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## Tools 2001

A one-day annual conference for senior staff and board members of non-profit organisations.

Tuesday, June 19

International Conference Centre  
Ryerson Polytechnic University  
240 Jarvis Street  
Toronto

(more details on page 2)

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## Training Costs

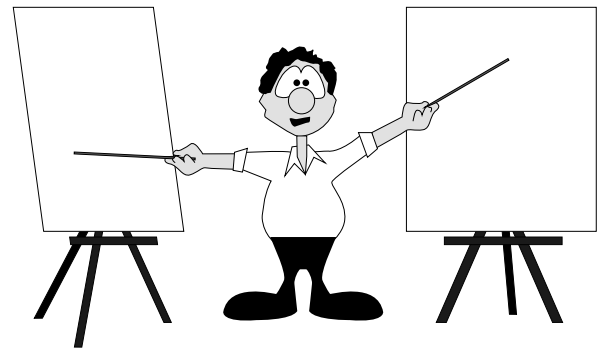
To maintain competitive advantage, a business must keep its systems up-to-date. Along with the costs of enhancements and new applications, the owner/manager must also deal with the related training for employees. How can you ensure the cost-effectiveness of your investment in training?

WHILE advances in technology give companies new opportunities and capabilities, the costs of training are sometimes not factored into the overall expense for improvements.

First, is training really necessary? If you are upgrading your printers, maybe not. After all, the end-users will simply send their output to a new printer. Of course, the person responsible for loading paper and changing toner will have to know how the machine differs from the previous models. However, if you're changing your software programs and applications, poorly trained or untrained end-users could negate the benefits of the new technology with costly errors and lower productivity. In these instances, proper training will save you money in the long run.

With careful planning, you can maximize your investment in training employees to use new technology effectively by following these three steps:

1. involve employees from the outset
2. plan training programs carefully, and
3. provide for a transition period before full implementation of the new program or hardware.



### Involve employees

Involving employees from the outset shows that the company values their input and helps reduce any fears they may have about the change.

- Communicate the goals that the company hopes to achieve with the addition of new programs or hardware.
- Involve end-users in the selection process. Not only does this involvement reinforce your respect for their input, it will also help you determine more quickly if the proposed hardware or programs will meet the company's goals.
- Explain how and when training will take place.
- Set a realistic target date for full implementation of the new process.

### Plan training programs

Whether you are developing your own training program, using a packaged

one, or outsourcing the training process, the training should not only demonstrate how the new program works but also how it works within the context of the other processes within the company.

- Make the training as close to the actual work experience as possible. For example, if your staff will be learning how to use a new inventory management program, use the company's inventory data so that they are already familiar with the products.
- Plan to hold group training sessions in a conference room or an outside facility. Getting employees away from the phone and other distractions improves their concentration and enhances learning.
- Provide ongoing support to make training a continuous process. Once a new program is implemented, make sure employees have a contact -

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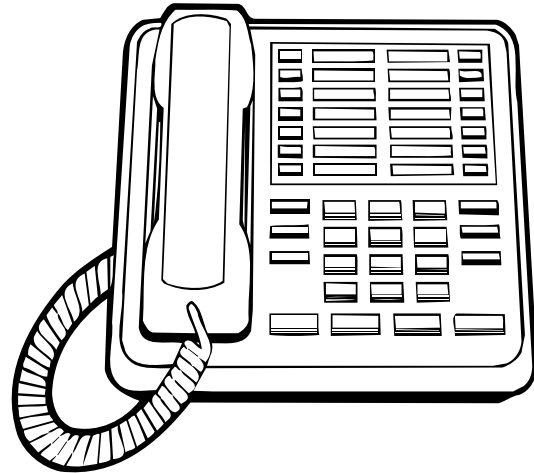
# Maximizing Phone Systems

Today's businesses use their phone lines for far more than incoming and outgoing calls — and increasingly the lines are getting tied up.

E-MAIL, Internet, voice mail, remote access to computers, teleconferencing and facsimiles may be inadvertently costing your business money if clients are getting a busy signal or spiraling into a voice mail, menu-driven labyrinth. Certainly, strategies such as scheduling remote downloading, multiple faxing or researching on the Net after peak hours can stem some of the strain on the phone system. But overall, a company's telecommunications should be monitored on a regular basis. If you wait until a need is apparent, you may already be losing customers and profits.

## Reviewing System Use

How do your phone lines currently serve the company? Consider e-mail, Internet, faxes, computer access from remote sites, voice mail, call forwarding, teleconferencing, paging. How many telephone sets are currently used? Are there any additional features that would be beneficial? Is the phone system overloaded at any time? Do you presently have, or need, dedicated lines for computer access, faxes and/or Internet access? Are additional phone sets and/or lines required?



