



# CONNECTION

OFFICIAL QUARTERLY NEWSLETTER OF  
CHORTEK & GOTTSCHALK, LLP

23217 West Stoneridge Drive, Waukesha, WI 53188 262/522-8227 FAX: 262/522-8228  
550 Bay View Road, Suite E, Mukwonago, WI 53149 262/363-2930 FAX: 262/363-2933  
www.c-gcpa.com www.c-gconsulting.com

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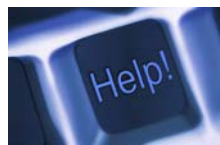
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### *An Irish Toast*

May you have the hindsight  
To know where you have been,  
And the foresight to know  
Where you are going,  
And the insight to know  
When you have gone too far.

## Who Is Managing The Network ?



Computer systems have become a critical component to business operations in

almost every company in America. As computers are more frequently deployed to improve efficiency and solve business problems, the cost of keeping them running has increased. Choosing how to support the computer network is an important business decision, both from a productivity and cost perspective.

Most small businesses have maintained their computer systems on

The tools now available to a consultant allow more proactive monitoring and maintenance of computer networks. By coupling these tools with a pre-defined set of services (often including spam filtering, software subscription maintenance, and unlimited remote help desk support) a fixed fee approach to maintaining network reliability becomes a win-win for the customer and the consultant. The customer benefits from regular, proactive involvement by the consultant and the consultant benefits by having a commitment from the customer to ongoing business revenue.

Guaranteed Response	Network Monitoring
Server Maintenance	Workstation Maintenance
Security Services	Network Management
Unlimited Onsite Technical Support	Unlimited Phone Technical Support

a reactive basis, often hiring a full time person to maintain a network for less than 50 computer users. Some have elected to call in third party consultants on an as-needed basis (when things break bad enough to prohibit work from getting done). A "contract" model was prevalent several years ago wherein a consultant would sell blocks of time to businesses, often at a modest discount, but sometimes with a "use it or lose it" policy on the prepaid time. A better model has evolved which is proactive and keeps the consultant regularly involved with a network, thereby increasing its reliability: Managed Services.

A managed service approach to maintaining the computer network can deliver an IT department to small businesses typically for less than the cost of a full time employee. Contact Mike Senkbeil today if you would like your business to have the peace of mind of a network that is managed by the experts at C&G Consulting.

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**Support Center**  
(262) 522-8226  
Toll Free (877) 526-8226

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# Documenting Charitable Contributions

*“Charitable deductions can and will be disallowed based on failure to comply”*

When it comes to the tax rules, it's not enough to be generous. Receiving a tax deduction now requires more effort in light of new substantiation rules effective 2007. To ensure that you can claim the charitable deductions you are entitled to, be aware of these new recordkeeping rules:

Cash Contributions of Less than \$250 in Single Donation. It is no longer sufficient to merely keep good records to tally as charitable contributions. Cash contributions of less than \$250 given in a single contribution are only deductible if you keep a bank record (cancelled check, wire transfer acknowledgement, or credit card record) or written acknowledgement from the charity (donee) showing the name of the donee organization, the date of the contribution, and the amount of the contribution.

If you are likely to itemize deductions on your income tax return and typically make cash contributions of less than \$250, you should make them by check, easily satisfying documentation requirements.

Cash and Property Contributions of More than \$250 in Single Donation. Although not changed by the new rules, these require a little more effort to substantiate. Cancelled check or other reliable records are not sufficient proof; there must be a written acknowledgement from the charity, showing the description of the property or amount of cash donated and a statement as to whether the donor received any goods or services (with a good faith estimate of value) for the property donated. The acknowledgement must be obtained no later than the due date (or extended due date, if applicable) of the tax return for the year the contribution was made. You can obtain one written acknowledgement for multiple gifts of \$250 or more to the same charity.

Contributions of Used Clothing and Household Items. Typically used clothing or household items donated to charities must be in “good condition or better” unless the items were worth more than \$500 and a qualified appraisal report is attached to your tax return. Consider keeping a detailed list and photos of contributed items (unless the property is appraised), as the IRS has not yet defined what is meant by “good condition or better.” No new documentation is required, but to protect yourselves in case of an IRS audit, you should document that the donations were in good condition, and use of unattended drop-off sites should be reserved for items of minimal value only. It may be difficult to substantiate the contributions without a receipt.

Contributions Via Payroll Deductions. You are now required to keep an official pledge card from the charity and the documents from your employer (such as a pay stub or form W-2) showing the amount donated for any amount (even less than \$250) of contributions made by payroll withholding.

Vehicle Contributions. For donations of a car, boat, or plane valued over \$500, strict substantiation rules apply in order to claim the contribution deduction. These rules require that you receive and attach to your tax return, a written acknowledgement from the charity within 30 days after the donated vehicle is sold (or within 30 days of the contribution if the charity uses the vehicle significantly in its exempt purpose, makes major improvements to the vehicle, sells it for a significantly discounted price, or gives it to a needy person in furtherance of the charity's exempt purpose). The information required in the acknowledgement include name and taxpayer identification number of the donor, and the identification number of the vehicle.

New rules require donors of vehicles valued at more than \$500 to attach a special form, 1098-C—Contributions of Motor Vehicles, Boats and Airplanes, received from the charity and reports the necessary information about the vehicle donation. To claim the deduction for the vehicle valued at more than \$500, you should attach Copy B to your tax return.

Property Contributions of More Than \$5,000. Although the rules for substantiating property valued at more than \$5,000 (\$10,000 for closely held stock) have not changed, there are now stricter rules for what is considered a “qualified appraisal” and who is considered a “qualified appraiser.” You must have the appraisal done not earlier than 60 days before the donation and received by the due date (including extensions) of your tax return.

