



Newsletter

March, 2016

Welcome to new members

I am pleased to announce that **Al Cumbari of Quality Cleaners in Sault Ste. Marie, Michael Trieu of 9582118 Canada Inc.** have joined our association.

Report of Meeting with Minister of Environment and Climate Change

The OFA officers and I had a meeting with The Honourable Glen Murray, Minister of Environment and Climate Change in his office on January 26th and I am happy to report that it was a very successful meeting. The MOE and the OFA will be working together to improve the safety and health of its employees and protection of the environment. More information will be shared as it becomes available. We hope to have the Minister speak to us at our conference on June 18, 2016 at The Waterside Inn in Port Credit.

Boiler & Pressure Vessels and Operating Engineers

On February 17th, I was invited to attend a round table discussion by the Ministry of Public Safety including the Deputy Minister, Technical Standards & Safety Association (TSSA), and Insurance Companies. My presence there was to represent OFA on behalf of the dry cleaning and laundry industry. As a result of input by me and others, it appears that by January 1, 2017, TSSA will no longer send out boiler inspectors to inspect our plants. The job will revert back to boiler inspectors from insurance companies and/or their representatives. Safety Certificates will be issued by the inspector and an additional Certificate will be mailed by TSSA when the inspector's reports are received. There are still a number of meetings that I have to attend in the month of March, but the purpose of the meetings are to upgrade the current regulations and reduce the cost of administration of the program by TSSA, which is the regulatory body set up by the Ontario government to oversee the safety of boiler and pressure vessels installations and operations.

During the meetings, I had an opportunity to discuss with the Director of TSSA a number of complaints and concerns that our members brought forth to me prior to the meeting. As a result of our discussion, I received an apology on behalf of TSSA for the unprofessional conduct that some inspectors had shown to our members. The Director assured me that he would speak to all his staff and advise them that they are to treat our members with respect and not to harass, threaten or scare any of our members, and that any violations of this policy should be brought to his attention.

Email hoax

I have followed through on the email that one of our members received and have spoken to the Ministry of Labour and they believe that the email **aixsafety.com** is a hoax, Ed Strecker received an email offering free WHIMIS training and at the bottom they are asking for a \$5.00 donation by credit card. This may be a way to get your credit card information. Thank you to Ed Strecker for calling me and telling me **about it**.

Annual OFA conference

We have been fortunate to have a number of important speakers and topics on the agenda for our conference on June 17th and 18th this year. To view the topics and the speakers, visit our website at www.fabricare.org to learn more about the upcoming schedule. Please make your reservation as early as possible, especially the room reservations. This hotel is very busy during this period and in order to guarantee a room, you need to provide your credit card information to hold it. They will not process any charges until the date of the event.

As well, I cannot impress upon you how important it is to register early for the conference. A lot of work and effort goes into the preparation of the event making sure that we have large enough facilities and have sufficient food prepared for the events.

Enclosed is a registration form, which you should fill out and either mail or email back to me with your choice of payment.

Email Addresses

Please insure that I have all your up to date email addresses, so that you do not miss any important emails. As well, please send me a list of names and email addresses of those in your company that you wish to receive my email alerts. Due to the conversion of our accounting system to QuickBooks*tm, I have lost the list of extra email addresses.

Dry Cleaner receives jail sentence for improper use and storage of chemicals

For those of you that have not given me an email address, this is to inform you that a dry cleaner from Edmonton was given a jail sentence for failure to use and store his PERC and other chemicals properly. For the complete story, click on the following website. <http://edmontonjournal.com/news/crime/edmonton-dry-cleaner-first-person-in-canada-to-get-jail-sentence-for-using-dangerous-chemicals>

Price List Comparison, Comments and Analysis

I wish to thank those members who submitted their price lists for comparison. I do not disclose the names of the submissions for privacy reasons. The fact that they did submit these lists shows that they are concerned about their businesses and want to make sure that they are competitive and continue to get a return on investment (ROI).

The lowest price shown is usually the base price. I have not taken into account that some cleaners offer discounts from time to time off their base prices. I also noticed

120 Promenade Circle, Suite 910 Thornhill, ON L4J 7W9
905-881-5906 • Cell: 416-573-1929 • email <chelsky@sympatico.ca> •
www.fabricare.org

some cleaners have not raised most of their prices since the last survey. As a result of the decline in the Canadian dollar and the subsequent increase in the cost of supplies and equipment, I sense that profits have dropped. Based on some of the prices I have seen, I think it is prudent that we educate the public as to the true cost of cleaning and increase the value of the finished product the consumer gets for their cleaning charges. Good quality and excellent service will grow your business. Too low prices will eventually lead to the downfall of the business.

