



The

# FREE STATE

A Publication of the Maryland Society of Accounting & Tax Professionals



12  
Solo and Small Firm  
Principals  
Conference

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# CONTRIBUTORS



**Dana Brunn** is Regional Sales Director (RSD) for Total Administrative Services Corporation (TASC) for the past 15 years, with an area that covers Maryland, DC and Virginia. His innovative marketing strategies include product development, professional education and the design of tax-advantaged benefit plans such as Section 105-HRA, Section 125-FSA, HSA, COBRA, FMLA, ERISA, HIPAA, ACA Reporting and each program's affiliation with Healthcare Reform. With the ACA in full swing in 2015 & beyond, his main focus is to help your clients "Prepare for an Audit."



**Steve Deming** has a background in hardware design and engineering, but through his work, quickly progressed to software training. With over thirty years of professional computer experience, he's spent most of his career working with organizations to identify and implement effective solutions. In the seven years leading up to his joining Microsoft, he was the IT manager for a small business where he focused on Windows Server and Microsoft application training and had the opportunity to leverage technology delivered training with clients around the world. Since joining Microsoft over eleven years ago, he's worked with the partner team helping customers and partners understand the benefits of the technology, where that technology is heading in the future, and how to take advantage of the available Microsoft partner programs. His passion is helping people understand technology better so they can make educated choices for their businesses. Outside of work, he is a volunteer behind the scenes with several community theater groups in the Washington, DC suburbs. In addition, he and his wife of 23 years share the hobbies of international travel, photography and working in stained glass.



**Al Giovetti** is a CPA in Maryland with over 35 years of public accounting experience, Accreditation in Business Accounting (ABA, 1989), Tax Advisor (ATA, 1984), Retirement Advisor (ARA, 2007), and Principal, Giovetti and Giovetti Certified Public Accountants (1992 - current). Giovetti and Giovetti Certified Public Accountants is a full-service small CPA firm in Catonsville, Maryland. Al is currently serving as President on the Board of Governors for the National Society of Accountants (NSA).



**Bob Jennings** is a nationally renowned author and speaker, presenting continuing education classes to over 100,000 tax professionals over the last 20 years all over the world. Bob is a licensed CPA (Indiana), a licensed CFP, an IRS Enrolled Agent and a Registered Tax Return Preparer. Bob is also a prolific author and has published over 60 professional articles in such magazines as the Journal of Accountancy as well as many other professional and consumer publications; annually authors several tax, accounting and technology manuals; and is a regular columnist for FoxBusiness.com. As the founder of his own regional CPA firm in 1984, Bob has dealt exclusively with individual and small business

financial issues for over 30 years. Bob appears regularly in the media and has been quoted extensively by numerous publications. He has recorded an extensive number of informational videos, DVD's and instructional clips available on his website at TaxSpeaker.com.



**Dave Kile** is co-founder of Ease Technologies and a former Apple employee with over 25 years' experience in the IT industry. He provides an invaluable expertise working with clients in all aspects of IT support. Mr. Kile has lead teams implementing projects ranging from healthcare patient portals, the creation of public safety IT help desks to the relocation of financial trading firms. Additionally, he is actively involved in providing education seminars, webinars and blogs sharing ways that businesses can improve security and productivity.



**Jerry Lotz** is Senior Savings Advisor at CostSeg Energy Solutions. CostSeg Energy Solutions represents companies whose mission is to help commercial property owners and leaseholders save money. He serves as an agent for Cost Segregation Services Inc. (CSSI), based in Baton Rouge, LA. CSSI is an "independent" company that provides "engineering-based" IRS Approved, Cost Segregation Studies and Tangible Property Regulation Consultation. Other CSSI services include: CAP-EX Reversal Analysis, Engineering-Grade Energy Audits, 179D, 45L and LED Lighting Tax Savings Implementations. Jerry is a Baltimore native and holds a business degree from Towson University. He spent 30 years in various managerial positions in the medical sales industry. Jerry enjoys working to provide "exemplary" service to tax professionals and the clients they serve. When he is not working, he enjoys spending time with his wife, children and grandchildren.



**Darla McClure** - Darla's extensive experience includes organization and entity selection, structuring business ventures, developing shareholder and operating agreements, resolution of business disputes, commercial transactions, mergers and acquisitions, and joint ventures. In addition to her employment and business law practice, Darla is the Managing Principal of Stein Sperling's Frederick, Maryland office. A frequent speaker on topics involving business organization, disputes and employment matters, Darla has addressed various organizations throughout the region, including the Montgomery County Medical Society, where she sits on its Advisory Board. She also serves as the Legislative Affairs Director of the Montgomery County Chapter of the Society for Human Resource Management (MC SHRM), where she contributes to the organization's monthly newsletter and gives presentations on employment law topic. Darla has also spoken to groups of financial professionals, including the Maryland Society of Accounting and Tax Professionals and various chapters of the Maryland Association of Certified Public Accountants.



