

# THE FINANCIAL EDGE

March 2014



## The Magic of March

*Personal comments by Mary*

March Magic comes in the forms of Fairies and leprechauns, rainbows, four leaf clovers and green beer. I've never seen a fairy or leprechaun or have drunk green beer. I did enjoy an Irish coffee at an Irish bar in Boston on St. Patrick's Day many years ago. That brought a bit of magic to the cold, misty day.

With spring right around the corner, (I hope) true magic occurs when my garden comes alive. This year with the long freezing cold winter, I will be even more surprised to see the miracle of the plants springing from out of the ground.

Thinking of magic always lifts my spirits when I am swamped with tax returns to be done. Corporations are due March 15 and individuals are due one month later. Every client I work with has at least one tax return that needs to be filed within 75 days. Since most people don't have their information until mid February - the rush is distilled down to a mere 45 days.

To facilitate our business growth, I changed tax processing software this year. The move was a very good choice, but I underestimated the frustration. The frustration of knowing what I need to do, but not exactly how to do it with this software. I kept to another high-end tax processing program, but one that will be easier to train others and provide additional tools to improve customer service. Progress can be painful.

At least my cabin fever is avoided and the weather is not an issue when I have my nose to the grindstone ..... Only a few weeks left.

Enjoy the magic of March!



**Mary Gildan-Lindstrom**

*"Taking care of small business owners"* FOCUS\$CPA Inc

## What Our Clients Are Saying...



"Mary is responsive, efficient and provides clear and concise feedback, no guessing. She provides a

recommendation with the options presented - not just presenting several options without a recommendation. We appreciate her efficiency and tax planning advice. She made it simple to change accountants."

*David Yeghiaian, Owner of Unique  
Business Solutions, LLC*

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



## The Book Review

**Title:** No B.S. Time Management, Second Edition

**Author:** Dan Kennedy

**Topic:** Time

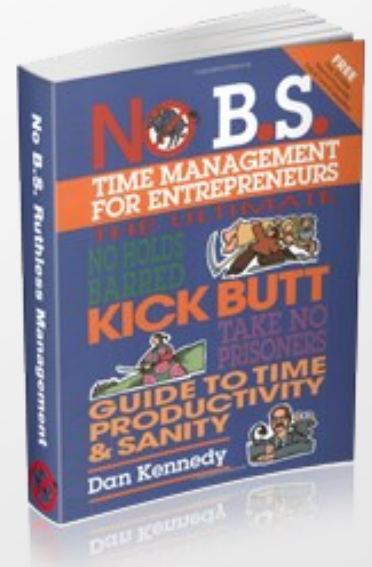
**Easy to Read:** \$\$\$\$ (5 out of 5 dollars)

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

**Summary:** This is a passionate practical book on turning your time into money. The author creates an awareness of things and habits that steal your time and your effectiveness. He provides 11 techniques to gain control back and maximize the time you have. He incorporates Napoleon Hill's proven steps to financial success.

**My recommendation:** I thought I had a good handle on my time management until I read this book. If you are frustrated that you don't have time to achieve what you desire – this book is well worth your time.

Pages: 187 | Published: 2013



## Time Management or Time Utilization

I have a card taped at eye level right near my desk that asks "is this moving me closer to my goal?". I also have a cross stitched picture that asks the question "what is important?" in my home office. That was a gift from a friend. When I received that gift I had a lot of frustration in my career. I had to keep reminding myself that my priority was being a mom.

These are constant reminders to make sure I am doing the right things. We only have 24 hours in a day. We can't save it, we can't trade it, and we can't buy more time. We can hire others to get what we want done,

we can choose to eliminate tasks, and we can do just enough to get it done.

In business, I find the fastest way to increase profits is to eliminate tasks, specifically those tasks and activities that steal from the bottom line. The same is true for time, stop doing things that don't move you closer to your goals.

Maybe you do have a pot of gold buried underneath all the time that is a wasting. Instead of shifting your time around, it might be best to improve the utilization of the time you do have.

Mary





# The Tax Audit From H-E-L-L...

By Mary Guldán-Lindstrom, CPA

Your chance of an IRS tax audit is slim, only 1% of tax returns are subject to an audit, and 70% of those are by mail. I have been fortunate and have had success with IRS audits. My first line of action is to be proactive and avoid trouble.

However, recently I had the opportunity to work with a new client, who has encountered what I call an "audit horror story". The taxpayer is defending two of the IRS's favorite tax issues - travel expenses and hobby losses.

In regards to travel expenses if the taxpayer does not maintain and provide written records to the IRS, they can deny the entire deduction. At the absolute minimum, you must maintain a written record of your business mileage. If you are using credit card receipts, they must have the detail, not just the total of charge and business name. You need to prove what was purchased to support the deduction.

Hobby losses are something else. Do you sell Mary Kay or vitamins, or plant Christmas trees? The hobby loss rules states that you need to report income 3 out of 5 years. If you don't meet this test it gives the IRS permission to dig deeper. You need to prove to them that you are doing this for profit.



The sad part for the taxpayer is that once the IRS classifies it as a hobby loss, according to law it disallows the expenses to offset the income. The expenses are classified as itemized deductions and may not have a tax impact.

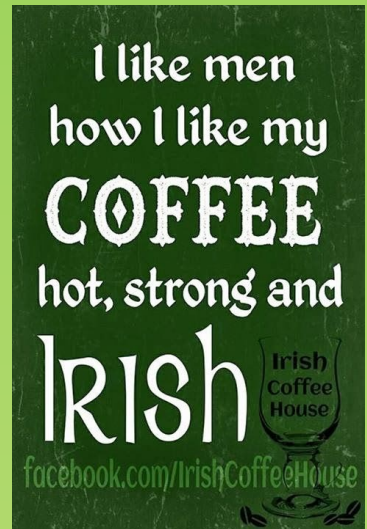
If you receive an IRS notice, we recommend you do the following;

1. Contact the tax preparer to review the notice - earlier the better. Is the notice valid and can anything be done to resolve it quickly in your favor? *As part of our service, we review any tax notice to assess the situation, free of charge. If we caused it, there is no charge for us to resolve it.*
2. Make sure you have all the records used to prepare the return and support your deductions. Can the issue be resolved by providing the documents to support your position?
3. Arrange to have someone who is qualified represent you. They need to be able to legally do it and understand what is happening.
4. Avoid meeting with the tax authority alone or at all.

The tax code can be very specific on language. You may provide support for their change without even knowing you did it. Tax law is not common sense - it consists of rules and guidelines. It is written in unending sentences and can refer to other areas of the law that are just as confusing as where you started.

A tax notice is not a life or death matter, even though it strikes fear into the hearts of many. It can be a challenging situation.

May the luck of the Irish be with you. I hope you avoid a tax notice!



Images from Pinterest.com

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](mailto: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 About...

### Shamrock Facts

It is believed that finding a Four Leaf Clover will bring you fame, health, wealth and a faithful relationship.

A Four Leaf Clover is actually a mutation of the shamrock (a three-leaf clover), it can only happen in approximately 1 in 10,000 shamrocks.

According to Irish legend, St. Patrick used the Shamrock's three leaves to teach the pagans about Christianity. It symbolized the Holy Trinity with each leaf representing the Father, Son, and Holy Ghost. When it's found with the additional fourth leaf represents God's Grace.

Youth organization 4 H Club using a green four leaf clover with a white H on each leaf standing for Head, Heart, Hands, and Health. The white symbolizes purity and the green represents growth.

