A Message From The President

As we begin to wind down from what I hope has been a very smooth and successful tax season for everyone, I would like to remind all of our members of some recent events that took place in the past months.

On January 15th, we held our annual CPA Ethics meeting along with our Managing Partners meeting at the Chateau Briand in Carle Place. We had a very good turnout at the Ethics meeting and excellent dialogue at the Managing Partners meeting. On January 30th, we held our joint Nassau/Suffolk Bankers Meeting and received a very good response from our friends, the bankers. On February 18th and 19th, we held our annual live web chat at Newsday. We had 16 volunteers attend. I would like to thank Alex Resnick, Jill Scher, Jeff Kravitz, Don Zaidman, John Spinelli, Cari Manteiga, Donald Crotty, Pamela Diamond, Gary Goldberg, Ruth Betz, Phyllis Dent, Christopher Farrell, Elliott Lavietes, Jacquelyn Paccione, and Bob Schaffer who, along with me, assisted Newsday readers with the simplest to the most complex issues regarding their 2013 tax filings. This was our third year helping and I was pleased that the Nassau and Suffolk chapters were once again able to lend a hand.

Now for some upcoming events...

On May 3rd, our Financial Literacy Committee will hold its inaugural event at Commerce Plaza in Levittown. There will be live entertainment and many activities for the kids that will help them learn about the value of money. You will find additional information on our website and make sure to bring all your kids for a day of fun learning!

I would also like to remind our members about our upcoming 61st Annual Installation Dinner, where we will install Robert Barnett, CPA, Esq. as the next President of the Nassau Chapter. The event will take place at the Crest Hollow Country Club in Woodbury on May 8th. The event will feature CPA community outreach in recognition of Island Harvest and the Long Island Community Foundation. The Long Island Community Foundation will assist our chapter by distributing funds we raise to various charities such as Island Harvest, our partner in many events throughout the year. Please visit our chapter web page and newsletter at nysscpa.org/Nassau to register.

Our annual golf outing will be held on June 12th at the North Hills Country Club. Please look for detailed information on registration on the Nassau Chapter website and come out to a beautiful course and a terrific dinner afterwards. I look forward to seeing all of you there!

One of my favorite events held by the Nassau Chapter is the Ellen Gordon CPAs 4(a): Cause 5K Run/Walk to End Hunger. This year will be our 13th annual Run/Walk and it will be held on June 14th at Eisenhower Park in East Meadow. This great event raises funds for Island Harvest and more than 300 people have attended in each of the last two years. This year, we have added Panera Bread as a food sponsor. Please come down and support the fight against hunger on Long Island and spend a fun day with your fellow chapter members. Thank you to the National Conference of CPA Practitioners (NCCPAP) and the Financial Planning Association of Long Island (FPALI) for being our partners, once again, in this event to help raise funds to fight hunger.

Our annual COAP (Career Opportunities in the Accounting Profession) will be held from June 28th through July 2nd at Adelphi University. This is the CPA community’s opportunity to give back to 80 high school juniors from Nassau County. Our chapter recently contributed $5,000 of funds raised this year towards this educational event. A typical day in the COAP program consists of an Overview of Accounting and Technology in Business, a CPA Firm Field Trip, Interaction with Successful CPAs and Professionals, Resume Preparation and Interviewing Skills Workshop, College Preparation Tips, and more! Anyone interested in speaking or volunteering should contact Andrea Elder-Howell JD LLM at elderhowella@oldwestbury.edu.

The Nassau Chapter Board has voted, and Lisa Haynie, our 59th President, has accepted the role of Chapter Director for the three-year term ending May 31, 2017. On behalf of all the Nassau Chapter members, I would like to congratulate Lisa and thank her for taking on this critical role of representing our chapter before the NYSSCPA and allowing the Nassau Chapter to have a voice. Thank you, Lisa – we know you will represent us well!

Many thanks to our terrific Newsletter Committee - Lynne Fuentes, Michael Gaines, Lisa Haynie, Edwin Kilgeman, Shannon Stevens and Vivian Levy - for a stellar job in approving all our members’ and contributors’ content, for getting it to press in a timely manner, and for meeting all of our deadlines.

On behalf of all our members, I would like to give a special thank you to Vivian Levy, who not only assists all of our sponsors during the year with signing up for events, but also monitors our new Facebook and LinkedIn pages and getting content uploaded so our members can stay informed of all of our events.

In May and June, each of our 21 Nassau Chapter committees will hold their organizational meetings and gear up for the new fiscal year. These meetings are crucial, as the chairs select relevant and timely topics, and it is a great way to become involved. Please reach out and join one of our committees and help promote our profession. I would like to thank each of our committee chairs for being so active and energetic this past year and I know your terrific ideas and involvement will continue to make this one of the most successful chapters in the state.

A lot is happening in our profession and both the Society and the Nassau Chapter will continue to do their best to keep you informed.

As always, I encourage you to reach out to me or any board member or committee chairperson and become more involved in our chapter.

Goodbye Winter (once and for all) and hello Spring!!! And remember, may the Force (and Form 4868) be with you!

Sincerely,

Scott Sanders, CPA
President
Nassau Chapter
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<td>CFO &amp; Financial Executives Tuesday 22nd PEOs and Self Insurance Meltzer Lippe 8:00 AM - 10:00 AM</td>
<td>Financial Literacy Committee Thursday 24th At the office of: Kathy Catanno Commerce Plaza 152 Center Lane Levittown, NY 11756</td>
<td>Community Affairs &amp; Public Relations Tuesday 10th Planning 2014-2015 Meltzer Lippe 8:00 AM - 10:00 AM</td>
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<td>CFO Best Practices Meltzer Lippe 8:00 AM - 10:00 AM</td>
<td>Practice Continuity Friday 25th Structural, Tax, and Contractual Details in Succession Arrangements 8:00 AM - 10:00 AM</td>
<td>Small Firm MAP Thursday 22nd Review of Partnership, Employment Agreements and Practice Management Issues On Parade Diner 8:00 AM - 10:00 AM</td>
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<td>Small Firm MAP Thursday 17th Post-Tax Season Issues - Roundtable Discussion On Parade Diner 8:00 AM - 10:00 AM</td>
<td>Chapter Meeting Thursday 8th 61st Installation Dinner Crest Hollow Country Club 6:00 PM - 11:00 PM</td>
<td>Small Firm MAP Thursday 10th Planning 2014-2015 Meltzer Lippe 8:00 AM - 10:00 AM</td>
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<td>CFO &amp; Financial Executives Tuesday 20th CFO Best Practices Meltzer Lippe 8:00 AM - 10:00 AM</td>
<td>Estate Planning &amp; Personal Financial Planning Tuesday 13th Jr. w/ Taxation and YCPA Prep of 1041 6:00 PM - 9:00 PM</td>
<td>Community Affairs &amp; Public Relations Tuesday 14th Planning 2014-2015 Meltzer Lippe 8:00 AM - 10:00 AM</td>
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<td>Financial Literacy Committee Thursday 1st 8:00 AM - 10:00 AM TBD Saturday 3rd Financial Literacy Fair</td>
<td>Taxation Committee Tuesday 13th Jr. w/ Estate &amp; PPP and YCPA 3 credit CPE, Prep of 1041 6:00 PM - 8:30 PM</td>
<td>Small Firm MAP Thursday 14th Planning 2014-2015 Meltzer Lippe 8:00 AM - 10:00 AM</td>
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<td>Small Firm MAP Thursday 22nd Post-Tax Season Issues - Roundtable Discussion On Parade Diner 8:00 AM - 10:00 AM</td>
<td>Practice Continuity Committee Cocktail HourThursday 15th Wickers Restaurant 206 West Old Country Road Hicksville, N.Y. 11801 6:00 PM - 9:30 PM</td>
<td>Community Affairs &amp; Public Relations Tuesday 15th Planning 2014-2015 Meltzer Lippe 8:00 AM - 10:00 AM</td>
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<td>CFO &amp; Financial Executives Tuesday 22nd PEOs and Self Insurance Meltzer Lippe 8:00 AM - 10:00 AM</td>
<td>Young CPAs Tuesday 13th Jr. w/ Estate &amp; PPP and YCPA 3 credit CPE, Prep of 1041 6:00 PM - 9:00 PM</td>
<td>Community Affairs &amp; Public Relations Tuesday 16th Planning 2014-2015 Meltzer Lippe 8:00 AM - 10:00 AM</td>
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<td>CFO Best Practices Meltzer Lippe 8:00 AM - 10:00 AM</td>
<td>Estate &amp; Personal Financial Planning Thursday 19th How You Define &quot;Running Your Practice&quot; On Parade Diner 8:00 AM - 10:00 AM</td>
<td>Small Firm MAP Thursday 17th Planning 2014-2015 Meltzer Lippe 8:00 AM - 10:00 AM</td>
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Chapter Officials:

