NewsForum
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Conestoga Roofing & Sheet Metal Limited

Dave Walden is the man behind Conestoga Roofing & Sheet Metal Limited of Cambridge. Conestoga Roofing is considered the region's best industrial and commercial roofing contractor specializing in roof replacement, roof repairs and roof maintenance.

Dave is a down-to-earth guy who loves a challenge. And when you speak with him, you get the impression he thrived on adversity. Not surprising considering he comes from sturdy stock: his father, Carl Walden, was a WWII paratrooper.

Looking back, Dave believes it was his father's tough personality and the fact that Dave was the oldest son that helped prepare him for the "wild west" of the construction industry. "It was a rough and tough game," says Dave reflecting back to the early 1980s when he launched his business.

It was July 1982. The economy was in recession and the construction industry was in the grips of a labour strike. Dave's bank had refused to issue him a business account. "They said I had about a 20 per cent chance of making it," remembers Dave, "so they weren't going to waste their time on me. I thought, "Perfect, tell me I'm going to fail." It revved me up some more."

Dave set out to prove them wrong. At that time Conestoga Roofing operated from a barn on the outskirts of Cambridge and Dave worked alongside the small team of non-union roofers he employed. "We'd work 12-hour days. Then I'd estimate at night and on weekends."

As winter set in it became unbearably cold in the unheated barn; Dave was motivated to move. By February 1983 Conestoga Roofing had settled into the permanent location it still occupies at 331 Sheldon Drive in Cambridge.

Dave came into construction at the age of 11 through his father's business, Galt Roofing. "Every weekend I'd go down to the shop, clean the trucks out and fix what I could," he says. By the time he was 16 he worked weekends and spent summers on out-of-town jobs. At 21, after completing a two-year construction technician course at Loyalist College where he did his thesis on roofing, he became superintendent and estimator in the family business.

When his father died in 1980, Dave ran the company, known then as Walden Roofing, for a year. "I learned how to collect money and how to sit in people's foyers for hours at a time," says Dave. When he struck out on his own, he'd earned a reputation for quality and workmanship that drew business to him and kept it there; today, 75 per cent of the work done by Conestoga Roofing is repeat business.

There's no question, Dave is a savvy businessman whose driving will and integrity have helped build Conestoga Roofing into the success it is today. Dave's love for the trade has contributed to that success. "If you're trying to go into business you've got to find out what your personality is suited for," he says. "I was lucky because I was suited for the construction business.

"You only go this way once," says Dave. "You've got to be happy and your personality has to suit what you're going to do."

Dave has three daughters Lindsay, Brittany and Jessica, from his first marriage. His current spouse, Brenda, is the office manager at Conestoga Roofing.

Awards for excellence

Conestoga Roofing works within a 75-mile radius of Kitchener-Waterloo. The company has won several awards for service excellence and safety including:

- Waterloo Region Business Achievement Small Business of the Year Award 2004
- Better Business Bureau of Mid-Western Ontario Business Integrity Award 2004
- Ontario Industrial Roofing Contractors Association Contractor of the Year 2000
- Two-time Winner of the Grand Valley Construction Association Roofing Contractor of the Year Building Excellence Award - 2001 & 2003
- Two Performance Index Safety Awards through the Construction Safety Association

Conestoga has done work for the new Cambridge YMCA, Manulife Financial head office in Waterloo, City of Kitchener, City of Guelph, Freeport Health Care and Labbatts Brewery as well as for numerous other area businesses every year.

Our client's side

The Sweet Sixteen Mexican Vacation

Last year when I was sixteen my family took a much anticipated trip to Playa del Carmen, Mexico over March Break. It was an amazing vacation since we left the cold snow behind and spent our days laying on the beach, taking in the hot sun, and swimming in the ocean.

Pictured above are: Alison's father, Ed (standing) and seated from left to right: Alison, Pasilie, Robert, and Jonathon.

We stayed at the Gran Porto Real Resort and Spa and had ten full days of nothing but relaxation. We also had all the opportunities we wanted to experience the towns outside of the resort.

My friend, Pasilie came along and a lot of time was spent shopping and learning how to barter along the lengthy tourist streets. We also had some days set aside to snorkel in the reefs and see ocean creatures such as sea rays and starfish.

