

OUR STRIVE FOR EXCELLENCE



At BatesCarter, exceptional service is our hallmark. We strive for excellence in all we do. In an effort to ensure the quality of our services we conducted a client satisfaction survey about your attitudes and feelings. In our last newsletter I asked that you complete the survey - and 31% of you did! Thank you! Your feedback is invaluable and greatly appreciated.

Overall, we are very pleased with the survey results. These include:

	Excellent or Very Good Responses
Overall satisfaction with BatesCarter.	91%
Is committed to the success of my business.	87%
Listens and understands my needs and goals.	90%
Is timely and meets my deadlines.	88%
Is committed to exceeding my expectations.	88%

Your responses also helped us identify areas for improvement including explaining billings and fees, and identifying alternate contacts when your key contact is unavailable.

While you may be aware of the accounting, auditing and tax services provided by BatesCarter we want to be sure you know about the wide range of business advisory services available to you, including:

- Business Valuation
- Estate Planning
- Internal Controls Analysis
- Litigation Support
- Mergers and Acquisitions
- Projections
- Software and General ledger Consulting
- Strategic Planning
- Succession Planning

We take pride in helping you make smart choices about the future. Contact us regarding any of these services and you will receive an unbiased perspective, creative thinking and sound technical advice.

We will continue to work hard to provide you with exceptional service and encourage you to let us know how we are doing. We value our relationship with you and hope that it continues for many years to come.

BUSINESS ADVISORY

THE NEW ESTATE TAX ERA

by Russell D. Hopkins, C.P.A.

The anomaly year - 2010

In 2010 Congress did something, or rather didn't do something, and the effect was huge. They failed to make a decision on estate taxes so, by default, a decision was made for them.



The result being for one year only, in 2010, the estate tax rate was 0%. Most everyone knows this. What many people do not know is that the rules are still unclear for valuing certain assets for tax basis purposes for estates created in 2010. We have found that unused losses, unrealized losses and other tax items that are common to many 2010 estates, face some regulatory uncertainty. In fact, in certain cases it is better to elect to be treated under the previous estate tax rules and file a Form 706 in order to preserve tax basis or to allow the surviving spouse to deduct losses incurred by the decedent. The IRS has yet to issue final regulations or instructions for their 2010 carryover basis, Form 8939. Regardless, the IRS has issued a filing deadline - something they said they would not do without first issuing final instructions. Those affected by rules that do not yet exist are still responsible for knowing them.

The return to normal - 2011

Estates created in years after 2010 are largely subject to the old rules with a couple of notable twists. First, and most notable, is that the exemption amount per person has been increased to \$5 million. This does not mean that persons with estates below \$5 million should forget about estate planning. It just changes the focus.

(continued on page 3)

PROUD MOMENTS

STAFF SPOTLIGHT

Melissa S. Gramling



Melissa is the Tax Technical Director with BatesCarter. She serves individuals, corporations and partnerships in the manufacturing,

distribution, warehousing, real estate, retail, professional services, and construction industries. She is also experienced in the preparation of fiduciary and gift tax returns, performs tax research and consults on a variety of tax matters.

Melissa joined BatesCarter in July, 2002 as a staff accountant. In 2000 she earned her Bachelor of Business Administration with a double major in Accounting and Marketing from Mercer University, Summa Cum Laude. In May 2002 she earned her Master of Accountancy from UGA. She received her CPA certification in August 2004.

At BatesCarter we are exceeding expectations. Always. Melissa says exceeding expectations to her means "being proactive and serving our clients' needs to the best of my ability in every task, every day."

She stays involved in community organizations. She is a member of the Finance Committee for the United Way of Hall County, and a graduate of Leadership Hall County, Class of 2011. She is also a member of the United Way Young Leaders Society, American Institute of CPAs, Georgia Society of CPAs and Hopewell Baptist Church.

Melissa grew up in Canton, Georgia and in her spare time she enjoys traveling, biking, spending time with family and walking her two dogs.



Rusty Hopkins was a presenter at the 2011 Georgia Small Business Association (SBA) Lenders Conference at St. Simons in June. His topic was "Structuring a Business Purchase" in accordance with SBA rules and the accounting and tax effects of various business purchase strategies. In attendance were partners **Kristi Griffin** and **Randy Jessup**.

