

President's Corner: Poised to Move Ahead



Azam Foda, President,
FEI Canada SGH Chapter

Today, the Chapter is financially strong like never before and has a fully-engaged team on the board.

The programming committee, headed by Florian Meyer, has already put in place a very interesting line up of events for the upcoming year.

The new Women's Financial Executive Network initiative has taken off with its first debut event a few months ago, and another planned for October.

The SME day, initiated by your Chapter, will run for its 5th consecutive year on Sept 25th. If you haven't registered, it is not too late. Also, join in on the conversation in our LinkedIn Group: SME Resource Forum.

And, if you like early morning events, our FE Eye Openers have been scheduled into 2013. See the upcoming events section of this newsletter for more details.

The sponsorship committee, headed by Thomas Evans, has been active all through the year and has helped build some great reciprocal relationships. The National office recently completed a Market Research study carried out by HEC to better understand

how FEI Canada can best serve its stakeholders. We as a board are now well positioned to build on our success and market our chapter for further growth.

Change is a constant and it is now time to pass on the baton. So it is time to say thank you. I wish to express my gratitude to each individual on the Chapter Board, you the members and the various speakers who agreed to share their knowledge and time with us at dinner events. In addition, I would like to thank our sponsors for the continuing support.

With a fabulous team surrounding me, the role as President of the Chapter for the past two years was smooth. I derive great satisfaction from the fact that I had the support from senior finance executives around me to be able to collectively drive the chapter forward. We will continue our trajectory forward by providing the same level of support to Elysia Estee, who I warmly welcome to the role of Chapter President.

I'd like to leave you with two quotes.

"Nothing great was ever achieved without enthusiasm."

- Ralph Waldo Emerson

"Nothing will ever be attempted if all possible objections must first be overcome."

- Samuel Johnson

Regards,
Azam

Image of a REAL CFO - 2012 Chapter Leadership Award Winner Tom Evans

...a strong leader; one who motivates and empowers, organizes and balances.



The Chapter Leadership Award is presented each year to the member of the chapter that has best demonstrated the ability to balance professional, family and community support responsibilities. This is a quality of a strong leader; one who motivates and empowers, organizes and balances. Those of you that know Tom will agree that he has had a very successful business career and has a full family life.

Overlapping this has been his volunteer life in the community. Even with all of this, he joined FEI in 1987 in the Montreal Chapter to enhance his business, professional, colleague relationship network, which has been a large part of his success both at

work and in building FEI Canada.

Tom transferred to the Toronto chapter in 1989 and joined the Hamilton Chapter Board in 1993. After many roles in the chapter, Tom became the President in 2001. He served on the National Board of Directors from 2001 to 2007 and was Chair for the 2006 fiscal period. Behind the scenes, he worked on the US-Canada Relations Committee and on CFERF as a Trustee.

Tom returned his focus to the Chapter in 2007 and was instrumental in the renaming of the chapter and developing the programs now being offered to the members living or working the Southern Golden Horseshoe region of the province. He continues to be a leader in our midst. Please take the time to personally congratulate Tom at our AGM, Sept 20.

*Bob Rollwagen
- Chair, Nominations Committee*

LERNERS

LAWYERS

Insider Trading - Private Corporations

Insider trading at large publicly-traded corporations makes news headlines and is the stuff of Hollywood movies. Less talked about is Canadian and Ontario corporate laws prohibiting insider trading in privately held corporations.

Under section 131 of the Canada Business Corporations Act ("CBCA") and section 138 of the Ontario Business Corporations Act ("OBCA"), an "insider" will be liable for damages resulting from the purchase or sale of the securities of a private corporation if the insider had, or used, confidential information that would reasonably have affected the value of the corporation's securities if the information had been generally known. The insider is also liable to the corporation for any gains

made by the purchase or sale. Insiders include the private corporation or its affiliates as well as officers, directors and employees of the corporation.

The laws are a little different in the OBCA and CBCA, but both apply to the purchase and sale of securities of private corporations. So even smaller, private corporations and their shareholders need to be aware of these laws.

Bottom line, whether your shares are public or private, trades based on confidential information can be "insider" trades resulting in liability.

- Jason Squire and Dylan Scott

Do Your Employees Feel Valued?

Showing talented employees how much their contributions are appreciated should always be at the top of managers' to-do lists.



