HLB Gross Collins, P.C.
Certified Public Accountants and Consultants

MONEY WATCH

2008-First Quarter

The End of U.S. GAAP?

While U.S. companies have followed the guidelines of U.S. Generally Accepted Accounting Principles (GAAP) for years, there is a shift toward future transition of International Financial Reporting Standards (IFRS) as a single set of global accounting standards. Until recently, foreign companies who used IFRS were required by the SEC to reconcile their reports to GAAP in order to be listed on the U.S. exchanges.

In November 2007, the SEC announced that IFRS statements will be accepted from foreign registrants for 2007 and later years. The SEC is also considering whether U.S. companies should be allowed to use IFRS in lieu of GAAP. Would this mean the end of U.S. GAAP?

The SEC is working to eliminate the current reconciliation requirement and continues to explore the option of allowing U.S. companies to report financial results using international standards.

In recent years, much attention has been given to the idea of defining one set of standards, thereby eliminating differences between these two reporting standards. This would cut costs greatly for the foreign companies, who in effect have to keep two sets of books. The long-term goal would be a single set of standards, but in the meantime there are still some inherent issues with having two sets of standards. If foreign companies are allowed to use IFRS, then many have suggested that U.S. firms should also have that option. Given that option, then GAAP and IFRS would have to exist side by side in the U.S. In order for this to work, the SEC would have to recognize IASB as an authoritative body for setting accounting standards, which could cause conflict with the Sarbanes-Oxley Act.

The goal of getting to a global set of accounting standards is achievable, yet the timeframe is difficult to predict. The single set of standards would simplify the world of accounting, but it will take a process to achieve it. In the next few issues, we will be taking a closer look at this so-called “convergence” of U.S. GAAP and IFRS and its status.

Richard B. Taylor

Beginning January 1, 2008, the standard mileage rates for the use of a car (including vans, pickups or panel trucks) will be:

- 50.5 cents per mile for business miles driven;
- 19 cents per mile driven for medical or moving purposes; and
- 14 cents per mile driven in service of charitable organizations.

The ***2007 Small Business Tax Act*** raised the kiddie tax threshold from under age 18 to under age 19 (or, more relevant to the vast majority of taxpayers for whom the kiddie tax is a concern, over age 18 but under age 24 for full-time students). The expanded provision applies only to children whose earned income does not exceed one-half of the amount of their support.

HLB International Conference Focuses on International Reporting Standards

Richard Taylor recently attended the HLB International Conference in Vietnam. Member firms from across the world come together annually to share expertise, to discuss ways to utilize the HLB network and offer maximum benefits to clients, and to ensure that all member firms are continuing to follow the high quality control standards as set forth by the organization.

Key topics of this conference were centered around International Reporting Standards, Quality Control Standards and handling peer review on a global level. Because of the rigid standards of excellence among member firms, HLB is one of the leading Global Networks and its placement within the top 10 is continually moving up.

HLB Gross Collins, P.C. assists clients with business operations worldwide. Approximately 15-20% of our clients have international business activity. Our involvement in HLB International allows us to offer personalized services to our local clients, while acting as gateway to international markets for those companies interested in taking their business in that direction. As one of Atlanta’s Top 10 Fastest Growing CPA firms, and one of Atlanta Top 25 CPA firms, we are committed to offering clients quality, personalized and timely services that will allow them to build and preserve financial success.

Some Tax Season Humor

"I am proud to be paying taxes in the United States. The only thing is—I could be just as proud for half the money."

-Arthur Godfrey

An Ever-Changing Market Does Not Mean Ever-Changing Investment Strategy

Economic times are turbulent with the sub-prime lending issues, a struggling real estate market and the occasional mention of an all-out recession. Investors can get a little uneasy about retirement savings in a less than favorable market, but tread carefully. One of the worst things you can do in this situation is panic and start messing with your 401(k).

While the economy can be unsettling to say the least, it does not have to wreak havoc on your retirement plan. The best course of action is to stick to your 401(k) game plan — contribute regularly, don't make rash decisions, and don't completely liquidate.

