

Business *in Calgary*



Inspiring Futures

Junior Achievement of Southern Alberta Economic Futures Council –
Leaders Unite to Support Youth and Economy



**Clean Green Technology | Event Planning & Catering |
Education MBA | Tax Planning | Golf Tournaments**

Calgary Chamber
Section
page 101

Inspiring Futures

Junior Achievement of Southern Alberta Economic Futures Council –
Leaders Unite to Support Youth and Economy

BY DEREK SANKEY

COVER PHOTO CREDIT: ADAM PEARISO – SUREEEL | ALL OTHER PHOTOS COURTESY OF JASA



Back Row (L-R): Guy Turcotte, Alvin Libin, David A. Bissett, Todd Poland, Mac Van Wielingen.

Front Row (L-R): Clayton Riddell, James W. Davidson, Richard F. Haskayne, Jack C. Donald, Wayne Henuset. Missing: N. Murray Edwards, Ronald N. Mannix.

Twelve of Calgary's most influential business and community leaders have united to support a small charity with big impact. Within the space of 10 months, David Bissett, Jim Davidson, Jack Donald, Murray Edwards, Richard Haskayne, Wayne Henuset, Alvin Libin, Ron Mannix, Todd Poland, Clay Riddell, Guy Turcotte and Mac Van Wielingen stepped up in support of Junior Achievement of Southern Alberta. Business in Calgary takes a closer look at this united group.



Jim Davidson, chairman and chief executive of Calgary-based FirstEnergy Capital Corp.

Calgary business leader and philanthropist Jim Davidson, chairman and chief executive of Calgary-based FirstEnergy Capital Corp. knows the value of financial literacy, the importance of mentorship, and the momentum created by giving back to the community.

Jim originally wanted to be a teacher when he started out in life. “Twenty-five years later, I realize my desire to teach has come to fruition in a different way,” says Davidson, “through mentoring others at work and through my involvement with organizations such as Junior Achievement of Southern Alberta.”



Scott Hillier, president and chief executive of JASA.

Junior Achievement programs focus on financial literacy, staying in school, work readiness and entrepreneurship and are delivered in more than 800 classrooms across southern Alberta each year. JA depends on 1,400 volunteers who provide programming, free of charge, to 23,000 Southern Alberta students annually. It has relied mostly on corporate donations in the past, along with some individual and community-based foundations. Only five per cent of its \$2.1-million annual budget comes from any type of government organization.

Jim’s involvement with Junior Achievement came at an important time for the rapidly growing organization that, having weathered the

recession, was concentrating on finding sustainable funding to provide resources to pursue existing and new opportunities to impact youth and the economy. “We stepped back and did a review of the impact JA was making and where our support was coming from,” says Scott Hillier, the president and chief executive of JASA. “The potential of JA is extraordinary and we realized how much more we could do if we had an increasingly diverse and sustainable resource base.”

A Boston Consulting Group survey in 2011 confirmed JA’s significant impact on participants’ lives. “The survey findings were overwhelmingly positive,” Hillier says. “We knew that we needed to enhance and expand funding for JA programs so we

Junior Achievement Economic Futures Council

The Need: Junior Achievement of Southern Alberta’s Economic Futures Council will provide sustainable funding to improve three futures: youth; the economy; and the JA organization itself. It will help support:

- Additional reach into youth programs (including high needs and aboriginal communities)
- Technology enhancements to increase student engagement
- Sustainability of rural program delivery throughout southern Alberta

Background:

JASA is a registered non-profit charity funded by corporate, private and community donations that facilitates delivery of a series of in and after-school programs for youth in grades 5 to 12. JA programs are based on three pillars of personal growth: financial literacy; work readiness; and entrepreneurship.

JA programs are facilitated by 1,400 volunteers who deliver programs to over 23,000 youth per year in 800 classrooms throughout southern Alberta on an annual budget of \$2.1 million. The Boston Consulting Group conducted a ground-breaking survey in 2011 comparing JA Alumni and individuals who had never experienced JA, which revealed that:

- Of those surveyed, 65 per cent indicated that JA had a significant impact on them staying in school
- About 14 per cent were more likely to pursue post-secondary education
- One in four students were less likely to eventually be unemployed
- Fifty per cent were more likely to start an entrepreneurial venture
- A one dollar investment in JA results in a \$45 return on investment to the Canadian economy

SOURCE: JUNIOR ACHIEVEMENT / BOSTON CONSULTING GROUP



U.S. Taxation and your Oilfield Services Business

Avoid costly surprises by taking a cross-border approach to tax.

By Debra Beck

There are many exciting opportunities south of the border for Canadian oilfield services companies. But, with expansion comes U.S. tax considerations. With many ways to do business in the U.S., strategic tax planning is required to prevent unpleasant and costly surprises.