**Bob Olsen** is the CEO of COMPASS Cyber Security, which provides a variety of services to protect the data of accounting and tax professionals as well as other organizations world-wide. Mr. Olsen began his career in the 82nd Airborne Division, United States Army. Upon completing his obligation, he worked at Verizon Communications, achieving the level of regional engineering manager. Mr. Olsen went on to hold several senior-level positions with another organization, Corvis Corporation, in the areas of field operations, technical services, project management, quality assurance, information technology, and global education services. Mr. Olsen graduated from Towson University (Towson, Maryland), with a Bachelor of Science degree in liberal arts. He later earned a master of science in information and telecommunication systems and a master of business administration from Johns Hopkins University (Baltimore, Maryland). Mr. Olsen is a Certified Information Systems Security Professional (CISSP), Certified Cloud Security Professional (CCSP), Certified HealthCare Information Security and Privacy Practitioner (HCISPP) and an adjunct professor for cyber security at The Johns Hopkins University Carey Business School. Mr. Olsen also serves as a board member of the Johns Hopkins Information Security Institute and the Dean's Advisory Council at The Johns Hopkins University Carey Business School.



**Jim Seminara** is an investment advisor and financial planner with Mass Mutual Financial Group of the Mid Atlantic, a MassMutual Agency; courtesy of Massachusetts Mutual Life Insurance Company.



**Marion Thompson** is a long time resident of Montgomery County, MD and is a graduate of VA Tech (1980). Marion joined Thompson Tax Associates full time in 1983. After additional study and more accounting classes, she earned her CPA designation in 1989.

She has been involved in many community and professional organizations. She was President of the Maryland Society of Accountants from 2007 - 2008 and is past chair of their Education Committee. She is a member of the National Association of Tax Professionals.



**Maryland Society of Accounting & Tax Professionals, Inc.**

10630 Little Patuxent Pkwy, Ste 146  
Columbia, MD 21044  
(410) 876-5998 | (800) 922-9672  
Fax: (443) 881-4146  
[www.msatp.org](http://www.msatp.org) | [info@msatp.org](mailto:info@msatp.org)





## MSATP News



MSATP is working to improve services to our members, accounting and tax practitioners, and the business community we serve. In doing so, we are seeking the help of our membership and anyone who has thoughts and ideas as to how we can further improve in several areas.

We are looking for individuals to help us on a one-year project so we can begin to move into the future. Can you assist us in one of the following areas?

1. Understanding, debating, developing and proposing legislative change
2. Connecting and communicating with the accounting/practitioner community
3. Developing, marketing and hosting educational seminars

We are working for you and need to know how to better serve you. Please send an email to Sandy Steinwedel, Executive Director, at [sandy@msatp.org](mailto:sandy@msatp.org) by July 24 if you are available to assist with one of the projects listed above. **WE NEED YOUR HELP AND IDEAS.**

## NASBA Conference

by Sandy Steinwedel

From June 27 -29, 2017, MSATP Executive Director, Alverta “Sandy” Steinwedel, and CPR Committee Chair, Tom Bray, attended the NASBA Eastern Regional Conference in Providence, RI.

The three-day event outlined various issues facing accounting professionals as well as new rules and standards under consideration by NASBA. One of the issues discussed was “New Model Rules for CPE.”

CPE Model Rules are directed to licensees and are provided as a baseline standard for use by the Boards of Accountancy in state rules and regulations. Remember, these are baseline standards; the Maryland State Board of Public Accountancy will determine if they will adopt the new rules.

Model Rule 6-4 which is being discussed:  
• No fewer than 40 credits of qualified CPE for each annual period, including 2 credits of qualifying ethics CPE

• Minimum of 20 credits during each annual period included in the CPE reporting period

• Minimum of 50% of the total CPE credits for CPE reporting period in technical field of study

The comment period for the changes ended on June 30, 2017. The Maryland Society of Accounting and Tax Professionals prepared a white paper against each change. NASBA CPE Committee will be presenting their final recommendation to the NASBA and AICPA Boards in the next few weeks. As previously stated, each state has the final decision on any changes to their regulations.

## Announcing the 2017-2018 MSATP Board of Directors

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# Valuing Your Company: Knowing Your Worth Makes It Easier to Plan Ahead

by Jim Seminara

**Y**ou've built a successful family business, accumulated a nice retirement nest egg and put together a comprehensive estate plan. But if you don't have a workable succession plan, there's likely to be a big hole in your planning.

"A lot of people confuse succession planning with estate planning," says Dr. Edwin Hoover, a family business advisor based in the Chicago area. "They think that if they have an estate plan, they're all set."

The two processes, however, are very different. The estate plan is all about an individual deciding who gets what when he or she dies. The succession plan is all about the survival of the business. That makes succession planning a group process since all parties need to be at the table. "Business owners who are used to doing things on their own often find this very frustrating," Hoover says.

Moreover, family dynamics with the accompanying psychological and emotional issues can make succession planning a complex process. It can also be a treacherous one. According to the Family Firm Institute, only about a third of family businesses successfully navigate the transition to the next generation. The reason: poor planning, unresolved family conflicts or the lack of estate preparation, says Hoover.

Good planning takes time. Hoover, for example, recommends, starting 10 years in advance of any expected change in management. That provides ample time for the family, the business, the new management and the outgoing owner to work together in crafting a successful transition.

Of course, sometimes an owner decides it's better to sell, particularly if none of the kids are interested in taking over. Before putting the family's full service car wash on the market, for example, Karen Calcagno and her husband asked all three of their kids if they had any interest in taking over. They didn't.

"They were bursting with ideas of

their own," says Calcagno. "We ended up finding a great buyer."

Now a business coach and founder of the Advantage Family Business Center, Calcagno says money from the sale was used to buy a building which family members now manage together. "A lot of people don't think of that as succession," she says. "But it conserves the family wealth and creates a more even playing field for the kids."