The reason this works is dollar-cost averaging. Dollar cost averaging has been proven to be a good investment strategy for a variety of reasons. First, you avoid overexposing your investment to the risks involved in timing the market. Second, you are loyal to the plan and consistently invest your money on a regular basis. As most wise investors know, consistent investing is the key to successful investing. By allowing your 401(k) to operate as it is intended, you systematically put away a portion of your paycheck, tax-free, for retirement investment. Contributions keep pace with your paycheck schedule, and thus spread the investment purchases over time and keep them consistent. The strategy is tried and true: slowly buy small amounts of stock or bonds over a longer period of time at a set rate.

Of course, time is a factor as well. If you are a couple years away from retirement and the market takes a hit, then your stock investments are likely to take a hit regardless. However, if time is on your side and you can wait out the storm then your best bet is to let your 401(k) do its job. Remember, your 401(k) must be diversified with a good mix of stocks and bonds, and should follow some general investing guidelines as we've discussed in previous issues.

Regardless of the ups and downs in the market, resist the urge to liquidate your retirement plan and you'll wind up better off.

Richard B. Taylor

Guidelines for Deducting Charitable Contributions

Americans as a whole are very generous. Each year Americans donate billions to charities in the form of cash and non-cash contributions. Charitable contributions of non-cash property pose special problems for the IRS, primarily because the amount of the deduction is generally the fair market value of the contributed property on the date of contribution. In recent years Congress has taken steps in an attempt to close perceived abuses.

Clothing and household items. Effective for donations made after August 17, 2006, anyone making donations of clothing and household items can only take a deduction for items that are in good used or better condition. This includes furniture, furnishings, electronics, appliances, linens and similar items. You should be aware that food, paintings, antiques, objects of art, jewelry, gems and collectibles are not household items. The IRS may deny a deduction for any item that has minimal value, like used socks or undergarments. However, there is an exception for the donation of single items that might not be in at least good condition if the item is worth more than $500 and you include a qualified appraisal with the donation. So what constitutes good used or better condition? That has not yet been defined. You should maintain as much evidence as possible to substantiate your position if challenged.

Motor Vehicles. Generally, charitable deductions exceeding $500 for donated vehicles are limited to the actual sales price of the vehicle when sold by the charity, and donors must obtain a contemporaneous acknowledgement from the charity in order to claim the deduction. There are some limited exceptions under which a donor may claim a fair market value deduction. If the charity makes a significant intervening use of or a material improvement to a vehicle, or give or sells the vehicle to a needy person at a price significantly below fair market value, the donor may be able to deduct the full fair market value. To meet the contemporaneous requirement, the acknowledgment must be obtained by the donor on or before the earlier of the date on which the donor files a return for the taxable year in which the contribution was made, or the due date (including extensions) of that return.

Cash. In another big change, that is effective starting in 2007, the IRS will no longer permit a deduction for the contributions of cash, check or other monetary gift unless you, as the donor, can show a bank record or a written communication from the charity indicating the amount of the donation, the date the donation was made and the name of the charity. The new recordkeeping requirements give taxpayers no leeway. You must have a bank record or a receipt to substantiate your deduction.

Jake M. Bodenheimer

Proposed Regulations Encourage Automatic 401(k) Contributions

The Pension Protection Act of 2006 (PPA) provided several changes to current 401(k) rules. Perhaps the most beneficial is the automatic enrollment feature. Effective for plan years beginning on or after January 1, 2008, employees are automatically enrolled in the employer's 401(k), 403(b) or 457 plans unless they opt out. The PPA preempts many states' laws that preclude automatic enrollment.

Proposed regulations also include a designed-based safe harbor for qualified automatic contribution arrangements (QACA). Plan arrangements that qualify as QACA will be considered to have satisfied the actual deferral percentage and actual contribution tests that otherwise apply to employee elective deferrals and employer matching contributions. Generally, these plans will be exempt from the top-heavy rules, which prevent owners and other key employees from disproportionately benefiting from the plan. Employers with a QACA can choose to provide matching or non-elective contributions. Employees fully vest in any employer contribution after only two years of service.

Each qualified employee under a QACA must receive a safe harbor notice "within a reasonable period before each plan year" that explains:

- the employee's right to elect not to have elective contributions made on their behalf, or to elect to have contributions made at a different percentage or amount
- how automatic contributions made will be invested without any employee investment decisions

The proposed regulations also provide that a plan participant may withdraw certain default elective deferrals within 90 days of the first deferral to the eligible automatic contribution arrangement without the distribution being subject to the normal 10% early withdrawal tax, another great feature.