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Scott Sanders, CPA

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Cynthia Sze, CPA

Accounting & Auditing
Jeffrey Yonkers, CPA

Estate Planning & Personal Financial Planning
Manlio Cafiero, CPA
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Cooperation with Educational Institutions
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Eric M. Kramer, CPA, Esq.
Scott Sanders, CPA

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Cynthia Sze, CPA
Timothy Coville, CPA, PhD

Litigation & Forensic Services
Nannette Watts, CPA

Management of Accounting Practice
Louis Grassi, CPA

Membership
John V. Pellitteri, CPA

Medical & Other Professionals
Neal Guber, CPA

Newsletter
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Michael Gaines, CPA
Lisa Haynie, CPA
Edwin J. Kliegman, CPA

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Eric M. Kramer, CPA, Esq.
Michael Gaines, CPA

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Craig Morris, CPA
Larry Bloom, CPA
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Robert Barnett, CPA, Esq.
Iola Damante, CPA

Technology Committee
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Geri Gregor, CPA
Toni-Ann Dalton, CPA
Elizabeth Oberg, CPA

Young CPAs
Joshua S. Sechter, CPA
Bruce A. LaMarca, CPA
Carmelina Hernandez, CPA
Wei Xu, CPA
Since its inception, The Accounting & Auditing Committee has striven to provide member education and best practice guidance to all CPAs, regardless of firm size.

To that end, the responsibilities of the Committee include:

- Identifying and commenting on emerging practice issues.
- Disseminating technical information through educational seminars and conferences.
- Providing networking opportunities at Committee meetings and conferences.

While the Accounting & Auditing Committee currently has five co-chairs, it typically attracts 15 plus members to each of our evening sessions. Of our events, our joint, all-day conference with the Suffolk Society is held on the first Saturday of every November, and is generally our best-attended meeting.

Last year, approximately 125 members from both Nassau and Suffolk were present for the Generally Accepted Accounting Principles (GAAP) and Generally Accepted Auditing Standards (GAAS) updates; a bankers’ panel discussion; a nonprofit update; and sessions in IT/technology tools, construction accounting, and best practices in auditing and SSARS engagements.

This year’s hot-button topic that we’ll be taking a closer look at is the Financial Accounting Standards Board’s (FASB) Private Company Council (PCC). As many of you know, the objective of this council is to decide whether and when alternatives within the US GAAP are warranted for private companies. The PCC also serves as the primary advisory board to the FASB on the appropriate treatment for private companies. We also plan to examine changes in lease and revenue recognition in the coming year.

The Accounting & Auditing Committee typically holds its evening meetings in September, October, and December. All members are welcome to join for CPE credit, or to learn more about best practices within the industry. Keep an eye on upcoming newsletters for information about our first meeting of 2014 and this year’s all-day conference, which is tentatively scheduled for Saturday November 1, 2014.

For more information, please contact:

- Mark Goldschmitt, CPA  
  Co-Chair  
  Director at EisnerAmper LLP  
  mark.goldschmitt@eisneramper.com

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  mgreenfield@berdonllp.com

- Joel Reisman, CPA  
  Co-Chair  
  Director at KMR LLP  
  jreisman@kmrllp.com
Our final meeting for the Chapter year is scheduled for April 25, 2014. Robert Barnett, an attorney and partner in the firm of Capell Barnett Matalon & Schoenfeld LLP will join together with Joel Sinkin, President of Transition Advisors, LLC, a firm that exclusively consults on transactions for public accounting firms, to address the structural, tax and contractual details to be considered in succession arrangements. This discussion will include such topics as:

- the structure of agreements;
- earn out provisions;
- compensation and practice payments;
- non-competes;
- name usage client lists;
- announcements;
- new clients and retention;
- representations and warranties;
- tail insurance;
- tax considerations;

Our presenters expect to address the issues and questions that come up very often at our succession meetings.

Our annual Networking Event has been scheduled for May 15, 2014. Please see the announcement in this newsletter to register for this event.

Please mark your calendar and register for our April 25, 2014 meeting at 8AM at On-Parade Diner using the coupon in this newsletter. For more information, on this event or our Committee, contact us at ginette@morriscpas.com. We look forward to seeing you after the hectic tax season.

Craig R. Morris, Chairman
Larry Bloom, Co-chairman
Anthony Basile, Co-chairman
Eliot Lebenshart, Co-chairman

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**Advertising Opportunities**

If you wish to advertise in the

**NYSSCPA Nassau Chapter Newsletter**

promoting your business or self, please contact:

Vivian Levy

e-mail: VivianLevy1@gmail.com
The Social Security program as originally established was developed to provide a continuing stream of income to retirees, and is most commonly viewed as protection against wages lost due to cessation of employment for older people. Many are aware of but fail to fully appreciate survivor benefits, the payments made to survivors following the death of the insured beneficiary. These payments can be life saving for young families, of course, but also are an important element in determining the total recurring cash flow for a surviving spouse. Surviving spouses effectively “step in” to receive the amount for which the deceased spouse was entitled. This amount will be 100% of the deceased’s benefit, if taken after the survivor reaches his or her Full Retirement Age. For those born between 1943 and 1954, FRA is 66. In these days when women comprise an increasingly large percentage of the work force, it is probable that both spouses will be able to collect social security on their own records of earning. For the spouse with a benefit based on his/her own work history and whose wife/husband dies, leaving a survivors’ benefit, it is prudent to develop a strategy to maximize these two distinct payouts.

Payroll taxes withheld from wages go towards furnishing social security benefits, including survivor payouts. Survivor benefits are based on the insured worker’s Primary Insurance Amount (monthly payment) on the date of death. To be eligible for a survivors benefit, the widow(er) must be at least age 60, or age 50 and disabled, have been married to the deceased for at least nine months before death occurs or be the parent of the insured’s child. Normally the remarriage of the survivor would deny collection of a survivor’s benefit, but doing so after the age of 60 is allowed for this purpose. This applies to surviving divorced spouses as well, as long as their union lasted ten years.

Postponing collection of social security until after attainment of FRA allows the beneficiary an annual increase of 8% in the amount ultimately received. Survivor benefits reflect delayed credits, meaning that if the deceased spouse had deferred taking social security, the higher benefit will be passed on the survivor. For example, John and Jane are married. John’s FRA is 66. At 66, John has a benefit based on his earnings record of $2,000. If John delays collection of his benefit, he receives an 8% annual credit, so at 67 his PIA is $2,160. If he dies at this age, Jane will “step in” and receive $2,160.

People can choose to collect social security before FRA, but benefits will be reduced. At age 62, the earliest age to collect on your own record, the benefit is pared by 25%. A surviving spouse is able to collect a reduced benefit as early as age 60; the benefit is cut by .295% of the deceased’s PIA. It is noteworthy that a surviving spouse has the option of switching from a benefit on her own record to a survivor’s payout (or vice versa) even if benefits are taken before FRA. This option to convert is a powerful financial planning tool not available to those taking spousal benefits before FRA. A strategy to optimize payouts is to postpone the greater of the two: For example, Jane is a 62-year-old widow with her own benefit of $1,200 and a survivor’s benefit of $2,000. Jane could file a restricted application to take her own reduced benefit of $9,00 [ $1,200 * .75 ] and convert to a survivor’s benefit ($2,000) at 66. A different tactic applies if the payouts are of a similar amount. May is a 60 year old widow with her own benefit of $2,000 and a survivor’s benefit of $1,800. She could apply for the reduced
survivor's payout of $1,287 \([\$1,800 \times .715]\) then at 66 switch to her own \($2,000\) or, by waiting, receive even more by virtue of delayed credits. Please be advised that an earnings test is applied to a survivor's benefit, and a person collecting before FRA will have payouts decreased: the excess earnings threshold for 2014 is $15,480. The amount withheld is not forfeited but added back at Full Retirement Age.

The number of people taking social security benefits at the earliest possible moment is decreasing, a positive trend in light of advanced life expectancies for both men and women. Decisions regarding when to begin to receive social security benefits have a lifelong impact. When people collect as early as possible, they negate opportunities available if they had waited until Full Retirement Age. If the goal is to minimize the risk of outliving your money, you will want to delay claiming as long as possible. Provided an individual satisfies his or her life expectancy, waiting usually results in the optimal payout design.