Everyone had their own idea of what to do on this trip.

My parents spent most of their time reading novels and talking on the beach while being served tropical drinks at the drop of a hat. My brothers, Jonathon, 15 and Robert, 13, had fun participating in activities such as water polo and beach volleyball.

They especially enjoyed challenging the short Mexican activity coordinators to a basketball game; because with their heights of 6'4" and 5'11", it tended to draw an amused crowd. Pasilie and I made maximum use of the hot sun before we were dragged back home to school and snow. Working on a tan while listening to our music was how we decided to spend the rest of the vacation.

The restaurants were amazing in our resort. They ranged from the large buffets (you would leave feeling like you had eaten enough to last a week!), to specialized Italian and Mexican gourmet restaurants. Every little detail was considered in the presentation of the food, and the waiters were so accommodating and enjoyable that my mom wanted to take one home with us!

The staff members at the sports bars were also upbeat and friendly. On their karaoke night, they even went as far as to try and convince Pasilie and me to get up in front of everyone and belt out Céline Dion or Avril Lavigne songs. Because of course, they are Canadian artists, and even in our igloos we must have radios!

Once the ten days were up nobody wanted to go home. But because work and school were waiting for us, we had to go. The trip to Mexico was enjoyable and memorable. Now we get to look forward to our next trip . . . to Cuba!

Alison House is the daughter of Ed and Claire House, owners of In-House Solutions. She is a grade 12 student at Centennial Collegiate Vocational Institute in Guelph, Ontario. In-House Solutions is not your typical value-added reseller (VAR) of CAD and CAM software. They take out-of-the-box software packages and add special features that are needed by the customer. Visit them online at www.inhousesolutions.com

Tax & Estate Matters

Beware your joint account

Lessons learned from a recent case

By Jamie Golombek

The facts

The Oolup case dealt with the meaning of "joint ownership" in the context of whether $10,000 received by Ms. Oolup on the death of her grandmother was a tax-free inheritance or taxable executor's fees.

After her mother died, Ms. Oolup became very close to her grandparents, visited them regularly, and helped manage their affairs. The grandparent's savings were held jointly in a GIC account to which Ms. Oolup's name was also added.

After the death of her grandparents, Ms. Oolup became the executrix of her grandmother's (the last to die) estate. She contacted a lawyer who advised her that because she was named in the GIC certificates as a joint account holder, the $200,000 in the account was now her property.

For "reasons of family harmony," Ms. Oolup chose to keep only $10,000 from the GIC account and to divide the rest equally among her grandmother's children (and their heirs) in accordance with the terms of her grandmother's will.

CRA's position

The Canada Revenue Agency (CRA), relying on the theory of "resulting trust," argued that the $200,000 GIC account was not a true joint ownership and instead formed part of Ms. Oolup's grandmother's estate. As a result, the $10,000 was paid to Ms. Oolup from that account for services rendered as executrix of the estate and, thus, should be taxable.

CRA's position was that since Ms. Oolup admitted that none of her own money had been used to purchase the GICs and that she distributed the balance among family members in portions that mirrored the terms of the will, the only natural conclusion was that the GICs were not truly jointly owned. Accordingly, the GICs formed part of the estate, $10,000 of which was ultimately paid to Ms. Oolup as executor's fees and, therefore, were taxable to her.

Ms. Oolup's defense

Ms. Oolup maintained that her grandmother consistently told her that she wanted her to have the GICs following her death.

Furthermore, the GIC funds were not used for everyday expenses – in fact, her grandmother had a separate individually owned chequing account for this purpose on which Ms. Oolup was granted a power of attorney so she could manage the daily financial expenses.

Ms. Oolup testified that although she knew her grandmother wanted her to have the GICs and despite her lawyer's opinion that the GIC funds were all legally hers as a surviving joint owner, she "didn't feel comfortable" with the idea of keeping all the money for herself.

She was also livid at the prospect that her relatives might conclude that the money had been her motivation behind her devotion to her grandparents. To avoid this, she chose to share all but $10,000 of "her" GIC money with her family.

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This article was originally published in the June 2004 issue of Advisor's Edge magazine. It has been adapted for NewsForum and will be presented over the next three issues.