Population 2,000 - 211,000			population 477,000 - 2,750,000			
LOW	HIGH	Average	LOW	HIGH	Average	
5.31	13.00	8.84	6.95	19.00	9.55	Pants, plain
13.27	26.00	19.22	14.00	46.00	20.53	2 Piece Suit
7.96	13.00	10.68	7.60	27.00	11.55	Suit Jacket
19.50	32.00	24.13	17.00	55.00	28.98	Down Jacket
23.95	38.70	31.25	30.00	55.00	47.84	Canada Goose Jacket
28.95	45.00	37.22	30.00	100.00	57.95	Canada Goose Coat
4.66	9.00	7.16	4.70	13.00	7.49	Blouse, cotton
6.64	12.25	9.21	7.50	20.00	10.55	Blouse, silk
11.50	22.00	17.14	11.00	30.00	17.23	Dress, plain
14.29	26.15	21.65	15.00	46.00	23.55	Dress, silk
5.31	11.00	8.56	6.95	19.00	9.66	Skirt, plain
3.25	8.60	5.95	5.00	13.00	7.90	Shirt, dry cleaned
2.88	4.35	3.53	2.50	6.50	3.67	Shirt, laundered on hanger
2.34	5.75	4.05	2.65	6.75	4.26	Shirt, laundered folded
2.95	6.95	4.72	4.00	11.00	6.07	Shirt, golf
3.25	10.00	5.99	5.00	13.00	7.29	Scarf
5.31	10.00	8.03	6.08	18.00	9.48	Sweater (up)
14.64	26.75	20.48	16.05	33.00	22.91	Overcoat
5.31	10.00	8.19	6.08	18.00	10.10	Sweater (bulky, cashmere)
4.00	8.00	5.50	4.00	14.00	6.99	Tie (up)
14.64	27.00	20.00	17.00	38.00	21.80	Trench Coat
125.00	264.25	182.91	175.00	312.00	226.70	Wedding gown (up)
23.55	40.00	27.82	20.50	45.00	31.33	Comforter, Queen Size
26.54	48.85	41.07	25.50	45.00	38.04	Down Duvet, Queen Size
12.95	38.70	21.99	14.70	40.00	24.72	Duvet Cover, Queen Size
4.00	16.30	8.16	5.00	18.70	10.43	Sheet Fitted, Queen Size
4.00	10.00	7.79	3.10	16.77	9.94	Sheet Flat Queen Size
1.25	5.00	2.85	1.70	7.70	3.67	Pillow Case
7.15	18.90	12.19	11.00	35.00	17.47	Table Cloth Plain 6'
12.00	25.80	16.36	14.00	45.00	23.99	Table Cloth Lace
1.25	4.00	2.55	1.00	4.00	2.31	Napkin

Annual OFA Conference June 18, 2016

Timetable

- 8:30 a.m. – 9:00 a.m. Annual Meeting
- 9:00 a.m. – 9:45 a.m. Michael Ballard (Motivational speaker) – The Resilient Owner & Manager
- 9:45 a.m. – 10:30 a.m. Christine Jonathan (MacDonald, Sager & Manis LLP) – Employee Relations
- 10:30 a.m. - 10:45 a.m. **Coffee Break – Sponsored by Green Earth Cleaning**
- 10:45 a.m. – 11:30 a.m. Jordan Cohen (MacDonald, Sager, Manis LLP) – Borrowing or Selling – Get a legal checkup first (What you need to know and do)
- 11:30 a.m. - 12:15 p.m. Kermit Engh - Methods for Management (Cost Groups)
- 12:15 p.m. – 1:15 p.m. **Lunch – Sponsored by Clark McDaniel and Fabricare Cleaning Center**
- 1:15 p.m. – 1:45 p.m. Jaqueline Stevens (Willms & Shier Environmental Lawyers) – Environmental Update
- 1:45 p.m. – 2:30 p.m. Jon Meijer (Dry Cleaners & Launderers International) - State of the Industry
- 2:30 p.m. – 3:15 p.m. Ellen Roseman–Consumer Affairs Columnist Toronto Star
- 3:15 p.m. – 3:30 p.m. Coffee break
- 3:30 p.m. - 4:15 p.m. Stephen Flomen (Milestone Insurance) –Living with Dignity- Insuring your future
- 4:15 p.m. – 4:45 p.m. Jason Wiesner (Wiesner Insurance) – Free Legal Insurance and Contract Dispute Resolution Explanation)
- 4:45 p.m. – 5:00 p.m. Closing Remarks – President of OFA - Brian Chelsky
- 6:00 p.m.-7:00 p.m. Cocktails – Cash bar
- 7:00 p.m.-9:00 p.m. Gala Dinner –**Wine sponsored by Sparkle Solutions**