Daniel G. Mazzola, CPA, CFA, CFP is an Investment Advisor Representative with American Portfolios Advisors, Inc. He has been approved by the NYS Board of Education to teach classes for continuing education credits to CPAs licensed in New York. Recently, he made presentations at the NYS Society of CPAs Personal Financial Planning Conference and the Long Island Tax Professionals Symposium on social security spousal benefits, and at the New York Public Library on the Affordable Care Act. His website is [www.danmazzola.com](http://www.danmazzola.com).
I remember a time when I was at a tax seminar; I had watched an attendee raise her hand to ask a question of a speaker. She had inquired about Foreign Bank Account Reporting (FBAR) and the procedure for correcting her client’s filing deficiencies. In response, the answer provided was “you are going to have to file several back year tax forms and your client will HAVE TO pay a large penalty.” Other advice followed. The kind I typically see in many “one size fits all” columns online. But of the words I heard that day, the ones “HAVE TO” resonated in my mind the most. Particularly because they carried so many presumptions in connection with the statute of limitations, nature of the error/omission and the taxpayer’s intent. Due to the commonality of these misconceptions, I’d like to take this opportunity to clarify the measures associated with addressing and correcting a client’s foreign tax reporting deficiencies. Many clients have been receiving conflicting advice and it’s easy to see how they can become confused.

In 2009, the IRS had introduced an Offshore Voluntary Disclosure Initiative/Program (OVDI/OVDP). In the years that followed, the program was re-introduced and revised. Soon enough, thousands of practitioners started jumping on the foreign tax repair bandwagon. Many often with no foreign tax experience or holding limited knowledge of the foreign tax reporting and compliance requirements. They merely heard there was some form of amnesty being provided and instantly touted services to assist clients in rendering their submission. But there was a problem. Oftentimes, they themselves didn’t understand the full implications or content of what they were submitting.

BEWARE THE SILENT DISCLOSURE ENDORSED BY THE PREPARER

A common fact pattern starts when the client visits their Accountant. The client indicates that they’ve heard of a foreign tax crackdown from family or a friend and are wondering if it applies to them. Befuddled, the Accountant recognizes that there were several years of unreported foreign income and filings. Either the Accountant was not aware of the offshore activity’s disclosure requirements or that the client had engaged in that activity. But a kneejerk reaction among some Accountants was to recommend that the client keep it nondescript. They advised the client to consider preparation and “quiet” submission of corrected back-year or deficient tax returns to the IRS Processing center – not the Criminal Investigation Division. In effect, they were hoping the submission would sneak into and be buried in a pile of paper at the IRS offices, never to be seen again. But because proceeding quietly was not viewed by the IRS as a formal “Disclosure,” there were no protections from prosecution.

Technically, IRS Circular 230 mandates that the Accountant not formally endorse anything other than a “Loud” Disclosure anyway. But despite that instruction, more than 10,000 taxpayers arranged for the preparation of “quiet disclosures” of foreign bank accounts under the 2009 OVDI Program. And as a result, on April 26, 2013, the U.S. Government Accountability Office (GAO-13-318) recommended that the IRS more effectively detect and pursue “quiet disclosures” and “first-time” filers. Since that time, the IRS has been using data mining techniques to trail them. Based upon this development, taxpayers must carefully weigh their criminal exposure before contemplating the “quiet” path or only filing prospectively.

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A COMMON ATTORNEY RECOMMENDED PATH

Afterward, the client commonly turns to their Attorney. Besides, a Voluntary Disclosure submission, if made, is directed to the IRS Criminal Investigation Division. Civil liberties could potentially be at stake and the client is seeking the safest path to reindoctrinate back into the tax system. Along those lines, the Voluntary Disclosure becomes recommended and a large penalty is assessed to close the matter. The Attorney considers advising the client to “opt-out” of the disclosure program framework but pauses after receiving a warning letter from the IRS. The letter describes that if an opt-out is undertaken; exposure to all penalties “in full” would be back on the table (even the willful one for one-half of the balance per year). Adverse to risk, the Attorney gets scared and instead directs the client to accept the high flat rate penalty imposed on the value of the assets under the disclosure program. Often, it ends there. The Attorney then touts him or herself as the hero who saved the client from jail in exchange for voluntarily surrendering a large sum of money. But what is unfortunate is that the large penalty payment may not even have been necessary or in the best interests of the client to make.

THE CLIENT’S DILEMMA

And therein lies the problem for the client. Often caught between the tax preparer who may have caused (or not known about) the problem and the Attorney without the necessary background in International Tax to resolve it correctly. And between those two points of direction lies the opt-out that the client was brought closer to but ultimately scared away from, even though they may have been better served by giving stronger consideration to that option.

OPTING OUT

If your client did not carry the indicia of willful intent, then the decision to opt-out of the Voluntary Disclosure program should be given strong attention. It offers the comfort that a loud disclosure, in good faith was made while maintaining the appeals rights afforded under the traditional audit process. After all, not every offshore account was secretly and intentionally established in Switzerland.

Many practitioners were afraid that opting-out would re-invite criminal exposure or retribution. But based upon the National Taxpayer Advocate’s report to Congress, the IRS had not initiated any criminal proceedings against those who had opted-out of the 2009 program at all. And the average penalty asserted on 2009 OVDI opt-outs was a mere $15,737. Far less than the hundreds of thousands that were often imposed and consented to under advice of counsel in the OVDI. (Something I’m sure many practitioners would not want their clients to be made of aware of now.)

When a taxpayer opts-out, the IRS Agent assigned will typically conduct a multi-hour interview with the client. And true, there are always risks. But unlike the OVDI, which imposes rigidity on its Examiners, opt-out auditors are given more leeway. In fact, they are expected to take facts and circumstances into account. Not something mentioned when the client gets the threatening letter saying that opting out puts all available penalties (including willful) back on the table. In fact, Penalty “Mitigation” Guidelines were even provided to minimize the consequences on smaller violations. If convinced, the IRS is even authorized to issue a Letter 3800 warning letter that abates the penalties for one or many of the tax years entirely. And to clarify the process, the IRS has updated its Appeals procedures for the resolution of contested FBAR assessments outside

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the OVDI (Revised IRM 8.11.6). Again, something many Lawyers may not have been aware of or were scared away from pursuing.

CAVEAT FOR THE CPA

CPA’s should think twice before representing the client during the opt-out process. The Internal Revenue manual (IRM 4.26.16.4.4) states, “For violations occurring after October 22, 2004, a penalty, not to exceed $10,000, may be imposed on any person who violates or causes any violation of the FBAR filing and recordkeeping requirements.” Dangerous during the lengthy IRS opt-out interview because a common theme that surfaces is FBAR penalty abatement for “reliance upon preparer advice.” In addition to the lack of Attorney-Client privilege, a conflict of interest can arise when the CPA-preparer and client are left to point the finger at each other in front of the IRS Agent – each to avoid bearing the brunt of the penalty!

Although the “loud” voluntary disclosure option is the only path that Circular 230 allows tax advisors to affirmatively endorse, it does not mean that the client should be railroaded into surrendering a draconian penalty for unwillful and unintentional omissions. Particularly if it’s being done solely because of the advisor’s trepidation with the path not taken. Granted, many clients are willing to pay a premium for closure. However, the unfitting threat of “all penalties back on the table” should not supersede the independent judgment that their advisors are being paid to provide. When deciding to opt-out, the difference in tax dollars owed can be significant. In the tax controversy arena, familiarity with foreign tax audits and appeals is critical. This is not the time to dabble.

Eric L. Morgenthal, Esq., CPA, M.S. (Taxation) maintains his Tax Law practice in Melville, NY specializing in International, Federal, and New York State Tax Controversy matters. Mr. Morgenthal is currently the SCBA Taxation Law Committee Co-Chair and New York Chapter President of the American Association of Attorney-CPA’s. Comments can be directed to his firm at info@litaxlaw.com.
The Uniform Capitalization rules (also called unicap rules or UCR) were originally enacted by the Tax Reform Act of 1986. The final regulations under Internal Revenue Code Section 263A (Section 263A) were issued in August 1993 (general rules), August 1994 (regulations addressing so-called “Pick and Pack” costs), and December 1994 (capitalizing interest). Regulations relating to property produced in the trade or business of farming were issued and effective on August 8, 2000. The rules repealed the Practical Capacity method that was allowed under the full absorption regulations and clarified the scope and method change rules.

The unicap rules determine which direct and indirect costs should be treated as inventoriable costs. They were developed to provide a uniform set of rules used to capitalize costs associated with manufactured inventories, inventories of retailers, inventories of wholesalers, and self-constructed assets and long term contracts. Inventory calculation under the UCR follows the tax rules concept (e.g. excess tax depreciation over book depreciation should be capitalized if it is an inventory cost).

