



WALTHALL, DRAKE & WALLACE LLP

# The Walthall Advisor

CERTIFIED PUBLIC ACCOUNTANTS

FALL 2011

## WHO'S NEWS

### Chuck Battiato

recently traveled to Madison, WI with Neil Neroni (president of Hermes, Inc.) to volunteer at the Susan G. Kommen Madison Race for the Cure.



Hermes is one of the premier race management organizations in the nation.

**John Kromar** was co-chairman of the Lake County Yacht Club's "Anderson Palmer Fun Day." This event allows members of the Society for Rehabilitation to go on a boat ride in spite of their wheelchairs. Afterwards, members of the club and guests from the Society enjoyed an indoor picnic.



**Bruce Bechhold** received the City of Mentor's Appreciation Award on behalf of WD&W. This award was given to WD&W "in grateful appreciation of its support of the city."

Congratulations to **Jim Sprague** on being voted into WD&W's 2011 Management Committee! **Rick Lash** chairs the committee and Tom Scharf is a returning member.

*continued on page 3*

## BUSINESS OWNER:

# What will really happen when I die, become disabled or the other owner wants OUT?

By Paul Weisinger, CPA/ABV, CVA

Do you know how your buy-sell agreement will really work when needed? Have you had a "mock crisis" performed? What is a mock crisis? A mock crisis occurs when we calculate how much cash and ownership will transfer according to the current legal agreements in place (if any exist). If you answered "yes" to those questions, congratulations! If the answer is "no", now is the time to take proactive action to correct a potentially grave oversight.



I am frequently asked to prepare a valuation for a business owner that may have died, became disabled, retired, declared bankruptcy, became involved in a divorce and so on. These events are called "triggering events." They initiate the terms of the buy-sell agreement. The buy-sell agreement governs the process of calculating the amount of money that will exchange hands. After performing a valuation for these purposes, there are times when the spouse of the recently deceased owner, the disabled owner, or existing owner now running the company declares: "That's NOT my understanding or the intent when we designed the buy-sell agreement!" Now we have added further emotion to an already emotional and complex situation. We have a disconnect between the spouse/owner's expectations and the current governing agreements.

One of the most important factors to the buy-sell agreement is the price of the ownership interest — not to mention if the transaction is the most tax efficient for the parties. Many business owners have not had a

"mock crisis" to see how much cash their spouse and heirs will receive or how much they will need to pay out — assuming no funding mechanism is in place. The most prudent decision a business owner can make is to make sure when a critical event occurs, he/she knows exactly how the process will work out.

Many business owners ignore the necessity of a buy-sell agreement or will not put the diligence into properly preparing one. In my article, "Buy-Sell Agreement: What is it? Why do I need it?" ([www.walthall.com/news](http://www.walthall.com/news)) I explained the ramifications of not preparing a buy-sell agreement. Every business owner will transition the business. We would be happy to help you plan the best course of action for you and your business. ♦

For more information call us at (216) 573-2330 and/or email me at [p.weisinger@walthall.com](mailto:p.weisinger@walthall.com)

## Buy/Sell Agreements – What You Really Need to Know

- What is my partner's spouse entitled to in the event of death/disability?
- What legal hurdles should I be aware of?
- Should I have a buy-sell agreement?
- What funding options are available?
- How prepared is your business for a crisis (death or disabled partner)?

DATE: Tuesday, Sept. 27, 2011  
 LOCATION: Blue Canyon • 8960 Wilcox Dr. Twinsburg, OH 44087  
 TIME: 5:00-5:30pm  
 Networking and Registration  
 5:30-6:30pm General Session,  
 Panel Discussion, Q&A  
 COST: \$15 per person (WD&W clients free)  
 REGISTER: [c.bade@walthall.com](mailto:c.bade@walthall.com) or (216) 573-2330

# SEMINAR

## UPCOMING EVENTS

## September

- 14th** 1-3pm QuickBooks Series: "Receiving Payments and Making Deposits" and "Entering and Paying Bills." (Independence)
- 15th** 11:30am -1pm Seminar, "Financial Planning Basics" (Match Works Tavern in Mentor)
- 20th** 5-7pm "How to Have it All and What You Need to Know to Get There." Ask the experts how you can reach financial and physical success. (Beachwood)
- 22nd** 11:30am-1pm Employment Law Seminar, Jennifer Corso, Esq. (Mentor)
- 26th** 5-7pm "How to Have it All and What You Need to Know to Get There." Ask the experts how you can reach financial and physical success. (Westlake)
- 27th** 5-6:30pm "Buy/Sell Agreements—What You Really Need to Know." (Blue Canyon in Twinsburg)