## Upgrading the System

Upgrading to a system that will meet current and future needs is not inexpensive so be sure to look at all of the options as well as obtain two or three quotes. System considerations include:

- Does the system provide step-by-step programming instructions for ease of use?
- Does the supplier offer a course in programming the features as well as provide adequate written instructions and a support number for quick fixes?
- Is voice mail built into the system? How many minutes of messages can be retained in each voice mailbox and for how long?
- Does the voice mail system have interactive voice response capability? This feature allows callers to obtain prerecorded information about the company's business hours and products or services.
- Does it have automatic call distribution, known as ACD?
- How many lines and phone sets can the system handle in view of future expansion?

- Can the system tie into a public address system to allow paging?
- Can long-distance call access be blocked on specific telephones, such as at the reception area or loading dock?
- Is it possible to mix and match telephone full-feature sets with less expensive, simple sets according to user needs?
- Can the telephone sets be hooked up to the computer to permit computer keyboard dialing?

Cost considerations include:

- What is the cost of purchasing the system versus leasing?
- Is there a monthly service cost?
- What will it cost to add telephones or additional lines at a later date?
- What are the terms of the product warranties on the telephone sets and the internal system?
- What is the cost of a service or extended warranty package and what does it cover?
- Will the system track long distance calls by telephone site and call number placed? Does

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Tools is an annual one-day conference for the senior staff and board members of non-profit organisations. It offers practical, down-to-earth advice from experienced practitioners through a series of workshops.

The workshops are:

### Tuning Up Your Management System

### Scenario Planning: Planning for What Could Be

### Trends in Fundraising

### Affordable Housing Development

### Improving Employment Law

### Avoiding Legal Trouble

### Charities: Making Registration Work for Your Organisation

### How Safe are Your Corporation's Assets?

### Grassroots Advocacy and Issue Management

### Tuning Up Your Democratic Structures

### Internal Controls

### Organisational Change: The Dynamics

Each registrant will choose one workshop in the morning and one in the afternoon. The registration fee of \$100 (until May 29) includes a continental breakfast, two refreshment breaks, luncheon, closing reception and workshop handouts for the two sessions you attend.

The brochure is available at our web site [www.pyc.net](http://www.pyc.net) or contact the Organiser at (416) 363-6509 or [kit.chapman@sympatico.ca](mailto:kit.chapman@sympatico.ca).

# Donation Donuts

Some gift giving plans have holes in them and some don't. The question is often asked; **should I give cash or should I donate property directly to a charity?** In the absence of a little number crunching and a general understanding of the rules you might be surprised to find yourself holding a donut instead of a French cruller

by Lloyd Turner, C.A.

THERE are many types of property that may be gifted to a charity. For our purposes, the different properties include:

- Publicly traded securities (stocks, bonds etc)<sup>1</sup>,
- Ecologically sensitive land<sup>2</sup>,
- Cultural property<sup>3</sup>, and
- Cash.

The key to arriving at the right course of action is to recognize that when you make a gift of property you are deemed to have disposed of the property for its fair market value [FMV]. If this value should happen to be greater than what the property cost you when you originally bought it [your adjusted cost base or "ACB"], a capital gain will be triggered for income tax purposes. In addition, the gifting rules provide that, depending on what property is donated, all or only a portion of the taxable capital will be subject to tax. Table 1 summarizes the amount of gain from each property subject to tax:

**Table 1 - Reduction in Capital Gain on Different Types of Gifted Property**

	Assumed Capital Gain		Normal Gain if Sold	Reduction in Taxable Gain if Gifted	Gain Subject to Tax when Gifted
Publicly Traded Securities	100,000	50%	50,000	50%	25,000
Ecologically Sensitive Lands	100,000	50%	50,000	50%	25,000
Cultural Property	100,000	50%	50,000	100%	-
Other Capital Property	100,000	50%	50,000	0%	50,000

**Table 2 - Comparison of Tax Results on Gifting Different Types of Property**

			Gift of Cash	Sale of Securities Followed by Gift of Cash	Gift of Publicly Traded Securities
FMV of property gifted (deemed proceeds)	(A)		100,000	100,000	100,000
Capital Gain on Gift	(B)				
(i) Proceeds of Disposition (FMV of gifted property)			100,00	100,00	100,00
(ii) Original cost of Property (ACB)			(100,00)	-	-
Capital Gain			-	100,000	100,00
Taxable Capital Gain - normal rules	50.00%		-	50,000	50,000
Reduction in Capital Gain - gifting rules	50.00%		-	-	(25,000)
Gain Subject to Tax			-	50,000	25,000
Tax at Top Tax Rate	48.76%	(C)	-	24,380	12,190
Donation Tax Credit = Tax Savings	48.76%	(D)	48,760	48,760	48,760
After Tax Cost of Donation [(A)+(C)-(D)]		(E)	51,240	75,620	63,430
Tax Shield [1-(EVA) x 100]		(F)	48.76%	24.38%	36.57%

Table 1 demonstrates how, for example, gains on the gift of cultural properties are reduced to zero. As a result, the tax credit generated on the gift can be used to offset other sources of income.