The UCR is a timing rule under the federal tax system. It determines when certain costs should be capitalized into inventory and when inventory should be matched or deducted against income when income producing property is sold and included in income. The unicap rules dictate that companies must use an inventory method of accounting whenever the production, purchase, or sale of goods is an income producing factor. UCR will not apply to property provided to a client that is incidental to the provision of services if the property provided is de minimis in amount and not inventory in the hands of the provider. Small retailers and wholesalers, defined as having average annual gross receipts of $10 million or less for the three tax years prior to the tax year in question, are exempt from the indirect cost capitalization rules of the UCR and are only required to inventory the invoice price of the goods held for sale and related transportation and acquisition costs. Companies with annual indirect costs of no more than $200,000 are also exempt from the unicap rules. Small retailers and wholesalers defined above with de minimis production activities as defined below are also exempt from the indirect cost capitalization rules. Production activities are deemed de minimis if the amount of revenues and labor costs from the production activities are less than 10% of the total revenues and total labor costs for all activities, respectively.

Under the unicap rules, wholesalers and retailers must inventory direct acquisition costs (invoice price), transportation, other costs to acquire the goods, and indirect costs for tax purposes, regardless of their financial statement treatment. Indirect costs that must be inventoried include direct labor and indirect costs relating to purchasing, handling, and storage costs. General and administrative costs related to purchasing, handling, and storage must also be capitalized.

- **Purchasing costs** are costs associated with purchasing activities or operating a purchasing department. Examples are costs in connection with selecting the merchandise, maintaining the stock volume and assortment, preparing purchase orders, establishing and maintaining vendor contracts, and comparing and testing merchandise. Other costs related to purchasing activities are, but are not limited to, rent, depreciation, insurance, security, telephone and travel.

- **Handling costs** can be separated into four broad categories. The costs categories described below are period costs if they are incurred at a retail sales facility and property is sold to retailed customers at the facility.

Continued on page 11
1. Processing – costs incurred in making minor changes or alterations to products.

2. Assembling – incidental costs necessary to prepare property for resale

3. Repackaging – costs to package property for resale

4. Transportation – costs can be either a capitalized or a period cost
   - Capitalize costs to transport merchandise 1) to a retail outlet 2) from one storage facility to another 3) from one retail facility to another.
   - Distribution costs are not required to be capitalized. Some examples of distribution costs are 1) costs incurred outside of a storage area in delivering goods sold to a customer, for example, costs incurred at a loading dock.

Other costs related to handling activities that should be capitalized are, but are not limited to, rent, depreciation, insurance, security, telephone, equipment rental, materials, and supplies.

Pick and pack costs are period costs. These are costs incurred in connection with shipping goods to a customer after the customer has ordered the goods from a warehouse or retail facility. For example, moving the goods from the storage location to prepare (packing and staging) it for shipment to customers.

• Storage and warehousing
  1. Cost of operating an off-site storage facility should be capitalized.
  2. Cost of operating an on-site storage facility is a period cost. An on-site storage is defined as storage or warehousing that is physically attached to, and is an integral part of, a retail facility.

Section 263A inventory costs are commonly calculated using a simplified method concept. To start, one would need to identify which indirect and administrative costs need to be allocated to inventory. Once these costs are determined, an allocation method must be developed in order to calculate the amount which will be capitalized as inventory under Section 263A. Allocations can be based on several factors: labor hours, labor costs, or square feet of warehouse. After allocating the amount of indirect costs to be capitalized, the absorption ratio must be calculated. The absorption ratio is the ratio of indirect costs to total Section 471 inventory costs (typically direct acquisition costs). The additional Section 263A costs that should be capitalized and added to ending inventory should equal the product of the ending inventory value and the absorption ratio.

The unicap rules were developed to ensure that a portion of indirect costs allocable to production and or resale activities are appropriately capitalized as inventory for tax purposes. Whether using a simplified method as described above or some other reasonable method, a company which maintains inventory must consider these factors in order to appropriately calculate Section 263A adjustments for its ending tax inventory.

Simon Hector, CPA
Senior Manager
WeiserMazars LLP
We may finally have some closure in Gaied, a NYS residency case that has been in the NY courts since 2009.

WHAT'S AT STAKE?
John Gaied owned a residential building with several units in Staten Island. In one of the units lived his parents. During the years in question, 2001 through 2003, Mr. Gaied occasionally spent the night on his parents’ couch at their request to attend to their medical needs. He also paid the unit’s utility bills.

Throughout this time, Mr. Gaied also owned and lived in a home in Old Bridge, New Jersey and regularly commuted from there to his auto repair business in Staten Island.

The Staten Island units were less than two miles from Mr. Gaied's auto repair business, while the New Jersey home was approximately thirty miles away.

If Mr. Gaied were considered a “statutory resident” of New York City for the years in question, he would be subject to paying New York State and New York City taxes on all his income, regardless of where it was earned. He clearly met one of the two required prongs to the “statutory resident” test by spending more than 183 days in New York City each year, evident by the time spent working at his business. The issue in Gaied was whether he also maintained a permanent place of abode in New York City, the second prong to the “statutory” resident test.

In 2008, the State asserted that Mr. Gaied owed $253,062.00 in additional New York State and City personal income tax, plus interest, for his 2001 through 2003 tax years.

WINDY CASE BACKGROUND
This case has taken so many twists and turns that all the parties involved must feel beyond dizzy. It all began with a decision by an Administrative Law Judge in 2009, deciding against the taxpayer. The taxpayer appealed, and the Tax Appeals Tribunal reversed the ALJ determination, siding with the taxpayer.

What happened next took most—if not everyone—by surprise. The Division of Taxation filed a motion to the Tax Appeals Tribunal for reargument of the case. The Tax Appeals Tribunal granted the motion, agreeing to listen to both sides one more time. On June 16, 2011, the Tax Appeals Tribunal withdrew its own previous decision after the reargument, and found in favor of the Division of Taxation.

Mr. Gaied did not give in at that point. He appealed to the Appellate Division, Third Judicial Department. While the appellate court upheld the Tax Appeals Tribunal’s decision, the ruling was a divided 3-2. The taxpayer appealed again to the State’s highest court, the Court of Appeals.

In a unanimous decision, the Court of Appeals reversed the Appellate Division, and remanded the case back to the Tax Appeals Tribunal to apply the law as directed by the Court of Appeals.

WHY GAIED MATTERS
Gaied has received a lot of attention from state and local practitioners, taxpayers, and state representatives because it could establish a broader precedent for the definition of maintaining a permanent place of abode. In the case, the Division of Taxation argued that there is no requirement for a taxpayer to actually live at the property for it to be considered a permanent place of abode.¹

Continued on page 13
The Court of Appeals has spoken: “[I]n order for a taxpayer to have maintained a permanent place of abode in New York, the taxpayer must, himself, have a residential interest in the property.”

On remand, the Tax Appeals Tribunal is tasked with applying the permanent place of abode standard previously established in In re Evans:

[T]he permanence of a dwelling place for purposes of the personal income tax can depend on a variety of factors and cannot be limited to circumstances which establish a property right in the dwelling place. Permanence, in this context, must encompass the physical aspects of the dwelling place as well as the individual's relationship to the place.

Considering that in Gaied the Tax Appeals Tribunal applied Evans in its first decision in favor of the taxpayer, we can suspect that the same will happen again on remand. With all the back and forth, however, nothing should surprise us at this point.

GOING FORWARD: EVALUATING PERMANENT PLACES OF ABODE

The Court of Appeals reversal reinstated the Evans standard and put the law in more harmony with the Department of Taxation’s Nonresident Audit Guidelines. There are two key elements for evaluating whether a taxpayer maintained a permanent place of abode:

1. The physical aspects of the dwelling; and

2. The taxpayer’s relationship to the dwelling.

Regarding physical aspects, the dwelling must be suitable for year-round use. A cottage suitable only for vacations, however, may nevertheless be considered a permanent place of abode.

When considering the taxpayer’s relationship to the dwelling, the Department directs its auditors to apply a variety of factors, such as:

- Contributions to the dwelling, in money or otherwise
- Ownership or property rights in the dwelling
- Use of the dwelling or unfettered access
- Relationship with co-habitants of the dwelling
- Having own room or personal items at the dwelling
- Using the address of government or business purposes, such as to receive mail, for voter or car registrations or for phone service

No one factor is necessarily determinative, and they do not carry equal weight.

As of this writing, it is unclear when the Tax Appeals Tribunal will render its Gaied decision on remand. For now, Mr. Gaied can at least breathe a partial sigh of relief.


