



STATEMENTS

First Quarter 2016



President's Message January 2016

by Ed Fahey, President

It's a Small World...

In my role as chairman of MGI, our international network of firms, I am now much more aware of the events that impact other areas of the world. The recent exchange of e-mails amongst members to firms in Paris, Colorado and Southern California demonstrated the friendships that go beyond business relationships. We shared concern and support for these communities and hope their strength in the face of tragedy will sustain them.

On the business side, my role as chairman reminds me of the similarities faced by all businesses as they try to grow in a global economy. Our initiatives for the year include greater member engagement, leveraging technology to share resources to help clients throughout the world, recruiting new members and implementing network regulations to govern membership quality.

Imagine our capabilities if we draw on the expertise of over 5,000 staff throughout the world. Yet, primarily for budgetary reasons, most firms send only a few representatives to our meetings. We somehow need these delegates to

become ambassadors when they return to their firms. Obviously, this is not unlike the operations of many businesses. Employee engagement and sharing of talents is a challenge that when solved leads to greater satisfaction for employees and customers.

Leveraging technology will enable us to share resources and serve clients throughout the world. Like your businesses, the implementation plans need to be structured and the data carefully managed in order to be useful. In developing a knowledge hub of shared research and planning ideas, we will be able to better serve our clients with international and multi-state operations.

The recently adopted network structure allows us to establish member quality systems. In turn, our collective capabilities will be strengthened.

RINA is proud to be a founding member of the MGI worldwide network. I am excited about the opportunity to serve as chairman and look forward to learning more, both personally and professionally, from my friends abroad.

A member of



RINA has been a member of MGI Worldwide, a top 20 ranked international network and alliance of independent audit, tax, accounting and consulting firms for over 20 years. MGI is 68 year olds and is in 82 countries with 5,000 professionals in 321 offices. This gives MGI member firms true global coverage and helps many clients set-up and grow their businesses overseas. Most member firms are medium sized businesses with a significant position in their markets and typical clients are family businesses, entrepreneurs and fast growth enterprises. MGI member firms offer clients the personal support at partner level that big firms cannot match. Just like their clients, members are business owners who understand the highs and lows of entrepreneurial endeavor.

MGI Worldwide is a network of independent audit, tax, accounting and consulting firms. MGI Worldwide does not provide any services and its member firms are not an international partnership. Each member firm is a separate entity and neither MGI Worldwide nor any member firm accepts responsibility for the activities, work, opinions or services of any other member firm. For more information visit www.mgiworld.com/legal.

INSIDE THIS ISSUE

Commercial Service Spotlight	Page 2
Nevada Passes Gross Receipts Tax Effective July 1, 2015	Page 5
Six Ways to Simplify Month End Closing.	Page 5

ACA Reporting: Are You Ready?	Page 3
RINA Gives Back	Page 6
Fourth Quarter Calendar	Page 6



Commercial Service Spotlight Going Global Strategically

by Ashley D. Griffin, Administrative Assistant



Are you a small business or startup with plans for global expansion, but not sure where to start? Luckily, a powerful resource is available to help you achieve international growth. The US Commercial Service, a division of the Department of Commerce, offers resources to businesses seeking to expand their presence overseas. The US Commercial Service is essentially an innovative match maker, connecting businesses with Export Assist, which provides worldwide contacts, distribution channels, and bankers to finance new activities abroad.

Rod Hirsh is the head of Oakland's Commercial Service and is seen by many East Bay businesses as the "East Bay-to-International dot connector". He has facilitated the global expansion of many local companies, including several RINA clients.

