

- 1 Factory Direct: Schneider Downs Joins the Andy Warhol Museum in Celebrating Region's Manufacturing Heritage
- 1 Key Tax Dates
- 2 Check Your Cash Perimeter to Make Sure No Benjamins Have Escaped
- 3 U.S. Legislative Outlook
- 4 Bidding a Fond Farewell
- 4 Wealth Management: Quarterly Column
- 5 Around Schneider Downs
- 5 Getting Deals Done
- 5 New Hires
- 5 Benefit Plan Due Dates
- 6 Professional News

## JULY

**Employers' Taxes.** Employers of nonagricultural and nonhousehold employees must file return on Form 941 to report income tax withholding and FICA taxes for the second quarter of 2012.

# SEPTEMBER

**Estimated Tax.** Payment of third installment of 2012 estimated tax by calendar-year corporations. Payment of third installment of 2012 estimated tax by individuals.

**Corporations.** Last day for filing 2011 income tax return by calendar-year corporations that obtained automatic six-month filing extension.

## FACTORY DIRECT: SCHNEIDER DOWNS JOINS THE ANDY WARHOL MUSEUM IN CELEBRATING REGION'S MANUFACTURING HERITAGE

Western Pennsylvania's rich history could never be written without acknowledging the region's tremendous heritage in manufacturing and industry. Our region's growth and development was forged in the factories...and continues to this day.

With that heritage as a backdrop, Schneider Downs is a proud sponsor of an exciting new exhibition at The Andy Warhol Museum. *Factory Direct: Pittsburgh* is a celebration of the manufacturing legacy in our region.

*Factory Direct: Pittsburgh* will showcase the artwork of 14 established contemporary artists from around the world, each invited to conduct artist residencies in Pittsburgh-based factories. Each artist will create a new work of art based on their selected factory's history, technologies, materials and/or processes.

Throughout Schneider Downs' history, manufacturing and industry has been a vital component of the firm's growth and success. The firm's involvement in this exhibition demonstrates its support and appreciation for the contributions manufacturing makes to our region every day.


The *Factory Direct: Pittsburgh* exhibition is scheduled from June 24 – September 9, and will be located at Guardian Self-Storage, 2839 Liberty Avenue in the Strip District. The exhibition is open to the public Tuesdays through Sundays, 10:00 a.m. to 4:00 p.m. Complete information on *Factory Direct: Pittsburgh* can be found at The Andy Warhol Museum's website. 



image: Edgar Olaineta, *Solar Do-It-Yourself* Nothing Toy. After Charles Eames, 2012, from the *Factory Direct: Pittsburgh* exhibition. Image courtesy of The Andy Warhol Museum.

# TOP STORY

## CHECK YOUR CASH PERIMETER TO MAKE SURE NO BENJAMINS HAVE ESCAPED

by Frank A. Wisehart, Business Advisors Director

According to the Association of Certified Fraud Examiners 2012 Report to the Nation, the most frequently misappropriated corporate asset is cash. This fact probably does not come as a big surprise to most. How cash leaves and who is taking it, however, might cause your head to turn.



years. A little cash over a long period of time adds up quickly to hundreds of thousands of dollars. Stealing \$1,000 twice a week adds up to over \$100,000 per year in losses. Multiply that by 4-6 years, and you have lost \$400,000-\$600,000. The worst part is you probably did not even notice until it was too late.

Who is doing it? According to the ACFE, the most likely categories of employees who steal substantial amounts of money from their employers are upper management and accounting personnel. In other words, the very people you trust most in the organization.

How are they doing it? Tenured employees understand the weaknesses of the control environment. Think about how an otherwise caged animal escapes its pen. Smart animals who have been penned for long periods of time understand the vulnerable places in the fence. When these openings are exposed, they act. Upper management and the accounting department know the holes in the corporate control environment regarding cash. Given financial incentive or pressure, they break out of the control fence and convert corporate cash to their own benefit.

