



Message from the Managing Partner

Welcome to another edition of *RachlinNews*. We feature a diverse selection of topics in this issue, which includes how to make tax-free charitable donations from IRA accounts, tips on creating a successful website, and fighting money laundering. And beginning with this issue, we will dedicate our back page to the Rachlin Foundation and feature a worthy cause that needs your help.

Also, beginning with this issue of *RachlinNews* and with the remaining issues this year, I will share in my message to you my thoughts on teamwork. I will start with the concept of adaptability.

Imagine the adaptability of a basketball or soccer team. Each team member is constantly moving, thinking ahead, ready to change course to make a goal. It's the same in the business world. A good team has members who always strive to learn something new, evaluate their role and look for unconventional solutions when met with challenges.

NHL coach Scotty Bowman said, "I found out that if you are going to win games, you had better be ready to adapt." He should know. He coached a record 1,467 wins and won nine Stanley Cups.

A good team also has members who are collaborative, not just cooperative. Cooperating is doing what you are told. A collaborative environment fosters communication and dialogue. Without collaboration, you don't have a team—only a collection of individuals. Each person has a unique contribution to make that adds value to the synergy of the team.

Remarkable things happen when you work together and share your strengths. Success is inevitable when you remember that the whole is always greater than sum of its parts.

Lawrence H. Blum, CPA
Managing Partner

Rachlinnews

A newsletter for clients, team members and friends of Rachlin Cohen & Holtz LLP

Spring 2007

Tax-Free Charitable Donations from Your IRA

Will you be at least age 70½ between now and the end of 2007? Do you have an IRA or a Roth IRA? Would you like to make a significant charitable gift in 2007?

If you answered "yes" to all three questions, why not consider a qualified charitable distribution from your IRA? Last August, President Bush signed into law the Pension Protection Act of 2006. Part of this law includes the qualified charitable distribution, also known as the IRA charitable rollover, allowing taxpayers to donate tax-free funds from their traditional or Roth IRA. These funds, which are distributed by the plan administrator, are completely tax-free and are excluded from one's adjusted gross income.

Prior to this law, if donors wanted to make a charitable contribution from IRA funds, they would have to first take the distribution from the plan and report it as taxable income. They would then donate the funds to charity, taking a charitable deduction for the amount as a Schedule A itemized deduction. More often than not, the charitable deduction is limited or phased-out, and the corresponding charitable deduction does not offset the IRA taxable income reported. This leaves the taxpayer with an out-of-pocket tax liability.

With the new law in place, using an IRA charitable rollover, the charity would reap the benefit of the full amount of the distribution. Donors can exclude the entire amount distributed directly from the IRA to the charity from their taxable income.

Gifts are tax-free up to \$100,000 per taxable year per donor, and they may be counted as all or part of the minimum required distribution. The owner of multiple IRAs can make one or more distributions from one or more IRA accounts, as long as the total does not exceed \$100,000 per year. Here are some additional considerations:

- All gifts must be made before January 1, 2008.
- Distributions must be transferred directly from the IRA to the charity. It is important that distributions never touch the donor's hands.

- The recipient must be an IRS-approved charitable organization. Distributions to donor-advised funds, charitable remainder trusts and charitable annuities are not permitted
- IRA holder must be 70½ years of age or older.
- The qualified charitable distribution applies to only outright lifetime transfers from IRA owners; transfers cannot be made in trust.

In addition, distributions are restricted to either a traditional or Roth IRA; distributions from 401(k), SEP, KEOGH and Simple IRA accounts do not qualify. However, it may be possible to roll over a retirement account into a traditional IRA and then make a distribution from it. For further information, contact your retirement plan administrator.

Donors should be advised that if they choose to avoid the tax when they give away their money, they cannot "double dip" and also claim the charitable contribution deduction. IRA assets have not been taxed, so no deduction is allowed.

Needless to say, the IRA charitable rollover provides a win-win situation for both the charity and the philanthropic taxpayer. ■



Ann Byk is a manager within Rachlin's Estate, Gift & Trust group. abyk@rachlin.com

What's Inside

Audit Standards Update	2
Building a Better Website	2
Fighting Money Laundering in the United States	3
Rachlin Foundation Update	4

Rachlin *Cohen & Holtz*
Accountants ■ Advisors

Audit Standards Update

In the last issue of *RachlinNews*, we announced that the Auditing Standards Board established 10 new standards. These standards significantly change the way annual financial statement audits are performed. Clients will have to supply more information and documentation than in the past, and auditors will place more of an emphasis on internal controls and risk management.

Two of these standards took effect in 2006. These deal with documentation and with

communicating internal control-related matters. The remaining eight standards apply to audits of financial statements for periods beginning on or after December 15, 2006. These standards are also known as the Audit Risk Standards, which:

- Require auditors to obtain a more in-depth understanding of the entity involved and its environment, including its internal controls
- Guide auditors in assessing the risks of misstatement caused by either error or fraud
- Improve the link between assessed risks and the audit procedures responsive to those risks

All of these new standards were put in place to strengthen the effectiveness and quality of audits. As a result, more is asked of the auditor

as well as the companies audited. Because of the more extensive procedures required, client audit fees will likely increase.