Brad Polizzano, Esq., LL.M. (Tax) is an attorney at the law firm of Tenenbaum Law, P.C., and can be reached by e-mail at bpolizzano@litaxattorney.com. Tenenbaum Law, P.C. assists taxpayers in disputes with IRS and NY tax authorities.
Imagine that you are the trustee of an Irrevocable Life Insurance Trust (ILIT) or the advisor to an unskilled trustee as well as providing ILIT administration services such as Crummey Notices. Imagine you receive carrier notice that the $2,750,000 death benefit policy in trust is estimated to lapse in the next 12 months. The insured is age 78 and premiums paid to date exceed $500,000. Corrective action is needed – what do you do?

For reasons explained in our February 1, 2014 article, “The Importance of Monitoring and Evaluating Life Insurance Policy Performance,” approximately 38% of in-force flexible premium non-guaranteed death benefit Trust-Owned Life Insurance (TOLI) policies are illustrated to lapse prior to the insured’s life expectancy. Amateur ILIT trustees, also known as “Accommodation” or “Do Nothing” trustees usually are family members or friends who serve as a favor to the grantor at no expense. They are not familiar with ILIT trustee duties and lack life insurance product and policy evaluation expertise. Rather, they rely upon either the grantor’s attorney who drafted the ILIT and trust administration guidance or tax professional for all ILIT administration and TOLI risk management activities.

Corrective action is needed to avoid policy lapse and, equally important, assure the policy (ies) are being managed consistent with the ILIT’s current liquidity objectives and trustee’s life insurance product and policy evaluation expertise. It is estimated that amateur ILIT trustees are responsible for approximately 90% of in-force TOLI policies. In considering how they can document a prudent and reasoned process consistent with trust objectives, it is important to address the gap between responsibility and capability, and identify the options available to resolve this gap. Clearly, the grantor’s legal and tax advisors play a critical problem-solving role in identifying neglected policies as well as reviewing and implementing these options. If the professional lacks the requisite expertise to credibly evaluate the available options, then it is incumbent upon the advisor to engage a third-party provider with that expertise.

**Trustee Considerations**

The corrective action first steps are to obtain a ‘credible’ fact-based policy evaluation report and formalize a TOLI Investment Policy Statement (TIPS). TIPS is the single-most important document for the purchase and management of life insurance, no different from fixed income and equity investments. Properly drafted, TIPS formalizes a prudent “best practices” risk management process for informed new, in-force, and restructured TOLI policy determinations. It safeguards all insurance trust parties – grantor, trustee, beneficiary, professional advisors, and life insurance agent – in clarifying trust objectives, carrier/product/policy suitability considerations, delegated TOLI consulting and policy

*Continued on page 15*
THE IMPORTANCE OF DEVELOPING AND DOCUMENTING A PRUDENT TOLI RISK MANAGEMENT PROCESS  

(continued from page 14)

risk management functions, beneficiary communication, and expected professional advisor roles.

TIPS is not a legal document. It is generally prepared and periodically updated by a TOLI trustee to affirm current trust operation objectives and procedures to systematically monitor trust asset performance. It is based on the grantor’s objectives and expectations as well as guidance set out in the trust agreement and trust operation memo prepared by the attorney drafting the trust agreement. Since an insurance trust may span a 10 to 50 year time horizon, TIPS provides practical guidance in dealing with changes in trust objectives, tax law, grantor gifting capacity, carrier financial condition and life insurance products.

TIPS should outline the trustee’s policy selection and management process, including risk evaluation criteria. If the trustee lacks life insurance product expertise and dispute defensible policy evaluation capabilities, these functions should be outsourced (delegated) to experienced TOLI third-party providers. The Cochran v. Key Bank decision reinforces the importance of delegating the product and policy performance monitoring determinations to an experienced and objective third-party. Subsequently, most skilled institutional ILIT trustees and an increasing percentage of lawyer-trustee, professional advisor co-trustee, and family member personal trustee arrangements have outsourced TOLI product analysis and risk management functions. As a result, TIPS should set out the terms of delegation along with the trustee’s expected provider screening and annual monitoring process.

Provider selection warrants special comment. Since the early 1980s, non-guaranteed death benefit policies have been the TOLI policy-of-choice, especially for larger death benefit policies. Most third-party providers lack the expertise to credibly evaluate non-guaranteed policies, particularly “indeterminate” premium adjustable life, universal life, and variable universal life policies. Even fewer providers offer volatility simulation expertise requisite to defensible variable universal life policy management. A trustee is well-advised to annually request provider confirmation that its evaluation process is actuarially certified and that premium adequacy evaluations are volatility tested. Further, a trustee should expect to pay a fee for this service ranging from $250 to $1,000 per policy depending upon product type and scope of evaluation. Finally, a trustee should not rely on a life insurance sales agent for TOLI policy performance monitoring and risk management evaluation unless the agent contractually affirms dispute defensible policy evaluation capabilities.

Beneficiary Considerations

TIPS serves an essential beneficiary communication purpose that, properly undertaken, evidences the trustee’s care, skill, and caution in carrying out a reasoned investment strategy to achieve the trust’s purpose and the needs of the beneficiaries. The trust agreement typically provides for an annual accounting to trust beneficiaries. TIPS should set out the form of such accounting and facilitate informed annual asset management communication.

Continued on page 16
THE IMPORTANCE OF DEVELOPING AND DOCUMENTING A PRUDENT TOLI RISK MANAGEMENT PROCESS (continued from page 15)

If a beneficiary does not have a TIPS copy, it should be requested. A discussion of fiduciary law and professional practice management guidance is beyond the scope of this article; however, a written Investment Policy Statement and periodic beneficiary communication (per the trust agreement) are essential to evidencing a prudent process. Moreover, institutional trustees who “possess a degree of skill greater than that of an individual of ordinary intelligence” must demonstrate compliance with trust acceptance and asset management guidance set out by their functional regulator. If a TIPS and current policy evaluation report are not available, an independent policy evaluation should be obtained to review and update trust objectives, TIPS, and appropriate beneficiary communication going forward.

Asset Restructure Considerations

A properly drafted TIPS should also provide restructure guidance recognizing that trust objectives and life insurance products will change over a 10 to 50 year time horizon. For example, restructure options due to a failing and/or unsuitable policy situation include: (1) a non-commissionable exchange with the existing carrier to maximize death benefit coverage by avoiding unnecessary costs when accumulation value is already minimal, (2) exchange to a commissionable or non-commissionable policy underwritten by another carrier, and (3) policy sale in the secondary market if its fair market value is more favorable than its accumulation or cash surrender value.

In conclusion, it is questionable why an affluent individual or affluent family group continues to rely upon an unskilled ‘accommodation’ ILIT trustee who lacks fiduciary practices knowledge and life insurance expertise to carry out the required trust duties unless the grantor’s legal and/or tax advisors actively oversee the prudent and timely performance of trust administration and policy risk management duties. Also, it is questionable why an affluent individual will actively monitor the performance of a traditional investment portfolio and pay an annual fee for this service, yet totally neglect the performance monitoring of a life insurance portfolio. As a result, a client’s professionals play a critical corrective action role in avoiding policy lapse and implementing a prudent and reasoned process that maximizes the probability of a favorable outcome to the trust estate. Formalization of a TOLI Investment Policy Statement addresses the gap between responsibility and capability and keeps all ILIT parties focused on the ILITs liquidity and multi-generational wealth preservation objectives.

Henry Montag is an independent certified financial planner with offices in Long Island and New York City. He is a principal of The TOLI Center East and Financial Forums Inc. (www.TheTolicenterEast.com) which provides educational workshops, seminars and conferences for professional and consumer organizations.

E. Randolph Whitelaw is Managing Director of Trust Asset Consultants, LLC (TAC), a Trust-Owned Life Insurance (TOLI) risk management consulting firm, and Co-Managing Director of The TOLI Center, LLC (TTC), a life insurance policy administration and risk management firm.
UPCOMING MEETINGS & EVENTS

NYSSCPA Nassau CFO Committee

The CFO & Financial Executives Committee would like to invite CPAs in industry to participate in our monthly meetings. Our committee provides a confidential forum for CFOs to seek advice and provide experienced guidance to fellow professionals. Prior to each seminar, the committee allocates time for a “roundtable” discussion. Prospective members should be a CFO or the most senior financial person at their company. The dates and topics for our upcoming committee meetings are detailed below. We look forward to seeing you at a meeting soon.

<table>
<thead>
<tr>
<th>DATE</th>
<th>TOPIC</th>
<th>LOCATION</th>
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<tbody>
<tr>
<td>Apr. 22, 2014</td>
<td>PEOs &amp; Self Insurance</td>
<td>Mineola</td>
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<tr>
<td>May 20, 2014</td>
<td>CFO Best Practices</td>
<td>Mineola</td>
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</table>

Committee meetings are held on a monthly basis from September through June.