For example, Rod worked with the Port of Oakland to bring RINA client R & B Cellars to the Hong Kong International Wine and Spirits Fair, which led the company to secure a Chinese wine distributor. At the fair, Rod arranged a California Pavilion, which garnered extra attention for the Richmond based winery. In addition to the wine fair success, along with some help from FedEx, Rod created virtual wine tasting events for R & B Cellars. What exactly is a virtual wine tasting? In this case, R & B ships their wine to the consulate or embassy in a specific country (recently Thailand and Kuala Lumpur) and the wine is sampled by interested parties such as diplomats and hoteliers. During the tasting, representatives from R & B Cellars log into the video conference from their offices here in the US to join the tasting and discuss the wine selections in real time, from across the globe.

RINA's International Tax Department head, Tom Neff, is very familiar with the assistance Rod and the Commercial Service provides. The two have collaborated on work for mutual clients, most recently with R & B Cellars. Additionally, RINA has been a sponsor at several of the Commercial Service's Bay Area event

series, such as G'Day East Bay, Australia Trade & Investment Opportunities in May of 2014 and Discover Global Markets: Sustainable Solutions in February 2015. Our accounting firm has a strong interest in supporting companies going international; we assist in the complex and sometimes intimidating world of international accounting through business structuring, financial counsel and navigation of international tax laws.

So, how do you know if your business is ready to take advantage of all that Commercial Service has to offer? The Commercial Service works with US companies with a minimum of 50% American content that are "export ready", meaning that the business has been in operation for a minimum of two years and is able to provide a track record of domestic sales. However, for the Bay Area's highly innovative technological environment, startups emerging from stealth mode could also benefit from the assistance of the Commercial Service. Rod acts as a "risk abator" with venture capital firms as well in order to protect their investments while growing his start up clients globally. Furthermore, interested companies should have a global strategy in place in order to maintain the strongest position unless they want to be bought out. Many larger companies quickly buy out fledgling startups before they have a chance to gain competitive traction. A good portion of the companies Rod works with are small to medium enterprises (SMEs).

You have several options for connecting with the US Commercial Service. In Oakland, the office is in the federal building at 1301 Clay Street. Parties not based in Oakland can use the website to locate their local branch office at <http://www.export.gov/index.asp>. The Commercial Service website also offers a wealth of information for interested business owners, such as webinars. In addition, you can get face time with the Commercial Service at one of its many private sector events, such as the frequent Discover Global Markets events held around the United States.

"Are you a small business or startup with plans for global expansion, but not sure where to start?"

Luckily, a powerful resource is available to help you achieve international growth. The US Commercial Service, a division of the Department of Commerce, offers tremendous resources to businesses seeking to expand their presence overseas."



ACA Reporting: Are You Ready?

by Lori Wallace Fischler, Counsel, Benefits Compliance of NFP

General Background

Beginning in 2016, employers that sponsor fully insured or Self-Insured group health plans are required to report information to the IRS about the health coverage provided during the prior calendar year (2015). The reporting is meant to assist the federal government in enforcing compliance with both the employer and individual mandates, and, in turn, in administering the premium tax credit and cost-sharing subsidy eligibility and payments through both the federally facilitated and state-run health insurance exchanges. In addition, employers are required to provide employees with individual statements that summarize the IRS report, which is meant to assist

individuals in complying with the individual mandate.

For employers there are two separate reporting requirements: Internal Revenue Code (IRC) Sections 6055 (all employers that sponsor Self-Insured plans) and 6056 (all employers that are subject to the employer mandate). Employers subject to both 6055 and 6056 (i.e., those with 50 or more full-time employees [FTEs], including equivalents, that sponsor Self-Insured plans) may combine their reporting, as described below.

Due Dates

Generally, the 6055 and 6056 reporting due dates mirror the Form W-2 due dates. Specifically, employers must file their reports on or before Feb. 28 (March 31, if

filing electronically) of the year following the calendar year to which the reporting relates. These dates apply regardless of the plan year of the employer-sponsored coverage (e.g., reporting is due on those dates for 2015 compliance, even if the plan year runs from May 1 through April 30). In addition, employers must distribute employee statements by Jan. 31 of the following year for 2015 compliance.