If you would like to sponsor one of the above events, please contact Sidney as soon as possible to insure you receive adequate publicity for the sponsorship.

Lease Negotiation: Mistakes to Avoid by Brian Grell Eastern Funding, LLC

When putting together your business, the lease is one of the most important pieces of the puzzle. Here are some of the most common – and dangerous – pitfalls to avoid when hammering out your next lease:

- **Failure to secure exculpation of personal guaranty upon assignment of lease.** Let's say you eventually sell your business for an astonishing amount of money, thanks to your own hard work. However, two years later, you can be personally sued by the landlord for all of the projected lease term rent, if you fail to get released from a guarantee.

- **Failure to secure a non-disturbance agreement from the mortgagee bank.** You just bought an expensive store, and your landlord isn't paying the bank. Guess what? If your landlord is foreclosed upon, your lease is worth nothing – since it crumbles unless you have a non-disturbance agreement, permitting you to pay the rent directly to the bank in the event of a foreclosure.

- **Tax stop and construction clause.** Your landlord decides to build up – and I mean straight up, right on top of your store. Your lease states that you will pay 25 percent of taxes as additional rent. The landlord's improvement puts hundreds of thousands of dollars of rent in his pocket, and your taxes just skyrocketed due to the construction, which increased the taxes and your proportionate share ballooned.

Water payment. You're a good tenant, and you pay your water and sewer as additional rent to the landlord. However, let's say that the landlord isn't so good and fails to pay for the water. The city shuts off the water, and you are out of business. Therefore, pay the water directly to the municipality under the lease, or obtain proof of payment contemporaneously with your payment if it is sent to the landlord. The same principle applies if you sublet space from an over-tenant. Request that you pay the rent directly to the landlord and also request to be notified of any defaults in lease terms that may arise. Failure to do so may result in eviction, if the over-tenant doesn't pay the rent or comply with the lease terms.

- **Dark clause.** Where there is a large shopping center and large anchor tenants are in place, request a rent reduction if the center loses said tenants. Losing a major national supermarket chain or other retail establishment can have a huge impact on drawing customers to the center.

- **Big mistake.** Let's say you want to save a few bucks, so you didn't use a lawyer. Forget the fact that you wouldn't think of buying a house or condo without being represented. Spend a few bucks so that you don't end up turning to some clause buried in the back of your lease one day and discovering that your landlord snuck a demolition clause into the document!

Guarding Against Age Bias

The Supreme Court of Canada has defined discrimination as: "A distinction whether intentional or not but based on grounds relating to personal characteristics . . . which has the effect of imposing burdens, obligations or disadvantages on [an] individual or group not imposed upon others or which withholds or limits access to opportunities, benefits and advantages available to other members of society." (Andrews v. Law Society of British Columbia) with some rare exceptions, actions in the workplace based solely on an employee's age are discriminatory and violate portions of these human rights laws in Canada: the Charter of Rights and Freedoms, the Human Rights Act and provincial and territorial statutes.

To help avoid charges of age bias, a company must keep the workplace free from discrimination and support the needs of older employees. To help protect your business from potential legal liability, get professional legal help setting up a policy.