Good communication is a critical part of the succession planning process. People need to make sure that family members, business partners and employees all understand the plan. "The person who owns the business is the one who makes the ultimate decision," says Hoover. But the future success of the company will depend on the people who are taking over. That means the details of the transition need to be clear to all involved.

It is the funding, however, that provides the glue needed to make a succession plan work. Life insurance is commonly used to make sure that kids in the business aren't favored over those who choose other professions. Insurance can also fund buy-sell agreements in case of death or disability and may supplement retirement income.\*

Too often, owners never get around to funding their succession plans. Others don't pay enough attention to the funding details, while still others put their plans in place and forget to update them as things change. The result: family members and business partners may find they have insufficient financial resources to actually implement the plan.

Succession planning is an ongoing process, as Calcagno has discovered. After the sale of the family car wash, her husband created a business of his hobby restoring vintage Corvettes. Now he has 10 buildings filled with classic car parts, but no one yet in line to take over the business.

"We haven't come to a conclusion about how that should be managed," Calcagno

says. But it's definitely on the list. •

*\*Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.*

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# ACA/BCRA Healthcare Compliance Update

by Dana Brunn

**T**he Senate just drafted the BCRA Bill to try to repeal and replace Obamacare. If this Bill passes, the Individual and the Employer Mandate will go away as will Reporting. The Republicans have had trouble in both the House and the Senate. So here is what you really need to know right now. What I am outlining is imperative.

**THE ACA IS STILL THE LAW OF THE LAND UNTIL FURTHER NOTICE!**

As of now, the IRS is auditing 1094/95 forms with fines of up to \$500 per form.

All employers offering a Group Health Plan are subject to ERISA Documentation. Failure to do so will still result in huge fines and penalties.

To make it easier, we have included a link to guide you in every step of what compliance issues that you and your clients NEED to be

aware of. This is not the brokers responsibility, in many ways, because this is a TAX.

Don't forget about Section 105, AGRIPLAN/BIZPLAN for Sole Proprietors or 1 Person C Corps, S Corps and LLC's.

Ask Dana Brunn @ 443-794-8019 or danab@tasconline.com

No matter if it's BCRA or ACA, COMPLIANCE WILL BE ENFORCED!!

Click this link for the WEBINAR SERIES: <https://tasconline.com/2017/06/23/tasc-webinar-series-july-september/>

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It's back! TASC is offering the FlexSystem Summer Sale for a second year due to its great success last time around.

This summer's promotional campaign offers an unprecedented sales discount to clients who purchase a FlexSystem Healthcare FSA Plan, plus multiple free add-on benefits.

- No Set-Up Fee
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Contact Dana Brunn:  
800-422-4661 x8838  
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Promotion Period:  
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 Howard County Business Training Center  
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**Jonathan Pocius**  
 240.699.0060  
[www.payrollservicesllc.com](http://www.payrollservicesllc.com)

**Dana Brunn**  
 800.422.4661 x8838  
[www.tasconline.com](http://www.tasconline.com)

**Adam Kletzing**  
 410.382.2600  
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**www.costseg.com**

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- |                        |                         |
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| New Solutions Realty   | UPS                     |

# What is Happening in the World of Apple?

by Al Giovetti

**Y**ou can be sure that, like all of technology, every new innovation, such as Solid-State Drives (SSD), is still too expensive and too small in terms of Gigabytes (GB) Megabytes (MB), Terabytes and nibbles (half a byte is a nibble), to be affordable for the mainstream.

Just to elaborate, the displays and printers generally have too few dots, and if they have enough dots, the amount of computing power needed is far too expensive. For example, a 4K monitor requires a monstrous (gigantic speed and capacity) graphics processing unit (GPU) on a graphics board with faster and higher GRAM (graphics random access memory) capacity than the computer processing unit (CPU) and the system Random Access Memory (RAM) for the computer itself. Any high-end equipment such as this isn't necessary for financial accounting and tax preparation.

I would have thought by now that most of the innovations of the new iPhones, iPads, Apple watch, iPod, and other Apple devices are too-little-too-late and far too expensive. But we do love our toys, so we keep paying too much for too little. Apple claimed there were six important announcements at the Worldwide Developers Conference 2017 (WWDC17). You can be the judge as to how many of those announcements were actually important.

## WWDC17

On June 5, Apple CEO Tim Cook announced six new things in his keynote address at the 2017 Apple Worldwide Developers Conference (WWDC), held at the McEnery Convention Center in San Jose, California, USA.

## First up – the ARKit

“For the first time anywhere,” Apple announced an augmented reality (AR) kit (ARKit) that allows the iPad and iPhone to superimpose a computer-generated image on a user’s view of the real world, providing a composite view. Google has its own AR application called Tango (get.google.com/tango/apps/). Both Tango and ARKit allows the user to superimpose a dining table on a view of a dining room area to see how it will fit. The view can measure the space and the object without a tape measure. Tango just uses your phone, whereas ARKit is available on the iPad and iPhone.

Another AR application is to put an object like a planet in a room with size relationships. For example, Tango can put a 113 mm Saturn in your bedroom and show that the size of the

planet in relation to the room is 1:530 million scale. The user can then use the phone to take a picture of the composite of Saturn and the bedroom.

## Second is the HomePod

Apple announced a \$349 Siri-enabled HomePod to compete with the Amazon Echo’s \$179 Alexa and the Google Home’s \$129 “hello Google.” Apple claims that HomePod is not just a dedicated home assistant but also a high-end speaker system – which may be why it’s more expensive than the other two.

