



STATEMENTS

Third Quarter 2017



How Effectively are You Managing Cash?



by Meenakshi Yadav, Staff Accountant and Howard Zangwill, Stockholder



What is VAT?

To date, there are 122 worldwide jurisdictions that employ a Value Added Tax (VAT) known in some countries as a Goods and Services Tax (GST). VAT/GST is a levy on consumption that taxes the value added to a product or service by businesses at each stage of production and at final sale. Businesses along the chain collect the tax and send it to the government. Ultimately, it is the consumer who pays the tax, because the final price of the goods and services they buy reflects all of the taxes that have been charged up to that point.

If you are selling goods or services in countries that have a VAT, you may be required to file VAT tax reporting forms. Further if you or your business has paid VAT, you may be eligible for a refund of those taxes. If you have any questions about VAT please contact RINA.

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Managing cash with the care and the attention it deserves is key to your business success. Managed well you can take advantage of opportunities and grow your business. Understanding your business’s inflows and outflows of cash as well as accelerating the inflows and delaying the outflows are crucial to effective cash management.

The following are tips to effectively maximize your cash flow:

1. Tracking the cash on a daily basis - look at your receipts and disbursements on a daily basis to manage cash outflows (company’s expenses), cash inflows (payments received), and borrowings properly.
2. Play the role of check signer for a while to see where your people are spending YOUR money.
3. Leave equity in the company to grow (i.e. don’t make distributions if not needed) so that borrowings may grow as well without increasing the debt to equity ratio.
4. Review and re-forecast the cash flow once a week to project the cash surpluses and deficits well in advance for upcoming months. This will help to understand how much cash in hand you have and how long the business can sustain itself if the money suddenly stopped coming in.

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Client Profile

The United Religions Initiative

by The Rev. Victor H. Kazanjian, Jr., Executive Director, United Religions Initiative



Circle Around Peace Pole

Imagine hundreds of independent grassroots groups, each comprised of people of different religions and beliefs, spread across nearly 100 countries coming together to form the world's largest interfaith peacebuilding network. Hard to believe? This is precisely the amazing organization that I've had the privilege to serve as Executive Director these last three and a half years. The United Religions Initiative (URI) is an extraordinary example of how a decentralized network creates significant impact in the lives of people and communities around the world.

Founded in 2000, URI developed a new approach to building diverse and cohesive communities among people of all religions and cultures while engaging the causes of conflict and injustice. URI's work combines interreligious bridge-building with community-based actions that address critical issues, like conflict resolution, healthcare, education, caring for the environment, poverty alleviation, women's empowerment, and youth leadership. This dual strategy is at the heart of URI's success.

The impact of the United Religions Initiative has been profound: URI's global network of more than 830 grassroots groups, called Cooperation Circles, plays a critical role in reducing violence and building cultures of peace, justice and healing in the countries in which they work.

Through URI, people of different beliefs who would not otherwise interact or have historically been in conflict collaborate on solutions and break down harmful religious and cultural barriers. Where active violence is occurring, like Pakistan, Nigeria or Yemen, URI Cooperation Circles intervene by bringing together combatants into dialogue, using conflict resolution and peacebuilding strategies to stop violence, build relationships and create the conditions for developing lasting peace. Where the legacy of violence and war have left deep scars on countries, Sri Lanka and Bosnia and Herzegovina, URI Cooperation Circles are creating coalitions of people from different groups who are working together to restore relationships and rebuild communities and countries.

Where conflict has not yet erupted into violence, but issues of poverty, injustice, human rights violations and deteriorating social conditions are tearing apart societies, URI Cooperation Circles work to address issues of economic development, education, health, women's empowerment and youth leadership. Where ignorance and prejudice are eroding civility and fragment communities, URI Cooperation Circles build bridges of

interreligious and intercultural understanding, enabling diverse communities to establish cohesive relationships.

As a global network, URI connects Cooperation Circles to one another across the world creating unprecedented opportunities to share strategies and collaborate in interfaith peacebuilding efforts. URI's Cooperation Circles are self-organized and self-funded. They are supported by URI's 21 offices around the world through: training; local assemblies and collaboration; and increased visibility of the Cooperation Circles' work.

URI's global office in San Francisco coordinates the global network and provides funding for the regional offices and their programs. The organization is governed by a democratically elected board chosen by the Cooperation Circles. URI's work at the United Nations also connects the voices of the grassroots with institutional leaders and policymakers.

By 2020, URI expects to have more than 1,000,000 individuals engaged in peace-building work as part of one of over 1,000 Cooperation Circles, working in more than 100 countries. To meet the challenge of this rapid growth, URI has embarked on a strategic planning process that engages people at the grassroots in evaluating URI's on-the-ground impact and setting the direction of the organization. Rather than relying on outside experts to tell communities what they need, URI believes that with regular support and the right resources, communities can solve their own problems and build a positive future for all people. URI has launched the URI 2020 Campaign for long-term sustainability and growth, which includes an international fundraising effort to establish a core endowment for the work of the global network.

A director of a Silicon Valley technology research center described the United Religions Initiative as "a kind of global incubator for grassroots startups seeking to make a positive social impact in their communities." And he is absolutely right.

"Audits usually provoke anxiety and stress for even the best organizations - "outsiders" coming in and looking to see what can be found behind the organizational curtains. But our work with Ed Fabey, Richard DelleFave and RINA team was the opposite. It was an anxiety reducing rather than an anxiety producing experience. The care with which the RINA team undertook a deep dive to understand our organization enabled them not only to perform a highly professional and thorough audit, but also to offer insights and advice throughout the process on how we might improve our work to fulfill our mission. We feel as though we have found a true partner in realizing our goals and dreams."



Divide or Be Conquered?