If you have questions, please contact your HLB Gross Collins, P.C. advisor.

Jennifer L. Harrison

Business Builders Sponsored by HLB Gross Collins, P.C.

Led by HLB Gross Collins, P.C., top businesses have joined forces to expose business owners and managers to new solutions, tools and technology to grow a healthy business.

Through our series, business leaders from top companies come together to present expertise in all areas of business management to executives in the Atlanta area. Business Builders Team, LLC is comprised of a panel of experts from sponsoring companies including HLB Gross Collins P.C., Administaff, Wachovia Bank, Consumers' Choice Awards, EventStreams, Golden Key International Honour Society, Collective IQ, Microsoft, Nelson Mullins, Avision Technologies, The Quality Group and Rosebud Technologies.

The series was launched in 2007 and was well received by executives and management teams of leading Atlanta businesses for its insightful and action-inspiring approach to business success. Topics have included **Hiring Excellence, Catalytic Coaching, Harnessing the Power of the Internet for Greater Revenues, Developing a One-Page Business Plan for Success, World Class Customer Service, and Sales Excellence**. Due to the quality of the program, we have been able to attract the highest caliber of expert speakers in each area of developing a business. Looking into 2008, the program will continue to build a library of material and expertise which will be recorded, archived and available through the web site www.businesbuildersteam.org.

HLB Gross Collins, P.C. is pleased to have been a driving force behind getting Business Builders Team up and running, and we look forward to our continued involvement in its success.

HLB Gross Collins, P.C. Senior Management Network

HLB Gross Collins, P.C. is pleased to announce the beginning of our Senior Management Network, which will be launching the 1st quarter of 2008. The benefits of joining the network include:

- Faster and more successful **implementation of business strategies**
- **Increased growth and profit**
- **Powerful strategic** planning tools and methodologies **that drive growth**, profitability and development of your team
- Regular source of the latest **strategic innovation**
- **Experienced** sounding board for **key issues** and opportunities
- Access a **worldwide network** of like-minded senior executives

The group will meet four times a year for structured quarterly half day workshops, and group members will also receive personalized follow up from experienced facilitator and consultant Jeff Plank, Manager of Consulting Services for HLBGC. The group is open to all business owners and senior executives. Space is limited, so if you are interested or would like additional information, please contact Jeff Plank at 770-433-1711.

STRICTLY PERSONAL

John Rosser, CPA

Congratulations to John Rosser who has earned the CPA designation after completing the working time requirement and passing all parts of the CPA exam. John is now officially a Certified Public Accountant.

Congratulations John!

Nuptial News

Congratulations to **Lindsey Roberts**, now **Lindsey Sims**, on her marriage to Alan Sims on November 3, 2007. The ceremony took place in Atlanta. Lindsey and Alan met at Kennesaw State University while they were both in graduate school.

Coincidently, both the bride's parents and the groom's parents share the same anniversary of September 6th, as both of those weddings took place back in 1969 at the same time.

Best Wishes Lindsey and Alan

We Couldn't SPARE the Opportunity to Share this News….

Tommy Breedlove, **Steven Massey** and **Heather Breedlove** are the winning team in the 2007 HLB Gross Collins, P.C. bowling league. Pictured below are the winners.

Heather Breedlove, Tommy Breedlove, Steven Massey

Heard Around Town

HLB Gross Collins, P.C. has many opportunities to share our expertise at various speaking engagements. Recently, we have participated in the following opportunities:

Stephen Saferight spoke at the following engagements:
Historic Roswell Kiwanis Club and Dunwoody Kiwanis Club.
Topic: 10 Tips for Year-End Tax Planning

Jamie Jinks spoke to the National Association of Certified Home Inspectors on the subject of tax issues for small businesses such as entity selection, home office deductions and business use of vehicles.

Jeff Plank Earns Mindshop Accreditation

Congratulations to Jeff Plank, who has successfully completed all requirements, and is now an Accredited Mindshop Facilitator (AMSF).

Mindshop is a global provider of strategic and personal development solutions for business advisors and business leaders. Mindshop's unique business model empowers business leaders and advisors with the business tools, proven strategic methodologies, global peer-networking opportunities and experienced coaching support needed to fast-track their growth, profit and personal development objectives.