## Third, the Apple watch

Apple Watch 1 and 2 will be getting a new operating system, OS4. Machine learning will help the iPhone do a better job dealing mostly with exercise and health applications. Added to the exercise features will be “monthly challenges” tailored to your specific fitness and exercise routine, a new workout application user interface (UI), two-way exchange with all brands of exercise equipment, and glucose monitoring from a device that measures glucose through the skin. Also new for the watch is a new music application and a flash light. Since Mickey and Minnie Mouse were such a hit, the Apple watch will now support a watch face with animated Woody, Buzz, and Jessie from the Toy Story series of movies from Pixar and Disney Animation.

## Fourth, iPhone 7 improvements

The iPhone has many new enhancements. iOS 11 for iPhone and iPad adds person-to-person payments through Apple Pay, adds three “natural-sounding” voices to Siri, a redesigned control center, more social features for the music app, and an improved Do Not Disturb feature to prevent distracted driving. The camera is much improved with low light photos, HDR imaging (see below), Depth API (see below), improved control page, and long exposure mode. You can also get a bright red enameled aluminum iPhone.

Let’s get some of the jargon explained before we go on.

High-dynamic-range (HDR) imaging is a technique used in imaging and photography to reproduce a greater dynamic range of luminosity than is possible with standard digital imaging or photographic techniques. In computer programming, an application programming interface (API) is a set of subroutine definitions, protocols, and tools for building application software. Depth API adds depth perception to AR (augmented reality).

### Fifth, the iPad Pro

The fifth big announcement related to the iPad – the introduction of the 10.5-inch size. The new iPad Pro (iPad Pro 2?) also adds a more brilliant display that incorporates true-tone, wide color gamut, ultralow reflectivity, and 600 nits of brightness.

More jargon – a true-tone display measures the color temperature of ambient light and adjusts the display to match using two four-channel light sensors to match paper white no matter what the light source. The wide-gamut RGB color space (or Adobe Wide Gamut RGB) is an RGB color space developed by Adobe Systems, that offers a large gamut by using pure spectral primary colors. It is able to store a wider range of color values than sRGB or Adobe RGB color spaces. Reflectivity is measured in the ultra-low range of 5–20 ppm. “Ultralow reflectivity” is too complicated to try to explain. In lighting, the nit is a unit of visible-light intensity, commonly used to specify the brightness of a cathode ray tube or liquid crystal display computer display. 600 nits is 50% brighter than the Nexus 6’s 400 nits bright screen.

The new iPad Pro will be available in three sizes, actually – 9.7, 10.5, and 12.9 inches diagonally. The 64 GB RAM models are \$649 for the 10.5 inch and \$799 for the 12.9 inch models. The 10.5-inch size iPad is being promoted by Apple as the “perfect size” for a full-sized keyboard either on screen or attached, thereby potentially making the 9.7 keyboard too-small.

All sizes of the new iPad Pro will come with the A10X CPU that is 30% faster, with a 40% faster graphics speed. Apple is promoting the new iPad Pro as a better replacement for a laptop due to the new speeds, a new file application, and the “attachable” external keyboard. A new file application (app) will make files more computer-like, with recent file access and frequent file access areas and a more “robust” app all around. So the new file app will add weight to the new iPad Pro. (Apple seems reluctant to call the new iPad Pro the iPad Pro 2!)

There is a new application band or dock at the bottom of the screen that shows recently used applications, so that switching between two applications is easier. Apple refers to this as “multitasking.” The dock also has a predictive area to the right of the screen where the iPod will predict, based on learning from your usage of the device, the next application you will use.

The refresh rate of the screen has been doubled from 60 MHz (megahertz) to 120 MHz. The faster refresh rate coupled with the new Apple Pencil ProMotion technology makes the Apple pencil feel smoother and faster.

The iPad will also have a better 12 MP (megapixel) camera.

### And finally, the New Mac

The new MacOS, “High Sierra,” will have intelligent features, including blocking autoplay of advertisements when you are trying to read the news online. The new MacOS will also recognize and block advertisements that follow you around with intelligent tracking prevention.

When composing email on the Mac, a split view will display the email you are writing on the right side of the screen and the email you are answering on the left side of the screen.

Other features include improved facial recognition, new tools for editing photos, the new Apple File System (AFS), and more VR features. VR features include VR content creation, Metal for VR, new Final Cut Pro, Steam VR for Mac, and the Real VR engine.

The iMac will have the new Intel i7 Koby Lake processor chip, which allows 32 and 64 GB of RAM memory and 2 USB (universal serial bus) C Connectors with a starting price at \$1299. A 13-inch Mac book Pro (laptop) starts at \$1299. The iMac Pro (desktop) will have an 18-core Xenon CPU processor with Radeon Xenon Vega graphics (GPU) processor.

The new iMac Pro will have an 18-core processor and 22 teraflops (a teraflop is a computing speed equal to one million million (10 to the 12th power) floating-point operations per second) of GPU performance. Just to try to dilute the jargon here: a floating-point operation (vs a binary integer) has decimal points in it. (Rhetorical question – does the decimal point float – if you have water?)

The future (so maybe there were seven major announcements ...).

The new iPhone (iPhone 8) will physically be smaller in width and length, but the screen size is expected to remain the same. The smaller physical size is due to the new edge-to-edge display, eliminating the frame around the screen. Also gone will be the physical home button, perhaps replaced by a virtual button. Most are expecting the iPhone 8 to be thicker than the previous model to accommodate the same size battery.

