

CERINI & ASSOCIATES, LLP | CERTIFIED PUBLIC ACCOUNTANTS
PRESENTS

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**HOW CONTENT MARKETING
ISN'T AS BAD AS YOU THINK**

**TEN TIPS TO KEEP YOUR
OFFICE ENERGY EFFICIENT**

TAXATION OF FRINGE BENEFITS

PRIVACY POLICY BEST PRACTICES

BRINGING A UNIQUE UNDERSTANDING OF KEY ISSUES FACING YOUR BUSINESS

FROM THE EDITOR - TIMOTHY J. MCHALE, CPA

Fall 2018 has arrived, bringing with it cooler weather, the return of football and the Fall issue of the Bottom Line.

Fall also ushers in the 4th Quarter of the year, with businesses looking toward the home stretch of 2018 and starting to plan for 2019. This time of the year it is very important to meet with your professional advisors to help refine any tax plans made throughout the year and beginning to strategize plans and initiatives for 2019.

In the spirit of planning for 2019 and future years, we proudly present articles on *Content Marketing Strategies, Energy Efficiency for Offices, the Taxation of Fringe Benefits, and Best Practices for Privacy Policies*. Any of the topics in these articles would make a great initiative to roll out in 2019, whether looking to increase revenue via marketing, decreasing costs, reducing employee turnover, or mitigating one of the biggest risks facing businesses today.

2018 has seen many impactful changes in the regulatory landscape, including the issuance of key regulations related to the new tax laws and a massive change in state sales tax laws, requiring insight and potentially key operational changes. The only thing that can be considered constant sometimes is change, and we are sure 2019 will not be any different. As you look to close out 2018 and start 2019, perhaps having a new voice in the room or insight from a different perspective might just be the change your business needs to make 2019 the best year yet for your business.

We would welcome the opportunity to be that new voice and hopefully provide new thoughts and strategies to help your business succeed.

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HOW CONTENT MARKETING ISN'T AS BAD AS YOU THINK

Content Marketing is a bridge that allows businesses like yours to be easily discovered by prospects or referral sources and is one of the cheapest and most efficient ways for companies to increase their reputation within the marketplace and increase their web visibility. When you create and distribute quality content, the ride over the bridge can be smooth and sweet, rather than the bumper, two lanes closed, nightmare we have all experienced. Living and working in the New York Metro area, we all would love that perfect trip from point A to point B without any hassle. Google recognizes websites that have reputable, relevant, and reliable content for every search term out there. If you're providing the right stuff, Google will get your customers to you so you can showcase your expertise or product.

Content marketing can be the easy and convenient first step as part of an overall integrated marketing plan for a company. The company can easily leverage staff from all departments, such as sales, operations, and finance to provide meaningful and relevant content that can help increase its web traffic organically. As with all things, one of the keys is to have a Content Marketing Plan. A good framework for a marketing plan can be the CSCR Model (*Consistency, Showtime, Collaboration, and Review*).

CONSISTENCY

Find a comfortable amount of web content that you can push out consistently. *Ex: 12 times a year would mean once a month, 24 times a year means twice a month, etc.* Frame that out first and work from there. This calendar can be an excellent guide for planning but doesn't mean it should be a strict schedule to follow. Any urgent industry news or events which could allow for quick advisability are an excellent opportunity to push out content. Your plan should allow room for creativity and both internal and external engagement. In developing content, don't forget to consider adding content from your strategic partners as well as your internal staff.

SHOWTIME

When it comes to content marketing quality vs. quantity; quality always wins the race. Look at your competitors. You'll see larger companies forcing out content like a sledgehammer for higher traffic, but you read it and know it's not high quality. Yes, traffic is increased, but today, customers appreciate experts taking their time to provide real meaningful education. This increase in marginal and meaningless traffic is a short-lived gain that often does not

convert to growth. It is important to be seen as an expert and provide insight to your audience. This builds loyalty and influencers, which can lead to your conversion rate increasing rather than just having higher useless traffic. Curate a content bank based on these two important categories:

- ▶ **Evergreen** - *this content has no expiration date. It can be used for long periods of time and can be updated later on if it's getting good results.*
- ▶ **Temporal** - *this content has short-term relevance. These are your high ranking key-word search terms that are trending right now.*