## October

- 12th** 1-3pm QuickBooks Series: "Analyzing Financial Data" and "Setting Up Inventory." (Independence)
- 13th** 11:30am-1pm Seminar, "Retirement Basics and Retirement Income." (Match Works Tavern in Mentor)
- 27th** 7:45-9am Employment Law Seminar, Jennifer Corso, Esq. (Independence)

## November

- 9th** 8:00-10:30am Seminar, "Fraud in the Workplace." (Independence)
- 10th** 1-3pm Seminar, "Medicare Parts B&D"  
\*See website for details.
- 16th** 1-3pm QuickBooks Series: "Tracking and Paying Sales Tax" and "Doing Payroll With QuickBooks." (Independence)
- 17th** 11:30am-1pm Employment Law Seminar, Jennifer Corso, Esq. (Mentor)

## December

- 14th** 1-3pm QuickBooks Series: "Estimating and Progress Invoicing," "Tracking Time and Customizing Forms," and "Writing QuickBooks Letters." (Independence)

To RSVP call (216) 573-2330 or go to [www.walthall.com/news/events](http://www.walthall.com/news/events) for more information.

## EVENTS ARE FREE TO CLIENTS!\*

Did you know all events are free to clients? That's right, they are an added benefit of your relationship with WD&W. Call/Email to tell us which events you're interested in attending and feel free to suggest others that would be of help to you! (216) 573-2330 or C.Bade@walthall.com.

\*Exception: Medicare Part B&D Seminar. See website for details.



## Women and Retirement Planning – No Excuses!

By *Cindy Kula, CPA, CFP*

Women are unique when it comes to retirement planning. We often place our careers on hold early to care for our children or perhaps later to care for an elderly relative. It has been proven, that it is typical for women to earn less in their careers than their male counterpart in the same age group. As a result, our retirement funds and social security benefits are often lower. Not only do we have less accumulated at retirement, statistics have shown that we live longer than men. So, how do we stretch our resources through our retirement?



All women need to start saving for retirement as soon as possible. As you begin your careers take advantage of all employer-sponsored retirement plans. Put away as much as you can. At an early age, this may be difficult to determine since you may be paying off school loans or beginning to save for your first home. You can still do all of these AND begin saving for retirement. It just requires a little discipline.

If you begin saving \$2,000 annually in a retirement account at the age of 30 with a 6% growth rate, it will grow to over \$230,000 by the age of 65. This is a great starting point! Saving more will just make your "pot of gold" at retirement even larger.

The key is to save as much as you can for your retirement during every phase of your life. Even stay-at-home moms may qualify for funding their retirements through IRAs. There are specific tax rules on this, so please consult your tax advisor.

What is your excuse for not planning for retirement?

- Are you too busy to plan?
- Does your husband take care of your finances?
- Are you waiting for your children to graduate from college?
- Are you afraid that you don't know the basics of investing?

All of these excuses will put you one step behind when it comes to retirement. So, take action immediately, and stop making excuses! ♦

## SEMINAR

"How to Have it All and What You Need to Know to Get There"

*Ask the experts how you can reach financial and physical success.*

## EVENT DATES &amp; LOCATIONS:

Tuesday, Sept. 20, 2011  
R.W. Shea & Co., Ohio Design Centre  
23533 Mercantile Rd., Suite 115  
Beachwood, OH 44122

Monday, Sept. 26, 2011  
Cashelmara Condo Assoc.  
23200 Lake Rd., #58A  
Westlake, OH 44140

TIME: 5-7pm

COST: A cash offering or donation item to support Family Promise of Cleveland.  
(See [familypromisecle.org](http://familypromisecle.org) for more information.)

REGISTER: [c.bade@walthall.com](mailto:c.bade@walthall.com) or 216-573-2330

# WD&W Rated a Top Workplace in Northeast Ohio!

Walthall, Drake & Wallace LLP has been named a 2011 “Top Workplace” in Northeast Ohio as ranked by WorkplaceDynamics and published in *The Plain Dealer* Sunday June 19, 2011. WD&W ranked 13th out of 60 small-size companies on the list, and was one of a total of 132 small, mid-size and large companies that were named.



Congratulations to our staff for making this recognition possible, and to our fellow award winners for your significant achievement! ♦

## Board Governance and the Private Club

By Janice Paul-Canfield, CPA

Although private clubs are a different type of tax-exempt organization than those that derive their revenue from donations, good board governance is just as important for a private club. Proper board governance is necessary to remain a viable organization and serve member needs. Proper board governance is necessary to insure an organization’s success in achieving its exempt purpose while protecting its assets from abuse. It also provides an accountability structure to timely identify and resolve issues facing the organization.



professional as well as an attorney be members of the board of directors. The balance of the members of the board should be chosen from club members who wish to be involved in defining the club’s goals and assisting in reaching these goals.