And guess what? We reward them for it. By failing to walk our fences periodically, we fail to catch our escaped animals. Perpetrators come and go through the fence at will. After several successful, undetected movements past the fence,

they become brazen and expand the hole to allow bigger animals through. Most of the time, they discover new holes in the fence as well.

Then, after significant delay, years perhaps, we discover the breach and are surprised at how much has been lost. This is how petty theft turns into a multi-million dollar loss.

Protect yourself. Periodically walk your fence. Even if you think you do not need to do so. You just might find some holes that need to be fixed. ■



**FRANK A. WISEHART**  
BUSINESS ADVISORS  
*Director*

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THIS NEWSLETTER.



# FEATURE ARTICLE

## U.S. LEGISLATIVE OUTLOOK

by Mary D. Richter, Tax Advisors Shareholder

There's been much discussion about U.S. tax policy in recent months. During 2012, we will hear even more election-year politicking that will keep taxes in the news. What, if anything, will actually happen?

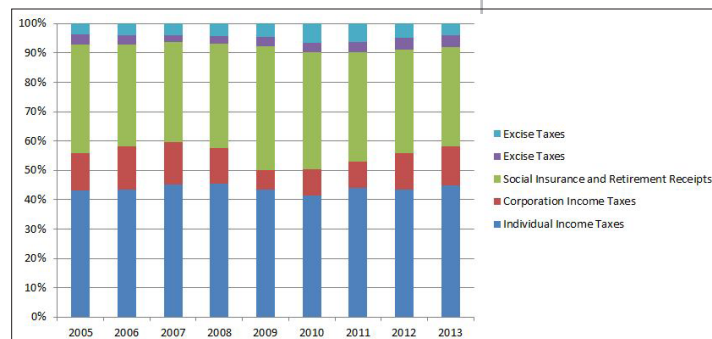
On the corporate side, the U.S. now has the highest corporate tax rate among OECD (Organization for Economic Cooperation and Development) countries. Policymakers and businesses have argued that the high rates make the U.S. uncompetitive in the world marketplace. Others note that the cash tax rate in the U.S. is much lower than the statutory rate, due to a complex system of deductions and tax loopholes. Convergence with IFRS may also impact the U.S. tax system (LIFO is an example). The White House has released a framework for corporate reform to address these issues. Included in the discussion is a reduction in corporate tax rates to 28%, expansion of deductions or credits for U.S. manufacturers, and elimination of deferral of foreign income.

Without action, many individual tax rates and benefits will sunset at the end of 2012. Particularly, individual tax rates will revert to pre-2001 levels, increasing marginal tax rates. Also, new taxes enacted as part of President Obama's healthcare initiative will come into effect, further increasing individual tax rates on certain types of income. Overall, the maximum federal income tax rates will increase as follows:

	2012	2013
Wage and Self-Employment Income	35%	41.7%
Capital Gains	15%	25%
Dividends	15%	44.6%

These rates do not include income employment taxes on wage income, most significantly Social Security (4.2%) and Medicare (1.45%). For 2013, the Social Security tax rate will revert to 6.2%. The rates are also exclusive of state income taxes.

Looking at the actual historical sources of tax revenue, it is clear that most of the tax dollars come from employment and individual income taxes. In fact, these taxes account for an average of 84% of tax revenues, while corporate taxes account only for 12% of taxes.



Do we really expect tax reform prior to the election? Certainly, there will be much discussion and grandstanding, but action seems unlikely. It is clearly politically unpopular (and perhaps, unwise) to increase individual income taxes during an election year. Given the large U.S. deficits, there may not be a short-term alternative. And we haven't even factored in the ever-rising costs of Medicare, Medicaid and Social Security. And, as an overall percentage of GDP, U.S. taxes (at 27.3%) are well below the OECD average (36.2%).

A solution that may seem obvious to those outside the U.S. might include instituting a national sales tax or value-added tax (VAT). After all, many countries around the world currently utilize such a system. Of course, in the U.S., things often aren't so simple. There's a lot of discussion about not implementing a regressive tax that would create even more disparity between the wealthy and lower income folks. And with more than 7,700 taxing jurisdictions in the U.S., how would a national VAT be coordinated with state and local taxes? How would such a system be created and enforced? This

one might just be too hard to implement.