Most are expecting a faster A11 processor. The iPhone body will be glass built around an aluminum frame. Charging will not require a cable, but will be wireless, requiring a platform to put the iPhone on, thus charging the battery by electronic induction. The new red enamel color announced for the iPhone 7 will also be available on the iPhone 8. And at least one new iPhone model will use OLED (organic light emitting diodes—trust me, this is complicated). Camera and touch ID will be integrated in the display. •



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## **MSATP Political Action Committee (PAC)**

**A Political Action Committee provides an organized way for a group to support political candidates, causes, legislation, regulations, or initiatives that promote its cause.**

**A Political Action Committee collects contributions from individuals and aggregates them into a fund that is used to support its cause.**

**Your contribution supports the candidates and legislators who support your right to practice. The MSATP PAC has been involved in issues including: sales taxes on services, the 20% tax increase, right to compile financial statement, mandatory peer reviews, and MD inheritance tax exemption. Support the committee today and get involved!**

**Click here to donate!**





# Cyber Security: Protecting Your Client's Data

by Bob Olsen

**W**ith the proliferation of cybercrimes, it is no longer a question of if accounting and tax professionals will be targeted by hackers, but when. Accounting firms are prime targets for cybercriminals as they handle critically important and sensitive personal and financial data on a daily basis. Cybercriminals tend to target small to mid-sized firms because these organizations typically have fewer resources to allocate on information security.

COMPASS Cyber Security surveyed over 130 Maryland CPAs and discovered that 46% of the respondents have experienced a cyber security incident in their organization in the past 12 months. Cybercriminals are most commonly targeting accounting firms through phishing campaigns. Other methods include ransomware/malware, business email compromise, Distributed Denial of Service (DDoS), and social engineering.

Accounting and tax professionals not only have an ethical but also a legal responsibility to safeguard client data. Most small to mid-sized firms view cyber security as an overwhelming and daunting task. However, implementing a cyber security roadmap in your organization can make cyber security more manageable, impactful and affordable.

The first step in creating a cyber security

roadmap is by conducting a cyber security assessment to view the health of your organization's information security posture. An assessment will highlight the most critical vulnerabilities in your organization from which a remediation plan can develop. These vulnerabilities are not only technical, but also can be policy related or organizational security awareness. This then allows organizations to efficiently and effectively allocate resources so they receive the highest possible return on their cyber security investments.

While implementing a cyber security plan is essential to a strong information security posture, cyber security best practices should be employed by every member of an organization every day. Recommended cyber security practices for accounting and tax professionals include:

- Educate and train employees to raise their awareness about cyber security threats. Incorporate quarterly mock phishing exercises and informational webinars to help employees identify potential risks.
- Implement policies in your organization, such as a BYOD Policy, to help minimize risks and gaps.
- Do not distribute personal and financial data over email, unless it is encrypted.

- Employ two-factor authentication whenever available.
- Carefully scrutinize all emails. Look at the sender's domain name, any links contained in the body, and the email subject line. Scammers will often use variations of common email addresses, links infected with malware, and urgent email subjects to prey on unsuspecting individuals.

However, if your organization neglects to incorporate cyber security in its risk management strategy, an incident is more than likely. Data breaches can be extremely costly, especially for small to mid-sized firms. Not only do organizations have to pay for monetary damages, they also jeopardize the reputation of the firm. Furthermore, organizations that experience a breach must follow the state reporting laws for all states in which they conduct business. As a result, it is less expensive for firms to invest in cyber security safeguards before an incident occurs.

Accounting and tax professionals do not have to be cyber security experts; however, they should remain informed and aware of popular cybercrime techniques and the appropriate safeguards to best protect client data, as well as their personal information. Altogether, cyber security is really just risk management and should be viewed as such.

## MSATP Has a New Partner!

The Maryland Society of Accounting and Tax Professionals has partnered with CQI Associates to establish a **Commercial Energy Purchasing Cooperative** for its members. The MSATP - CQI Energy Cooperative will help members realize long-term budget stability.

**Benefits of the MSATP Energy Cooperative:**

- **INCREASED PURCHASING POWER** in procuring electric and natural gas at competitive rates to businesses
- Eliminates the need to 'go through it alone'
- Historically, the average co-op member **SAVES** about the equivalent of their July electrical bill and/or their February natural gas bill, when compared to utility S.O.S. rates
- **BUDGET STABILITY** (no more 'roller

coaster costs') by offering **FIXED RATE** energy supply costs

- Assistance in being **PROACTIVE** in fulfilling energy buying needs
- Offering the opportunity for businesses to share in the valuable energy **EXPERTISE** the cooperative provides

# Trash... Treasure... or Both??

by Jerry Lotz

**T**his is the third article in a series of our taking a closer look at the intricacies contained in the NEW IRS Tangible Property Regulations and subsequent IRS tax legislation. The Protecting Americans From Tax Hikes (PATH) Act of 2015 has favorable applications for Sec. 179 elections and Bonus Depreciation. The De-Minimis Safe Harbor election allows taxpayers to use the increased deduction thresholds for the improvement or purchase of tangible property. While all are important as tax planning tools, I will devote more of this excerpt to the Partial Asset Dispositions and Removal Costs that are provisions contained in the TPRs.

De Minimis Safe Harbor and Partial Asset Disposition provisions should be considered every year as significant tax planning/saving tools for tax professionals and their clients who own residential rental, multi-family and commercial property. A Partial Asset Disposition must be taken in the year when the disposition of the asset occurred. It's a "use it or lose it" proposition.

