

PRESIDENT'S MESSAGE - June 2009

David De Koekkoek, EA, President

It was great to see a good crowd at last month's meeting. As we noted that evening the total returns prepared by those present was 21,000+. That's a lot of returns. Most preparers were about even or slightly up from last year. That is good news. The surprise of the evening was when we asked about the snacks eaten during tax season. There were a surprising number of healthy snacks listed. Donuts were not even mentioned! Evidently, we've learned that a healthy diet keeps us functioning better. All in all it appeared that we had a good season, but were worn out by a lot of extra questions. Also it appeared that there were more extensions than ever. That will keep us busy during the off-season.

New tax laws continue to be proposed by the President and Congress. A number of them appear to be trial balloons—at least let's hope so. The latest one is about limiting the charitable deductions for those in the higher income brackets. This may affect non-profits more than individual taxpayers, so we will see what happens with that one.

Speaking of charitable deductions, our June topic will be charitable remainder trusts. These trusts have become quite common and are one of the estate planning tools that non-profits offer to persons with a charitable intent. What they are? How they are setup? How is the charitable deduction calculated and when it is deducted? How the income is to be reported? What are the advantages for the charity and individual donor? Are there disadvantages or shortcomings of these trusts? These are all questions that will be addressed by our speaker(s).

As a final note, I would like to thank the Board of Directors for their support, willingness to work, and positive attitude over the last year. It has been a good year. Congratulations to the new officers and Board that was elected at our May meeting. Don Stacy will be our new president and will take over in July. I would also like to thank Richard Franke and Joe Ligorini for their excellent work with our Newsletter and web site respectively.

"HIGHLIGHTS OF SAVING TAXES THROUGH GIFT GIVING"

Jon G. Schendel, Social Capital Strategist / Senior Development Officer for the American Red Cross in Orange and Riverside counties will be giving a brief overview covering all of the different techniques available, like Charitable Gift Annuities (CGAs), Charitable Remainder & Lead Trusts (CRT's). He believes in making the education and understanding of complex estate, financial, charitable techniques and laws 'Simple'.

His undergraduate degree in Business & Finance is from Woodbury University. MBA courses in Finance and Marketing were completed at California State University, Fullerton. He received his initial training and experience with The Connecticut General and The Financial Advisory Clinics. His interests in Charitable Development and Gift Planning started many years ago as president of his High School Key Club. After years of volunteering in the mid-80's he pursued Charitable Planning and Stewardship Development.

Jon's taught Estate, Financial and Philanthropic Planning courses for: The Partnership for Philanthropic Planning (formerly NCPG) and Planned Giving Roundtables (PGRT) of Southern California and Orange County; the AFP (formerly NSFRE) and the Council for the Advancement and Support of Education (CASE). Nationally, he's taught financial, estate and charitable planning courses for The Mid-America Foundation and West Coast University. Jon's 'interactive' lectures include: "Controlling Social Capital"; "DAF's – Alternative to Private Foundations"; "Estate and Financial Planning Made Simple"; "Avoiding Capital Gains Taxes and Increasing Your Bottom-Line" and "Increasing Spendable Income in Your Retirement Years."

Jon is a native Southern Californian living in Orange County for 35 of the last 40 years.

Update from the Board of Directors

Norma Rae Hill, EA, Secretary

At the May Board meeting reports were heard from varied committees and the Treasurer Report was given.

Of particular interest was the request brought by Paul Cheatham, EA from the South Bay Chapter requesting volunteer help in bringing together this year's CSEA Annual Meeting in Torrance. If anyone is able to help, they should call Hector Castanada at (323) 665-7562. The Board passed a motion to also offer our financial help with a gift of \$300.

Kenneth Alvarado, EA Chair of the Business Retention Committee reminded us that those who volunteered to be available to help last year would be kept on the list for this year unless they request to be removed.

Most everyone agreed that this was the year of questions from our clients. They are all interested on how the new laws will impact them. The talks from Dave DeKoekkoek, EA, Don Stacy, EA and Steve Davis, EA were very timely in their presentation but Deborah St Martin, EA brought us highlights of the new laws and made the evening very worthwhile indeed. Thanks go out to all of them for an excellent and timely program.

During the general meeting held just before the program, the nominations for the next year's slate of officers were announced and all were elected as presented.

The next meeting of the Board of Directors will be held on June 10, 2009, 4:00 pm at the Hilton Hotel in San Bernardino.