Currently, there's no consensus among lawmakers on the way forward. We don't expect any changes prior to the November election, but with scheduled tax changes, we do expect some action either late in 2012 or earlier in 2013.

In the meantime, President Obama put forth a framework for U.S. business tax reform. For a summary of the provisions visit <http://www.schneiderdowns.com/president-obama-releases-business-tax-reform-framework>. We will continue to monitor events and provide updates as new information becomes available.

### About SD Global

Schneider Downs has recently launched our newest quarterly e-newsletter, SD Global Navigator, that will focus on current and hot topics in the global marketplace. To sign up for the newsletter, register by visiting our Subscription page and clicking "SD Global Navigator." The SD Global Tax Team now also has a tool to assist you with international tax questions or issues. Send your question(s) and any pertinent background information to the SD Global Helpdesk e-mail ([sdglobal@schneiderdowns.com](mailto:sdglobal@schneiderdowns.com)) and a knowledgeable SD Global Tax Team member will contact you. ■



**MARY D. RICHTER**  
TAX ADVISORS  
Shareholder



# NEWS YOU NEED

## BIDDING A FOND FAREWELL

by Aaron M. Dolan, Office Manager

If you've visited Schneider Downs' Pittsburgh office over the past 15 years, chances are you were met with a smile and warm greeting from Mary Jo McCaul.

Mary Jo has been a steady presence at the front desk of our offices since 1997. Since the day she walked into our office, she established herself as the firm's unofficial Director of First Impressions, meeting visitors at the door and making them feel welcome. Nobody does it better.

As Office Manager at Schneider Downs, I constantly received wonderful comments and accolades about Mary Jo. With an instinctive customer service focus, she made every guest feel as if she was glad to meet them...because she was.

Mary Jo retired from Schneider Downs in April this year. She looks forward to travelling and spending quality time with her family and grandchildren. Schneider Downs continues to be a warm and wonderful place to visit, but we'll miss Mary Jo very much.

On behalf of the entire Schneider Downs team, I'm proud to thank Mary Jo for being such an important part of our family. ■



## Q & A

### Schneider Downs Wealth Management Advisors, LP *Quarterly Column*

**Q: I have always been told to keep a portion of my savings in liquid investments such as a savings account, CDs or a money market account. However, for the last several years, I have earned almost nothing on these assets. When will interest rates go up? Should I move my cash?**

If you are feeling depressed lately due to the low yields offered by relatively safe liquid assets, you are not alone. Adding insult to injury is the fact that any income earned on these types of accounts: Certificates of Deposits (CDs), bank checking and savings accounts and taxable money market accounts, are taxed as ordinary income (rates may be as high as 35%). If you want more evidence of injury, take a trip to the grocery store to be reminded that at the current low rates, "safe" money is also being eroded by inflation.

Before addressing what may cause rates to rise, we should first understand why interest rates are so low right now. Short-term interest rates and bank account savings rates are determined by the federal funds rate, which is set by the Federal Reserve. In 2008, the Federal Reserve lowered the federal funds rate to its present yield of .25% in response to the financial credit crisis that was unfolding globally. The federal funds rate, according to the Federal Reserve's website, "is the interest rate at which depository institutions lend balances to each other overnight." Of course, banks lend out much of their cash to individuals and businesses at a rate higher than the federal funds rate, but think of the fed funds rate as an anchor. It holds down the short end of the yield curve and anchors rates along the curve based upon the length of those loans and the perceived risk. Today, risk-free rates, starting with the fed funds rate of .25%, are at some of their lowest rates in history. As of this writing, five-year treasury rate is at .75%, the ten-year treasury

is yielding 1.7% and the 30-year treasury sits at 2.8%.