In the September 1, 2016, AICPA The Tax Adviser publication it states that:

"Regs. Sec. 1.263(a)-3(g)(2) states: If a taxpayer disposes of a depreciable asset, including a partial disposition under [Regs. Sec.] 1.168(i)-1(e)(1)(ii), or [Regs. Sec.] 1.168(i)-8(d), for Federal income tax purposes and has taken into account the adjusted basis of the asset or component of the asset in realizing gain or loss, then the costs of removing the asset or component are not required to be capitalized under this section.

This makes the partial-disposition election a prerequisite for taking the removal cost deduction. The partial-disposition election is made by taking the loss on the tax return for the year the disposition occurred."

In order to properly substantiate and claim dispositions, a cost segregation firm should be engaged to calculate the remaining depreciable basis of the removed/disposed assets through an engineered-based study. The contractor also needs to separate the work efforts into

appropriate distinct categories:

1. Identify cost to remove/dispose old building components (labor, hauling, disposal etc...)
2. Identify cost of the labor to install new building components
3. Identify cost of new building components

The cost to remove and discard building components can thus be expensed and has no bearing on the calculation of basis value of the asset that is disposed.

So...There definitely IS value in the "stuff" that goes into the dumpster. In the TRASH... there is TREASURE! The tax professional's knowledge of the intricacies and the application of the TPRs is crucial to his/her ability to pro-actively counsel clients and save Federal income taxes!

Stay tuned for subsequent articles as we break-apart the regulations to uncover more tax savings strategies. •

# Maryland Healthy Working Families Act

by Darla McClure

**A**fter many years, the Maryland General Assembly passed the Maryland Healthy Working Families Act (the "Act") which provides paid sick leave of no less than 40 hours per year to employees who work for companies that have 15 or more employees. The Act would go in effect January 1, 2018. Except wait....Governor Hogan just vetoed it.

The Act would allow employees to accrue paid sick leave at a rate of one hour for every 30 hours worked; however companies may limit employee's use of such paid leave to no more than 64 hours per year in the companies' sole discretion. Those companies who had less than 15 employees would be required to provide their employees with unpaid sick leave annually. Paid sick leave could be used for taking care of or treating the employee's family members in relation to a physical or mental injury or condition in addition to his or herself. Paid sick leave would also encompass "safe" leave which allows the employees to take paid time off for situations where his or her absence is necessary due to domestic violence, sexual assault or stalking committed against the employee or the employee's family member. A

family member includes an employee's spouse, children, parents, grandparents, grandchildren and siblings.

The Act does have some exclusions. The Act would not apply to employees who work less than 12 hours in a week and those employees in the construction industry that are governed by a collective bargaining agreement and those employees in the health or human services industry who are hired only on an "as-needed" basis and not employed by a temporary staffing agency.

So what happens now? While Governor Hogan has vetoed the bill, both the Maryland House and Senate passed the legislation with enough votes to override his veto. Unfortunately, Governor Hogan vetoed the bill after the legislative session so lawmakers will not have an opportunity to override the veto until next year.

Now, we sit and wait. It is possible that there will be a special session convened this summer but more likely than not most believe that the Act will be dealt with in January 2018 when the legislature convenes for next year's session. •

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October 18, 2017 • 1:00 pm – 3:00 pm  
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*Focus is on the hiring process from advertising for the position to interviewing and sending of the offer letter; and will finish with the termination process including any parting payments and unemployment benefits.*

**FACILITATOR: Darla McClure**

**HOURS: 2 (Recommended)**

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# Do You Really Need Two-Factor Authentication?

by Dave Kile

The most common security method to access our accounts online is with our email address and password. We use this every day in some way with our computers, email, banking, social media and countless other online locations. A new layer of protection for authentication is being added called Two-Factor Authentication, 2FA or Multi-Factor Authentication.

## Should you be accepting this new form of security and what, exactly, is it?

The short answer, when given the choice, is to accept yes for two-factor authentication, and accept this extra layer of security protection to access your online accounts.

### How does it work?

Two-factor authentication is a security process in which the user provides two means of unique information from different sources; one is something you may have memorized, like a password, and the other is something physical, like a security code sent to you in a text message. Sometimes, this code can be generated and sent to you as an email.

You are already using the password process, and the new piece is the security code generated in the form of text message. Most of the time, this 2FA process is used only when accessing your account from a new web browser

or computer. More secure online services will require 2FA at every login, but this is rare.

### Which accounts should I use 2FA?

Many financial organizations are already making this mandatory. Other online accounts, which hold valuable personal information, make it an option, and you may need to turn on: Apple, Google, Facebook, Comcast, and bigger brands. Few online shopping sites have established any kind of 2FA yet.

### How do you set it up?

After you have logged-in to your account, you would go to your personal settings. Next, you would have to make sure your cell phone number is established in your account information. Then, in security settings, you would find the option to turn on login authentication from your phone or text message. Each organization is different regarding how it is arranged, but once set-up, a text message is sent to your phone as a new option for your log-in process to access your account.

With so much identity theft happening, two-factor authentication is a method to can help keep your accounts and personal information better protected.

# Microsoft OneNote Tips & Tricks

by Steve Deming

Microsoft OneNote is a digital notebook. Whether you're at home, in school, or in the office, use OneNote to take notes wherever you go. And OneNote automatically saves and synchronizes your notes so you can focus on your thoughts and ideas.