The Rachlin Assurance division is planning a forum in May, where they will continue to educate its clients and their stakeholders about the effects these new standards will have on financial statement audits. To find out more about the forum, contact Rachlin partner Kim Lamplough, who will be available to help answer questions or provide more information. ■



Kim Lamplough is partner-in-charge of Rachlin's Assurance division. klamplough@rachlin.com

Building a Better Website

For many, a website is the first impression someone may receive about your company.

It gives visitors a sense of your company as well as your culture without actually having to visit your offices. Therefore, a website should be a key component in a company's marketing strategy. Additionally, many people research a product online before actually buying it in a store. Likewise, those looking for a particular service would consult a company's website for initial information.

Design a Professional-Looking Site

The overall look of the website should be consistent with your brand and existing marketing materials. This includes the same colors and fonts used on your printed materials as well as the same copy tone.

As for navigation, keep it simple and keep it organized. Incorporate easy-to-locate navigation buttons, giving visitors quick access to information with minimal scrolling. Include "call to action" buttons in multiple places on a page.

An important part of a professional site is a "Careers" page, a place for posting positions, accepting resumes and featuring employee testimonials. You need to make it easy for potential employees to contact you. A "Careers" page also adds credibility to your business.

Provide Comprehensive Content

A website gives you the opportunity to provide as much information as you can about

your products and services. Rather than printed materials such as brochures, websites are dynamic and can be updated relatively easily. Be sure to provide the most important information at the top of a page, like a newspaper article states key facts first: who, what, where, when, why and how. Some pages to incorporate in your website include:

- An "About Us" page
- Mission and vision statements
- Management bios
- Company history
- Pages for each product or service
- Downloadable brochures that feature specific services
- Client and employee testimonials
- An e-newsletter or blog and an easy way to subscribe to both
- Current news and upcoming events
- Industry articles
- A "Contact Us" page

Learn How to Track Your Website Traffic

There are many ways for you to track visitor traffic and how they respond to your site. You can find out which are the most popular pages as well as how visitors found your site. One free tool you can use is Google Analytics. Visit www.google.com, click Business Solutions and then select Analytics.



Getting Started

Updating your website may seem daunting and complicated, but it doesn't have to be. Here are some main areas to focus on first:

Easy navigation: Quick access to information makes it simple for visitors to get through your site.

Bios with photos: Bios with good content and photos are more personalized and give a better introduction to your team. Relevant copy related to the person's experience is key.

Content: Give visitors a reason to return with fresh content, blogs, newsletters and testimonials

Tracking: Search engine reports are a great way to track traffic to and around your site.

A professional, well-laid-out site is one of your most important marketing tools. Therefore, it is vital to hire a trained website designer. They have the experience needed in online marketing strategies to help you develop an informative, professional-looking online presence. ■



Chris Pelosi is the online marketing manager for Rachlin Design Services. cpelosi@rachlin.com

Fighting Money Laundering in the United States



Bank Secrecy Act Requirements

Reflecting upon the September 11, 2001, tragedy, the emphasis on financial transaction reporting and identifying suspicious activity is apparent. The laws governing financial institutions are not new—the Bank Secrecy Act (BSA) was passed in 1970. Subsequent to the passage of the BSA, Congress enacted a series of laws to prevent the laundering of illegal proceeds. Here is a chronology reflecting the evolution of the United States' attempts to control transactions involving illegal funds:

- 1970: Congress enacts the Bank Secrecy Act.
- 1986: Money Laundering Control Act criminalizes money laundering and prohibits structuring transactions to avoid currency reporting requirements.
- 1990: Financial Crimes Enforcement Network (FinCEN) was created.
- 1994: FinCEN is given responsibility to administer the BSA.
- 2001: Congress enacts the USA Patriot Act.

The Bank Secrecy Act was one of the first laws to fight money laundering in the United States, but this law does not require banks to maintain their financial records in secret as the name implies. The BSA does require financial institutions to keep records and file reports that are determined to have a high degree of usefulness in criminal, tax and regulatory matters. The documents filed by businesses under the BSA requirements are used heavily by law enforcement agencies, both domestic and international, to identify, detect and deter money laundering, whether it is in furtherance of a criminal enterprise, terrorism, tax evasion or other unlawful activity.

All financial institutions are subject to strict reporting requirements regarding currency transactions, including the filing of Currency Transaction Reports for one or more related transactions exceeding \$10,000 as well as the filing of Suspicious Activity Reports for transactions that appear to be suspicious, even though the

amounts of the transaction(s) may be less than \$10,000. The threshold amount requiring the filing of a Suspicious Activity Report varies according to the type of business. For example, a threshold for money service businesses can be as low as \$2,000. Penalties for failure to comply with these regulations can be severe, ranging from substantial monetary penalties to imprisonment in instances where the laws were willfully violated.