Although many pundits have expected interest rates to rise over the past two years, events keep getting in the way. In 2011, for example, Japan suffered a devastating earthquake and tsunami that threw the third-largest global economy (behind the U.S. and China) back into a short recession. In 2010 and 2011, the fear of a global credit crisis caused by Greece defaulting on its debt, and this causing a domino of defaults in the European Union, kept the level of angst high. Today, we are still in the midst of a European debt crisis that is pressuring global growth. There is growth in the U.S., but it remains slow and unsteady. If the fear of another recession is not enough to spoil your chances to earn a bit more on your cash savings, the Federal Reserve also points to very low rates of inflation as a reason to keep rates low.

So when will interest rates rise? At the latest meeting of the Federal Open Market Committee (FOMC), the FOMC indicated no current change in the level of short-term rates and that no change was expected until 2014. Longer-term rates, of course, may fluctuate upwards if the economy signals improvement, but rates on CDs, checking and savings accounts and money market accounts are likely to remain near zero for the foreseeable future. As for moving your cash in search of higher yields, to the extent that this

*Continued on Page 5*

# SDNEWS

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## LIQUID INVESTMENTS

Continued from Page 4

is part of your overall investment strategy (emergency fund, cash for defined expenses, or cash for living needs), you should not be tempted to seek higher returns. There are other alternatives available, but reaching for yield simply to add a few percentage points of return on your cash investments may expose those assets to unacceptable downside risk or loss of principal.

On a positive note, the current rate environment certainly offers individuals and businesses the opportunity to lower their cost of carrying debt. If you do have debt, review how much you are paying for it, and take action to refinance your debt if it makes sense to do so. ■

## GETTING DEALS DONE

April 2012

**Snap-Tite**

has been acquired by  
**Parker Hannifin Corporation**

The undersigned assisted in the negotiations and acted as financial advisor to Snap-tite Inc.

Schneider Downs Corporate Finance, LP  
Member FINRA/SIPC.



## New Hires

Our people are our greatest strength. We welcome our January, February and March new hires:

Veronica L. Bucci  
Brian P. Burnett  
Kristen M. Burton  
Amy M. Deckelman  
Cody S. Domasky  
Jackie L. Emert  
Heather L. Grinnik

Jody L. Henley  
Zachary A. Holbert  
Maggie V. McGinley  
Gregory Munroe  
Julie A. Pulskamp  
Kelly L. Schwieterman  
Athena M. Walton

WELCOME

## Around Schneider Downs



The 2012 Schneider Downs and Friends MS Walk team consisted of six Schneider Downs employees together with several other family members and friends. The team braved the cold on the morning of April 22 to participate in a 5K walk to raise awareness and funds for MS research. The team had a successful fundraising campaign, bringing in \$3,930, including over \$400 contributed by Schneider Downs employees participating in a jeans day. Thanks to all the participants and contributors!



Our busy season activities included breakfast in Pittsburgh made by our staff, including Aaron Dolan frying up eggs! At right, Columbus wraps up with an end-of-season party!



Schneider Downs once again hosted Take Our Daughters and Sons to Work® day in both offices this year. Children participated in games and contests, and also learned about the many different service disciplines associated with Schneider Downs. The children even had the opportunity to draw a new logo for Schneider Downs. We have no doubt we have many future accountants—and perhaps a few artists for the Marketing group. At left are the children of the Columbus office.

Pittsburgh-Post Gazette President Chris Chamberlain recently spoke to the shareholders and managers at Schneider Downs' Pittsburgh office. The presentation was part of the firm's Leadership Speaker Series. Mr. Chamberlain shared many of the new strategies the Post-Gazette is employing to continue reaching audiences through new mediums, including online, smart phones and tablets. In Columbus, the management group was recently visited by Clarke Price, CEO of the Ohio Society of CPAs. Pictured l-r: Gennaro DiBello, Chris Chamberlain and Ray Buehler.