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CSEA Director's Report

Paul Cheatham, E.A.

The CSEA Board met on the weekend of January 9, 10 & 11. As I write this on January 25, 2009, it occurs to me that this will be "old news" by the time it is published and you have a chance to read it!!! So, I will be brief, but make sure that I cover the high points.

The January discussions generally revolved around meeting members needs in this changing economy, governance issues of the Society, and housekeeping matters. Change is in the air, but with change comes opportunity.

The Membership and Chapter Development committee recently conducted a member survey to better understand how members perceive benefits. There always seems to be substantial amount of discussion related to maintaining the quality, quantity and cost effectiveness of services to members. I would appreciate hearing from Chapter members with their thoughts on this subject (or any other for that matter).

Governance continues to be discussed at great length. I believe that so much time is devoted to this because it is central to the continuing efficient operations of our Society as well as forcing us to address loftier matters such as our Mission statement. All things considered, most of the time I regard these discussions as a "necessary evil".

The housekeeping involved committee work, a Bylaws change to allow more out-of-state members as Professional Affiliates and recognition of CSEA members at NAEA and to IRS advisory committees.

Our own Don Stacey chairs the Finance and Budget Committee which wrestled with next year's budget. There was a very great desire that the Committee bring forward a balanced budget. I believe this was accomplished by cutting costs.

I am proud to be your representative to CSEA, it is an honor. Our Society appears to continue to be well run. I am happy to report that there are no "life or death" issues on the horizon. CSEA staff continues to do an outstanding job.

Meet the Board — 2009-2010

At the May meeting of the Chapter the Nominating Committee presented the slate of Officers and Directors for the Board to serve the Chapter for the 2009-10 fiscal year beginning in July. With their being no nominations from the floor, the Committee moved that a unanimous vote be cast for the slate and the membership in attendance voted the new Board in. They will be installed at the June meeting and take office on July 1, 2009.

Serving the Chapter as President is **Don Stacy, EA, CMA, MBA**. He moves up to the Chair after having been 1st Vice President and 2nd Vice President. He has also been active on the State level serving on various committees including Committee Chair.

Don has owned Canyon Lake Professionals Inc. in the same shopping center since 1984. His practice includes: tax preparation 60%; audit and collections representation 30%; and bookkeeping and consulting 10%.

He has been an enrolled agent since 1992. Prior to becoming an enrolled agent he was a Corporate Controller for several large chemical manufacturing companies.

His Vision for the Chapter is to see us pass the 200 active member mark in 2009-2010! Members can feel free to contact him to discuss the value of membership and opportunities for service to the Chapter and CSEA.

Connie Bracher, EA is 1st Vice-President and CSEA Representative. She brings to the Board a wealth of leadership experience on both the Chapter and State levels. She is a Past President having served as Chapter President in 2006-07, 1st VP, Secretary, PIA Chair, Nominating Committee Chair, and Chapter Representative to CSEA. At the State Level she has been the Legislative Chair, Disaster Chair, and Vice-Chair of the Scholarship Committee.

She received her CTEC Certification in 1997 and became an Enrolled Agent in 1999 and in 2008 became a Fellow in NTPI. She is owner of Acorn Bookkeeping & Tax Service in Crestline, CA. Her firm handles all aspects of bookkeeping, payroll and tax services including representation. Currently there are 5 full-time employees and 2 seasonal ones. She has finished the construction of a new professional building that she will share with the engineering business of her husband Mike. The building also has fourteen executive offices that they plan to rent out.

Her vision for the Chapter is that it continues to grow by focusing on the Chapter's purpose "To Promote the Professionalism and the Growth of Our Members and to realize the Big, Hairy, Audacious Goal "To Be the leader in providing education and support to Enrolled Agents in our region." She is always open for members to call her with their questions and concerns: "If I don't know the answer, through my networking within our Chapter, State and National levels I can usually point someone in the direction to get one".

Pam Jipp, EA is 2nd Vice President. She has served the Chapter as a Director and Chair of the Education Committee. She has been preparing taxes since 1998 and became an EA in 2003. Currently she is employed at Top of the Line Tax Service that has four offices in Southern California. The staff includes 3 EAs and 2 CTEC preparers. Her vision for the Chapter is to provide exceptional education to our members in order to support their ability to grow their practices and promote the professionalism of EAs. She is anxious to discuss with members their interest in regards to Chapter Education

Kathryn Dunn, EA is serving her second year as Treasurer on the Board. She became an Enrolled Agent in 2007 and also started her own business, Cornerstone Tax & Bookkeeping in Rancho Cucamonga the same year. She has been preparing taxes since 1983 and considers the time and resources she invests in continuing professional education, state-of-the-art computer technology, and personal relationships the keys to success.