The BSA was one of the first laws to fight money laundering in the United States.

Many financial institutions, including banks, money service businesses, casinos and precious metals dealers are required by the BSA to establish anti-money laundering programs to include:

- Development of internal policies, procedures and controls
- Designation of a compliance officer
- Independent compliance review to assess anti-money laundering procedures

With the BSA regulations as strict as they are, and the severe penalties for failure to comply, implementing a successful anti-money laundering program is no easy task. That's why financial institutions would be better off retaining the services of industry professionals who have extensive financial investigative and money laundering experience. They have the expertise needed to navigate through the complexities of BSA requirements as well as establish and maintain an anti-money laundering program that would ensure compliance. ■

The Rachlin Advisory Services division offers seminars nationwide on BSA requirements.



Ronald Wise is a manager within Rachlin's Advisory Services division. rwise@rachlin.com

Other Financial Institutions

In addition to banks, numerous businesses are defined as financial institutions:

- Credit unions
- Thrift institutions
- Securities or commodities brokers or dealers
- Money service businesses (currency exchanges, issuers of cashier's checks, money orders or traveler's checks)
- Operators of credit card systems
- Insurance companies
- Dealers in precious metals, stones or jewels
- Pawnbrokers
- Loan companies
- Travel agencies
- Money transmitters
- Telegraph companies
- Businesses engaged in the sale of automobiles, boats or airplanes
- Businesses engaged in real estate sales or closings
- A licensed casino or gaming establishment if gross revenues exceed \$1 million annually
- Many Indian gaming operations

Financial institutions can also be any other business that engages in business activities determined by the Secretary of the Treasury to be similar or related to the above described business activities, or whose cash transactions have a high degree of usefulness in criminal, tax or regulatory matters. ■



Rachlin Foundation Update

In 2005, the firm established the Rachlin Foundation to support charitable causes throughout South Florida. The foundation holds events all year to raise money, matching dollar for dollar all contributions. Last year, the foundation gave more than \$85,000.

Visit the newly launched www.rachlinfoundation.org to learn more.

Making a Difference Locally

The Rachlin Foundation will also begin supporting Neighbors 4 Neighbors, a South Florida non-profit organization that connects those in need with those who can help. Beginning with this issue of *RachlinNews*,

the foundation will feature an organization in need that Neighbors 4 Neighbors also supports. (See below.)

New Planned Giving Program

With the new Rachlin Foundation Planned Giving Program, Rachlin team members have the ability to choose to have donations deducted directly from their paychecks. The money is then distributed to South Florida non-profit organizations that support causes in the following categories: healthcare, children's welfare, the elderly and poverty. ■



Spotlight on: Creative Children Therapy, Inc.

Creative Children Therapy (CCT), a Miami-based non-profit organization, was founded by three mothers of special-needs children and a group of therapists. Their concerns and challenges led to a desire to offer their children creative stimulation while caring for their physical needs. CCT's wish list includes:

- Musical instruments
- Arts and crafts supplies
- Holiday toys
- Baby wipes and diapers

- Office supplies
- Computers and printers

The majority of families CCT serves are either financially underprivileged or their health insurance does not cover the cost of their child's therapy, or both.

Won't you lend a helping hand?

Contact Ginie Gorrin at 305-412-4177 or ggorrin@creative-children.org, or visit www.creative-children.org to learn more. ■

Rachlin Team Achievements

LARRY BLUM Receives Ultimate CEO Honor

On May 10, Rachlin managing partner Larry Blum will be honored at the *South Florida Business Journal* Miami Ultimate CEO Awards. Larry will be recognized for his outstanding commitment to excellence, his successful leadership of Rachlin and his ongoing support to the local community. Find out more at www.rachlin.com/larry.

RACHLIN DESIGN SERVICES Wins Three National Design Awards

Rachlin Design Services recently received three 2007 American Inhouse Design Awards. More than 4,000 entries were submitted. These national awards recognize the work of design teams that operate in companies and professional service firms, such as Rachlin. Visit www.rachlindesign.com to see the winning entries.

RACHLIN FINANCIAL STAFFING Places Interim CFO for California Transportation Authority

Rachlin's Advisory Services division took part in an audit of a California transportation authority. Their report revealed terribly managed finances, and the CFO resigned soon after. The Advisory Services division then engaged the services of Rachlin Financial Staffing, who was able to find an interim CFO in less than 30 days. The team has a pool of executive-level talent, which facilitated the quick turnaround. www.rachlinstaffing.com ■

Questions or Comments? If there's a topic of interest you'd like covered in a future newsletter, please let us know. Contact senior copywriter Kelly Liszt at 305.373.7939, ext. 1146, or kliszt@rachlin.com.

Rachlin *Cohen & Holtz*
Accountants ■ Advisors
One Southeast Third Avenue
Tenth Floor
Miami, Florida 33131

PRSRST STD
U.S. Postage
PAID
Permit #4517
Miami, FL