MEETING TIME & FORMAT:  
8am to 10am (Two CPE credits)  light breakfast served  $10 meeting fee

MEETING LOCATIONS: 
Mineola: Meltzer, Lippe, Goldstein & Breitstone - 190 Willis Ave., Mineola, NY 11501 
Melville: location to be decided

COMMITTEE CO-CHAIRS: 
Anthony Aronica, CPA, CFO: Graphic Paper  aaronica@GraphicPaper.com  631-964-8225 
Manlio Cafiero, CPA, CFO: Scales Industrial  mcafiero@scalesair.com  516-248-9096

Please RSVP:  
Email this form to: aaronica@graphicpaper.com  
Or fax this form to: 631-439-8822
NYSSCPA – NASSAU CHAPTER  
Small Firm MAP Meeting Topics 2014*  
EFFECTIVE JULY 1, 2013

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Speaker/Moderator</th>
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<tbody>
<tr>
<td>April 17,</td>
<td>Post-Tax Season Issues — Roundtable Discussion</td>
<td>Scott Sanders, CPA, PFS, CFP*, CFS</td>
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<tr>
<td>(Thursday)</td>
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<td>Eliot Lebenhart, CPA</td>
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<td>Kenneth Hauptman, CPA</td>
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<td>Alex Resnick, CPA</td>
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<tr>
<td>(Thursday)</td>
<td>Management Issues</td>
<td>Ira Rosenbloom, CPA</td>
</tr>
<tr>
<td>June 19,</td>
<td>How You Define “Running Your Practice”</td>
<td>Scott Sanders, CPA, PFS, CFP*, CFS</td>
</tr>
<tr>
<td>(Thursday)</td>
<td></td>
<td>Eliot Lebenhart, CPA</td>
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<td>Alex Resnick, CPA</td>
</tr>
</tbody>
</table>

All meetings will be held at On Parade Diner, 7980 Jericho Turnpike, Woodbury, NY 11797  
Time: 8:00 - 10:00 am (breakfast included)  
Paid in Advance - $25.00   Cost at the Door - $30.00 (Note new fee at Door)

You Can Contact Your Co-Chairmen as Follows:  
Scott Sanders, CPA, PFS, CFP*, CFS  516 938-5219  
Eliot Lebenhart, CPA  516 430-5400  
Kenneth Hauptman, CPA  516 364-8888  
Alex Resnick, CPA  516 364-8888

All meetings are held on Fridays unless otherwise noted.  
*Please note, meeting dates, topics and speakers are subject to change.  
To register, contact Jean at 516-938-5219 or via email at jtownsend@st-cpas.com
UPCOMING MEETINGS & EVENTS

NYSSCPA – NASSAU CHAPTER
SMALL FIRM MAP COMMITTEE MEETING

April 17, 2014

Topic: Post Tax Season Issues - Roundtable Discussion

Come join us for our annual post tax season moan and groan roundtable:
- What Did You do Better or Worse This Tax Season
- What Changes are You Already Thinking About
- Different Problems than the Past
- New Issues this Season
- Post Season Staffing
- Are you Going to do Another?
- NYS TSB-M-14(2)I – Summary of Budget Bill-Personal Income Taxes
- AICPA Special News Alert Issues March 14, 2014 – Clarification Regarding Form 8879

AND MORE!

Speakers: Scott Sanders, CPA, PFS, CGMA, CFP*, CFS
Eliot Lebenhart, CPA
Kenneth Hauptman, CPA
Alex Resnick, CPA

CPE: Two Credits Pending

Time: 8:00–10:00 am – Breakfast (Be prompt!)

Place: On Parade Diner, 7980 Jericho Turnpike, Woodbury

Cost:* $25 per person, pre-paid only
$30 per person, at the door

Checks are Payable to: NYSSCPA – Nassau Chapter

Chairpersons: Scott Sanders, CPA, CFP, CGMA, CFS*, PFS
Eliot Lebenhart, CPA
Kenneth Hauptman, CPA
Alex Resnick, CPA

We look forward to seeing you there!

*Refund/Credit Policy: If you send payment and are unable to attend the monthly meeting, we will issue a credit to you which will expire in six months. There are no refunds.

Please note: Meetings are subject to change. Notifications will be sent to all registered attendees via email should this occur.

NYSSCPA – NASSAU CHAPTER
SMALL FIRM MAP COMMITTEE MEETING

REGISTRATION:

April 17, 2014
On Parade Diner
7980 Jericho Turnpike
Woodbury, NY 11797

Please pre-register by calling Jean at 516-938-5219
or you can email her at jtowndsend@st-cpas.com
or fax this page to 516 938-0491

☐ I am enclosing a check for $_______ at $25 per person, payable to NYSSCPA – Nassau Chapter

☐ I will be using my credit memo, which I will bring with me to the meeting.

Name: _________________________________________________
Firm Affiliation: _______________________________________
Address: _____________________________________________
City/State/Zip: _________________________________________
Phone: ______________________________________________
Cell: __________________________________________________
Email: ________________________________________________
CPA Cert #: ___________________________________________

Signature: ______________________________________________
Date: __________________________________________________

AND MORE!

Speakers: Scott Sanders, CPA, PFS, CGMA, CFP*, CFS
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UPCOMING MEETINGS & EVENTS

Practice Continuity Committee
Succession Transactions and Arrangements

Friday, April 25, 2014
Robert Barnett, Capell Barnett Matalon & Schoenfeld LLP
Joel Sinkin, President of Transition Advisors, LLC

Practice Continuity Committee
Practice Continuation Agreements

Friday, April 25, 2014 - On Parade Diner
7980 Jericho Turnpike Woodbury, NY 11797 • Phone: (516) 364-1870

Ginette Morris
Craig Morris & Company
356 South Oyster Bay Road, Syosset, NY 11791
Tel: (516) 681-1121
Fax: (516) 681-1203
E-mail: ginette@morriscpas.com

Dear Ginette:

☐ I will be attending the breakfast meeting at 8:00 AM.

☐ Enclosing is my check for $_______ at $20.00 per person (must be received by noon, Thursday, April 24th) or;

☐ I prefer to pay $_______ at $25.00 per person at the door. (Walk-in's may be limited due space availability).

Checks are payable to NYSSCPA, Nassau Chapter.

Name: ______________________________________________________________
Firm Affiliation: ______________________________________________________
Address: ____________________________________________________________
Phone: ______________________________________________________________
Email: _______________________________________________________________
You’re Invited to Our

Family Financial Literacy Fair

Brought to you by the Financial Literacy Committee of the NYS Society of CPAs, Nassau Chapter

Saturday, May 3, 2014
10:00 am to 2:00 pm
at
Commerce Plaza
YES Community Counseling Center
152 Center Lane
Levittown, NY 11756
516-342-9236

The fair will include lots of fun and exciting hands-on activities for kids and their families, as well as live entertainment.

For more information contact Karen Tenenbaum at 631-465-5000 or ktenenbaum@litaxattorney.com.

Sponsorships available.
Open to the Public.
UPCOMING MEETINGS & EVENTS

61st Annual
Installation Dinner
Charity of Choice Event

NYSSCPA Nassau Chapter

Thursday May 8, 2014

Crest Hollow Country Club
8325 Jericho Turnpike
Woodbury, NY 11797
6:30 pm

Showcase Your Firm
& Benefit Your Charity*

Featuring CPA Community Outreach

In recognition of:

*Qualifying Platinum Sponsors (please contact vivianlevy1@gmail.com for additional information)
RESERVE YOUR SEAT TODAY

61st Annual Installation Dinner
NYSSCPA Nassau Chapter

Platinum Sponsor $2,200
$100* per person (Tables of 10—$950)
Please submit your registration form no later than Thursday May 1, 2014

Registration Form:
Name: ___________________________
Firm Name: _______________________
Firm Address: _____________________
________________________________________________________________________
Telephone: _______________________
Email: ___________________________

Print names of people attending:
1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________
6. ______________________________
7. ______________________________
8. ______________________________
9. ______________________________
10. _____________________________

To pay via credit card for seating at event only, please go to:

*For sponsorship and advertising information contact Vivian Levy at vivianlevy1@gmail.com *

Print names of people attending:
1. ______________________________
2. ______________________________
3. ______________________________
4. ______________________________
5. ______________________________
6. ______________________________
7. ______________________________
8. ______________________________
9. ______________________________
10. _____________________________

Checks payable to:
NYSSCPA—Nassau Chapter
Mail check with this form to:
Ashley Flynn
C/O Capell Barnett Matalon & Schoenfeld
100 Jericho Quadrangle, Ste. 233
Jericho, NY 11753

Questions:
For questions, contact Ashley at:
Telephone: (516) 931-8100
Email: afynn@cbmslaw.com

* A portion of the ticket price will be donated to the NYSSCPA Foundation for Accounting Education (FAE) COAP program

Please fax this registration form to:
Ashley Flynn @ (516) 931-8101

* A portion of the ticket price will be donated to the NYSSCPA Foundation for Accounting Education (FAE) COAP program
UPCOMING MEETINGS & EVENTS

Nassau Chapter Practice Continuity Committee

Cocktail Hour

Invites all CPAs to an evening of open discussions and mingling

THURSDAY, May 15, 2014, 6pm to 9:30pm

On Thursday, May 15, 2014 the Nassau Chapter Practice Continuity Committee will hold our annual “Networking Cocktail Reception” at Wickers Restaurant. This event is a beneficial meet and greet occasion for anybody interested in expanding their knowledge of the latest practice continuation and succession planning techniques in an informal friendly environment.