Forms for Reporting

Generally, there are transmittal forms (IRS Forms 1094-B and 1094-C) that will accompany the actual information reports, (IRS Forms 1095-B and 1095-C). Please see the chart below for a summary of the forms requirement by employer size and plan type:

Employer Type	6055?	6056?	IRS Report	Due Date	Employee Statement	Due Date
Small Fully-Insured	No	No	N/A	N/A	N/A	N/A
Small Self-Insured	Yes	No	Form 1094-B Form 1095-B	2/28 – Paper* 3/31 – Electronic	Copy of Form 1095-B or Substitute***	1/31**
Large Fully-Insured	No	Yes	Form 1094-C Form 1095-C Sections I and II only	2/28 – Paper* 3/31 – Electronic Substitute***	Copy of Form 1095-C or	1/31**
Large Self-Insured	Yes	Yes	Form 1094-C Form 1095-C Sections I, II and III	2/28 – Paper* 3/31 – Electronic	Copy of Form 1095-C or Substitute***	1/31**

*Because 2016 is a leap year, paper reports for 2015 are due Feb. 29, 2016.

**Because Jan 31, 2016 falls on a Sunday, employee statements for 2015 must be distributed by Feb. 1, 2016.

***Substitute must include same information as actual form.

ACA Reporting: Are You Ready? — continued from page 3

Reporting Methods

When filing with the IRS, employers may file by paper or electronically, although employers filing at least 250 Forms 1095-C must file electronically. Employers may also use third parties (such as a third-party administrator, etc.) to file on

their behalf, although the employer remains liable for any reporting failures.

When distributing employee statements, employers may send statements via first-class mail to the recipient's last known address. As always, employers must keep accurate records evidencing the procedures

used in case evidence is requested, such as in the event of an IRS audit. Importantly, employee statements may be included in the same mailing with Form W-2.

Employers may also provide statements electronically, so long as the employee consents to electronic delivery.

6055 Reporting: Employers of Any Size with Self-Insured Group Health Plans

Section 6055 reporting applies to employers of any size that sponsor a Self-Insured group health plan or any other entity that provides minimum essential coverage (MEC) to individuals. MEC includes any major employer-sponsored medical plan, including retiree-only coverage, such as a retiree-only HRA, but does not include excepted benefits (e.g., health FSAs, stand-alone dental and vision plans, supplemental coverage), HRAs for active employees,

Medicare Part B, on-site medical clinics or wellness programs.

6055 requires employers to provide specific information in their reports, including:

1. Employer's name, address and employer identification number (EIN)
2. Each covered individual's name, address and taxpayer identification number (TIN) (If the employer, after reasonable efforts, is unsuccessful in obtaining an individual's TIN, it may instead report

the individual's date of birth [DOB].)

3. For each covered individual, the months for which the individual was enrolled (for at least one day) in coverage and entitled to receive benefits
4. Whether coverage is Small Business Health Options Program (SHOP) coverage (and, if so, the SHOP identifier)

It is important to note that covered individuals include spouses, dependents and former employees.

6056 Reporting: Employers with at Least 50 FTEs Sponsoring Fully or Self-Insured Group Health Plans

Section 6056 reporting applies to all employers subject to the employer mandate (generally, those with 50 or more FTEs and full-time equivalents). 6056 requires employers to provide specific information in their reports, including:

1. Employer's name, address and EIN
2. The calendar year for which the information is reported
3. Number of FTEs for each month during the calendar year
4. Months during the calendar year that MEC was available

5. Certification as to whether the employer offered its FTEs and their dependents the opportunity to enroll in MEC, by calendar month
6. Each FTE's share of the MEC's self-only premium, by calendar month
7. Name, address and TIN (or DOB) of each FTE employed during the calendar year
8. Months, if any, during which each FTE was covered under the plan

Penalties

IRC Sections 6721 and 6722 contain

penalties for employers that fail to execute their 6055 and 6056 reporting. The penalty is generally \$250 per failure per year, with a maximum penalty of \$3 million. For 2015 reporting only (due in early 2016), no reporting penalties will apply where the employer is using good faith efforts to comply. In other words, the employer can escape penalties for incorrect or incomplete reports (e.g., those filings with missing TIN or DOBs), but not for a total failure to file.