Why settling division of community property quickly can protect your assets

by Amy Conger, Manager



Did you know the IRS can collect from one spouse to pay for the tax debts incurred by the other spouse after separation as long as the other spouse is still in possession of assets that were community property? In *US v. McGrew* (Oct 3, 2016) the IRS was allowed to foreclose on the wife's post-settlement separate property home because her husband's unpaid federal income taxes occurred before the community estate was divided.

In *McGrew*, the spouses separated in February of 2002 and the marriage was dissolved in September of 2006, but the community property was not divided until September of 2009. The husband's tax liens occurred during the tax years of 2001-2005, making those debts attributable to the community estate. While the family law court found that the 2000 tax year debt was attributable to the community and that the 2001 through 2005 debts were owed individually by the husband, this did not preclude the United States from foreclosing on the house that was previously community property. All of the tax debts became liens on the property once the tax was assessed and since those assessments occurred before the community estate was divided, division

of the community estate did not preclude the IRS from foreclosing and selling the residence to satisfy the debt.

The important question raised from this case is, if the couple was divorced and had already divided their property, then how could the IRS foreclose on the property that was now separately owned by the wife? The property could be used to settle those pre-divorce liens because the community property was not divided until 2009 and the wife was still in possession of that former community property. As long as the community property is still possessed by one of the spouses, the IRS can collect what is owed by either spouse from what was community property prior to property distribution; it is the division of the community estate (as well as the recordation of a deed solely in the name of one spouse together with a marital settlement agreement), not divorce, that terminates liability.

The take-away is to know what you are getting into financially before marriage and it may be worth your while to get out of the settlement phase as soon as possible before too much additional damage can be done.

¹U.S. v. McGrew (October 3, 2016) United States Court of Appeals, Ninth Circuit, Case No. 15-55078

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5. Have a backup plan if your business runs into cash flow problems. For example, maintain good relationships with lenders and prospective investors.
6. Create sales projections and monitor sales so you have enough inventory on hand to meet demand, instead of overstocking excess inventory that cost you money to store and maintain.
7. Design and improve collection process to collect receivables on time by issuing invoices on time and allowing discounts to encourage customers to make payments before due date.
8. Negotiate better terms for your payables to effectively manage cash outflows and cash in hand.
9. Increase inventory turnover and sales of high-margin products to increase the cash inflows.
10. Maintain the "right growth pace" of the company at different stages, as growth gobbles the cash, to ensure that sufficient cash is available for other business activities as well.

Forecasting cash flow is a difficult process. Due to over-optimism of management in respect to sales and payments, sales turnover ratios, and expenses related to growth of business e.g. hiring new personnel, logistics, and capital equipment, they inaccurately estimate when the cash benefits of those investments will start coming in.

There are various forecasting tools available to answer "what if" scenarios and prepare contingency plans. These tools allow you to see the big picture. RINA can assist in projecting the cash by using the ProfitCents tool to experiment with "what if" scenarios such as what happens to your company's cash and financial position if sales increase by 20 percent? If you purchase this piece of equipment for \$X but expect it to generate an additional \$Y in revenue? This tool allows users to toggle different performance metrics like sales growth, gross profit margin, and A/R days to see the projected impact on each line of the income statement and balance sheet, including cash. Feel free to contact your RINA representative to help you project your cash flow.

RINA Third Quarter

JULY

July 31

- Payroll and sales tax returns - Second quarter 2017 due.

SEPTEMBER

September 1

- County business property tax payment due.

September 15

- S-Corporation returns - Final due date for calendar year 2016 that filed an automatic 6 month extension.
- Partnership returns - Final due date for calendar year 2016 that filed an automatic 6 month extension.
- Individual estimate - Third quarter 2017 payment due.
- Corporation estimate - Third quarter calendar year 2017 payment due. Form 1040 - 2016 individual income tax returns due.

September 30

(this year due October 2 due to the weekend)

- Fiduciary returns - Final due date for calendar year 2016 that filed an automatic 5-1/2 month extension.

Coming up next quarter - October 16

- Individual returns - final due date for 2016 who filed an automatic six-month extension.
- C-Corporation returns - final due date for calendar year 2016 that filed an automatic 6 month extension.



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Member of MGI

475 14th St., Suite 1200, Oakland, CA 94612
(510) 893-6908 / eFax: (510) 873-0977 / 1-800-RINA CPA

201 N. Civic Dr., Ste. 220, Walnut Creek, CA 94596
(925) 210-2180 / eFax: (925) 210-2190

625 Market St., 15th Floor, San Francisco, CA 94105
(415) 777-4488 / eFax: (415) 837-1260

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RINA Gives Back



Financial Women of San Francisco

by Stephanie Hyde, Staff Accountant

Financial Women of San Francisco (FWSF) is a non-profit organization dedicated to advancing the success of women working in the financial services industry in the Bay Area. In addition, FWSF has awarded more than \$2M in scholarships over 30 years to Bay Area women pursuing careers in finance and financial services. On June 6, 2017, the FWSF awarded \$90,000 to 11 amazing women and I was thrilled to be in attendance at the annual Scholarship Luncheon to hear them tell their inspirational stories. In 2014, I myself was named as a scholarship recipient and seized the opportunity to begin networking with the many talented and successful women that are part of the FWSF. That networking led me to join the RINA family. The following year, I also joined the FWSF Board of Directors and I am the current Chair of the Endowment Committee. Our largest fundraiser is our Financial Woman of the Year event which is usually held in the fall and honors a high-achieving Bay Area woman who shares our passion for helping other women achieve their career goals. I spend approximately 6 hours a month performing my duties for the FWSF and I feel very fortunate for the opportunity to give back to an organization that gave me so much.