This venue will provide you with the opportunity to:

- Discuss potential succession plans among your peers.
- See what actions your peers have taken to protect their practices.
- Share thoughts and concerns about the future of your practice with other CPAs.
- Discuss the difficulties encountered in attracting and retaining younger staff.

Location: Wickers Restaurant

(206 W. Old Country Road, Hicksville, N.Y. 11801)

Cost $25.00 per person pre-registered, paid in advance. Includes hor d’ oeuvres, beer, wine, soda & coffee

($30 per person at the door)

Please email your RSVP to sgordon@wmrcpa.com.

Make checks payable to NYSSCPA- Nassau Chapter and mail to:

Wild Maney & Resnick, LLP

20 Crossways Park North, Suite 412

Woodbury, NY 11797

516-364-8888

Sponsored By:
JeanAnn Romano, Paychex
631-360-2700 ext: 46424
jromano@paychex.com

PAYCHEX
NYSSCPA – NASSAU CHAPTER
SMALL FIRM MAP COMMITTEE MEETING

May 22, 2014

Topic: Review of Partnership, Employment Agreements and Practice Management Issues

- The Basic Need for Every Firm to have a Written Plan to Follow
- The Clauses that Should be in Every Partnership Agreement
- The Necessity to Provide for a Succession Plan for the Firm
- The use of “Emergency” Provisions in Practice Management Agreement
- The Benefit of Employment Agreements in Securing Key Employees and Protecting Firm Property
- Communicating with Clients to Manage their Expectations and Avoid Disruptions

AND MORE!

Speakers: Neil Katz, Esq.
Ira Rosenbloom, CPA

CPE: Two Credits Pending

Time: 8:00–10:00 am – Breakfast (Be prompt!)

Place: On Parade Diner, 7980 Jericho Turnpike, Woodbury

Cost:* $25 per person, pre-paid only
$30 per person, at the door

Checks are Payable to:
NYSSCPA - Nassau Chapter

Chairpersons: Scott Sanders, CPA, CFP, CGMA, CFS®, PFS
Eliot Lebenhart, CPA
Kenneth Hauptman, CPA
Alex Resnick, CPA

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NYSSCPA’S NASSAU CHAPTER ANNUAL GOLF OUTING

Hosted by the:
Cooperation With Bankers & Other Credit Grantors Committee,
Neal Korenberg, CPA Chairman

Thursday June 12, 2014
North Hills Country Club
Manhasset, New York

Don’t miss the Golf & Networking Event of the Season!

10:30am Registration
12 pm Shotgun
5:30pm Cocktail/Buffet Dinner including
Raffle Prize Drawing

Proper Golf Attire Required!!

RAIN OR SHINE

RSVP By May 22, 2014

Reservations are on a first come, first serve basis with receipt of payment.

Sponsorships Available!!!!

VIP Sponsor $1,000
1. Name prominently displayed on signs at all portions of the day (Brunch, Golf & Dinner)
2. Two Representatives for Dinner
3. Table to showcase at brunch and dinner.

Cocktail/Dinner Sponsor $500
1. Name prominently displayed on sign during cocktail/dinner.
2. One representative for dinner.

Brunch Sponsor $400
1. Name prominently displayed on sign during brunch.
2. One representative for brunch

Tee Sponsor $125
1. Name prominently displayed on sign at tee of one hole.

Prize or Give-A-Way Sponsor
1. Name prominently displayed on sign during registration or drawing

Ideal way to have your firm’s or institution’s presence enhanced!!!

Any questions: Carol Pinto
  t: 516-937-9500
  F: 516-932-0485
  Email: cpinto@ck-co.com
REGISTRATION FORM:
Please make all checks payable to:

NYSSCPA – NASSAU CHAPTER

Mail to:
Castellano, Korenberg & Co., CPA’s
313 W. Old Country Road
Hicksville, NY 11801

_____ Foursome $1,600 includes free
Tee sponsorship

_____ Individual Golfer $400
Please note – Caddy’s fee is NOT
Included in foursome or individual price

_____ Dinner $175 per person

Player(s) and/or Dinner Attendee(s)
Name(s):
1. ___________________________
2.  ___________________________
3.  ___________________________
4.  ___________________________

FIRM NAME FOR SPONSORSHIP:
(For use on signs)

_____ VIP Sponsor $1,000

_____ Cocktail/Dinner Sponsor $500

_____ Brunch Sponsor $400

_____ Tee Sponsor $125

_____ Prize and/or Give-A-Way Sponsor

Donation__________________________

Telephone: ________________________

Contact person _____________________

Email address: __________________________

Directions: North Hills Country Club.
200 LIE N. Service Road
Manhasset, NY 11030

516-627-9100

VIA Long Island Expressway:

By Auto from New York:

LIE East to Shelter Rock Road (Exit 35),
proceed to light, turn left and cross
expressway. Turn left onto westbound
service road. Clubhouse entrance is on the
right side.

By Auto from Eastern Long Island:

LIE West to Searingtown Road (Exit 36).
Proceed westbound on Service Road, pass
Searingtown Road and Shelter Rock Road.
Continue approximately ½ entrance to
clubhouse is on the right side.

Proper Golf Attire:

Sport or Golf shirts with collar and sleeves
(must be tucked in). Golf Shorts or slacks for
men, golf skirts or shorts for women.

NO CARGO SHORTS OR DENIM
ALLOWED ON THE PREMISES.

Caddies:
Please remember that there will be some
caddies available at the outing. If you
would like to have a caddie assigned to
your foursome, please let me know.
Saturday, June 14, 2014  
Eisenhower Park, Field #1  
East Meadow, NY  
(Access from Merrick Ave. entrance only)

UPCOMING MEETINGS & EVENTS

13th Annual  
Ellen Gordon  
CPAs 4(a): Cause  
5K Run/Walk to End Hunger  
Registration Starts  
at 7:30 AM  
Race Time: 8:30 AM  
Race timed by: Start2Finish

Music  
Post-race food & refreshments  
Awards:  
Top 3 Overall Male  
Top 3 Overall Female  
Top 3 Finishers in each age category (5 year groups)  
Ribbons for all children under 14

Proceeds will benefit:  
Island Harvest  
www.islandharvest.org

Name ____________________________  Sex M ☐ F ☐
Age on Race Day ________________  Birth Date _______________________
Email ____________________________  Phone _______________________
Address ____________________________  City ____________________  State _____  Zip Code ____________

I know that running a road race is a potentially hazardous activity. I should not enter and run unless I am medically able and properly trained. I agree to abide by any decision of a race official relative to my ability to safely complete the run. I assume all risks associated with running in this event including, but not limited to: falls, contact with other participants, the effects of the weather, including high heat and/or humidity, dehydration, traffic, and the conditions of the road, all such being known and appreciated by me. Having read this waiver and knowing these facts and in consideration of accepting my entry, I for myself and anyone entitled to act on my behalf, waive and release the New York State Society of Certified Public Accountants, Island Harvest, the County of Nassau, NCCPAP, FPA of LI and all sponsors, Race Directors, their agents and volunteers, their representatives and successors from all claims of liabilities of any kind arising out of my participation in this event. I grant permission to all of the foregoing to use any photographs, motion pictures, recordings, and any other record of this event for any legitimate purpose. I acknowledge that entry fees are non-refundable for any reason and that my right to participate in this event (or a rescheduled event if this event is cancelled) is non-transferable. Roller Blades, Baby Joggers, Headphones, and Animals are prohibited from participating in this race.

Applicant Signature __________________________________  Date ___________
Parent or Legal Guardian’s if applicant is under 18 ☐

☐ Register online at Active.com for $20 (kids under 14 are half price)
☐ Enclosed is my registration fee of $30 payable to Island Harvest (kids under 14 are half price)
☐ Enclosed is my additional tax deductible donation of $_________ payable to Island Harvest

Mail registration forms & checks to:  
Paula Sheppard  
P.O. Box 331  
Melville, NY 11556  
(Or bring to registration table at race)

For more information:  
Kenneth Rick  
516-750-6876  
ken.rick@janoverllc.com

Register online: www.active.com or www.glirc.org/events or www.islandharvest.org
We are pleased to register as a sponsor of the CPAs for a Cause 5K Run/Walk to benefit Island Harvest, A Food Bank for Long Island.