MERGER ANNOUNCEMENT



(Left to right) Erin Altman, Joan Weickhardt, Cristina Heins, Dianne Forde, John Mangini

RINA is pleased to announce the merger of John A. Mangini & Company, LLP. John Mangini, CPA, CVA, CFF and his team: Dianne Forde, CPA ; Joan Weickhardt, Tax Manager; Cristina Heins, Litigation Support Specialist; and Erin Altman, Staff Accountant have all joined our Oakland Office. John's practice includes family law consulting, litigation support, tax services for high-net worth individuals and families, trusts, and closely-held business owners in the real estate and restaurant industries. John has qualified as an expert witness in the following counties: Alameda, Contra Costa, San Francisco, Santa Clara, San Mateo, Marin and Napa. He also serves on the board of the First Tee of the East Bay and has done so for the past 5 years.



Nevada Passes Gross Receipts Tax Effective July 1, 2015

by Ray Evans, Tax Stockholder

Making sales, renting property, or filing a Schedule C pertaining to Nevada-based business? If so, you need to be aware of the new Nevada Commerce Tax.

On June 10, 2015, Governor Sandoval signed SB 483 imposing a new Nevada Commerce Tax (NCT) on business entities doing business in Nevada and whose gross receipts in the state exceed \$4,000,000 per taxable year. The NCT is imposed on separate business entities for the purpose of doing business in the state.

Business entities are defined to include a corporation, partnership, proprietorship, limited-liability company, business associates, joint venture, etc. Individuals filing Schedule C, Schedule E, and Schedule F are also included. Certain government entities, non-profits, grantor

trusts, estates, and passive entities are excluded from the NCT. Passive entities are entities which receive more than 90% of their gross revenue from property that generates investment income.

The NCT is applied on gross revenue apportioned to or property "situated" in Nevada. This includes, but is not limited to, sales of tangible personal property shipped or delivered to a buyer in Nevada, revenue from services to the extent the benefit is received in Nevada, rents and gross proceeds from real property located in Nevada, and rents and royalties from tangible personal property located or used in Nevada.

The NCT is a tax applied on the gross revenue in excess of \$4,000,000. There are no deductions for costs of goods sold or other business expenditures. There are

certain exclusions for investment revenue, revenue from intangible property, cash discounts, and revenue deferred from transactions subject to Internal Revenue Code provisions; for example, gross revenue from a like-kind exchange.

The NCT rate varies from .0051% to .331% and is applied based on the type of industry the entity is primarily engaged in. For example, a rental real estate entity has gross revenue from rents of \$6,000,000 in Nevada. The entity would be subject to NCT on \$2,000,000 at .250% = \$5,000.

The taxable year for all business entities subject to the NCT begin July 1 and end June 30. The NCT is effective July 1, 2015 and the first NCT tax reports for the period July 1, 2015 through June 30, 2016 are due 45 days after June 30, 2016.



Six Ways to Simplify Month-End Closing

by Judy Kim, Audit Manager

INVOLVE • COMMUNICATE • AUTOMATE • SIMPLIFY • CREATE • REPORT

Month-end closings can become a burdensome, routine, seemingly unimportant, time wasting task. However, month-end closings are very essential to every business. A proper month-end close will provide timely information and should be a key indicator used to make decisions and run the business. Utilizing the following six minor attitude and behavior adjustments, processes can be improved which will significantly shorten the time it takes to do this task.

It is a common misconception that only the finance and accounting department are involved in the close process. However, a wider group within the company actually provides much of the necessary information, helps track various issues, and provides feedback needed for an accurate close.