To claim the deduction, it's important to dot all the “I's” and cross all the “T's” in following the requirements of a qualified appraisal. Furthermore, stiffer penalties now apply to both appraisers and taxpayers for substantial valuation misstatements.

Armed with these stricter charitable donation substantiation requirements, the IRS and the Courts can and will disallow charitable deductions based solely on a failure to comply with the substantiation requirements.

# Implementing Risk Assessment Standards

## Communicate Early, Communicate Often

The risk assessment standards are the most comprehensive set of new standards released in the last twenty years. The standards rewrite many of the fundamental building blocks of auditing, including—materiality, the nature of audit evidence, audit planning, understanding internal control, and assessing risk.

Because of their comprehensive nature, the implementation of these standards is—at its core—a change management process. A truism of change management is that the leaders of change tend to severely *under-communicate* with the people who will be affected.

The two groups who will be affected the most by the new standards are your firm's audit staff and its clients. Implementation leaders will need to communicate with both of these groups early and often in order to fully prepare them for the changes required by the new standards

This communication is not a single event but rather a series of events over time. Communicating with your staff and your clients is a process that should be designed to move

them from where they are now to where you want them to be next year. For example, you may have clients who currently expect you to prepare their financial statements for them, including drafting all of the notes. In a year, you need them to be at a point where they can exercise an appropriate level of oversight of the financial reporting process, and they clearly understand that the financial statements are their responsibility, not yours.

To implement the risk assessment standards smoothly, you will need to guide your clients and your staff through a well-defined communications process.

For something as complex and comprehensive as the risk assessment standards, moving your clients and staff through each of these steps will take a long time, so you need to start that process now. You will have to repeat your message many times, in many different ways before it finally sinks in.

You will not achieve the results you want if all you do is send a single letter to your clients telling them that the new standards are coming and you will have to perform more audit procedures. Plan on providing a series of communication pieces that

leads your clients and your staff down a well-defined path to action. Implementing the other four tips offered here will give you a chance to start that communication process. ●

### COMMUNICATING RISK ASSESSMENT STANDARDS IS NOT A SINGLE EVENT BUT RATHER A SERIES OF EVENTS OVER TIME.

- Awareness - Make clients and staff aware of new standards and what that means to them
- Persuasion - Influence their opinions about the standards
- Call To Action - Drive certain behavior in staff and clients
- Action - Clients and staff will be able to take the action required

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## Investment firm joins international group

CGK Investment Banking has joined the Alliot Group, an international business services organization, in order to tap into the growing overseas merger-and-acquisitions market. Alliot, based in London, is a group of accountants, auditors, tax advisors, lawyers, and consultants, which gives CGK and its clients access to more than 80 countries around the world.

"It's really a good opportunity for us," says Tom Kintis, CGK's Investment president. "We have exposure to a large chunk of the world to introduce ourselves to."

The firm plans to work with smaller overseas companies wanting to make acquisitions in the United States. "We're saying let's tap into this market and offer our expertise," said Anthony Alongi, CGK's director who has extensive experience working with overseas companies. "We've got a service to offer to the rest of the companies out there that previously may not have had that opportunity. It allows me to get a higher price for my clients by shopping them worldwide rather than just in the United States." ●

See the next issue for the story behind their visit to Belgium, Denmark, Germany and the United Kingdom.



**CHORTEK & GOTTSCHALK, LLP**  
CPAs AND BUSINESS ADVISORS

23217 West Stoneridge Drive  
Waukesha, WI 53188

www.c-gcpa.com  
Phone: 262/522-8227  
Fax: 262/522-8228

## Microsoft Vista FAQ's

### *What is Microsoft Vista?*

The newest operating system from Microsoft. It has several versions designed for the home and business user.

### *Should I upgrade to Vista on my business computers?*

The short answer is 'no', not yet. Just like any upgrade to a business computer, care should be taken to ensure that the programs running on the computer will work after the upgrade. Vista is a major rewrite of the Windows operating system and often requires software vendors to make updates for their programs to make them work

with Vista. C&G Consulting's general recommendation is the business-minded conservative one: wait until third quarter 2007 when Service Pack 1 is expected for Vista. This service pack will address many of the compatibility and security issues seen by Microsoft over the first few months of real world usage of Vista.

### *I'm buying a new computer, should I buy it with Vista or Windows XP?*

We still recommend that Windows XP Professional be the primary operating system for business use. We do, however, recommend that

care is taken to make the hardware on the computer ready to run Vista. Vista uses more memory and requires a more powerful video card that Windows XP, so buying the "next step up" on these features would be a good investment toward future use of Vista.



We recommend 2 GB of memory and a 256 MB video card (not shared memory).

### Some Personal Notes:

- With the growth of Managed Network Services, C&G Consulting welcomed **Chad Rodriguez**, consultant to internal network support, **Brian Mrozinski**, manager to the Support Center, and **Chris Adams**, consultant to project services.
- Chortek & Gottschalk, LLP welcomed **Jan Dussow** as our new Tax Manager throwing her right into the 2007 tax season.
- Chortek & Gottschalk's internship program thrived with the addition of **Kate Glende**, a Senior at UWM, working on her Bachelors in Accounting, and **Linda Liu**, a Senior at Carroll College, also working on her Bachelors in Accounting. Linda worked as an accountant in Beijing, China bringing her international experiences with her.
- Greg Junek**, managing partner, and **Toni Alongi**, of CGK Investment Banking (see story on page 3) recently returned from Brussels where they presented at the Alliot International Meeting. For more information on their trip, watch for the next issue.