Recognizing employees for first-rate work isn't just a nice gesture: It boosts morale, increases productivity, and helps retain top performers. But singling out staff who make a difference often becomes an "I'll-get-around-to-it-later" task for busy managers. Many wait too long for kudos to have the desired impact, fail to match praise with the achievement, or forget to say thank you altogether.

If you've been faltering lately in giving hard-working team members rewards for exceptional effort, take action now. Hiring of financial professionals is beginning to accelerate, and you don't want to risk losing your best employees to the competition because they don't feel valued. Here are three ways to let talented professionals know you appreciate their contributions:

Give timely praise - and encourage others to do so, too.

Be quick to acknowledge employees' accomplishments. Often, a verbal thank-you or handwritten note directly from you can go a long way toward making a team member feel valued. However, accolades shouldn't come just from the top. Praise from colleagues is often as meaningful as a nod from a manager, so be sure to foster a culture that encourages peers to commend each other openly for a job well done.

How you offer kudos depends on the situation. Some ideas: Praising an individual or an entire project team during a staff meeting, spotlighting their achievements in an article on the firm's intranet or in its newsletter, or rewarding them with a paid day off or a special outing such as lunch or a movie.

Reward your top people.

Elevating high-performing employees to the next level has always been a practical way to reward top talent. But in the current

economy, upward opportunities may be scarce for firms who had to reduce staff and are still operating with smaller budgets. If you're unable to promote deserving employees right now, invest in their continued growth through relevant training. Forty-five per cent of chief financial officers interviewed in a Robert Half survey said their companies will offer subsidized training and education this year as a way to reward, attract and hold on to talented financial professionals. Also keep staff feeling engaged by expanding their scope of responsibility or assigning challenging projects. Be sure to first discuss these opportunities with them and find out if there are other developmental areas they might prefer.

Don't go overboard: Make praise meaningful.

While there's no substitute for thanking employees for their hard work and accomplishments on a regular basis, be careful not to take it too far. Avoid praising team members for simply carrying out their basic job requirements and reserve accolades for truly standout performance. When possible, tie recognition to achievement of specific business results.

A culture that recognizes and rewards high performance is a key aspect of the most successful companies. Your most valued staff members need to know they make a difference and that the firm performs better because they are part of the team.

This article is provided courtesy of Robert Half Management Resources, North America's largest consulting services firm providing senior-level accounting and finance professionals on a project basis. For further information, visit www.roberthalfmr.com or follow Robert Half Management Resources on Twitter at twitter.com/roberthalfmr

A culture that recognizes and rewards high performance is a key aspect of the most successful companies.

Harness the Power of Dividends



RBC Wealth Management
Dominion Securities

The Dool Team of RBC Dominion Securities
www.doolteam.ca

Dividends are income distributions from a company to its shareholders. And today's healthy dividend yields are eclipsing those of money market funds and the bond market. Their advantages are numerous and they carry great potential. But how powerful is the power of dividends?

Income-focused investors often look to dividend-paying stocks - typically large-cap companies that are less volatile - as a source of stability and income and as a way to diversify their portfolios. Although companies are not obligated to pay dividends to investors, most continue to do so. Some investors see dividend payments as a signal of the company's confidence in its future earning power, particularly in tenuous markets. They also help to mitigate stock market downturns, particularly in the wake of a financial crisis.

The long-term advantages

Since 1990, dividends have contributed an average of 2.5% per year to the S&P/TSX Composite Total Return Index. This represents approximately one-third of the average annual total return over a 20-year period (RBC Global Asset Management).

Many stocks make automatic Dividend Reinvestment Plans (DRIPs) available, through which investors can reinvest their dividends for future growth (and more dividends) instead of spending them. These reinvested dividends can compound into significant returns over the long-term. In the United States, dividends have represented a significant portion of total returns for the S&P500 over the past 70 years, with a long-term average contribution from reinvested dividends of over 40% of its total return (RBC Capital Markets Quantitative Research).

Suppose you invest \$100 initially, and an additional \$75 per quarter, at an anticipated stock price appreciation of 7% and an anticipated dividend yield of 2%. In 20 years, you would have invested a total of \$6,025 and reinvested dividends of \$2,324.88 for a total

cost basis of \$8,349.88. Your capital gain would be \$8,166.42 - and your total value would be \$16,516.29!

The tax advantages of dividend investing

Dividends received from Canadian corporations are effectively taxed at a lower rate than interest income, due to the dividend tax credit that is applied to the federal and provincial tax payable.

