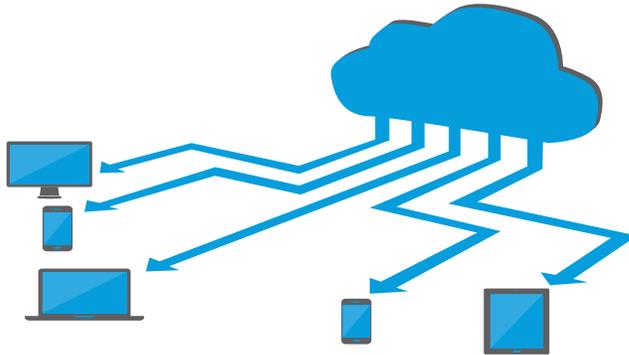


## Cloud-based Accounting Programs

### Understanding the cloud

The cloud, in the context of information technology, means accessing and storing information and programs in an online repository that can be accessed from anywhere that the user has access to the internet. Unlike traditional accounting software that requires a physical download, either via a CD or from the internet, cloud-based accounting programs allow the users to access an accounting program directly from the internet.



### Mobile Accounting

Whether on the train, in a meeting, or a customer's office, cloud-based accounting programs allow you to access your database from almost anywhere that you can connect to the internet. With cross-platform technology, most providers design their cloud-based programs to be used on tablets and smartphones. With the ability to integrate cloud-based programs with banks and online payment providers, users are able to process and record business transactions on the go.

### Continuous Backup

With cloud-based programs, most providers allow for real-time back-up of online data. Traditional online backup from a physical drive requires the transfer of information from your company's computers to an online server. This process can take up a lot of bandwidth and count towards your monthly data cap; if you have a lot of data to backup, this could be an issue. Internet-based services may also be susceptible to various outages and issues that can occur anywhere between (and including) your computer and the provider's servers, including all of the routers and servers along the way from your office to the internet provider.

### Security

No cloud-based program can provide 100% information security, however, due to the sensitivity of financial information, it is important to ensure that the cloud-based program transmits and stores all information securely. It is recommended that the cloud-based program use encryption technology that is used by leading financial institutions. At a minimum, the cloud-based program should use 128-bit encryption for data transmission and 256-bit encryption when storing data.

### Drawbacks

As cloud-based programs use the internet as their processing platform, they often lack certain advanced features that some users may be accustomed to and may have certain data and user limitations. Also, certain large organizations with multiple users may find it tasking on their networks to have simultaneous users accessing such data intensive programs via the internet.

Cloud-based programs also attempt to satisfy the needs of most users, and as a result are often limited in terms of offerings for industry specific functionality. Entities with complex inventory systems, multi-jurisdictional corporations, and capital asset intensive organizations may find the conversion to an online platform more onerous. Also, users who require detailed customization of reports for management reporting may be limited when using cloud-based programs.

## Summer 2014

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As cloud-based programs typically charge per user-per month fees of \$14-\$40, they have a lower upfront cost compared to traditional download programs. However, depending on the number of users in your organization, the cumulative monthly costs on an annual basis may exceed the cost of a traditional download program. The cost of the cloud-based program may outweigh the benefits of portability and flexibility.

It is important for each organization to review the functionality of an intended cloud-based program and even run their traditional system in tandem until the suitability of the cloud platform can be determined.

## Pooled Registered Pension Plans (“PRPPs”)

### How the PRPP Works

Federal Pooled Registered Pension Plans provide a retirement savings option for the self-employed and businesses that do not have an employee pension plan. It is attractive for those companies that cannot afford the cost of administering an employer-sponsored plan or a company RRSP, and do not want the fiduciary liability that may accompany such a plan.

The contributed funds are placed with a financial institution such as a bank or insurance company that will pool the small contribution amounts to be invested more efficiently with the objective of obtaining a better return on investment. This federal plan covers only employees in federally regulated industries, federal government employees and employees in the territories of Nunavut, Northwest Territories or the Yukon. Each province has the opportunity to pass its own “mirror” PRPP legislation or opt out.

### Setting up a PRPP

The first step in setting up a PRPP is to choose a licensed third-party administrator for the plan. The use of a third-party administrator is especially advantageous if the employer is a small or medium enterprise because the administrator will take on most of the responsibilities that now fall to the employer under employer-sponsored plans. Employers are not liable for acts or omissions of the administrator. The employer can choose to participate in a PRPP or not. If so, the employer is responsible for collecting and remitting all contributions to the administrator. If not, the employee can participate alone through a PRPP administrator. The account is registered and each member is identified by their individual Social Insurance Number.

