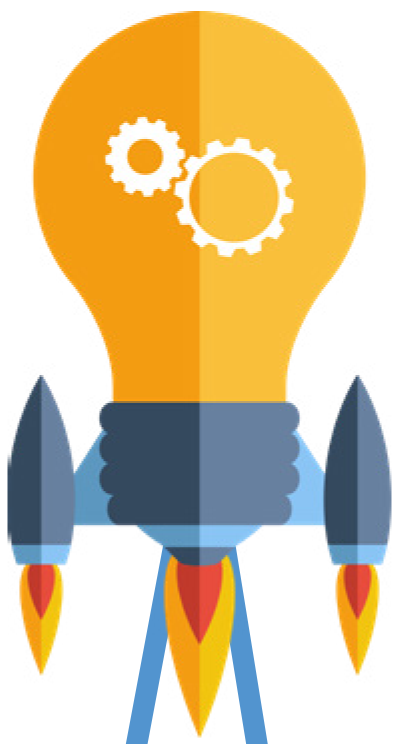
To help partially offset the GST/HST cost related to new housing, landlords that use new housing to generate long term residential rent may be eligible for the GST/HST new residential rental property rebate. Eligibility for the rebate will depend on the "first use" of the rental property. *In the case of multi-unit residential properties, each unit would be considered separately for purposes of this rebate. However, a duplex is considered to be a single unit.*

In order to qualify, the first use of the property generally must be as the primary place of residence of an individual (or individuals) under a residential lease for a period of at least one year. The rebate is calculated based on the fair market value of each unit within a residential complex.

In Ontario there are two components to the rebate; a federal component and a provincial component. The federal component is equal to 36% of the 5% federal portion of the GST/HST, to a maximum of $6,300. This component is reduced proportionately if the fair market value of the unit is between $350,000 and $450,000. It is completely eliminated if the fair market value of the residential unit is greater than $450,000. The provincial component of the rebate is equal to 75% of the 8% provincial portion of the GST/HST, to a maximum of $24,000. This rebate is not reduced and will apply even for larger values to a maximum of $24,000 for values of $400,000 or more.

When building residential properties and / or using them to generate residential rent it is important to have a good understanding of the related GST/HST implications or to seek proper professional advice. Contact your trusted Welch LLP advisor to help you work through these complex rules.

Author: Mona Tessier, CPA, CA, Partner, Indirect Tax Specialist



CLOUD BOOKKEEPING TECH
TO INCREASE EFFICIENCY

Cloud-based accounting applications are increasingly popular for medical practices because they allow entrepreneurs to manage their finances online. There's no need for setting up additional servers or hardware; everything runs on the Internet through your web browser. This makes it highly convenient if you need accessible records while you're away from the office.

Cloud-based technology can help your medical business grow while decreasing the time spent dealing with accounting tasks. Here are 5 key benefits we have identified for medical practices:

#1 EASE OF USE
The key features offered by a cloud-based accounting software program are the intuitive interface and the ability to access data from anywhere at any time. With a cloud accounting solution, you don't have to spend hours learning a new system while your business continues to grow. You can use your cloud accounting application right away while you continue adding new services and more patients to your medical practice.

#2 CLOUD-BASED SECURITY
These bookkeeping software solutions are built to be secure to protect your financial information. The data they process is always encrypted. Your cloud accounting software solution doesn't have any hardware or physical space, so there's no way to access financial information without the proper credentials. This reduces the chance of unauthorized access to your cloud-based software.

#3 AFFORDABLE PRICING
Most cloud accounting solutions offer affordable pricing. The most expensive system on the market is QuickBooks Online, and it still costs less than $60 a month. As you grow your practice and your team, you can easily scale up to a higher tier specifically designed for large businesses. Cloud-based applications allow you to increase your storage space and number of users as your business grows with no additional costs.

#4 REAL-TIME UPDATES
Some online bookkeeping software solutions can automatically update your financial data in real-time. This eliminates the need to enter transactions into your books manually. Additionally, cloud-based solutions often offer advanced analytical features that allow you to track your metrics in real-time.

#5 24/7 ACCESSIBILITY
You can access and manage your financial records anywhere. Since these applications are hosted on the Internet, there's no need for office hardware and equipment. Cloud-based solutions allow medical entrepreneurs to work from home or vacation without disarray on their financial records. Cloud-based applications also provide 24/7 accessibility, so you can always be alerted to any updates or changes made to your system.

Over time, you'll find that your AR management strategy becomes more streamlined and efficient with every improvement you make. This leads to greater profitability over time, resulting in overall business success.

Not sure where to start? Get in touch with the Elevate by Welch LLP team today. We can help you find the answers to these questions and more so that you have the right information to make smart business decisions.

Author: Sean Duffy, CPA, CMA, Senior Manager Elevate by Welch

The Value of Up-to-Date Bookkeeping for *Medical Practices*

Author: Sean Duffy, CPA, CMA, Senior Manager Elevate by Welch

Up-to-date bookkeeping is an integral part of the cost-saving process. Not only does it give you accurate information, but it also simplifies reporting and the ensuing decision-making process.