Best-kept secret (part one)

Business owners and self-employed clients should consider a health and welfare trust to augment a group benefit plan or as stand-alone coverage.

By Michael Berton

Over the last five years some employers have seen a 100% increase in the cost of providing employee benefit coverage. Some have begun to share benefit costs with their employees.

They have also reduced the number of eligible visits or services or the amount of coverage in the plan or increased the co-insurance percentage or the deductibles of the plan. The aim is to control or reduce the cost of extended healthcare (EHC) and dental coverage without seeming to take benefits away.

Advisors are recommending business-owner and self-employed clients establish health and welfare trusts (HWT), known as private health services plans (PHSPs), to augment group life and disability benefit plans or as stand-alone coverage. Favourable tax treatment and flexibility of design make these plans attractive.

Most provincial medical plans provide coverage for a basic level of essential and critical care. Many Canadians find they spend large amounts above what the government plan will cover: For drugs not covered by the provincial plan; for treatments deemed non-essential; or for services delivered outside the provincial healthcare system (such as private MRIs).

Most group plans are priced to cover only the cost of drugs and services above what the provincial government will pay. Employer plans vary on whether or not drugs and services not covered by the provincial plan are covered at all or at what rate they are covered. (In many instances, pre-approval for these types of expenses is required by your group plan.)

According to Section 118.2 of the Income Tax Act, the qualifying range of medical expenses for a PHSP is very broad, compared with most provincial coverage, and many group plans, too. (See Health Services Plans: Tax Primer below.)

Health Services Plans: Tax Primer

Tax legislation permits businesses to deduct 100% of contributions made in the tax year to a trust to self-insure employee hospital, medical care or other health expenses, including dental care (except in Quebec):

- The rules require that such a trust account must be administrated by an independent trustee.
- When employees claim for a reimbursement of eligible healthcare expenses, payments are tax free. They are not considered a taxable benefit.
- Incorporated businesses have no limits on the contributions they make.
- Unincorporated business owners are subject to annual limitations of their contributions. For each owner/employee and his family, a maximum of $1,500 per adult and $750 per child applies. A family of two adults and two children has a maximum annual benefit of $4,500. Such plans are also required to have an insurance element. Many will include an insurance plan, such as out-of-province or travel medical coverage.

These maximum limits do not restrict the amount that can be spent on each family member but rather determine the family maximum. If an employee with a wife and two children has a child with braces whose orthodontic costs in one year total $3,500, the whole amount would be an eligible expense but would leave only $1,000 for the rest of the family to spend in that year.

Michael Berton, CFP, CLU, RFP, FMA, is with Assante Financial Management Ltd. and is a part-time instructor at the B.C. Institute of Technology in Vancouver. The opinions expressed are those of the author and not necessarily those of Assante Financial Management Ltd., B.C.I.T. or Numekevor & Associates.

Best kept secret to be continued in next issue, July 2005

Health Clinic

Take the Nature Challenge

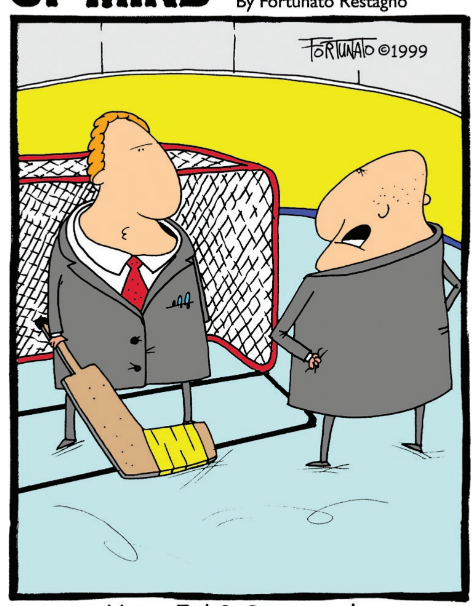
The David Suzuki Foundation has researched the 10 most effective ways we can help conserve nature and improve our quality of life.