### Contribution Amounts

The maximum contribution is equal to the eligible RRSP contribution amount allowed to each eligible working Canadian based on their earned income. The employer may pay a portion of this amount if it chooses to do so. Suppose, for example, the employer agrees to match the employee’s contributions dollar for dollar. If the employee has an annual contribution limit of \$10,000, the employee can contribute \$5,000 and the employer can contribute \$5,000. However, the employee can deduct only \$5,000 for income tax purposes. The matching \$5,000 put into the PRPP by the employer is tax deductible to the employer, but is not included in the employee’s total income for the year. This employer contribution is not subject to CPP/QPP or EI withholding taxes. PRPPs are eligible for the pension tax credit and may be considered in the spousal pension income splitting calculation. The contributions made to a PRPP do not impact the Pension Adjustment and thus, unlike a Registered Pension Plan, do not have to be reported on a T4 “statement of remuneration paid” at the end of the calendar year.

### Portability

Since the plan is attached to the employee through their Social Insurance Number, the plan goes with the employee if they are terminated or leave the company. The employee’s PRPP account can be set up again with a new employer to receive that employer’s contributions, if any. Contributions made to a PRPP do not impact the Pension Adjustment and thus, unlike a Registered Pension Plan, do not have to be reported on a T4 “statement of remuneration paid” at the end of the calendar year.

### Contribution Deadlines

Individuals may make contributions to their PRPP between January 1 in a calendar year and for the first 60 days of the following year with the flexibility of claiming the deduction in the prior calendar year. Contributions can be made until the end of the year in which the individual celebrates their 71st birthday. Employers are not obligated to make contributions to an employee’s plan. Any employer contribution must be made within 120 days of the calendar year end.

### Investment Restriction

PRPP investments do not necessarily need to conform to the qualified investment rules that are established for RRSPs. However PRPP investments should not include investments in which a member has a significant interest (i.e., more than 10% of a class of shares of a corporation).

Further, the investment portfolio should not hold more than 10% of any one business or non-arm’s-length group of companies. ■■■

## Canada Not-For-Profit Corporations Act

All Not-for-Profit (“NFP”) organizations incorporated under the Canada Corporations Act, part II, must transition to the Not-for-Profit Corporations Act (“NFP ACT”) by October 17, 2014. Those NFP’s created after October 17, 2011 would have already been formed under the new NFP Act and no further action will be required. If a NFP, formed before October 17, 2011 does not transition to the NFP Act by October 17, 2014, Corporations Canada will, upon first giving written notice to the NFP and to each of its directors, dissolve that entity.

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Readers are encouraged to consult legal advice on the conversion process and the specific regulations under the NFP Act. Appendix I to this article provides a brief overview of the steps involved in this process while an overview of the financial reporting considerations are discussed further below.

### Financial Reporting Considerations

Under the NFP Act, each NFP will be classified as either soliciting or non-soliciting. A soliciting NFP would have received more than \$10,000 from public sources, including public donations, federal or provincial governments, or other conduit entities in its last financial year.

For financial reporting purposes, the NFP Act further separates NFP's into two categories. Designated NFP's are those with gross annual revenues for its last financial year that is no more than \$50,000 and non-soliciting NFP's with gross annual revenues for its last completed financial year that is equal to or less than \$1 million. Non-designated NFP's are soliciting and non-soliciting NFP's with annual revenues in excess of the above \$50,000 and \$1 million thresholds.

The financial criteria and reporting options available to the members under the NFP Act are set out below:

	Soliciting			Non-Soliciting	
Annual revenue for last financial year	Designated with revenues of \$50,000 or less	Non-designated with revenues of more than \$50,000 and up to \$250,000	Non-designated with revenues of more than \$250,000	Designated with revenues of \$1 million or less	Non-designated with revenues of more than \$1 million
Level of financial review	A review engagement unless a unanimous resolution has been passed requiring a compilation or an ordinary resolution for an audit	Must have an audit unless a special resolution has been passed to require a review engagement.	Must have an audit engagement	A review engagement unless a unanimous resolution has been passed requiring a compilation or an ordinary resolution for an audit engagement.	Must have an audit engagement

### Appendix I – General outline of steps involved in the conversion to the Canada Not-for-Profit Corporations Act:

**Step 1:** Review of the NFP's existing letters patent and by-laws by the board members. These documents will have to be reviewed by the board of directors to ensure they are in compliance with the NFP Act. Copies of the NFP's existing documents are also available from Corporations Canada if the NFP is not able to locate them.

**Step 2:** Prepare Articles of Continuance - These articles will be attached to the Certificate of Continuance that is issued to the NFP by Corporations Canada. Existing federally incorporated NFP's do not have to pay a filing fee to obtain a Certificate of Continuance.