Small medical practices often have a month-to-month accounting system that produces the monthly statements on what has been billed, what is owed to vendors, and who owes amounts to whom. In most circumstances, this is adequate. However, many practices find that they have trouble reconciling accounts from month to month because there is no consistency in payments or inconsistencies in payments received versus actual payments made or pre-planned set-asides for payroll taxes and other items.

The result is that healthcare managers need help with keeping track of the money in the company's profitability equation. Up-to-date bookkeeping can assist in these areas to help lower your company's overhead cost while increasing its revenues and profits simultaneously.

Bookkeepers for small or mid-sized medical practices can perform their duties almost entirely remotely and overseen by a CPA. Since bookkeeping is a critical aspect of a profitable business, having an accountant specializing in medical bookkeeping can also save you from costly mistakes and help ensure your financial records are accurate.

Since healthcare is an ever-changing industry that demands high-quality service at a reasonable price, the importance of accurate and up-to-date bookkeeping cannot be understated. Health care professionals can use this information to evaluate their company's quality of service and financial standing to improve their bottom line.

BUDGETING AND FORECASTING

You can better plan for the future if you know where you stand in terms of income and expenses. For example, if you know that you have a particular amount of money that you need to spend for payroll each month, you can compare your actual expenses against that budget to see areas for improvement. This can reduce costs and free up funds for other uses.

TRACKING FINANCIAL PERFORMANCE

Having access to the correct information at the right time is essential in assessing your company's performance. For example, if your practice has been experiencing growth in a given area but has yet to increase its staff to accommodate for that growth, things may not go as smoothly once business picks up. Having financial data available makes it easier for healthcare managers to plan accordingly and mitigate risks.

CUTTING DOWN ON MISTAKES

Having your books updated in near-real-time can help you avoid errors. If you have a paper-based system, you must manually enter information from receipts and other sources, increasing the risk of a mistake being made. With an electronic system that can synchronize with your bank accounts and credit card company statements, you'll have the information automatically, and accurately, pulled in. If you need to make a change, you can do it right away.

USING DATA TO IMPROVE YOUR BUSINESS

With the information available via an updated bookkeeping system, you can use it to improve your business. If you're able to look at the big picture and see how your business is doing overall, you can make informed decisions about making changes and improving the bottom line.

UNDERSTANDING & COMMUNICATING YOUR DEBT LOAD:

If you know what your debt load is at any given time, you can better share that information with others in your business. Knowing what the debt load is will help you communicate that information to others, which can help everyone involved make informed decisions about moving forward with that purchase.

RESPONDING QUICKLY TO CHANGES IN THE BUSINESS

If you have an idea for something that could improve your business, you can act on it right away with an updated bookkeeping system. You may find that there's a better way for you to conduct business than the way you've been doing things in the past.

KNOWING WHERE YOUR MONEY IS GOING

An updated bookkeeping system helps keep track of where your money is going and how it's spent. This can be more efficient when deciding whether to invest in a particular area. It'll know which areas take priority, so it doesn't invest on things that aren't necessary for the company.

INCREASING PROFITABILITY

If you're able to see your company's profitability and other information in near real-time, you'll know what's working and what's not working without needing to wait for an end-of-the-year report or other review. Knowing what works and what doesn't work can help you make changes that increase your company's profitability – which can be a great incentive for any business owner.

FORTY 25 YEARS UNDER 40

A joint initiative of Ottawa Business Journal and the Ottawa Board of Trade, the awards have become widely recognized as the region's most sought-after business award for people under the age of 40.

"I am extremely grateful to receive this award and while I have the privilege of having my name on a trophy this year, this award is truly a team effort. A nomination would never have been possible without the awesome team we have at WCP, and certainly not possible without the support of Candace and Stephan as leaders in the organization. I look forward to being able to share the award with my colleagues, both current and hopefully future 40 under 40 award recipients."

It's been a big year for Cody. In the winter of 2021, Cody partook in the 4-man bobsled races at the BWM IBSF World Cup Series, qualified and competed in the 2022 Beijing Olympics, and has recently been awarded a Forty Under 40 award for 2022.

This year is the 25th year of the Forty Under 40 awards, and will also mark the return to an in-person gala after two years of virtual events. The celebration is scheduled for Friday, June 17 at the Hilton Lac-Leamy. OBJ and the Ottawa Board of Trade will continue to produce a TV show to recognize the recipients.

Congratulations to Cody Sorensen, MBA, OLY, Director, M&A, Welch Capital Partners Inc. We look forward to celebrating this and more of your accomplishments in the future!

our CLIENTS IN THE NEWS

BlueWave-ai LOOKS TO STEER ELECTRIC VEHICLE USERS FROM PEAK CHARGING TIMES

AutoCorp.ai BRINGS CUTTING-EDGE TECH TO "ARCHAIC" WORLD OF CAR FINANCING

YoppWorks ACQUIRED BY TECHNOLOGY MANAGEMENT AND CONSULTING SERVICES FIRM IMPROVING

FULLY MANAGED IS NOW PART OF THE TELUS BUSINESS SOLUTIONS FAMILY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