COLLABORATION

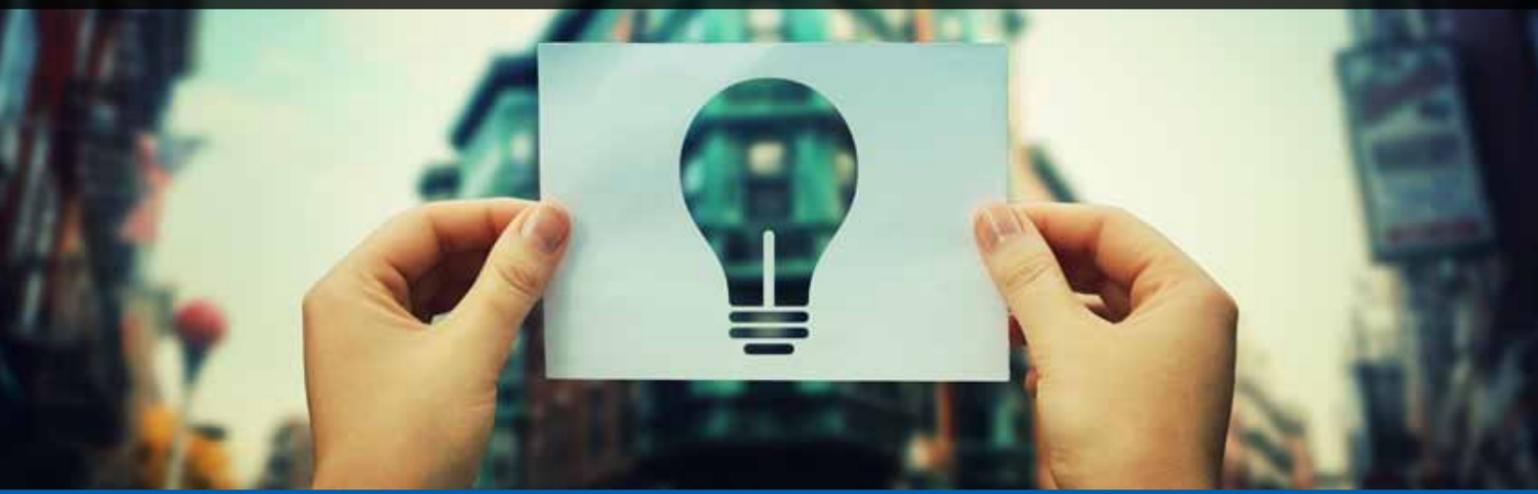
This can be considered a "jam" piece: when two or more experts collaborate together creating content for a targeted topic and audience. These can be done through so many mediums such as podcasts, articles, webinars, whitepapers, seminars, and newsletters. Both experts can draw from their bases to increase overall exposure without much-increased effort and can also lead to additional marketing channel relationships between companies. When collaborating it's important to find partners with similar values, customer profiles, and marketing efforts to yours.

REVISIT AND REVIEW

An important component of any plan is take time to evaluate the effectiveness of your efforts. Your company should focus on what types of content are generating responses and focus more efforts toward those channels that are the most effective, whether they be a specific type of marketing (*blog posting, podcasts*) or some type of specific content. Expansion of this content should generate a positive impact for the business and for its creators. Google Analytics provides a comprehensive dataset that can be used for this analysis, but also inquiry of current, and new customers as to what is driving them to your website, can provide much needed non-quantitative inputs.

Your objective should be to become perceived as a thought leader and generate clients that will engage in the content you're providing. Consider your current and prospective clients and focus on their pain points and their goals. More importantly, have fun with this and be genuine. You can always reach out to me if you have any questions or suggestions for a topic you would like to hear more about. I look forward to hearing from you about how your content marketing is going.

TEN TIPS TO KEEP YOUR OFFICE ENERGY EFFICIENT



1. TURN OFF LIGHTS AND EQUIPMENT WHEN NOT IN USE

It's not everyday that you get such a simple solution to a complex problem, but this tip has withstood the test of time and remains one of the easiest, most direct ways you can save on your energy bills. *How many offices have you been to that have had empty computer stations lit up just in case they're going to be used?* Shutting down computers and other appliances while not in use can have an enormous impact over time. Also, consider using a power strip to cut off the power when the devices are turned off because many devices still draw small amounts of power when turned off.

2. REPLACE INCANDESCENT LIGHT BULBS.

By switching out your old incandescent lights and replacing them with halogen bulbs, compact fluorescent lamps, or **Light Emitting Diodes (LEDs)** your business can use up to 80 percent less energy and these new bulbs can last 25 times longer. With some upfront spending, long-term savings can help big time in the future of your business.

3. INSTALL OCCUPANCY SENSORS TO AUTOMATICALLY TURN OFF LIGHTS

This tip can make noticeable differences in energy consumption in no time. Every office could benefit from occupancy sensing light switches because the areas that see little use won't be using power all day and it also saves employees the hassle of searching for light switches in the dark. Another perk of this tip is the increased peace of mind since you no longer must worry about whether or not someone left the lights on at the office overnight or through the weekend.

