



STATEMENTS

Fourth Quarter 2017



Even CEOs Need Someone to Turn To

by Ed Fabey, President

There is a saying that “it’s lonely at the top!” But it doesn’t have to be. Advisory boards and CEO peer groups offer an opportunity for leaders to share their fears, problems, challenges and accomplishments. A group of non-competing business executives can provide diverse perspectives in a confidential and private forum. CEOs who are committed to continuous improvement realize that there is immense value to be learned from peers who deal with many of the same issues. They gain unique

grow their businesses and bouncing ideas off of other leaders can help them flesh out the opportunities and obstacles.

CEO peer groups such as Vistage, the Alliance of CEOs, Renaissance Executive Forum or others provide unique approaches to assist CEOs in managing their business better. Meeting monthly with like-kind business owners, CEOs and top-level executives, while sharing ideas, challenges and opportunities, opens up a new world for the CEO. My monthly Alliance of CEOs meeting affords me an opportunity to hear about the issues faced by small and medium sized business owners. Our group openly shares experiences and helps members find solutions that work for each of us. The varied perspectives helps me see things differently. Much of what I learn in turn helps me be a better business advisor to my clients.

“One of the original members of the Alliance of CEOs told me that “CEOs love to learn ... but they hate to be taught.” We believe in creating safe, confidential environments where CEOs are exposed to a wide range of business models, strategies, leadership styles and fresh perspectives. As a result, CEOs are able to sharpen their thinking and consider new approaches which can often result in breakthrough ideas.”

—Paul Witkay,
Founder & CEO, Alliance of Chief Executive

“Those who aspire to improve their professional and leadership skills continuously seek opportunities to learn, and adults learn best through peer learning. That’s why CEO’s and Business Owners belong to CEO peer groups. The advice from other leaders and presentations from experts creates a venue for exploring the world beyond the members’ business boundaries.”

—Ann Blackburn,
CEO, Executive Advisory Forum

insights that they can take back to their companies and develop strategic solutions that create results. CEOs also seek ways to

CEO peer groups also help to keep the CEO on track and not work “in” the business, but “on” the business by obtaining innovative ideas and creative approaches to critical business matters. Board members and management teams may only tell the CEO what they want to hear and not what they need to hear. Peer groups can act as your personal advisory board assisting you with making the right decisions for your business

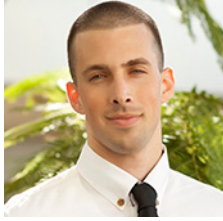
which we all know is paramount for business growth. Another key factor that peer groups provide is accountability, holding one another accountable for doing what they say they will do to achieve their goals.

CEO peer groups are growing at a fast pace. There are a variety of reasons including the increased complexity of many businesses, competition, technology, investor expectations, and the lengthy recovery from

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How to Know if the IRS is Calling

by Andrew Lasley, Tax Senior

There has been a rise in recent years of individuals impersonating IRS officials, contacting taxpayers over the phone and via e-mail, threatening garnishments, asset levy, or even jail time. So how do you know when the IRS has contacted you? Fortunately, the IRS has released answers to questions relating to calls and e-mail.

The IRS will not:

- Call or e-mail demanding immediate payment via a prepaid debit card or wire transfer. If you have a payment due to the IRS, payments are made to the United States Treasury to approved addresses and methods listed on the IRS website (www.irs.gov).
- Demand payment of taxes without appeal or due process.
- Use threats of arrests, revoking immigration status, and revoking driver's or other licenses for non-payment of taxes.
- Ask you over the phone or e-mail for personal information such as credit card, debit card numbers, or bank account information.

The IRS will:

- Call taxpayers to set up appointments for audits, call taxpayers for items pertaining to audits or discuss issues related to audits. However, the IRS will mail an official notification of an audit before any calls are made.
- The IRS criminal investigators will visit a taxpayer's home or business unannounced in the process of conducting an investigation. IRS criminal investigators will not ask for payment of taxes.