Please indicate the level of sponsorship:

☐ DIAMOND SPONSOR - $2,000 Includes logo printed on the race tee shirt, display table during registration (sponsor provided), entrance for 13 runners/walkers and logo listing on the Island Harvest website.

☐ PLATINUM SPONSOR - $1,500 Includes logo printed on the race tee shirt, display table during registration (sponsor provided), entrance for 10 runners/walkers and logo listing on the Island Harvest website.

☐ GOLD SPONSOR - $1,000 Includes logo printed on the race tee shirt, display table during registration (sponsor provided), entrance for 6 runners/walkers.

☐ SILVER SPONSOR - $500 Includes company name printed on the race tee shirt, display table during registration (sponsor provided), entrance for 3 runners/walkers.

☐ BRONZE SPONSOR - $250 Includes company name printed on a 2’ × 2’ sign to be displayed at the event.

* PLEASE SUBMIT LOGO CAMERA-READY ART FOR DIAMOND, PLATINUM, AND GOLD LEVEL SPONSORSHIP

Print name below as it should appear on the race tee shirt for Silver Sponsorship and 2’ × 2’ sign for Bronze Sponsorship:

_______________________________________________________________

Please make checks payable to: NYSSCPA Nassau County and write: “Ellen Gordon CPAs 4(a): Cause/Island Harvest” on the face of the check.

Company: ____________________________________________________________
Contact Person: ________________________________________________________
Address: ______________________________________________________________
Phone: ___________________ e-mail: _______________________________________

For more information and to mail sponsor forms & checks to:
Kenneth Rick
Janover LLC • 100 Quentin Roosevelt Blvd. • Garden City, NY 11530
516-750-6876 • ken.rick@janoverllc.com

Register online: www.active.com or www.glirc.org/events or www.islandharvest.org
Expand Your Knowledge — Join A Committee
Committee Service Application

Professional associations serve an important function of performing for its individual members projects that cannot be done as effectively, if at all, individually.

Nassau Chapter members have the opportunity to advance their knowledge and meet other professionals with similar interests. Our Chapter is made of many technical committees to assist our members in staying current on a wide variety of topics.

Use the coupon to join a committee today!

Committee Service Application

☐ Accounting & Auditing
☐ Attorneys & Accountants
☐ CFO & Financial Executives
☐ Community Affairs & Public Relations
☐ Cooperation with Bankers & Credit Grantors
☐ Cooperation with Educational Institutions
☐ Estate Planning & Personal Financial Planning
☐ Financial Literacy
☐ Litigation & Forensic Service
☐ Management of Accounting Practice
☐ Medical & Other Professionals
☐ Membership
☐ Newsletter
☐ Practice Continuity
☐ Real Estate
☐ Small Practice MAP
☐ Other

☐ Sponsorship
☐ Taxation
☐ Technology
☐ Women’s Focus Group
☐ Young CPA

Name: _________________________________________________
Firm Affiliation: _________________________________________
Address: _______________________________________________
City/State/Zip: __________________________________________
Phone: ________________________________________________
Email: ________________________________________________

Please forward your response to:
Phil Kanyuk
Phone: 631-719-3456 • Fax: 631-719-3353
Baker Tilly
125 Baylis Road, Suite 300, Melville, NY 11747.

Chartered 1953
NASSAU CHAPTER
NYSSCPA

SPONSORSHIP

If you wish to sponsor any Nassau chapter or committee events, please download our sponsorship packet at

EVENT HIGHLIGHTS

Annual Live Web Chat at Newsday

Pictures from the annual live web chat at Newsday held this year on February 18th & 19th. Our member volunteers assisted Newsday readers with issues regarding their 2013 tax filings.
EVENT HIGHLIGHTS

CPA Ethics Meeting

Pictures taken at our annual CPA Ethics meeting, held on January 15, at the Chateau Briand in Carle Place. We had a very good turnout at the event.

Debbie Cuttler, Speaker at Ethics Conference

Robert Barnett, President-Elect presenting Elissa Weick from Island Harvest with Nassau Chapter donation from Run/Walk.

(Left to Right) Lynne Fuentes, Ray Flock, Elissa Weick, Anthony Basile

(Left to Right) Phil Kanyuk, Lisa Haynie, J. Michael Kirkland, Joanne Barry, Scott Adair, Robert Barnett and Lynne Fuentes.
3 Easy Steps To Manage Your NYSSCPA/FAE Emails

Excerpt From The Trusted Professional

The NYSSCPA relies heavily on email to communicate with members. For example, the weekly E-zine—a collection of short news blasts and stories—is distributed via email each Thursday to members. On the first day of each month, the Tax Stringer, an online publication for tax professionals, is dispersed via email as well. And members will frequently find informational and promotional notices from the NYSSCPA/FAE in their inboxes.

But if you haven’t received these and other important emails from the NYSSCPA, the following quick, easy steps will help fix the problem.

First, review your NYSSCPA privacy settings. Members have a variety of options when it comes to getting emails from the Society: receiving all email, receiving CPE-related email only, receiving non-CPE-related email only or electing not to receive any email. Some members may not get emails because they opted out at one point in the past—but it’s a simple switch if you decide you’d like to change your settings. To check or change your preferences, visit the Society’s website, www.nysscpa.org/page/about-us/membership-center, and select Membership Data Center to log in, then choose “update profile,” and click on the privacy settings tab. Or call the NYSSCPA offices at 212-719-8300 to obtain help from Society staff.

Second, add the Society’s domain (www.nysscpa.org) to your email service or Internet security program’s “safe mail” list. For example, in Microsoft Outlook, the “Actions” tab in the top menu bar will allow you to add the NYSSCPA’s domain to a list of approved mail senders. This ensures that your email provider’s spam filter will not exclude any Society emails.

Third, always delete emails from the NYSSCPA and FAE that you don’t want, rather than marking them as spam. Not every email will be relevant to every member, but by marking an email as spam, your email provider will note it as such. This can jeopardize the delivery of Society emails to any member who uses the same email provider. If you no longer wish to receive emails from the Society, you can always opt out via your member privacy settings.
Have a Tax Problem?
The following members of the Taxtion Committee are available to help answer your questions:

**General:**
Robert S. Barnett, CPA, Esq., MS (taxation)  (516) 931-8100
Jack Angel, CPA  (516) 487-1494
Robert Lusthaus, CPA, Esq.  (516) 937-1366
Karen J. Tenenbaum, Esq.  (631) 465-5000
Robert J. Schaffer, CPA  (516) 937-9500

**Taxing Authorities**
Ruth Sattig Betz, CPA (NYS) (516) 249-1919
Noelle T. Geiger, Esq. (IRS & NYS) (516) 336-2447
Yvonne Cort, Esq. (IRS & NYS) (631) 465-5000
Brian Gordon, CPA (NYS) (516) 510-6041

**Emergency Assistance Hotline**
The committee member to call in the event of the disability or death of a member is:
John Kearney, CPA  (516) 746-5980

**Accounting and Auditing Technical Questions Hotline Volunteers**
Thomas O. Linder, CPA (631) 462-1213
Fred R. Goldstein, CPA  (516) 249-2882

**Estate and Personal Financial Planning Committee Technical Questions Hotline Volunteers**
Eric Kramer, CPA, Esq. (516) 227-0738
Richard Zerah, CPA/PFS, CFP, CMFC  (516) 735-4717
Scott Sanders, CPA, PFS, CGMA, CFP, CFS  (516) 938-5219

**Nassau Chapter Newsletter Deadlines**
All submissions are due three weeks prior to issue date. Email submissions to: nassaunewsletter@nysscpa.org

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The newsletter is downloadable at: http://www.nysscpa.org/page/nassau-chapters-newsletters

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Newsletter produced by
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**CHANGE FORM**

CPA Certificate #: ________________

Name (Last, First, Middle Initial): ___________________________

Address: _____________________________________________________

City/State/Zip: ________________

Home Phone: ________________________________________________

Email: ______________________________________________________

Firm Name: __________________________________________________

Firm Address: ________________________________________________

City/State/Zip: ________________

Business Phone: ______________________________________________

Chapter Member: ☐ Yes ☐ No

Please send all mail to: ☐ Firm ☐ Home (Specify Chapter)__________

☐ I would like to receive an email with a direct link to the newsletter on nysscpa.org

Return this form to: Xio Fox, NYSSCPA, 14 Wall Street, New York, NY 10005