Her vision for the Chapter is to continue to promote the Enrolled Agent designation as THE Tax Professional to engage in all our client's tax needs. She is very willing to make herself available to hear what members have to say. Kathy wants to "thank everyone for all of the support she received during her first year as Treasurer. The CSEA-Inland Empire chapter is a great group of tax professionals."

Peggy Ligori, EA is serving her third year as a Director on the Inland Empire Board. Prior to that she sat on the Orange Co. Chapter's Board of Directors for 11 years, in the capacity of Director, Secretary, 1st VP, 2nd VP & 2006-07 President. She has been an Enrolled Agent for 14 years.

In 2004 she moved her practice from Orange County to Hemet/San Jacinto and has purchased 3 tax practices since that time. Her firm currently has a client base of 900 individuals, 100 corporations, partnerships, fiduciary & non-profits. Her practice consists of two EA owners and a staff of 5 including a part-time EA, a licensed CTEC and a payroll specialist. Their specialization is in estate tax planning, trust accounting, small business tax & bookkeeping and of course audit representation.

She started working as a payroll clerk, 35 years ago, for a large corporation; began assisting the accounting manager, and found her love for working with numbers. She went back to school to take accounting courses. From there she worked as a full charge bookkeeper for a small machine shop; became controller of a small furniture corporation; then started her own bookkeeping service. For 20 years, she also worked for CPA/EA firms, while trying to build her own business.

Her vision for the Chapter is to continue to support the members with a source of networking in order for members to enhance their education and business growth. She is available to members concerning questions on S-Corp, Trust & Estate, partnerships, and LLC entities. Also, she is available to anyone who has questions regarding computer consulting, paperless office, computer networking, and QuickBooks.

Ronald Uehle EA returns to the Board as a Director after a several year hiatus. He has been an EA since 2003 and has been doing accounting and taxes since 1981. Also, he is a Securities Registered Representative. He works in Tax and Financial Planning firm with another EA Chapter member Glenn Duncan. They do bookkeeping, payroll, taxes, and investments.

His vision for the Chapter is to see the Chapter fulfill the educational and fellowship needs of its members.

Donald H. McAllister, EA is beginning his fourth term as a Director. He has been an Enrolled Agent since May 2000 when he retired from the Department of Defense. Prior to that he has been preparing tax returns part-time more than 25 years. He owns D & M Enterprises, which is a consulting firm in which his practice is a part. His current practice is primarily tax preparation and representation of individual, small business, corporations, and exempt organizations. His clients are mainly teachers, sports officials, realtors, contractors, and professional services.

Don holds both BS & MBA degrees. Prior to my becoming an Enrolled Agent he was employed as a Civil Engineer with the Department of the Navy

with responsibilities for Facilities, Environmental, and Safety. He continues to be an active Sports Official at the High School level with prior experience from youth to professional levels in Football, Basketball, and Baseball.

His vision for the Chapter is to ensure the Chapter provides balanced educational programs within a balanced budget and to see that individual recognition be given to deserving members. Members can contact him to discuss any concerns an individual member may have and if there are issues that need to be addressed to see that they are resolved.

(Editor's note: The remaining Board members will be published next month).

Learn & Share

Deborah St Martin, EA

Thank-you to Judy Kropf, EA for submitting the following two items learned at CSEA Super Seminar:

LLC's must file Articles of Organization with the Secretary of State. There also should be a simple Operation Agreement. A single-member LLC files using either Schedule C; Schedule E; Schedule F or Form 1120. California Licensed Businesses or persons cannot operate as an LLC in California. Losses from a partnership or LLC are limited to the partner/member's basis. The LLC is limited to partnership rules when determining available fringe benefits. If the LLC pays medical insurance it is treated as guaranteed payment to the member or a distribution to the partner. LLC's do not have the liability protection of a corporation; however, we need to watch that we are not giving legal advice on the liability issues. We need to refer these questions to an attorney.