The board is collectively responsible for the overall affairs of the organization and has a fiduciary duty to the organization to treat it as a prized possession. This relationship usually can be divided into three categories:

- Duty of care
- Duty of obedience
- Duty of loyalty



Scan the QR code with your smart phone or go to [www.walthall.com/board\\_governance](http://www.walthall.com/board_governance) for the full article. ♦

Good governance starts with choosing the right individuals to serve on the organization’s board. Most experts recommend a financial

## WHO’S NEWS cont.

Several members of the WD&W staff were promoted! **Kara Hoon** is now a Supervisor. **Brian Ditz**, **Theresa Wisniewski**, and **Lori Sullivan** are In-Charge Accountants, and **Adam Deal** is a Level II Accountants.

WD&W is happy to announce it’s newest addition to the staff - **Alex Monroe**. Alex recently graduated from Heidelberg University with a Bachelor of Science in Accounting and Economics. In addition to his studies, he played baseball for the Berg and was chosen for the Mideast Region All-Tournament Team, the OAC All-Tournament Team, and the All-OAC Academic Honorable Mention for Rehabilitation.

**Jean Pavlin** volunteered at the Parma Area Chamber of Commerce’s 21st Annual Rib ‘N Rock Cookoff. The event was once again successful with great food, music, rides and much more! **Paul Weisinger** enjoyed a father-



daughter dance at the Union Club where he serves on the “Cleveland Business Leaders’ Committee.” ♦

# IRS INCREASES OPTIONAL STANDARD MILEAGE RATES EFFECTIVE JULY 1, 2011

The IRS has updated the optional standard mileage rates for computing the deductible costs of operating an automobile for business, medical, or moving expense purposes and for determining the reimbursed amount of these expenses that is deemed substantiated. This modification results from recent increases in the price of fuel.

The revised standard mileage rates are 55.5 cents per mile for business use of an automobile and 23.5 cents for use of an automobile as a medical or moving expense. The

mileage rate for use of an automobile as a charitable contribution is fixed by statute and remains 14 cents.

The revised standard mileage rates apply to deductible transportation expenses paid or incurred for business, medical, or moving expense purposes on or after July 1, 2011, and to mileage allowances that are paid both (1) to an employee on or after July 1, 2011, and (2) for transportation expenses an employee pays or incurs on or after July 1, 2011. ♦

PURPOSE	1/1 – 6/30	7/1 – 12/31
Business	51	55.5
Medical/Moving	19	23.5
Charitable	14	14



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CERTIFIED PUBLIC ACCOUNTANTS

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FALL 2011

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DISCLOSURE UNDER UNITED STATES TREASURY RULES - If this communication contains any tax advice, such advice is not intended or written by the practitioner to be used, and cannot be used by the taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer.

Since 1944, Walthall, Drake & Wallace LLP has helped businesses with a full range of the following financial and management concerns:

- Business Valuations
- Campaign Finances
- Construction Contractors
- Employee Benefit Plans
- Financial Planning
- Forensic and Fraud Evaluations
- Manufacturing
- Not-For-Profit Organizations
- Oil & Gas/Energy
- Private Clubs
- Real Estate
- Wholesale Distribution

### Cuyahoga County Homestead Exemption-Seniors 65+

The office of the Cuyahoga County Auditor is sending forms to be completed by seniors (65+) to confirm ownership of their homes and qualification for the homestead exemption. The form is simple but needs to be completed and returned to the County Auditor. So, if you get any calls from clients, it is just a routine form. ♦

## IRS is Mailing Surveys to Taxpayers to Assess Burden

The IRS is seeking to better understand the time and cost burdens faced by taxpayers when complying with the many requirements imposed by tax legislation, regulations, and IRS filings, both in terms of time the taxpayer invests in complying with the requirements and any associated costs. To that end, the IRS Office of Research through an outside contractor, is sending surveys to the following categories of taxpayers to solicit information:

- Business Taxpayers – this has already begun;
- Individual Taxpayers – these are being mailed during August;

- Tax Exempt Taxpayers – these will be mailed in September;
- Post-Filing Burdens (after audits) – will be mailed in early 2012.

As our members are constantly advising clients to make sure that they protect confidential information and identities, we wanted AICPA members to be able to inform clients that these surveys are from the IRS and are not a ruse by some marketing firm to solicit information. Participation in filling out these surveys is purely voluntary on the taxpayer's part. ♦

## BEWARE: Fake IRS Emails

Scam IRS emails usually contain the official IRS logo and are designed to match the look of the IRS website. While these emails generally do not contain viruses, they are attempts to gather personal information and/or receive money directly.

Popular scams included notices that your electronic payment was cancelled, that you are eligible to receive a tax refund, and that the IRS Antifraud Commission has discovered fraud attempts regarding your bank account.

Be advised: the IRS only sends emails in response to emails sent to them. If you have any question as to the veracity of any IRS correspondence you receive, whether by email, fax, or letter, please contact us. We will be happy to research the matter for you. ♦