Congratulations to **Kingsley Peeples** for her promotion to Audit Supervisor in the Commercial Audit Department. Kingsley joined BatesCarter in May, 2006 as a Staff Accountant and was promoted to Audit Senior in 2008. Kingsley focuses mainly on employee benefit plan audits, commercial audits, reviews and compilations. She also prepares tax returns for various audit and assurance clients.



MAKING A DIFFERENCE!



As co-chair of The Medical Center Foundation Golf Tournament, **John Nix**, along with other community volunteers, is working to raise proceeds to assist in the construction of the Food Bank's new logistics center, a twenty thousand square foot facility that will allow the organization to expand its operations throughout its five county service area. The logistics center will house cooler/freezer space that will allow the storage of perishable

items greatly improving the ability of the Food Bank to meet the nourishment needs of its member's agencies' clients.

To read the full article visit the BatesCarter website at www.batescarter.com and search for Medical Center or Food Bank, click on the article titled 'Recipient of Medical Center Foundation Golf Tournament 2011 fundraiser...'



+ **BatesCarter** participated in the 2012 United Way Campaign and raised nearly \$9,000 with 100% participation. BCC joined 20 other local businesses in becoming a cornerstone company. These businesses run an early campaign to help build momentum and set the pace for the fall campaign.



+ To raise funds for the American Heart Association, BatesCarter employees **Ryan Doss** and his wife Dana, **Zach Propes** and his wife Katie, and **Gabby Roberts** represented the firm at the Heart Walk on September 17th. The firm raised over \$1,100 thanks to Ryan's campaigning efforts.



THE NEW ESTATE TAX ERA

by Russell D. Hopkins, C.P.A.

(continued from page 1)

A second significant change in the personal exemption rules is that any portion of the \$5 million exemption that is not used by the first-to-die spouse is available for use by the surviving spouse. This negates some of the traditional credit shelter trusts that until now have been almost boilerplate in Wills. Under the current law, the first-to-die spouse can leave all assets directly to the surviving spouse without losing out on the full benefit of two exemption amounts (\$10 million total). A caveat is that last-to-die spouses can only use the unused exemption amount from their immediate preceding predeceasing spouse. No additional benefit from more than one person is allowed.

For years after 2010 the estate exemption amount and the gift exemption are unified - meaning that now a person can transfer up to \$5 million to another individual(s), a child for example, without incurring gift tax. Persons who plan to be at or near the taxable estate level may want to seriously consider making some transfers of appreciating property before the property appreciates and causes a tax liability unnecessarily.

If your taxable estate is expected to be over the exemption amount, we recommend employing some of the same estate reducing vehicles that we have used for years, such as life insurance trusts, limited partnerships, and other pre-death transfer options that are leveraged by discounting the value of the amount transferred. One of the most often overlooked items is succession planning for a family-owned business. If done correctly, the business can be saved the threat of an estate tax induced liquidity problem while also providing an income stream for retiring owners that has a zero tax value at their death.

Whatever your situation may be, it is always best to be proactive and have a detailed discussion with your CPA and attorney to consider your options and make provisions for your family and the charities you may want to benefit from your estate. Or you can put those decisions off and let them be made for you, by lawmakers.

NOTES FROM UNCLE SAM

IRS SUMMERTIME TAX TIP 2011-22

by Randall W. Jessup, CPA - Source: www.irs.gov

Every year the Internal Revenue Service sends millions of letters and notices to taxpayers, but that doesn't mean you need to worry. Here are eight things every taxpayer should know about IRS notices - just in case one shows up in your mailbox.