This tax credit is meant to recognize that the Canadian corporation paying the dividends has already paid tax on its earnings, which are now being distributed to its investors. Dividends from foreign corporations do not receive the same dividend tax credit, and are taxed at a higher rate than those of Canadian corporations.

For example, if you earn more than \$132,000 in annual taxable income, and receive \$1,000 in dividend income from a Canadian company, you keep approximately \$735 after federal and provincial taxes - less the dividend tax credit. By comparison, \$1,000 in interest income will net about \$555 after taxes - the same for \$1,000 in foreign dividend income, because it is not subject to the tax credit for Canadian corporations, and is taxed at a higher rate.

When considered in light of total returns and tax advantages, dividend-paying stocks may be an attractive option. If you think it's time to talk about the power of dividends, please contact us today.

The Dool Team of RBC Dominion Securities
www.doolteam.ca

This article is supplied by Paul Speziali, CFP, CIM, FCSI, an Investment Advisor with RBC Dominion Securities Inc. member Canadian Investor Protection Fund. This article is for information purposes only. Please consult with a professional advisor before taking any action based on information in this article. Paul can be reached at 905-639-5114 or toll free at 1-800-668-6285 or by email at: paul.speziali@rbc.com

***...dividends
have
represented
a significant
portion of
total returns
for the
S&P500 over
the past 70
years...***

U.S. Persons Living in Canada

Update on 2012 IRS Compliance Procedures for Delinquent Filers



U.S. citizens and Greencard holders who reside outside of the U.S. are still subject to U.S. tax rules, even if they do not earn any U.S. income. As a result, U.S. citizens and Greencard holders who live in Canada may have a number of annual U.S. filing obligations with which they must be compliant - otherwise they run the risk of substantial financial penalties.

In many cases, these individuals were previously unaware that they had a requirement to file a U.S. tax return. Common examples include someone who was born in the U.S. and moved to Canada at an early age, or someone whose parent(s) are U.S. citizens. There are also many U.S. persons who may have timely filed their U.S. tax returns, but were unaware of additional information returns required to disclose certain Canadian holdings.

- ◊ U.S. persons who have non-U.S. financial accounts are required to disclose these accounts if the maximum aggregate balance exceeds \$10,000.
- ◊ Certain Canadian investment vehicles including RESPs, TFSAs and mutual funds may result in additional disclosure.
- ◊ There may be additional filings for individuals who own shares in a private corporation or partnership, or who settled or are the beneficiary of a non-U.S. trust.
- ◊ There is a one-time election (and annual disclosure) which must be made to defer U.S. taxation on earnings within an RRSP or RRIF which, absent making such an election, are considered taxable for U.S. purposes.

The IRS has recently embarked on an aggressive campaign to identify non-compliant U.S.

taxpayers. Failure to comply with these annual U.S. filing requirements could result in very significant financial penalties being assessed by the IRS. In many cases, penalties are imposed for each violation, and may not be correlated to the value of the undisclosed account or asset.

For example, a person who fails to file the Report of Foreign Bank and Financial Accounts ("FBAR") could be subject to a penalty of \$10,000 per account per year, even if their non-compliance is found to be non-willful. In certain situations, the total penalty exposure could even exceed the value of the asset.

In late 2011 and early 2012, the IRS has provided additional guidance for non-resident U.S. taxpayers, and also announced a new Offshore Voluntary Disclosure Program ("OVDP") to assist taxpayers in becoming current on their U.S. filing obligations. In June 2012, the IRS released an updated series of frequently asked questions ("FAQ") regarding the OVDP Program, and also provided details of a new option to help some U.S. persons to catch up with their tax filing obligations.

New Procedures

The IRS have announced a new option, which will go into effect on September 1, 2012, for U.S. persons living outside the U.S. to become compliant where they owe little or no back taxes. Generally, taxpayers utilizing the new procedure will be required to file delinquent tax returns, and related information returns (such as forms reporting RESPs, TFSAs, and mutual funds), for the past three years, and delinquent FBARs for the past six years. The IRS has indicated that all submissions will be reviewed, however the intensity of the review will vary depending on the level of compliance risk presented.