**Step 3:** Update by-laws - As a result of the extensive regulation in the NFP Act, there are only two by-law provisions that are mandatory under the NFP Act. At a minimum, NFP's by-laws need to address the conditions required for membership and notice of meetings to members who are entitled to vote at the meeting.

**Step 4:** Get members approval - A meeting of members will generally need to be held as part of the transition process. The NFP Act requires that the Articles of Continuance be approved by a special resolution of members, which is a resolution that is passed by at least two-thirds of the votes cast at a meeting.

**Step 5:** Submit required documents to Corporations Canada.

## Mandatory Health & Safety Awareness Training

A new regulation will require health and safety awareness training for every worker and supervisor under the Ontario Occupational Health and Safety Act ("OHSA"). The regulation came into force on July 1, 2014.

The required training introduces workers and supervisors to the Occupational Health and Safety Act. It focuses on the health and safety rights and responsibilities of workers, supervisors and employers. It also serves as a general introduction to workplace health and safety.

Every employer should look to comply with the requirement. Besides the obvious unsafe work environment, non-compliance could result in employers and supervisors facing monetary penalties and perhaps even criminal charges for non-compliance in the area of health and safety.

The Ministry of Labour provides many resources to ensure the safety of all employees in the workplace. Workbooks and accompanying employer guides that cover the basics of occupational health and safety are available free from the Ministry of Labour. These tools provide workers and supervisors with the option of completing the training program in paper format, either by printing them from a personal computer or by ordering printed copies from Publications Ontario. ■■■

# Client's Corner - Picco Engineering



Picco Engineering is an award-winning professional services firm at the forefront of structural engineering, recognized worldwide as a leading expert in stone cladding and anchoring systems. Their innovative, cost effective engineering solutions have impressed a global clientele across many sectors. Founded in 1986 and managed by Michael Picco, a Professional Engineer with over 25 years in stone consulting and engineering, the team at Picco Engineering engage in multi-faceted projects ranging from commercial, cultural, institutional, hospitality and residential.

Picco Engineering provides comprehensive structural services for a wide variety of residential project types, including townhomes, condominiums, semi and detached homes including modern custom homes. They are committed to building long-term relationships characterized by trust, respect and reliability, and offer meticulous attention to detail from project start to successful completion.

Recent projects include The Canadian Museum of Human Rights (Winnipeg), The Mariinsky Theatre (St. Petersburg), The Four Seasons Hotel and Yale University Residential Colleges.

Their team is licensed to work in multiple jurisdictions across North America and hold memberships in a variety of industry associations.

To learn more, visit their website at [www.picco-engineering.com](http://www.picco-engineering.com) to see the full range of services and projects that they have been involved with. ■■■

## News Bits

### New team members

We are proud to announce the following new additions to our team:

#### Michael Vella

Michael has joined our accounting group as a Staff Accountant. Michael is a Chartered Professional Accountant and a Chartered Accountant. He also holds a Bachelor of Commerce from the University of Ontario. Michael joins our firm having several years experience working with owner managers and non-profit organizations.

#### Herman So

Herman has joined our accounting group as a Staff Accountant. Herman graduated from the University of Waterloo with a Masters of Accounting and Bachelor of Accounting and Financial Management. Herman has successfully completed the Uniform Final Examination ("UFE"). The UFE is a three day exam administered by the Canadian Institute of Chartered Accountants and is the final academic requirement to being admitted into the Institute.

#### Kathleen De Pellegrin

Kathleen has joined our accounting group as an Analyst. Kathleen graduated from Ryerson University with a degree in Business Management. Kathleen is joining our team having previously worked with us on a part-time basis.

#### Calvin Yu

Calvin has joined our forensics group as a Forensic Accountant. Calvin graduated from the University of Waterloo with an Honours Bachelor of Accounting and Financial Management. Calvin has successfully passed both the UFE and the Certified Fraud Examiners exams.

### Welcome Michael, Herman, Kathleen and Calvin!

Summer 2014 Planner	September 1	Labour Day
	September 15	3rd Income tax installment payment for 2014 due

### CONTACT US

You can reach us by phone at **416.969.8166** or on-line at [www.williamsandpartners.com](http://www.williamsandpartners.com).

### NOTICE

Williams & Partners distributes tax tips on a regular basis via email to our clients. If you wish to be on our email distribution list for tax tips, please contact Julia Biersteker at 416.969.8166 ext. 267, or by email to [julia.biersteker@williamsandpartners.com](mailto:julia.biersteker@williamsandpartners.com).

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