Tip	Technique
Screen Snip	<ul style="list-style-type: none"> <li>• Press [Windows key] [s]</li> <li>• Select the portion of the screen to capture</li> <li>• This embeds the "snip" into Office OneNote if available</li> </ul>
Voice annotation	<ul style="list-style-type: none"> <li>• While using the voice recorder, type brief notes</li> <li>• These notes are automatically time stamped with the recording</li> <li>• The text notes can be searched and can be used to start the playback at a particular point</li> </ul>
Quick Note	<ul style="list-style-type: none"> <li>• Press [Windows key] [n]</li> <li>• The note will be added to the Quick Notes notebook</li> </ul>
Quick checklist	<ul style="list-style-type: none"> <li>• Press [Ctrl] [1]</li> </ul>
Quick star highlight	<ul style="list-style-type: none"> <li>• Press [Ctrl] [2]</li> </ul>
Quick question highlight	<ul style="list-style-type: none"> <li>• Press [Ctrl] [3]</li> </ul>
Quick bullet	<ul style="list-style-type: none"> <li>• Press [Ctrl] [.]</li> </ul>
Quick Outlook Task	<ul style="list-style-type: none"> <li>• Press [Ctrl] [Shift] [1]</li> </ul>

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*QuickBooks has lots of pre-created reports you can customize to show you the information you need the way you want to see it.*

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HOURS: 2 (Recommended)

DELIVERY: Group Live  
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# Endow Maryland Tax Credit Promotes Charitable Giving for Local Communities

by Endow Maryland

**E**ndow Maryland is a Maryland state tax credit that rewards donors who help build permanent charitable funds for local communities across the state. Endow Maryland offers a tax credit for gifts of at least \$500 to permanent, endowed funds at qualified community foundations.

Qualified donors may receive a 25 percent tax credit on their 2017 Maryland state tax return as an incentive to encourage Maryland residents to give back to their local communities in a meaningful and lasting way. The Endow Maryland tax credit, which is designed to promote charitable giving in Maryland, for Maryland, applies only to gifts to permanent, endowed funds held at your local community foundation—gifts that over time will generate many times the initial value to benefit the community.

The fourteen community foundations

in Maryland that participate in the Endow Maryland tax credit program provide support in every part of the State of Maryland and will be sharing the \$250,000 in tax credits for 2017. These credits are available on a first-come, first-served basis, and are anticipated to be claimed very quickly.

According to Mike LaFortune, Development Director for Chesapeake Charities, a community foundation located in Stevensville, “The Endow Maryland tax credit could result in \$1 million in donations that will directly impact local communities across the State of Maryland.”

To find out how to take advantage of the tax credit, please contact one of the 14 participating community foundations listed below, or contact Mike LaFortune, Chesapeake Charities, at [mike@ChesapeakeCharities.org](mailto:mike@ChesapeakeCharities.org) or call 410.643.4020. •



## **Baltimore Community Foundation**

Tom Wilcox | Baltimore, MD | 410-332-4171  
[twilcox@bcf.org](mailto:twilcox@bcf.org) | [www.bcf.org](http://www.bcf.org)

## **Chesapeake Charities**

Linda Kohler | Stevensville, MD | 410-643-4020  
[linda@chesapeakecharities.org](mailto:linda@chesapeakecharities.org)  
[www.chesapeakecharities.org](http://www.chesapeakecharities.org)

## **Community Foundation of Anne Arundel County**

Melissa Curtin | Annapolis, MD | 410-280-1102  
[melissa@cfaac.org](mailto:melissa@cfaac.org) | [www.cfaac.org](http://www.cfaac.org)

## **Community Foundation of Carroll County**

Audrey S. Cimino | Westminster, MD 21157  
410-876-5505  
[acimino@carrollcommunityfoundation.org](mailto:acimino@carrollcommunityfoundation.org)  
[www.carrollcommunityfoundation.org](http://www.carrollcommunityfoundation.org)

## **Community Foundation of the Eastern Shore**

Erica Joseph | Salisbury, MD | 410-742-9911  
[joseph@cfes.org](mailto:joseph@cfes.org) | [www.cfes.org](http://www.cfes.org)

## **Community Foundation of Frederick County**

Elizabeth Y. Day | Frederick, MD | 301-695-7660  
[b.day@frederickcountygives.org](mailto:b.day@frederickcountygives.org)  
[www.frederickcountygives.org](http://www.frederickcountygives.org)

## **Community Foundation of Harford County**

Tamara W. Zavislan | Bel Air, MD | 443-371-6062  
[cgharfordcounty@comcast.net](mailto:cgharfordcounty@comcast.net)  
[www.cgharfordcounty.org](http://www.cgharfordcounty.org)

## **Community Foundation of Howard County**

Beverly White-Seals | Columbia, MD | 410-730-7840  
[bwhiteseals@cfhoco.org](mailto:bwhiteseals@cfhoco.org) | [www.cfhoco.org](http://www.cfhoco.org)

## **Community Foundation in Montgomery County**

Anna Hargave | Silver Spring, MD | 301-495-3036  
[ahargave@cfncr.org](mailto:ahargave@cfncr.org)  
[www.thecommunityfoundationmc.org](http://www.thecommunityfoundationmc.org)

## **Community Foundation in Prince George's County**

Desiree Griffin-Moore | Landover, MD | 301-918-8480  
[dgriffin@cfncr.org](mailto:dgriffin@cfncr.org) |  
[www.thecommunityfoundationpgc.org](http://www.thecommunityfoundationpgc.org)