In general, the Canada-U.S. Income Tax Treaty ensures that a Canadian company only becomes subject to U.S. federal tax if it has a "permanent establishment" (PE) in the U.S. Typically, this means you have an office or fixed place of business in the U.S. or a construction site that lasts for more than 12 months. In that case, your U.S. business profits will be taxed at the U.S. federal level at a rate of 34 percent.

But the Treaty also prescribes a PE when using an installation or drilling rig to explore for, or exploit, natural resources for more than three months. This can be an issue for oilfield services companies. "Although this wording seems to apply clearly to an exploration and production company, it may be prudent to consider its application to long-term contractors associated with a rig since the IRS often takes expansive interpretations," says James Meadow, a U.S. Tax specialist with MNP's International Taxation Services.

You may have a PE if:

- An agent or employee present in the U.S. acting on behalf of the Canadian company concludes contracts in the U.S. on behalf of the Canadian company.
- One or more employees spends too much time in the U.S.
- One employee spends 183 days or more in the U.S. over any 12-month period (for this purpose, days in transit and days off in the U.S. also count) and the majority of the company's business income is earned in the U.S.
- One or more employees provide services in the U.S. for a total of 183 days or more in any 12-month period. The services provided are for a specific project or a connected one for customers who are either U.S. residents or taxpayers. (For this purpose, only work days count but the days don't have to be consecutive, and if more than one employee works on a particular day, that day counts as only one day.)

"As a result of these rules based on days, Canadian companies sending employees to the U.S. need to be acutely aware of who does what, where and when and track it," explains Meadow.

Employee income tax

If your company winds up with a PE, Canadian employees working in the U.S. are likely to become subject to U.S. income taxation. The employer may have to withhold U.S. taxes at source on the portion of the employee's income related to the U.S. activities. "In such a case, it may be worthwhile to seek corresponding partial relief from Canadian withholding at source in order to avoid both Canadian and U.S. withholding on the same employment income," Meadow states.

Finally, even if it does not appear that your company has a PE, consider filing a protective federal "treaty-based tax return," which causes the statute of limitation to run and protects valuable potential deductions in the case that IRS finds that a PE does in fact exist.

State Income Tax

Many U.S. states do not follow the Canada-U.S. Income Tax Treaty and have their own rules. The vast majority of states consider providing services or owning equipment in the state to create a taxable presence, generally referred to as "nexus" for state income tax purposes. "It is commonplace to not have a PE for federal purposes because of Treaty protection while, at the same time, there is nexus in one or more states because services are provided within those states," says Meadow.

In all cases, a comprehensive cross-border approach to taxation is critical to ensure that both Canadian and international tax obligations are factored in.

For more information on this topic or other related international tax issues, contact James Meadow at 403.536.5548 or your local MNP Advisor.



James Meadow, CA, CPA (NC), LL.M., MBA
U.S. Tax Specialist
MNP's International Taxation Services
403.536.5548
james.meadow@mnp.ca

approached some of our past alumni, board members, Calgary Business Hall of Fame laureates and other prominent business people affiliated with JA with an idea to help found the JASA Economic Futures Council (EFC) to ensure stable, sustainable funding.”

Resoundingly, people like Jim Davidson, Richard Haskayne, Alvin Libin, Murray Edwards, and others stepped forward, and within the space of 10 months JASA had 12 Economic Futures Council Founders who each put his name and money behind the Council. Each Founder has pledged a \$100,000 donation to demonstrate his commitment to the cause. The Founders hope that their commitment will draw attention to the impact JA has on youth and the economy and inspire others to support the cause by joining the Council. The Council has levels of participation starting at \$5,000. “The Founders didn’t want to just give money to JA, they wanted to inspire others to give to JA at an amount that is achievable for them,” says Hillier. “They know that it’s important to create the next generation of philanthropists in the city – a new guard coming forth in support of the community.” In the words of EFC Founder Jack Donald, “You want to give back. You can’t go through life with a catcher’s mitt on

both hands. You have to be able to throw some back.”

The recession at the end of 2008 took its toll on most non-profit organizations and although JA was no exception, it carried on its efforts. People like Davidson see value in JA in part because the organization examines many of the same things that caused the financial crisis.

Davidson thinks that experience has many lessons for the next generation of business leaders in schools across the country. It’s tied directly to JA’s vision in many ways. “The (recession) was a result of individual requirements taking precedent over individual responsibility,” he says. “Junior Achievement programs teach and support individual responsibility and help youth understand the effectiveness and efficiency of financial markets, ethical business management, government and personal debt levels.”

Davidson hopes JA’s programs will help produce leaders who have the foresight, ethics and integrity to avoid future such crises.

He had a few strong mentors in his school years who taught him more than a few lessons of his own. Davidson calls JA “an incubator for learning” and sees a direct link to the health of the economy as a result of their efforts. It’s one of the reasons he joined JASA’s

Economic Futures Council.

As the father of three sons, prominent Calgary businessman Wayne Huset had the advantage of teaching them about financial literacy, how to run a good business and why money has value. He feels lucky to have had that privilege. He also knows many kids don’t get that benefit.