1. To make sure everyone involved in the process understands their role, you should publish a financial close calendar and communicate timelines and deliverables so everyone

understands their involvement and what is expected of them.

2. Also, it is recommended that you create templates to capture the necessary information along with instructions on how to use them.
3. Automating month-end close procedures where possible can save time and reduce errors. The areas to explore for automation would include account reconciliations, departmental allocations, recurring calculations, recurring journal entries, and depreciation. It is also important to utilize the best technology to help with the close.
4. Simplifying the chart of accounts and using clear descriptions including the purpose for which they are used can also help accomplish a simplified close. These accounts should be standardized and consistent across the entire company.

—continued on page 6

RINA First Quarter

JANUARY

January 15

- Fourth quarter 2015 estimated income tax payments for individuals due.

FEBRUARY

February 1

- Form W-2, Wages and Tax Statement to be furnished to employees from employers.
- Form 1099 to recipients of dividends, interest, non-employee compensation, etc.
- Sales and Use Tax Returns for fourth quarter due.
- Form 940, Annual Federal Unemployment Tax Return for 2015 due.
- Forms DE9 & DE9c, Quarterly Contribution Return and Report of Wages for fourth quarter due.

February 29

- Form W-3 Transmittal, together with Forms W-2 to Social Security Administration.
- Form 1096, together with appropriate Forms 1099 to the Internal Revenue Service.

MARCH

March 15

- 2015 calendar year C corporation and S corporation income tax returns due.



accountancy corporation

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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

100 Montgomery St., Suite 2075, San Francisco, CA 94104
(415) 777-4488 / eFax: (415) 837-1260

STATEMENTS is published quarterly by RINA accountancy corporation for clients, employees and associates

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Connect With Us



RINA Gives Back

510 Hikers

by Ashley D. Griffin, Administrative Assistant

The 510 Hikers is an East Bay fitness and community building group consisting of about 3,000 members, one of whom includes RINA's own Walnut Creek Administrative Assistant, Sue Stanfield. Sue describes the 510 Hikers as, "A hikers group which meets every Saturday morning to work out, connect, encourage and support each other. We also believe in helping our community by volunteering time, combining resources and our energy, to help the less fortunate through different drives that we have consistently done over the past 12 months. Unity in our community is something that we subscribe to. Additionally, we have a vision to take a stand against obesity within ourselves, by coming out and pushing ourselves to the highest of our capabilities." Hikes occur all around the Bay Area, including such sites as Mission Peak, the Oakland Hills, Half Moon Bay, Lake Chabot, and Tilden Park among many others.



One of the group's most recent community support events occurred over Father's Day 2015. Group members provided breakfast for approximately 200 people in West Oakland at two separate locations in order to connect with and uplift homeless and underserved residents. The 510 Hikers have also hosted and participated in a number of other charitable events, including monthly homeless charity meal drives. During these events, the group provides a meal and also takeaway care packages for people in need (loaded with things like nonperishable foods, soaps, toothpaste, etc.). The group often participates in large events as well, such as their assistance with registration at Bay to Breakers.

If you would like to participate in the hikes and charitable events and keep up with the 510 Hikers' latest summit, check out their Facebook page at <https://www.facebook.com/510hikers>

Six Ways to Simplify Month-End Closing — continued from page 5

5. Create a checklist of each closing activity along with timelines following the calendar mentioned earlier. This will identify month-end close procedures that can be performed in advance and procedures that may no longer be necessary. This process can also help identify potential process improvements.
6. Report, track, and document all month-end issues incurred during the close and then develop solutions which are then shared with all participants.

Remember that this is a methodology, not a completed solution that will remain fixed. Change is part of the process.

Having gone through the procedure, find a way to reward those that participate and celebrate successes. A system of identifying valuable suggestions and recognizing those that made them will enhance the process greatly.

Contact your RINA team member if you need help with redesign of the month-end close process.