According to the Ontario Human Rights Commission, here are some of the actions that could generally be considered to involve age discrimination:

- Limiting or withholding transfers, promotions and training based on an employee's age.
- Using subjective criteria that could indicate ageism in determining whether to retain or terminate an employee.
- Refusing to assign an older employee to certain jobs or requiring an undesired transfer.
- Linking performance evaluations to age by either subjecting older employees to more scrutiny or evaluating based on a perception that a person will soon retire.
- Failing to recall someone from a layoff because of age.
- Targeting older workers during a downsizing, reorganization or amalgamation.
- Letting an employee go because the person is eligible for pensions.
- Retaliating or threatening retaliation against any individual who is the alleged victim of age discrimination, files a complaint or testifies in a discrimination complaint.
- Failing to accommodate older workers unless that would create undue hardship for your company. (See right-hand box for how to gauge undue hardship).

Age discrimination can also be found in the recruitment and hiring process, so it's prudent to take the side of caution and avoid:

- Direct or indirect statements relating to age in job advertisements.
- Age-related questions in job applications other than to determine that a candidate is old enough to hold a full-time position.
- Interview questions relating to age unless: the job is aimed specifically at persons 65 years of age or older; the hiring organization is a special interest group serving a particular age group; age is a bona fide occupational requirement of the job; or the question is necessary to determine eligibility for a special program to promote age equality.
- Statements about your company's need to "rejuvenate" its work force.
- Comments while evaluating candidates that refer to the applicant's appearance, adaptability, or ability to be trained based on age, or concerns that the applicant will be too costly to hire because of age.
- Evidence that there is a pattern of preference for hiring younger workers. For example, if a significantly younger candidate is hired whose qualifications are no better than an older

candidate for the same job or a candidate is turned away due to a perceived "lack of career potential" or experience that was too "diversified" or "specialized."

Certain types of differential acts are not generally considered discriminatory when based on age, such as:

- Legal restrictions on child employment.
- Affirmative action programs for older workers.
- Retirement plans based on minimum age plus years of service.
- Policies aimed at easing the transition into retirement.

Testing for Undue Hardship

There is an exception that allows some discriminatory actions if the cost of accommodating an employee would present an undue hardship for the company.

When making a determination of undue hardship, businesses should consider three primary factors: health, safety and cost. A company has to provide hard evidence that accommodation would cost too much or impose health and safety concerns.

The Supreme Court of Canada has listed other factors that may be considered, including:

- The type of work performed.
- Size of the workforce.
- Interchangeability of job duties.
- A financial ability to accommodate.
- The impact on a collective agreement.
- The influence on employee morale.

These factors and their importance vary from case to case. For example, a large corporation or a federal agency would likely find it hard to prove undue hardship on the basis of cost alone. Such organizations usually have the budget, size and flexibility to accommodate special needs at a lower cost. Among the factors considered when determining financial costs are:

- The employer's size and financial situation.
- An ability to amortize costs or mitigate the hardship in some other way.
- The number of people the accommodation would benefit.
- The possibility of phasing-in major accommodations.
- The availability of special budgets, reserve funds or external sources of funding, such as government funding or tax incentives.

Factors Not to Consider Include:

- Customer or public preference based on prejudice or stereotyping.
- Discriminatory objections, such as other employees' objections to accommodations based on prejudice or attitudes inconsistent with human rights values.
- Threatened grievances by other employees.

Red Flags for a CRA Audit

You might think the Canada Revenue Agency (CRA) would keep silent about what triggers an audit. But the agency is actually quite candid about why it chooses certain tax returns.

For example, the CRA publishes newsletters, technical interpretations and taxpayer alerts on its Web site that elaborate on audit issues, describe areas of concern to the government, and warn about actions and investments the agency is likely to investigate.

In addition, the Auditor General of Canada has issued a report titled "Verifying Income Tax Returns of Individuals and Trusts," which discusses in detail how the CRA processing and review system works.

With all that information, it's generally easy to determine some of the transactions and recording methods that are likely to prompt an audit.

Here are 10 red flags gleaned from these documents to help you gauge whether your tax return is likely to trigger an audit:

1. Revenue discrepancies. A sure-fire trigger for an audit is reporting revenue on your GST return that doesn't match what you report on your income tax return. Report all revenue on your GST return, even if you don't collect the tax on some revenue.

Treat revenue and expenses the same way on both returns. For example, when filing your income tax return, don't reduce revenue by the associated expenses and report only the profit while reporting total revenue on your GST return.

In addition, the CRA annually matches information on tax returns with information provided by employers, financial institutions, and other third parties. The tax returns of individuals who are married or living common law are also compared with their spouses' or partners' returns.

