

THE FINANCIAL EDGE

April 2014



Another Tax Season is Behind Us...

Personal comments by Mary

April 15th officially marks the end of the 2013 tax filing season. THANK YOU for choosing FOCUS CPA for your accounting and tax needs! We are truly grateful for your business.

A lot has happened this last four months. In January, my grandmother took a turn for the worse. Jodi, my assistant and sister, took off two weeks to care for her. Gram did pull through and saw her 101st birthday on March 3.

We worked through the nuances of our new tax software. The IRS delayed the opening of the season until February 1, thus all our tax processing software tweaks took longer to implement on our end.

I challenged myself this year by signing up for a marketing conference the last week of March. It provided a huge incentive for me to get as much done as I could before I headed for Texas. I have not worked that hard in 10 years.

The seminar was a breath of fresh air during an intense time. My main purpose was to hear a client and friend, Darin Spindler, speak. He is the marketing genius behind the national Kids Bowl Free program. The marketers at this conference know their numbers. Their numbers lead directly to sales. (The only tie into taxes is that their financial results increase their taxes.) For three days straight I attended seminar after seminar, learning how to be more effective in my marketing and to deliver impressive service.

However, nothing is more satisfying than using our knowledge, skills and tools to maximize your financial well being. As I look back at what we have accomplished over the past four months, it's not the number of returns we filed or the hours we put in that I'll remember and celebrate. Rather, it's the personal service I was able to provide that made this tax season a success.

Again, thank you for your trust, patronage, and support! I work for the best clients! I look forward to another great year.

Mary Guldán-Lindstrom

"Taking care of small business owners" FOCUS CPA Inc

What Our Clients Are Saying...



"I see Mary as my rent-a-CFO. My business does not need a full time CFO, but it does need the watchful eyes of one. In addition, Mary is the perfect sounding board for any endeavor I choose to pursue. Her guidance has always been practical and to the point. We have enjoyed great success as a result."

Greg Lake, President Lake Companies, Inc.

The Lake Companies, Inc. provides solutions to discrete manufacturers in Wisconsin, Minnesota, and Upper Michigan

Your referrals are treated with utmost care and are greatly appreciated!



The Book Review

Title: Stay Alive All Your Life

Author: Norman Vincent Peale

Topic: Positive Thinking

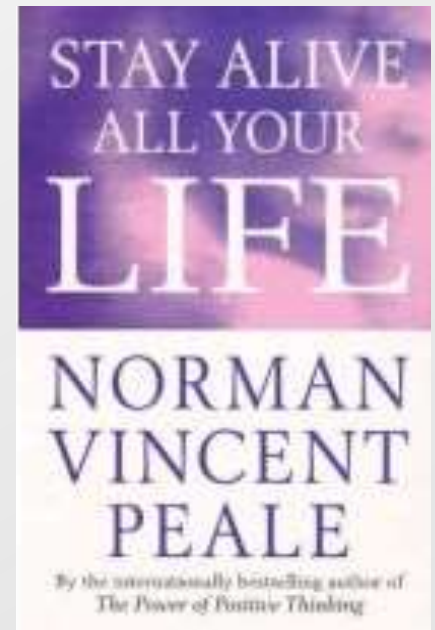
Easy to Read: \$\$\$\$ (4 out of 5 dollars)

Applicable to small business: \$\$\$\$\$ (5 out of 5 dollars)

Summary: This book takes the next step beyond Peale's "The Power of Positive Thinking". It shows you how to put positive thinking into action. It provides steps to live every day with vitality, well being, enthusiasm and effectiveness. By believing and having faith to succeed in achieving what you want out of life.

My recommendation: This is an enriching and uplifting read, especially if you are struggling and life is getting the best of you. Norman Vincent Peale recharges your heart and soul. He provides stories that take your mind off of your own struggles and a way to increase your internal strength.

Pages: 200 | Published: 1957



Abraham Lincoln Paid Income Taxes -- But He Didn't Have To

Did you know that Abraham Lincoln paid income taxes throughout the Civil War, but after his death, Treasury returned all his payments?

Here's the story.....The Civil War prompted Congress to enact the first income tax in U.S. history. After considering various alternatives, Congress included a comprehensive income tax in the Revenue Act of 1862. There was a special 3 percent tax on the salaries of every person in the "civil, military, naval, or other employment of the United States."