With its simple, powerful and practical approaches to implementing strategy, Mindshop is the provider of choice for successful people and organizations around the world who are making successful change a reality in their business. To find out more about Mindshop, or the HLB Gross Collins, P.C. Senior Management Network powered by Mindshop, please contact Jeff Plank at 770-433-1711.

Local In Touch … Global In Reach

HLB Gross Collins, P.C. is a member of HLB International.
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Dive into a History of Achievement

Lane Bassham, marketing coordinator for HLB Gross Collins, P.C. was inducted into the Athletic Hall of Fame at the University of Alabama on October 7, 2007.

When Lane Bassham began diving at the age of eight in her hometown Moultrie, Georgia, who could've guessed where the sport would take her. Following in the footsteps of her sister, Brooke Bassham (a member of the University of Georgia 2005 National Champion Team), Lane took to the sport like, shall we say, a fish takes to water.

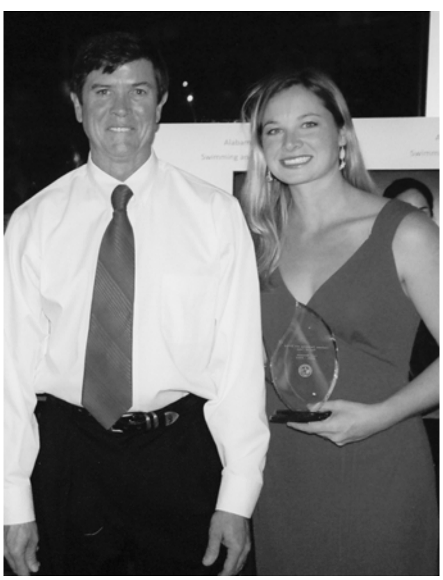
Her intensive training program included up to 45 hours a week in high school, and at least eight times per week during college. Her regime went well beyond diving. As she explains, "I think a lot of people assume you jump on the diving board and start diving. Oh, if only it was that simple…there is a lot of conditioning to prepare your body and mind to do the things you see in the Olympics." Lane explains that for every hour a diver spends in the water, they spend 3 or 4, running, jumping, lifting weights, stretching, doing somersaults, jumping on the trampoline. Her work ethic shows in the many successes along the way.

"There is not a part of my life that diving has not touched."

She attended the University of Alabama for many reasons, partly because she knew she wanted to go to an SEC school as they are one of the most competitive in this and many other sports.

Lane remains very active in the sport, as she currently coaches in the Atlanta Diving Association, training primarily high school students. She believes that, like many sports, diving is not just a physical sport — it is very emotional and psychological. It forces a young person to address fear, failure, success, peer pressure, and other responsibilities. She believes diving is particularly good because it conditions you to focus and to think quickly and decisively. She explains, "There are immediate consequences if you don't – a smack, hitting the board…pain in general is a great motivator. It is a wholly individual sport. The diver is completely responsible for the outcome. I guess if I had to sum it up in a sentence, and my kids have heard me say it, 'You are in control of and responsible for your thoughts, actions and body, and for the consequences.' Of course, you hope to have the guidance of good coach to train you to a certain point to minimize the risk."

When asked for some words of wisdom she can share, Lane explains, "It's hard to sum up the majority of your life in a quote. Diving has helped me become the person I am today. It contributed to self confidence, academic success, finding a career. It influences my political leanings, and my health ...there is not a part of my life that diving has not touched. It is responsible for my brightest moments and darkest hours. It has shown me the world and given me friends on every continent. I am very proud of where I come from and of how much happiness diving has brought me, my family and friends. I hope that I can share this sport with willing kids and dedicated parents for a long time."



Lane Bassham & College and Alabama Coach, Pat Greenwell

- **1997 – First Sr. Nationals (youngest to compete)**
- **Represented the US in Mexico, Germany, Czech Republic, and Italy in international meets**
- **1999 – Georgia State High School Champion**
- **2000 – Olympic team trials (8th) (youngest to compete)**
- **2004 - Olympic team trials (9th)**
- **3 gold medals in synchronized diving with Lauryn McCauley**
- **3 SEC Gold Medals, 1 silver, 2 bronze**
- **1 NCAA Gold Medal, 1 silver, 1 bronze**
- **4 time All American**
- **Athletic Hall of Fame Inductee**