Table 2 provides the detailed calculations associated with gifting cash, selling securities and then gifting cash and gifting publicly traded securities directly to a charity.

With a cup of coffee and a donut we can see the Table 2 numbers tell us the following:

- (1) A gift of cash provides always provides the best immediate tax savings equal to 47.86% of the value of our gift; in this case \$47,860. Since there is no capital gain generated on the gifting of cash, the available tax credit can be used against other sources of income. However, this only tells part of the story. If you also owned \$100,000 in publicly traded securities the future tax cost associated with the capital gain on these securities has not yet been factor in [i.e. \$24,380 as set out in column two of Table 2].
- (2) If you where to sell your securities you would have a tax liability of \$24,380. If you add this cost to after tax cost of the original cash gift from column one [i.e. \$ 51,240 + \$24,380 = \$75,620] we see the result is no different then selling the securities and gifting the cash, as set out in column two.
- (3) Now, if we move to column three we see that the most tax effective strategy is to gift your publicly traded securities directly to the charity. This result is achieved because of the special reduction in the capital gain realized on the gift by by 25%. This reduction reduces the tax liability generated on the capital gain from \$24,380 to \$12,190. The tax savings of \$12,190 should keep you in good stead with the local Coffee Time or Tim Hortons.

<sup>1</sup> The rules for gifts of publicly traded securities are effective from February 18, 1998 to January 1, 2002. Gifts of this type of security which qualify for the reduced capital gains rate are reported on Form T1170 and not the usual Schedule 3.

<sup>2</sup> Such gifts must be made to Canada, a province, municipality or charity recognized by the Minister of the Environment to have as its primary purpose the conservation and protection of Canada's environmental heritage.

<sup>3</sup>Such gifts must be certified by the Canadian Cultural Property Export Review Board and be made only to designated public authorities or institutions in Canada.

another staff person or an outside source – to turn to when problems arise.

- Encourage employees to upgrade their skills by offering incentives for the successful completion of outside courses.
- Whenever possible, schedule training programs during slow business cycles. It is easier for employees to learn new applications or programs when they have fewer concerns about their immediate responsibilities.
- Focus the training on the basic skills necessary to get the job done. Employees can learn the more advanced procedures on the job on a need-to-know basis as they gain

confidence in the use of the new program or equipment.

**Provide for a transition period**

A transition period is important for monitoring the new process or procedure and making any needed adjustments or refinements before making a full commitment to the new program or equipment. Keep in mind that when implementing a new process, employees will make errors and productivity may falter during the initial learning stages.

- If new technology will change a business process that is critical to the company, run the old application or sys-

tem in parallel for a transition period until the new system is proven.

- Participate in and perform testing to ensure that the new process or system works correctly and that it meets all of your company's requirements.

Once the new process is fully in place:

- Give employees an opportunity to assess the new process in terms of the goals such as enhanced productivity

or improved communications. Their feedback and suggestions at this stage could help the company refine and improve the process further.

To fully harness the benefits of new technologies, a business cannot afford to overlook the proper training of employees and management. A well-designed training program is an investment that makes bottom line sense.

**Maximizing Phone Systems** (continued from inside cover)

it distinguish between faxes and voice transmission? These features would be handy for service or support industries that bill for time on the telephone assisting clients.

- Who pays for maintenance if the unit is owned versus leased?
- In the event of breakdown, is a replacement system immediately available?
- Are there location concerns such as temperature, humidity, electrical surges or brownouts that will create added cost for surge protectors, location of main server, etc?
- Will the system accept new cards or chips for future applications? In the industry, this is referred to as "scalability".

**Keeping Pace**

Yesteryear, the phone with the most bells and whistles was only found at the receptionist's desk. Today everyone in the office needs a versatile phone set with features such as push-button key pad, voice mail, message light, auto dial, speed dial, forwarding, conferencing, hold and sometimes call display, additional lines and sophisticated programming capabilities.

The company's telephone lines are a critical link to the outside world. As the business grows and user needs change, the owner/manger needs to ensure the company's phone systems are keeping pace.

**visit our web site**  
**www.pyc.net**

**Late-Breaking News**

If you are a housing provider, mark Saturday, October 27th on your calendar. This is the date of our annual training day for co-op housing providers. It will be held at the Toronto Congress Centre in Etobicoke.

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