## CALENDAR - BENEFIT PLAN DUE DATES

**Forms 5500, Annual Return/Report of Employee Benefit Plan.**

Year-End	Due Date	With 5558 Extension
11/30	7/2/12	9/17/12
12/31	7/31/12	10/15/12
1/31	8/31/12	11/15/12

**Processing of corrective distributions relative to failed 401(k) ADP/401(m) ACP discrimination testing, so as to avoid a 10% employer-imposed excise tax.**

Year-End	Due Date
3/31	6/15/12
4/30	7/16/12
5/31	8/15/12

# ONPOINT

## Schneider Downs

1133 Penn Avenue  
Pittsburgh, PA 15222-4205  
TEL 412.697.5200  
FAX 412.261.4876

Huntington Center, Suite 2100  
41 South High Street  
Columbus, OH 43215-6102  
TEL 614.586.7200  
FAX 614.621.4062

[www.schneiderdowns.com](http://www.schneiderdowns.com)



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Are you on our email list? Schneider Downs frequently issues email messages with news, information and updates on topics that are important to our clients' industries. If you would like to receive periodic updates via email, please visit [www.schneiderdowns.com](http://www.schneiderdowns.com) and click on Subscription. We'll be sure to keep in touch.



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## PROFESSIONAL NEWS

**Jay R. Meglich**, Audit Shareholder, and **Theodore M. Pettko**, Audit Shareholder, attended the Ohio Shale Energy Conference in Cambridge, OH in April.

**Joel M. Rosenthal**, Business Advisors Shareholder, was presented with the 2012 Mermelstein Leadership Award from the Jewish Family and Children's Service.

**Jeffrey A. Wlahofsky**, Tax Shareholder, was awarded the Scholarship, Leadership and Service Award from Robert Morris University.

**Melanie M. LaSota**, Director of Estate and Trust Tax Services, presented to the Ohio Automotive Dealers Association on the topic of estate planning. Melanie has also been reelected to the Board of the Pittsburgh Youth Symphony Orchestra for a three-year term.

**Angela M. Gillis**, Internal Audit and Risk Advisory Services Manager, was elected as second Vice President for The Institute of Internal Auditors, Central Ohio Chapter. Angela was also elected as President for the Association of Government Accountants, Central Ohio Chapter.

**Dennis R. Mowrey**, Tax Director, spoke to the accounting and business students at DeVry University along with the MBA students from the Keller Graduate School of Management on the topic of careers in accounting. He also participated in the panel discussion on current and future career opportunities and trends.

**Nicole P. Saldamarco**, Internal Audit and Risk Advisory Services Senior Manager, won her nomination to the International Professionals Issue Committee of The Institute of Internal Auditors.

**Mara D. Bruce**, Audit Senior Manager, **Lara E. Fuller**, Audit Senior Manager and **Todd J. Lucas**, Audit Manager attended the AICPA Employee Benefit Plan Conference in Atlanta in May.

**Donald R. Owens**, Internal Audit and Risk Advisory Services Shareholder, was recognized by the Olentangy School District for his ongoing involvement with the high school students in presenting programs on making good life choices.

**Mary D. Richter**, Tax Shareholder, was interviewed by the United Way of Allegheny County regarding Schneider Downs' fundraising campaign and commitment to the United Way. Mary is also serving on the ACHIEVA Capital Campaign Cabinet.

**Charles A. Oshurak**, Audit Senior Manager, and **Lauren E. Craig**, Audit Manager, attended the 2012 NACUBO Higher Education Accounting Forum in Denver in May. Chuck also presented an accounting update to the Southwest Chapter of the PICPA in April.

**James T. Gilboy, Jr.**, Tax Senior Manager, was elected Treasurer of the Plum Baseball and Softball Association for a second term.

**Edward R. Friel**, Audit Shareholder, attended the Marcellus Midstream Conference in Pittsburgh in March. Ed also attended the ACG Pittsburgh Corporate Growth Conference in March.

**Susan M. Kirsch**, Tax Shareholder, has been chosen as a 2012 Oakland Catholic Leading Lady by Oakland Catholic High School.