IRS has recently embarked on an aggressive campaign to identify non-compliant U.S. taxpayers.

continued, page 6

U.S. Persons Living in Canada

Update on 2012 IRS Compliance Procedures for Delinquent Filers *cont'd*

The IRS has provided limited guidance with respect of how they will assess a taxpayer's compliance risk; more information is to be released prior to September 1st. The IRS has indicated that a submission may be treated as low risk if, absent high risk factors, the tax return shows less than \$1,500 in tax due for each covered year. The risk level will generally rise as the income and assets of the taxpayer rise or if there are indications of sophisticated tax planning or avoidance.

This new option may be appealing to certain individuals given the smaller number

of years of delinquent tax returns that would need to be filed and due to the lack of an offshore penalty regime. The IRS has indicated that taxpayers who submit returns under this option must have a valid Taxpayer Identification Number (i.e., a Social Security Number for U.S. citizens or ITIN for individuals who are not eligible for a SSN).

Michael Van Severen
U.S. Tax Services
mvanseveren@deloitte.ca
or (905) 315-5762

Currency Risk Management as Competitive Advantage

In an environment where currency fluctuations bear little discernible relationship to business fundamentals, profits can be wiped out in the blink of an eye and business models can be destroyed. The landscape is littered with the remains of companies that failed to manage foreign exchange risk appropriately.

While most companies acknowledge the risks involved in doing business internationally, the positive impact that currency risk management can have on competitiveness is less often recognized. The ability to effectively work across borders while avoiding currency-related losses can expand a company's reach and increase profits substantially. A robust trading framework can provide a solid foundation for business success while positively differentiating a company from its competitors.

Primary Objectives

In order to achieve true effectiveness, a currency trading framework should be designed with three goals in mind:

Cash Flow Efficiency: Unpredictable and highly volatile cash flows can wreak havoc

on resource allocation, dramatically lowering organizational efficiency. Increasing the predictive accuracy and accounting simplicity associated with the cycle of cash through the business can lower costs and substantially improve strategic planning efforts.

Risk Mitigation: Vulnerability to swings in exchange rates can compromise profits and undermine a company's ability to survive and succeed in new markets. Protecting the bottom line is absolutely crucial in ensuring that companies remain stable and sustainable in the long term.

Opportunistic Market Entry: Exchange rate volatility represents both risk and opportunity. Few businesses are prepared to completely ignore the opportunities that can be captured when currencies move in a favourable direction, and often leave themselves exposed to risk as a result. In order to survive changes in objectives and leadership, a currency policy should recognize this and create a framework for executing trades at favourable levels, while keeping the organization protected against material risks.

continued, page 7



business solutions

...to achieve true effectiveness, a currency trading framework should be designed with three goals in mind...

Currency Risk Management as Competitive Advantage *cont'd*

Hedging Policy: An effective foreign exchange hedging policy helps corporations manage risk by providing a framework through which they can identify, measure and mitigate their foreign currency exposures. Best practices prescribe that companies produce the policy in two stages:

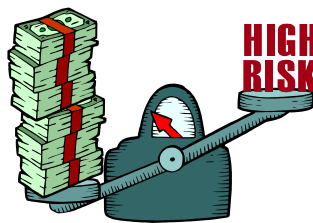
The first stage involves a high-level overview of the policy's objectives and general strategy for presentation to and approval by the board of directors.

The second stage would be to generate a more detailed document that outlines each step of the process. This document will provide specific guidelines as to the nature and size of foreign exchange exposures and what instruments are available to use in an effort to mitigate those risks.

The FX hedging policy used by every company will be different and is a function of the timing and nature of your foreign currency exposures, as well as your capacity and willingness to accept risk.

To learn more on how to create an effective hedging policy for your company contact Dan Wright: daniel.wright@westernunion.com.

Dan Wright, BA
Currency Risk
Analyst



Upcoming Chapter Events

SGH Chapter Dinner & AGM - September 20, 2012

Surviving Dysfunctional Organizations
Speaker: Ron Prehogan, President,
Equitas Consultants Inc
Featured Sponsor: Superior Energy
Burlington Golf and Country Club

5th Annual SME Conference - September 25, 2012

Leading Economic Growth
Keynote Speaker: Ian Portsmouth,
Editor, PROFIT Magazine
Mississauga Convention Centre

FE Eye Opener - October 17, 2012

**Veracap - Shareholder Buyouts, MBO's
and ESOP's**

Speaker: Howard E. Johnson, Managing
Director, Veracap Corporate Finance
Holiday Inn & Suites Oakville