“It’s quite amazing,” says Huset, the owner of Willow Park Resources Ltd. and former president and chief executive of Energy Alberta Corp. “People don’t get enough of that financial background on how to run a business. So many people come out of high school and they don’t know anything about how to manage money.”

He took an interest in Junior Achievement (JA) about two and a half years ago because he wanted to find out more about the organization and what it was doing to promote financial literacy. “That is the reason that I became one of the Economic Futures Council Founders; because I want as many people to get this program as possible.”

Clay Riddell is another ardent supporter, for reasons of his own. Like many other Founders, he’s a Laureate of the Calgary Business Hall of Fame, and when asked, stepped up to help and become a Founder of the organization’s EFC. “Their goals are really high,” Riddell says. “We’ve got a lot of problems with business and government ... and they’re not going to solve all those problems, but they’re going to be a part of the solution.”

Riddell, the well-known stalwart power broker of Calgary’s oilpatch and founder of Paramount Resources Ltd., explains why he joined EFC. “It looked to me like they were looking for sustainability for the organization. They do good things so I and others stepped up to help them get there,” he says.

It’s not like their efforts aren’t paying off. The same Boston Consulting Group survey that revealed just how much impact JA’s programs had on individual careers and the broader economy concluded that every one dollar invested in JA has a return on investment to the economy of \$45.



Wayne Huset, owner of Willow Park Resources Ltd. and former president and chief executive of Energy Alberta Corp.



Clay Riddell, founder of Paramount Resources Ltd.



Henuset sees value in those numbers. He has already helped create the Centre for Entrepreneurship and Innovation at the University of Calgary's Haskayne School of Business, with a group of like-minded entrepreneurs. Programming via the Centre will teach students about the ins and outs of business – no matter what the student's background.

"I wanted to make sure we could use some of what JA does and I could pass along some of what we're doing at the university to JA," Henuset says. "I believe so much in what JA is doing (and) they needed the funding to carry on and do the best they can."

One quarter of Alberta high schools students don't graduate high school.

That's unacceptable to Hillier and the founders of JASA's Economic Futures Council. Not to mention the 1,400 volunteers on the ground in the organization's nine regions who go to schools to deliver JASA's many programs every week. Providing funding to Junior Achievement of Southern Alberta by joining the EFC was an easy decision for Todd Poland, vice-president, CIBC Wood Gundy who says, "I've been a volunteer with Junior Achievement for about six years and when I had the ability to make a larger financial commitment, it was a no-brainer. The impact on the students and economy is so significant."

Alberta prides itself on its entre-

preneurial spirit but we are entering a time when the family business enterprise is at risk of fading away. The job creation machine of the economy – small and medium enterprises – is in jeopardy. "We live in a small business economy and yet only 30 per cent of family businesses survive a generational transition," explains Hillier. "Who is going to take on those businesses if it's not the owner's children? It behooves us to invest in the financial literacy of these youth to expose them to business (and) allow them to explore what it's like to build and run a business." David Bissett echoes Hillier's sentiment, "If we can in some way, communicate the excitement of business, the virtues of business, that would be a great thing."

One of JASA's programs aims to do exactly that.

It's an educational and fun program that pits student teams against each other in what is known commonly as the "Company Program."

It's perhaps the most well-known JA program. Students experience the full lifecycle of a business where they develop their own product, including a comprehensive business plan, sourcing and marketing their product – effectively winding a company up and down while working with real money. Many of the senior executives who judge the final competition are either founders of the EFC or very close to those involved.

JASA is increasingly extending its reach into rural and aboriginal communities and what are deemed by some to be "high risk schools." These are important moves in their vision to reduce high school dropout rates.

Hillier believes the additional funding is a unique way to sustain JASA's current programs and to grow the organization in new ways. Technology, including social and mobile media and online platforms, will undoubtedly lead the way into the futures of the students now in school.

"There are notable business executives and high-profile individuals who invest in our community and who recognize that through their support they're not just building a better community; they're building a better economy," Hillier says. EFC Founder Mac Van Wielingen adds, "We need more leaders to come forward and to be prepared to be models for our youth."

Henuset believes the types of programs JASA supports should be part of every child's education growing up. He sees it as one part of a broader education about the world, about career options, about possibilities. "Show people and give them the understanding about financial literacy so they don't just break away and do their own thing," Henuset says. "The more they understand it, it's not quite so scary so they'll actually go and pursue it."

"JASA provides an opportunity for youth from all backgrounds to understand the basics of commerce, how money is a tool and the importance of financial and resource management," says Davidson. When asked about joining the EFC Davidson says he was motivated to "step forward, give back and assist our youth in developing into the kind of people that we would want them to be in this new world."

For more information about Junior Achievement of Southern Alberta, including how you can join the Economic Futures Council please go to www.jasouthalberta.org or contact chamelin@jasouthalberta.org or 403-781-2582. 