## **Community Foundation of Southern Maryland**

Gretchen Heinze Hardman | Charlotte Hall, MD |  
240-670-4483  
[gretchen@cfsomd.org](mailto:gretchen@cfsomd.org) | [www.cfsomd.org](http://www.cfsomd.org)

## **Community Foundation of Washington County**

Brad Sell | Hagerstown, MD | 301-745-5210  
[brads@cfwcmd.org](mailto:brads@cfwcmd.org) | [www.cfwcmd.org](http://www.cfwcmd.org)

## **Community Trust Foundation, Inc.**

Sandi L. Rowland | Cumberland, MD | 301-876-9172  
[info@ctfinc.org](mailto:info@ctfinc.org) | [www.ctfinc.org](http://www.ctfinc.org)

## **Mid-Shore Community Foundation**

W.W. “Buck” Duncan | Easton, MD | 410-820-8175  
[wduncan@mscf.org](mailto:wduncan@mscf.org) | [www.mscf.org](http://www.mscf.org)

# Individual Tax Planning - a short list

by Bob Jennings

**I**ndividuals should start by maximizing any 401(k) deferrals for 2017 as the single best tax loophole in America for the average taxpayer. When I hear a client complaining that they don't have the hedge funds available that “rich people” have, I immediately tell them there is a better one for many employees—the 401(k) and that their failure to maximize the deferral is a major mistake.

Retired taxpayers over 70 and ½ should utilize the direct IRA to charity transfer rule made permanent in 2015 and never again write a check to charity. This transfer wins on all levels: it counts as a required distribution; it is not taxable; it does not increase AGI or the related tax on Social Security or Medicare increases; and it still gets the money to the charity. But remember this must be a trustee-to-charity transfer and must be cash instead of stock.

While we are at it on individual tax planning, we are beginning to see an upsurge in donations of the use of a time-share or condominium to a charity by individuals seeking a tax deduction. The FMV of the contribution is not now, nor has it ever been deductible—it is not a completed gift because it is only a partial interest, so there is no deduction. Even worse, the use of the condo by the winning bidder counts as personal days used by the taxpayer-owner! Multiple court cases every year deny this deduction.

Because of the possibility of major changes in 2018 for health care and tax laws, we also recommend that taxpayers try to “bunch” medical costs in 2017 to capture any possible medical deductions. Go ahead and get those braces started for kids (borrowed money is treated as paid in 2017), new glasses and contacts, lasik surgery, dental and physical exams, prescription refills, long-term care policies, preventive care exams and any other medical need should be aggressively pursued in 2017, run through cafeteria, and TASC 105 reimbursement plans where possible, and paid out of pocket where necessary on the outside chance of a last gasp medical deduction for 2017. •

# Solo and Small Firm Principals Conference

by Marion Thompson

For over 20 years the Society has held one of the best educational and networking events available – the Solo and Small Firm Conference. At this conference each year 60-80 principals - accountants and tax professionals - gather to meet in small groups to discuss a wide variety of topics affecting their practices. Many attendees tell us this is an event not to be missed.

This year the conference will be held at the fabulous 4 star Hotel Hershey November 3-5, 2017. This is an all-inclusive event so rooms, meals and entertainment are all arranged and included in the price. Saturday night we're booked at the Dutch Apple Dinner Theater for the Buddy Holly Story! That will really take us back a few years.

There will be classes on client issues, technological enhancements, practice management and more. Steve Deming will join us to discuss Office 365 and other Microsoft programs. Topics for the event include:

1. Divorce Issues
2. Pros and Cons of New Technology - Are They Really Time Savers And Help Your Bottom Line
3. Marketing Your Practice
4. CP 2000 and Other IRS and State of

## Maryland Notices

5. Microsoft OneNote
6. Critical Retirement

## Considerations

7. Employee Telecommuting - What You Need to Know
8. Ethical Tax Issues Faced During Tax Season
9. Peak and Off Peak Workflow Management
10. Work and Life Balance
11. Identity Theft

Most of the classes are facilitated by members so we are all learning from each other. We all have some experiences to share which can help others. This event is particularly great for networking between classes, at meals, and in the hospitality suite. So if there is a particular challenge in your practice, you should plan to attend and get ideas for ways to solve it. If you are new in practice, you should attend to meet and greet attendees with more experience. If you have been in practice for a few years (or more), you should attend to see what the younger attendees have to share. They may just have their finger on the pulse of something great.

I look forward to seeing all of you in Hershey!•

## Meet the MSATP Staff



from L-R, Bob Medbery, 2016-2017 MSATP President; Marjorie Root, Marketing & Webinar Manager; Kelly Ebaugh, Membership Coordinator/Bookkeeper; Heather Shipley, CPE Coordinator

Have you met the MSATP Staff?

Heather Shipley, CPE Coordinator, organizes seminars for the Society. She also works with the MSA Scholarship Foundation. Heather may be reached via phone: x406, or via email: heather@msatp.org

Marjorie Root, Marketing & Webinar Manager, updates the MSATP website and facilitates webinars for the Society. She also coordinates the weekly and quarterly newsletters and student outreach. Marjorie may be reached via phone: x402, or via email: marj@msatp.org.

Kelly Ebaugh, Membership Coordinator/Bookkeeper, manages member accounts and QuickBooks for the Society. She also handles Verizon requests and special projects. Kelly may be reached via phone: x404, or via email: kebaugh@msatp.org.



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- Comprehensive Manual
- Hotel Accommodations on Friday & Saturday