Foreclosures, Repossessions and Cancellation of Debt have changed. Effective for discharges of indebtedness on or after 1/1/07 and before 1/1/13 taxpayer's may be able to exclude from gross income a qualifying discharge of qualified principal residence indebtedness. Any money taken for personal use is COD and does not qualify for the exclusion. In the case of a foreclosure or short sale, the question is whether the foreclosure or short sale will be treated as sales proceeds of the property or as loan forgiveness income. The Act applies only to COD income and does not apply to gain or loss on an exchange. However, if treated as the sales proceeds of a principal residence, the taxpayer may utilize §121, if qualified.

QUICKFINDER

Attend our meetings and sign in!!! Enjoy comradeship with your peers!!! Members attending five or more meetings from May 2009 through December 2009 will receive a free 1040 QUICKFINDER. Those attending six or more, will in addition receive a free BUSINESS QUICKFINDER. Any questions call Barbara Jo Robertson at (909) 466-7466.

PRE PAY FOR THE YEAR AND SAVE \$40

July 2009 is when you can pay \$280.00 for all eight meetings during our fiscal year. When you prepay, you do not have to be concerned about any increase in fees until the following July. Just bring a check payable to CSEA for \$280.00 to the July meeting. If you want to pay by credit card, fill out our form located on our website www.ietaxpro.com. Click on Payment by Credit Card and follow the links to the form to charge your credit card.

When you pay in advance you save \$40.00 and no RSVP required, you only need to call if you are NOT going to attend a monthly meeting.

CHAPTER PLANNING RETREAT

The Annual Planning Retreat is being arranged by next year's president, Don Stacy. The set date is Sunday July 12th beginning at 2:30 and extending to dinner. Details will be announced in the July Newsletter but please set aside the time so that you can make your input in next year's Chapter events. The Retreat is open to any Chapter member and the Chapter covers the cost.

Mark Your Calendars!!

Wednesday, June 10, 2009

July 7-9, 2009
Wednesday, July 8, 2009
Sunday July 12, 2009 2:30PM
July 14-16, 2009
Wednesday, August 12, 2009
August 9-12

Chapter Meeting — "HIGHLIGHTS OF SAVING TAXES THROUGH GIFT PLANNING"

4:00 Board Meeting; 5:30 Social; 6:00 Dinner; 7:00 Program

IRS Nationwide Tax Forum, Las Vegas, NV
Chapter Meeting
Chapter Planning Retreat
IRS Nationwide Tax Forum, San Diego, CA
Chapter Meeting
NAEA National Tax Practice Institute & Annual Meeting Sheraton Baltimore Center City Hotel, Baltimore, MD

The Inland Empire chapter of CSEA is now able to accept all VISA, Master Card, Discover and American Express credit cards for our monthly meetings and continuing education. Sorry, no debit cards. You will find an insert in the newsletter that will help you provide all of the information needed to charge your card. After you have completed and signed the form, fax to 909-533-2159 or attach the form to an email and email to Kathy@ctbpro.com. If you are charging a monthly meeting, you will still need to get this information to me by Friday before the meeting to get the lower meeting rate.

Due to Hotel Policy dinners will not be provided without prior reservations. Beginning with the May 2009 meeting there will be a price increase.

Chapter Program cost is \$40 for members (\$45 for non-members and guests) for reservations made by 4 p.m. on Friday preceding the program. Late reservations are \$10 additional and can be made until 12 noon Wednesday of the program. Walk-in's to Seminar is \$50.

RSVP TO: kathy@ctbpro.com or 909/466-6900. Meeting location: Hilton Hotel, 285 Hospitality Lane, San Bernardino. THANK YOU

Meeting Location: Hilton Hotel San Bernardino, 285 E. Hospitality Lane

JUNE MENU

Meat Lasagna
Fresh Vegetables
Garlic Bread Sticks
Desert

Vegetarian dinner is available by advanced request.

Chapter IdEA's is published May-January by the Inland Empire Chapter, CSEA. Classified ads are free to members up to 35 words; for non-members the cost is \$25. The Newsletter subscription is \$15 per year. It is distributed free to members of the Chapter. Checks payable to CSEA; include your name, address, email, and phone number; send to Richard Franke, EA, Editor; 4251 Park Avenue; Hemet, CA 92544.
Editorial Board: Connie Bracher, EA; Deborah St Martin, EA; David De Koekkoek, EA.



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Inland Empire Chapter CSEA

Chapter IdEAs

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