4. USE AVAILABLE SUNLIGHT WHEN POSSIBLE TO LIGHT A ROOM, BUT ALSO, BE PREPARED TO LIMIT OR CONTROL SUNLIGHT WHEN AC IS IN USE

Make the best possible use of your natural lighting to illuminate your office for free. Using natural light has some other perks besides free lighting. *For example*, natural lighting has been linked to increased productivity in the workplace and has a positive effect on the health of your employees. Less sick days and improved performance while working will reap any business a more profitable workforce. It goes without saying that in the summer months too much sunlight can cost you quite a bit of money because of your air conditioning, so making do with less natural lighting is a must. Through using blinds, screens, or window film, you can limit the heat transfer and still make use of some of the natural lighting without running up the bills. Another point worth mentioning is that during the winter months, its recommended to keep windows on the south side of your building unobstructed during the day to make use of natural heating and lighting but be sure to pull the blinds down again at the end of the day to reduce heat loss.

5. SPEAKING OF AC, REGULARLY TUNE-UP YOUR HVAC UNITS AND CHANGE FILTERS WHEN NECESSARY

Its important to have your AC and heating systems running as efficiently as possible to keep efficiency high during peak use. Ignoring your heating and cooling systems can increase the cost to keep your office comfortable as well as damage your systems, which can be a very expensive fix. The relative low cost of replacing your filter when necessary and maintaining the insulation of the systems will undoubtedly save your business from a terrible hassle should the HVAC system break down, as well as significant savings should these systems require frequent fixing.

6. INSTALL PROGRAMMABLE THERMOSTATS TO LIMIT USE TO PEAK HOURS

Having your system maintain the same temperature all day seems simple enough but to do so when the office has an increased occupancy, like during peak business hours, can push the system to its limits and increase the energy bill drastically. Installing programmable thermostats can allow the system to focus on "hot spots" that require the increased power without increasing the use throughout the remainder of the office. This will help your employees, your customers, and your energy bill. By focusing these systems on customer facing areas of the office you can ensure your clients remain comfortable. Similarly, by not pumping AC or heat through the rest of the office, the employees remain more comfortable. Both of these will not just save you money on your energy bills, but they also have the potential to increase revenues by having clients happy to be at your business and your employees left with fewer distractions.

7. REPLACE DESKTOP COMPUTERS WITH NOTEBOOK COMPUTERS AND DOCKING STATIONS TO CONSERVE ENERGY

Those older tower computers often draw several times more power than a laptop, in some cases even when not in use or powered down. Although desktop computers often cost less upfront, the long-term energy expense will end up wiping away any difference and then some. Laptop computers bring the benefit of energy savings as well as several other factors, such as work on the road or from a client. Docking stations for the laptops offer a quick way to set up multiple screens to work on and extra ports for other devices. With the combination of the laptop and docking station you have all the benefits of a desktop, without the high energy consumption.

8. BUY ENERGY STAR EQUIPMENT

Energy Star is a trusted label on products that meet strict energy efficiency requirements set by the EPA. These products range from microwaves to copiers, and have all been third party certified to meet energy conservation goals set by the EPA. What all this means for you is that you will be saving money on your energy bills from day one, because they're, on average, forty percent more efficient while in use. With the energy star certification, machines, like copiers, automatically go into low power mode after a set period, also reducing energy consumption.

9. CONSIDER RENEWABLE ENERGY

Renewable energy sources are always an avenue worth pursuing if the upfront costs can be absorbed. The high expense of installation will pay off in the long run if you expect to remain in the same building. In fact, with incentives, savings, and payments, an \$18,000 (*the average cost of installing residentially*) investment in solar energy would pay for itself in four years, while increasing the value of your building.

10. EDUCATE YOUR EMPLOYEES/ GET EMPLOYEES INVESTED

An important step in maintaining an energy efficient work place is to get your employees on board. Educate and encourage employees to remain conscience of energy savings and get them involved. Don't be afraid to make a committee responsible for setting goals and proposing ways to save even more in the future. It will help get everyone on board if they're involved with the process from the beginning.



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TAXATION OF FRINGE BENEFITS

Many companies use fringe benefit programs as a tool for attracting and retaining talented employees. These programs have become especially vital as the “War for Talent” has gotten more competitive and benefit programs have become more widely known. What was once somewhat of an afterthought, or a small perk, now has dedicated HR professionals and firms searching for innovative and new programs. However, both the employee (*as recipient*) and employer (*as payee*) need to be aware of the tax consequences of providing these benefits, especially as these benefits grow in size, scope, and volume.

Health/Dental Insurance – With the implementation of the Affordable Care Act reforms, these benefits have basically become universal for employees and employers. The benefit is tax free to employees and fully deductible by the employer.

Retirement Contributions – Employers may make both matching and elective contributions to employee’s retirement plans, such as 401(k)s. These contributions will be tax deferred to the employee and fully deductible by the employer.