These comparisons are made to identify unreported income, incorrect claims for an amount of "income tax deducted," credits and deductions that exceed the limits, net family income for the purpose of claiming several credits as well as incorrect "pension adjustments."

2. Claiming large interest and carrying charges. A taxpayer with business or rental income should claim related accounting fees and interest expense on the business or rental income

Red Flag	Potential Solution
Gross profit margin is lower than direct competitors — or higher — while net profit is lower.	Properly record and categorize expenses. Ensure the accuracy of direct and operating costs, as well as inventory valuation.
High vehicle expenses	Keep a vehicle log.
Unusual home office business expenses	Determine the business use of your home on a consistent and defensible basis.
<i>Small Business Deduction:</i> High "other revenue" or investment revenue. Large cash balance on balance sheet.	Pay dividends to remove excess cash from the corporation. Repay shareholder loans. Consider forming a separate holding company for investments.
Income is low for many years.	Report all income, including non-taxable sources.

schedule. They should not be claimed as carrying charges and interest expense. This deduction is for expenses related to investment income.

3. Changes in shareholder loans and large balances. If you hold stock in a corporation, large changes in shareholder loans or debit balances can attract attention. The CRA is looking for personal expenses recorded as business expenses and loans taken from a company. Your accountant can advise you about the best way to structure loans.

4. Deducting large business expenses. The CRA scrutinizes business and rental income schedules that show large amounts of advertising and promotion, travel, miscellaneous and interest expenses. The tax agency is looking for personal expenses, meals and entertainment that are improperly recorded and non-deductible expenses such as penalties and interest. Meal and entertainment expenses should be separated and expenses should be allocated individually rather than using "miscellaneous."

5. Making calculation errors or leaving out information. Many audits result from simple math errors on tax returns or missing information slips, such as the T3, T4, and T5. Professionally prepared tax returns that minimize audit red flags are one of the many benefits of using a qualified accountant.

6. Large or unusual changes in deductions or credits. Employment expenses are limited to just a few people and large employment expenses are a flag for the CRA. Moreover, you may be requested to supply additional information if you have claimed childcare or tuition expenses.

7. Large charitable donations of cash exceeding \$25,000 and capital property are often reviewed.

8. Investment gains and losses. The CRA will closely look at losses claimed on investments in small business corporations. The rules are complex and often misunderstood or misinterpreted. Many taxpayers also don't correctly track capital gains and losses, so they, too are an audit flag. Account statements from financial institutions may not be accurate for tax purposes. Income trusts, for example, erode their cost base over time because of returns of capital. Foreign currency investments can present a problem as you need to account not only for your financial gain or loss but also for the foreign exchange gain or loss.

9. Foreign tax credits. These claims may trigger an audit for investors who earn income from foreign investments or employment.

10. RRSP over contributions. If you over contribute to your Registered Retirement Savings Plan, taxes are owed on the excess. Over contributions are common when retirement allowances are deposited into the accounts and when taxpayers contribute to their plans without referring to their annual *Notice of Assessment*.

Newsletter written by:

Sidney chelsky

Executive Director

PUNCTUATION IS POWERFUL

AN English professor wrote the words...

“a woman without her man is nothing”

On the whiteboard and asked his students to punctuate it correctly.

All of the males in the class wrote:

“A woman, without her man, is nothing.”

All of the females in the class wrote:

“A woman: Without her, man is nothing.”

Punctuation is powerful

1. Ratio of an igloo's circumference to its diameter = Eskimo Pi
2. 2000 pounds of Chinese Soup = Won ton
3. 1 millionth of a mouthwash = 1 microscope
4. Time between slipping on a peel and smacking the pavement = 1bananosecond
5. Weight an evangelist carries with God = 1 billigram
6. Time it takes to sail 220 yards at 1 nautical mile per hour = Knotfurlong
7. 365.25 days of drinking low-calorie beer = 1 Lite year
8. 16.5 feet in the Twilight Zone = 1 Rod Serling
9. Half a large intestine = 1 semicolon
10. 1,000,000 aches = 1 megahurtz
11. Basic unit of laryngitis = 1 hoarsepower
12. Shortest distance between two jokes = a straight line
13. 2000 mockingbirds = two kilomockingbirds
14. 1 kilogram of falling figs = 1 Fig Newton
15. 1000 cc's of wet socks = 1 literhosen
16. 8 nickels = 2 paradigms

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