

From: "jeffrey E." <jeevacation@gmail.com>
To: Richard Kahn <[REDACTED]>
Subject: Fwd: Cash Flow Model
Date: Thu, 31 Aug 2017 09:56:02 +0000
Attachments: Noam_and_Valeria_Chomsky_Analysis.pdf

----- Forwarded message -----

From: Valeria Chomsky <[REDACTED]>
Date: Thu, Aug 31, 2017 at 1:50 AM
Subject: Fwd: Cash Flow Model
To: "jeffrey E." <jeevacation@gmail.com>, Noam Chomsky <[REDACTED]>

Jeffrey,

This is interesting.

Could you please summarize and clarify to us what is being planned for our future?

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From: John DeSimone <[REDACTED]>
Date: Wed, Aug 30, 2017 at 5:14 PM
Subject: Re: Cash Flow Model
To: Nick Nichols <[REDACTED]>
Cc: Noam Chomsky <[REDACTED]>, "Valeria Chomsky ([REDACTED])" <[REDACTED]>, Deborah Pechet Quinan <[REDACTED]>, Luke Baxter <[REDACTED]>, Matthew Mazotas <[REDACTED]>

Thank you Nick. These are excellent. We will revisit the income character and make sure they are correct ordinary v capital.

Thank you!!

Sent from my iPhone

On Aug 30, 2017, at 4:56 PM, Nick Nichols <[REDACTED]> wrote:

Hi John,

I realize that this is a rough first draft, but I thought I'd offer a few observations for the next iteration.

For the projected income taxes,

1. We should change the state of residence to AZ.

2. AZ has graduated tax brackets, but given the likely total income, I'd suggest using a blended average rate of 4.5% . between \$50K & \$150K, its 4.2%, then everything above that is 4.6%. the lower rates are obviously very small brackets.
3. The Federal rate seems to be only using the CG rate of 15%. The vast majority of their income is ordinary income, not CG; can you switch the assumptions to use the federal brackets for "Married, Filing Joint"?

For both cash flow and tax planning,

- a. Royalty income is currently projected to be exactly the same every year "forever". That's very atypical for royalties, which frequently tend to decline significantly after the first few years. Perhaps Anthony Arnove can provide more insight on that based on past experience with Noam.
- b. we need to know their housing situation in AZ, i.e., renting or buying. If buying, what mortgage terms, etc, etc.
- c. What are the plans for their Cambridge residence? If sold, that will require paying off the mortgage debt, and I don't know an expected sale price that may yield a relatively modest amount of net equity (since they haven't owned it very long).

I haven't tried to compare the expenses to the data that we had provided earlier based on the past years, but assuming it's built on that, we should have Noam and Valeria review those with an eye toward what changes should be made to all of those assumptions with the move from MA to AZ.

Thanks for putting this all together; it's a great "next step".

Thanks,

Nick

From: John DeSimone [<mailto:>]
Sent: Wednesday, August 30, 2017 4:06 PM
To: 'Noam Chomsky' < >; Valeria Chomsky ()
< >
Cc: Deborah Pechet Quinan < >; Nick Nichols < >; Luke Baxter
< >
Subject: Cash Flow Model

Hello Noam and Valeria - hope you are settling down in AZ. I apologize for getting this model out late. The link below will open the first draft. In its current state, I would suggest that we use this as purely a starting

point. We need to really scrub the numbers to get them correct. A few items that we really need to convert this to a useful tool.

1. Confirmation of income and expenses. A couple items we inserted with a nominal amount (\$1) to get a further understanding of those.
2. Most recent account valuations. Statements would be perfect.

<https://oakmont.os33.com/online/f/dMzYiCBGgcziLA/Aug%202017%20v1.pdf?dl=0>

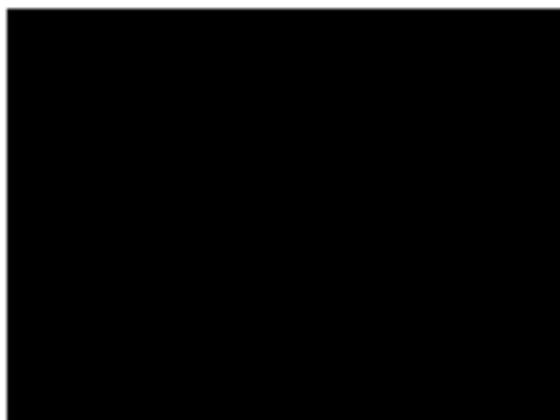
If you review the model and just edit those numbers and send it back, we can revise the model and continue to work through until we get it to become effective. I appreciate your help on this and if you have any questions, please let me know.

Again, I would like to stress that the model is in its preliminary state. Once we get this model into shape, we will use it to back into an allocation and also discussions with Bainco on the trust allocations and distributions.

Thanks

John F. DeSimone

Managing Partner



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