Commuter Benefits – Businesses can offer employees the option of using pre-tax dollars or reimbursement to purchase public transportation. This amount is limited each month (*currently at \$260 per month*). Employees can receive this benefit tax free; however, under the 2018 Tax Cuts and Jobs Act, employers can no longer deduct these costs, even if done under a pre-tax elective contribution.

Working Condition Fringe Benefits – These are expenses either paid by the employer or reimbursed to the employee under an accountable plan for expenses incurred by the employee that relate to the employer’s business. The most common of these include professional dues and subscriptions, job training and education (*including tuition if it “enhances or maintains” the employee’s skill at their current position*), employer provided cell phones, incidental use of employer provided automobiles. These expenses are excludable on the employee’s income and deductible to the employer.

Tuition Reimbursement – Companies may set up a qualified tuition reimbursement plan for their employees, allowing a tax free (*to the employees*) \$5,250 per year for use in higher education, regardless of the field of study (*unlike the working condition fringe benefit which must have a direct impact*). The plan must be non-discriminatory and available to all employees. The value paid is directly deductible by the employer.

Achievement Awards – Employee achievement awards have proven to be a valuable program and excellent retention tool. To be a nontaxable fringe benefit, the award must be made at least 5 years after employment and can only be made once every 5 years. The value of the award can be excluded from the employee’s income (*so long as its not cash, gift card, sporting tickets, vacation, or other cash equivalent*) for either \$400 or \$1,600, depending on the size and nature of the plan. The expense is fully deductible by the employer.

De Minimis Fringe Benefits – De Minimis fringe benefits are benefits provide to employees that are small and by their very nature impractical to account for. These include items like office snacks, small promotional items like pens, shirts, etc., holiday parties, employer provided meals for the convenience of the employer, and the like. These items are all excludable from employees’ income and deductible by the employer (**note: under the 2018 Tax Cuts and Jobs Act, the deduction for employer provided meals has decreased to 50%**).

Student Loan Repayment Programs – These programs where employers make payments for employee’s student loans have become more popular as the student loan debt load increases on new graduates. These do **NOT** have any preferential treatment under the tax code currently, and are compensation to the employee, subject to tax withholding, and deductible as compensation expense for the employer.

Fringe benefits can be a powerful tool for increasing employee compensation without incurring additional payroll taxes or compensation expense. Further, fringe benefits have proven to be an effective tool in mitigating employee turnover and keeping employees engaged. Before offering any program to employees, employers need to consider if the IRS will consider these benefits to be disguised compensation or as nontaxable fringe benefits to employees.

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PRIVACY POLICY BEST PRACTICES

The rapid change in technology and the constant push to make all things digital in today’s world, has forced individuals to release their personal information to hundreds of companies, servers, and people around the globe. As personal information data is increasingly shared, pushing identity theft to an all-time high, the need for every consumer to protect their personal information is essential. As required by law, all companies that collect, store, or share consumers’ personal information, need to implement a privacy policy. The policy should specifically outline what information will be requested, how the information will be collected, why the information is needed, and include the company’s procedure to safeguard each consumer’s personal information.

Why is a privacy policy important for your company?

There are two main reasons why every business, regardless of its size, that collects personal information from customers is required to implement a privacy policy. *First*, privacy policies are mandatory if your product or service collects, stores, or shares personal information data. *Secondly*, applying a privacy policy will protect your company from liability if a customer claims his or her data has been mishandled. If all data practices are listed clearly in the privacy policy, without ambiguity, and the customer agreed to the terms, there will be little to no room for a case against your company. With an easily accessible privacy policy, visible to all customers, your product or service will generate more credibility because customers will feel secure releasing their information and therefore be more likely to trust the product or service you sell.

Importance of privacy policy for small businesses

Small businesses have more to lose from poor data practices, data breaches, or customer allegations. With a privacy policy in place, a small business can avoid the prospect of an expensive and time-consuming legal battle, or worse yet, a liability. Implementing a well-written privacy policy will improve information protection practices, and prove the company’s commitment to security, privacy, and minimizing identity theft. Even if your company or website does not collect personal data, it is still recommended that a privacy policy be written to blatantly state that no information will be stored. Most importantly, when companies who do not collect data create a privacy policy, customer loyalty will be built.



Tips for your privacy policy

- ▶ Make it visible
- ▶ Be specific
- ▶ Customize the policy for your business
- ▶ Avoid jargon
- ▶ Outline a list of personal information requested
- ▶ Describe how the information will be collected
- ▶ Disclose why the information is needed
- ▶ Explain the procedures to protect a customer’s personal information
- ▶ Declare what information, if any, will be shared or sold to third parties
- ▶ Provide directions for customers to access and update information
- ▶ Articulate how updates to the privacy policy will be announced
- ▶ Offer an opt-out option
- ▶ Create a place for customers to accept and agree to the terms

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