- IRS agents will call or come to a home or business unannounced to collect a tax debt. IRS may refer certain collection cases to private debt collectors. IRS agents and private debt collectors will not ask for payment via means other than payments made to the United States Treasury. Taxpayers who owe debts to the IRS would have had sufficient written communication beforehand with the IRS of their balances due.

If you receive a visit from someone claiming to be an agent, they should always provide you with two things: a pocket commission credential and a federal government identification card called an HSPD-12. You have the right to ask for these credentials.

Bullying calls or e-mails from individuals claiming to be from the IRS can be intimidating and the easiest course of action might seem to pay them immediately to get them to go away. Engaging with the scammers or paying them will just lead to additional harassment contacts. If the call seems suspicious, hang up.

Always remember, the IRS does not use e-mail, social media, fax, or other communication methods to initiate contact with a taxpayer. The IRS initiates contact with taxpayers using written correspondence sent via USPS.

Please keep your RINA representative informed of any communication you receive from taxing authorities.



Board of Equalization is Restructuring to Better Serve Taxpayers

by Amy Kittinger, Accounting Supervisor

Due to the signature of a new law, the Taxpayer Transparency and Fairness Act of 2017, the once powerful California Board of Equalization (BOE) has been pared down to only its constitutional duties. The majority of the BOE's tax collection duties and staff have been transferred to a brand new agency, the California Department of Tax and Fee Administration (CDTFA). Another new agency, the Office of Tax Appeals, (OTA) will be in service at the beginning of 2018.

What does this mean to California taxpayers? While officially the government agency has changed, the change has occurred in name only. For now all taxpayer accounts, filing deadlines and forms remain the same. The CDTFA

has adopted an informational website www.cdtfa.ca.gov, which links back to the www.boe.ca.gov website for official taxpayer related activity.

Originally established by constitutional amendment in 1879, the BOE was formed to ensure property tax assessment practices were uniform throughout the State of California. The BOE responsibilities increased to include the administration and collection of sales, use, property, alcohol and insurance taxes as well as hearing taxpayer appeals cases for all taxes including income and franchise taxes. The pared down BOE will continue to administer and collect property, alcoholic beverage, and insurance taxes. Until the start of 2018, the BOE will also continue to hear tax appeals cases.

The CDTFA is responsible for the administration and collection of most taxes and fees previously collected by the BOE, including sales, use, and excise tax. The CDTFA is part of the Government Operations Agency.

The OTA is a new independent agency headed by government appointees rather than elected officials to hear taxpayer appeals cases. Panels of administrative judges will be positioned around the state and will report to a director appointed by Governor Brown. The new OTA will be operational January 1, 2018.

Taxpayers should expect gradual announcements and correspondence related to the changes over the course of 2017.



Board of Directors Spotlight Part 2: *Building Your Board – Creating the Most Effective Team Possible*

by Howard Zangwill, Stockholder and Joseph Brunel, Audit Manager



Creating and building an effective board is a long process, not something a company can accomplish overnight. It takes commitment on the part of leaders of a company to make it happen. Merely selecting potential candidates for a board is only the first step in a multi-year process to create an effective board with a vision for the future.

The first board development practice is to create a board recruitment and nomination process via a special committee. Companies with less than stellar boards approach board nominations in an ad hoc manner rather than approaching it in a formal, systematic manner. The committee should consist of upper management, investors, and any other stakeholders with a vested interest in the company. The committee should have a two-pronged focus: a short-term recruitment process that focuses on filling board vacancies and a long-range focus for board development and company growth.

Below is a list of the nine factors to consider when building and developing your board as written by Vistage International, Inc.

- 1) The board must understand and support management's vision and strategy.
- 2) Boards should have a majority of independent – not just outside – directors.
- 3) Board should develop leadership skills among the independent directors.
- 4) The independent directors should actively participate in establishing board procedures, agendas and policies.
- 5) The independent directors should schedule regular meetings without insiders.
- 6) The audit committee, compensation committee, governance committee and board nominating committee should be composed solely of independent parties.
- 7) The board should conduct annual performance reviews of the CEO and other key management, board members and the board itself.
- 8) The board should develop an agenda of board activities to assure that it fulfills all of its duties and responsibilities properly.
- 9) Directors should have a substantial personal stake in the company; their pay should be in stock and cash, and directors' compensation should be fully disclosed to shareholders.