1. Don't panic. Many of these letters can be dealt with simply and painlessly.
2. There are a number of reasons the IRS sends notices to taxpayers. The notice may request payment of taxes, notify you of a change to your account or request additional information. The notice you receive normally covers a very specific issue about your account or tax return.
3. Each letter and notice offers specific instructions on what you need to do to satisfy the inquiry.
4. If you receive a correction notice, you should review the correspondence and compare it with the information on your return.
5. If you agree with the correction to your account, usually no reply is necessary unless a payment is due.
6. If you do not agree with the correction the IRS made, it is important that you respond as requested. Write to explain why you disagree. Include any documents and information you wish the IRS to consider, along with the bottom tear-off portion of the notice. Mail the information to the IRS address shown in the lower left part of the notice. Allow at least 30 days for a response.
7. Most correspondence can be handled without calling or visiting an IRS office. However, if you have questions, call the telephone number in the upper right corner of the notice. Have a copy of your tax return and the correspondence available when you call.
8. It is important that you keep copies of any correspondence with your records.

As always, if you should require assistance, please feel free to contact BatesCarter and we will be happy to help you in the matter.

FROM OUR FAMILY TO YOURS

RETIREMENT PLANS: FIDUCIARY REVIEW

by Kristi L. Griffin, CPA

In our last newsletter article, "A Summertime Checkup for Retirement Plans", we outlined four areas of your benefit plan to review. Reviewing plan compliance is the responsibility of the fiduciary of the plan. In simple terms, a plan fiduciary is anyone charged with making decisions regarding the plan. The scope of fiduciary responsibilities are the same whether a retirement plan has five employees or five hundred. The fiduciary of a company sponsored retirement plan is charged with the duty of protecting the interests of the plan participants, whether they be current employees or retirees. Many companies often hire outside professionals, sometimes called third-party service providers, to manage a plan's operations and legal compliance. However it is done, it is the employer who bears the ultimate responsibility of protecting the plan assets. If any part of the operation of the plan is outsourced, the employer is responsible for making sure the outsourced operation is proper, competent, and meets the legal and tax requirements of a benefit plan. This makes the employer the potential fall guy for any costly plan problems that may arise.

Plan fiduciaries have the following standards of conduct:

- ❖ Act solely in the interest of the plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them
- ❖ Carry out duties prudently
- ❖ Follow the plan documents
- ❖ Diversify plan investments
- ❖ Pay only reasonable fees of administering the plan

Assuming that your plan is on autopilot could be costly should the Department of Labor select your plan for review. The penalties are severe and include termination of the plan. The best fiduciaries are informed, proactive, and document their compliance. If we can help you make your plan a source of comfort rather than worry, just give us a call.

BELL PEPPER PIE

Contributed by Rachel Bembry



Ingredients:

Nilla wafer crust (see below)
Thinly sliced tomato
Chopped green bell pepper
Chopped red bell pepper
8 oz. Monterey Jack cheese
Grated Parmesan cheese
Pinch of oregano & basil

Directions:

Nilla Wafer Crust - Thoroughly combine 1.5 cups vanilla wafer crumbs and 1/3 cup softened butter. Press into 9 inch pie plate. Chill until set.

Line the crust with tomatoes. Top tomatoes with the chopped peppers. Add cheese, oregano and basil. Sprinkle parmesan over top. Bake covered at 375 for 30 minutes. Remove cover and bake an additional 15 minutes.

TAKE A BREAK

contributed by cleanjoke.com

An elderly lady did her shopping and upon returning to her car found four males in the act of leaving with her car. She dropped her shopping bags and drew her handgun, proceeding to scream at them at the top of her voice, "I have a gun and I know how to use it! Get out of the car you dirty rotten scoundrels!"

The four men didn't wait for a second invitation but got out and ran like mad, whereupon the lady, somewhat shaken, proceeded to load her shopping bags into the back of the car and got into the driver's seat.

She was so shaken that she could not get her key into the ignition. She tried and tried and then it dawned on her why. A few minutes later she found her car parked four or five spaces farther down. She loaded her bags into her car and drove to the police station.

The sergeant to whom she told the story nearly tore himself in two with laughter and pointed to the other end of the counter, where four pale-white males were reporting a car jacking by a mad elderly woman described as white, less than 5' tall, glasses, and curly white hair carrying a large handgun.

No charges were filed. (True story!)




BatesCarter

Exceeding expectations. Always.

BUSINESS ADVISORS AND CPAs

525 Candler Street, N.E.
P.O. Drawer 2396 • Gainesville, GA 30503
Phone: 770.532.9131 • Fax: 770.536.5223