SGH Chapter Dinner - October 25, 2012

**"The Honors & Awards Culture: Driving
Career Success"** Panel of award winning
women executives, **Plus Women's
Financial Executive Network Event**
Featured Sponsor: Lerner's
Burlington Golf and Country Club

FE Eye Opener - October 30, 2012

**RBC - Attracting & Retaining Top
Talent in Your Company**
Speakers: Amal Helbah-Dawson,
David Kimberley, Paul Speziali, RBC
Dominion Securities
Ron Joyce Centre - McMaster Univer-
sity, Burlington Campus

FE Eye Opener - November 5, 2012

**Deloitte - Leadership & Link to Em-
ployee Engagement**
Speaker: Fiorella Callocchia CMC
CHRP, Human Capital Specialist,
Deloitte
Deloitte Offices Burlington

SGH Chapter Dinner - November 15, 2012

A Crash Course in Self-Marketing
Speaker: David King, Canadian Di-
rector, Robert Half Management
Resources & RHI Executive Search
Featured Sponsor: RHMR
Burlington Golf and Country Club

**Register for these events at
feicanada.org
(under the events tab)*

SGH Chapter Dinner - December 6, 2012

**Global Cooling? An Economic Up-
date**
Speaker: Douglas Porter, CFA, Dep-
uty Chief Economist and Managing
Director, Bank of Montreal
Burlington Golf and Country Club

SGH Chapter Dinner - January 17, 2013

Current Update on the M&A Market
Speaker: Howard Johnson

SGH Chapter Dinner - February 21, 2013

Entrepreneurship
Speaker: Elan Prutzer

SGH Chapter Dinner - March 19, 2013

**Motivational presentation - Real
Human Being - A 'Life System' for
Leadership and Networking**

FE Eye Opener - April 3, 2013

Veracap - Selling Your Company

About our Organization

Welcome to the Southern Golden Horseshoe Chapter of Financial Executives International Canada.

Our chapter provides a great forum for peer networking by CFOs and other senior financial executives who want to meet quality people and share with others solutions to the crucial issues that confront them daily.

Our FEI dinner meetings, professional development seminars and informal outings focus on the highest quality speakers and entertainment to facilitate the flow of new ideas, perspectives as well as sound career and business decisions.



southern golden
horseshoe chapter

Financial Executives International—Canada's pre-eminent association connecting financial executives through networking, knowledge exchange, advocacy and ethical leadership.

Your Chapter Directors

President - Azam Foda
Principal, DeciZens
azam@decizens.com

Vice-President - Elysia Estee
Director of Finance, Softchoice
elysia.estee@softchoice.com

Past-President - Bob Rollwagen
Principal, Private Strategy Leadership Planning
bobrollwagen@gmail.com

Secretary/Treasurer - Dan Bowes
VP and GM, Watts Industries
dbowes@wattscanada.com

Director of Sponsorship - Tom Evans
thomasevans@cogeco.ca

Director of Membership - Ernie Doyle
Corporate Controller, Hood Packaging Corp
edoyle@hoodpkg.com

Director, Chair of Programming - Florian Meyer
Financial Practice Leader, Newhouse Partners Inc.
fmeyer@newhousepartners.com

Director, Vice Chair of Programming - Norm Col
Partner, Deloitte & Touche LLP
ncol@deloitte.ca

Director, Chair of SME Ctte - Ananth Koovappady
Controller, Kelron Logistics
akoovappady@kelron.com

Director, Chair of Golf Ctte - Robert Murison
cmabob2002@yahoo.ca

Director, Vice Chair Membership - Line Trudeau
CFO, FEI Canada
ltrudeau@feicanada.org

FEI Canada
Southern Golden
Horseshoe Chapter

Chapter
Administrator
Rosemary Petrossi

Address
SGH Chapter
c/o 13 Peter Ave.
Guelph, ON, N1E
1T5

Phone
289.828.0200

Email
FEI.SGH@gmail.com

Website
www.feicanada.org/
Chapters/chapters/
southerngoldenhors
eshoe

With thanks to our Chapter Sponsors

Deloitte.
LERNERS

LAWYERS



RBC Wealth Management
Dominion Securities

The Dool Team of RBC Dominion Securities
www.doolteam.ca



Robert Half®
Management Resources



SHERRARD KUZZ,LLP
Employment & Labour Lawyers



Superior
ENERGY

VERACAP
CORPORATE FINANCE

Experts In Value™

**WESTERN
UNION**

business solutions