Another element of creating board effectiveness is a functioning executive committee. In most companies, the executive committee consists of the four executive officers of the board: the president, vice-president, secretary, and treasurer. The executive committee plays three critical roles: planning the agenda of board meetings, making decisions on behalf of the full board, and serving as a communication link with other members of the board, especially committee chairs. The executive committee should work with upper-level management

to evaluate the composition of the board to determine which roles need bolstering. Beyond the immediate benefit of securing directors with practical expertise, board members may also parlay their knowledge into strategies and policies which will support the growth and success of the company.

In addition to these nine factors, diversity of the board members skills, gender and background are key to successful boards. Many companies recruit business attorneys, corporate finance professionals, marketing executives, with various industry expertise background and ages to be on their boards. Millennials, Baby Boomers and Generation X have different insights and experiences that are valuable to impactful decisions at the board level. Another recent trend is to include information technology experts on their boards. Companies such as Microsoft and Google encourage their employees to serve on boards to leverage their technology experience on behalf of growing companies. Establishing a board seat for a technology expert creates a significant opportunity not just to upgrade the company's technology, but also to forecast and predict future technological trends in the company's industry.

To further discuss your Board of Directors and how to make them more effective, contact RINA.



RINA Fourth Quarter

OCTOBER

October 16

- Final due date for 2016 tax returns for individuals who filed an automatic six-month extension.
- Final due date for calendar year 2016 C-corporations who filed an automatic six-month extension.

October 31

- Third quarter 2017 payroll and sales tax returns due.

NOVEMBER

November 15

- Final due date for 2016 calendar-year exempt returns who filed an automatic six-month extension.

DECEMBER

December 31

- Final due date for calendar establishing qualified retirement plans for 2017 calendar-year taxpayers.

Coming up in January

January 15

- Fourth quarter 2017 estimated income tax payments for individuals due.

January 31

- Fourth quarter 2017 payroll and sales tax returns due.
- 2017 Form W-2, Wages and Tax Statement to be furnished to employees from employers.
- 2017 Form 1099 to recipients of dividends, interest, non-employer compensation, etc.



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RINA Gives Back



PTSA FUNDRAISING

by Amanda Vergara, Marketing Coordinator

Kim Quinn, Senior Accountant located in our Bellingham office is involved in the Fairhaven Middle School PTSA, an organization that supports students, families and teachers through activities and advocacy. Kim has been with the organization for two years and is currently serving as the Executive Board's Fundraising Co-Chair for the 2017/2018 school year. To fund their activities, the PTSA organizes fundraising and provides donor opportunities. For the past two years, PTSA has been working with Bellingham Schools Foundation and the four local middle schools to provide equitable financial support to the schools through a collaborative fund raiser. Kim reveals "I really love my community in Bellingham, especially Fairhaven and look for volunteer opportunities that can benefit my daughters. Being able to contribute to the community is important to me and an important value I would like to teach my daughters."



Even CEOs Need Someone to Turn To — continued from page 1

the economic decline due to the Great Recession. Competition, financial management, recruiting talent, customer service and unexpected events keep our CEOs on their toes. With the advent of social media and new technologies such as cloud computing and app development, CEOs struggle to keep up. CEOs need a sounding board to help them navigate the many pressures of doing business.

RINA's Howard Zangwill and Tom Neff are in Vistage groups. In addition to the above benefits they appreciate the quality of the presenters brought in to share new ideas and methodologies.

"Working with more than 100 Bay Area mid-market CEOs, I've learned that every leader of an organization can define their tenure by a handful of decisions they've made. CEOs and senior executives augment their own instincts, judgment, and perspectives with the perspectives of their peers' perceptions and experience. The deep relationships which I've seen develop in each group, are a foundation to support each person to become a better leader, make better decisions, and achieve better results."

—by Julie Reinganum,
Master Chair Vistage International