Lawmakers took pains to include themselves in the new levy, specifying that the tax applied to senators,



representatives, and delegates in Congress. Constituents were apparently happy to see their representatives paying up. Thus, the President was paying \$61 monthly, or 3 percent of his \$25,000 salary, minus a \$600 exemption.

However not everyone agreed with this new law. In 1863, Chief Justice Roger Taney wrote in protest: "The act in question, as you interpret it, diminishes the compensation of every judge three percent, and if it can be diminished to that extent by the name of a tax, it may in the same way be reduced from time to time at the pleasure of the legislature."

He felt he needed protection from a grasping Congress, which might be inclined to starve judges into submission, insisted Taney. Years later, it was determined that the taxation of judicial salaries and the President, did have constitutional protection. On April 25, 1872, the administrator of Lincoln's estate filed for a refund of taxes, a total of \$3,556.

Can you image what the Chief Justice would think now? It was only 3% back then, now it would be about 30% with the chance of Alternative Minimum Tax added on and State income taxes as well. *Mary*

What Are You Worth? Financially Speaking...

By Mary Guldán-Lindstrom, CPA

If you have a business loan with the bank, chances are you have been asked to update your personal financial statement. Did you ever consider tying this exercise into your financial goals? If it's important for the bank to know, maybe it's important for you to know. After you get your tax return done, is a great time to evaluate your progress toward building your personal net worth.

Discover and Gather: Every day we are surrounded by our stuff. We fill and empty our bank accounts. We use our credit card, pay pals accounts, and sometimes, even cash. Rarely do we stop our daily activity and pull together a list of the financial resources we have at hand. I recommend that you start with the good stuff and then include the bad stuff.

The **GOOD STUFF** - Pull together your most recent bank and investment statements. Look for titles of vehicles, boats, toys, etc. Gather your real estate bills to find an estimated fair market value for real estate you own. If you own a business, print the most recent Balance Sheet and obtain a current depreciation schedule. Create a list of everything that you own.

Now **THE BAD STUFF** - Next, discover and gather your debt. Gather your most recent credit card statements, school loan statements, car loan statement and find your mortgage balance. Another option is to pull a credit report.



Determine the Value: Cash and investments are easiest to measure, just look at your statements. Vehicles values can be obtained from KBB.com. The challenge is measuring the value of your business or rental properties. These measurements are not an exact science, but they are formulas using cash returns that will provide a sound financial basis. I don't recommend you use this value to establish a sales price, but it is great to provide a discussion of how to increase the value.

Calculate and Evaluate: Total the value of your assets and then reduce the value by your debts. The amount left is your personal net worth. According to Dr. Thomas Stanley, author of the Millionaire Next Door, your expected net value should equal 1/10 of your age times your annual realized income. For example if you are 50 years old and earn \$50,000 a year, your expected net worth should be \$250,000.

Build: Once you created this list, you can use it to build the value. From this list you can evaluate the financial return of your current resources and work to improve the results.

Protect: Once you have identified where your net worth is, the next step is to protect it. It may be insurance, or estate planning or business succession.

How did you do? Are you satisfied with the results or does it push you to do better?

If you are interested in more information, request our free checklist to create your own personal financial statement. We can help pull the numbers together, along with providing a financial perspective and brainstorm with you ideas to improve your net worth. Please contact Mary, at Mary@focus-cpa.com or 920-351-4842.

ATTENTION!

At FOCUS CPA we are accepting new clients. We have very passionate, competent and caring staff that have over 30 years of experience, each, working with small business owners. Contact Jodi at 351-4842 or Jodi@focus-cpa.com to set up a free initial appointment to see how we can improve your situation.

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Did You Know...

You Too, Can Grow Your Own Spaghetti

There is a bumper crop of spaghetti being grown in Switzerland. The 'Spaghetti Trees' had done so well due to mild weather and the near elimination of the 'spaghetti weasel'. See above a family harvesting their crop.

This is considered a top 10 April Fool's joke by the British magazine, AnOther. It was shown on the BBC news show Panorama in 1957. They received hundreds of phone calls from viewers asking how to grow spaghetti – the given reply was to put a strand of spaghetti in some tomato sauce and hope for the best.



BBC Panaroma shows Swiss spaghetti pickers . Source: <http://galleryhip.com/good-april-fools-jokes.html>