1. Reduce home energy use by 10%
2. Choose an energy-efficient home & appliances
3. Don't use pesticides
4. Eat meat-free meals one day a week
5. Buy locally grown and produced food
6. Choose a fuel-efficient vehicle
7. Walk, bike, carpool or take transit
8. Choose a home close to work or school
9. Support alternative transportation
10. Learn more and share with others

The Challenge is to **pick at least three steps** and sign up at: www.davidsuzuki.org/WOL/Challenge/Form.aspx.

It's an easy and effective way to make a difference.

PIECE OF MIND By Fortunato Restagno



Your Job? Stop goals.

President's Corner

Relax…Your HDRP is on Guard

For the next several issues, I will be sharing with you excerpts from my upcoming book, ***"The Seven Health Disasters & How To Avoid Them… Making HDRPs Work for You"*** This is the culmination of several years of research into how we can use our expertise to deliver our services in the most effective and efficient way. Hence the birth of Health Disaster Relief Programs (HDRPs).

HDRPs are more than programs—it is a process. This is our invention and trademark. It is going to revolutionalize the way insurance products and services are delivered to the consumer. Enjoy your reading and I look forward to receiving your feedback.

Good Health is the Key!
The long-term success of most businesses is built on the continued good health of owners and their employees. Accident, injury and even death can deal a disastrous financial blow that could keep you down for the count. Every business owner has that great fear but it doesn't have to be that way…

Our innovative ***Health Disaster Relief Programs—HDRPs—***provide tax-free cash to business owners that relieves the financial and business challenges caused by illness, injury and death.

We first diagnose your health disaster potential before you can consider any prescription for relief. Once you understand the possibilities you can easily decide which is your greatest concern and where your resources and energy should be directed.

The result is product that provides *tax-free payments for disability income replacement upon diagnosis of various dread diseases and even death of owners, employees and their families*. You can be worry-free of these potentially crippling concerns.

The effective implementation of a select range of high quality, tax-advantaged *income replacement insurance, critical illness insurance, life insurance and group benefits* in a HDRP for owners, employees and their families provides *peace of mind* about your business and personal financial affairs, and in turn, a better quality of life.

The Concept…*Our approach is simple, effective and collaborative* and gets the results and protection you want with minimum effort and expense.

We'll help you:
Understand your potential personal and business "disasters" and how to avoid them. There are simple, sometimes even tax-deductible, ways of making sure a disaster doesn't sink your business or your family.

Prescribe a plan—the organization—that will get you and your business past these challenges when they appear. Preparation is critical and the key to a successful HDRP.

"Inoculate" your business immediately to avoid the disaster. You need to do what's right the first time. There are a number of "vaccine-like" products that will make you immune to health disasters.

Keep a close watch for ongoing hazards and alternative treatments to make sure you achieve your goals the way you want.

Update your program regularly… "Booster Shots" if you will to make sure you stay on track and your goals haven't changed. If your inoculations aren't current you could fall victim as badly as if you didn't have them in the first place.

Next issue, I will discuss the first of the seven health disasters and how to avoid them. Have a great winter.

. . . from page two

The ruling
The judge found that, based on the evidence, there was no "resulting trust" and that the GIC funds became Ms. Oolup's property following her grandmother's death. As a result, the $10,000 retained by her as the surviving joint account holder was not received as executor's fees and, therefore, was tax-free to her.

Conclusion
While Ms. Oolup was indeed successful in keeping her inheritance tax-free, this case should serve as a significant estate planning lesson for advisors. It is evident that the CRA can take the position that a joint account is not truly a joint account. But what if the facts in the case were different?

One can clearly envisage the CRA taking the opposite position where a parent has added an adult child's name to their joint account "for estate planning purposes only," the parent's intention being that it would be a "resulting trust" and there was to be no transfer of beneficial ownership.

The CRA could argue that, in this case, there was indeed a disposition of half the account and demand any capital gains tax be paid at that time. It behooves all advisors to ensure clients take joint accounts seriously and, in fact, if they are simply trying to give the child control over the account, the best route may indeed be a power of attorney.

Reprinted from an article that appeared in the June 2004 issue of FORUM magazine with permission from the Financial Advisors Association of Canada (Advocis).

Editor's Comments:
Although the issues involved with the joint ownership of property had been discussed in my column, The President's Corner, this recent Oolup vs the Queen (2003 TCC 947), further highlights the risk that continues to exist with the joint registration of assets.

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