Helping entrepreneurs design their business & finances.™

elementsCPA

January 2020

Welcome to 2020! We hope it's off to a good start – I always like to look at a new year as being open to possibilities, and to approach with fresh eyes and energy.

Of course, another part of kicking off the new year is getting taxes submitted – the pointers below will help make it a smooth process, and don't hesitate to contact our team if you have any questions:

- Confirm Your Appointment: NEW this year, your tax interview appointment is being sent as a *digital event invite* to your e-mail — be sure to check your spam folder if you haven't seen it, and simply give Alcides a call if you need a different date/time. (Early contact makes rescheduling *much* easier.)
- Complete Your Checklist: Enclosed is the *Pre-Appointment Checklist* – be sure to tick through it before your tax interview to be sure you have everything and to note any questions you want to ask.
- Upload Your Tax Documents: Securely save PDF's of your tax documents to your personal e-Cabinet "Upload Files Here" folder: http://e-cpa.com/2h0Ji0N (Short video tutorial: https://e-cpa.com/2TSjwQe)
- Choose your Value Pak: If you haven't already chosen your Value Pak for this year, be sure to check your e-Cabinet before your appointment so you'll be ready to select your choice. (available by Jan 31)

Some important bits of information to know:

- Cut-off dates: For *Partnerships* and *S-Corporations*, we'll need the last piece of information *and* completed tax interview before **Feb 28** to ensure your return will be ready by Mar 15. For *C-Corporations*, we'll need both by **Mar 20** to ensure completion by Apr 15. And for *Exempt Organizations*, we'll need both by **Apr 30** to meet the May 15 deadline.
- Extensions: *Active* or *Support* members will automatically have extensions filed for you if needed. Other members can simply submit an Extension Change Request on our website by midnight before the due date request our team to take care of it for you.
- 2019 Tax Tips: Check out our *Insights Blog* (elementscpa.com/insights) and Twitter feed (twitter.com/elementscpa) for helpful highlights and tips on tax law changes and tax-saving ideas.

Michael, Alcides, and myself look forward to helping you file your tax returns as smoothly as possible this year, and don't hesitate to reach out to us with any questions – our team is here to help!

Sincerely,

Adrian G. Simmons

& the Elements CPA team

PRE-APPOINTMENT CHECKLIST (Business)

We recommend you tick through this list to be sure you have everything gathered and to note any questions you want to ask. Having everything ready keeps your taxes on track – simply (a) check the box if you have that item or a related question, (b) type any questions or notes in the box at the end, and (c) send or save for your tax interview.

CLOSE OUT YOUR BOOKS

Perform a year-end close out of your books to ensure the numbers are accurate. *(Note: Financial systems our team has designed and books we performed "Accounting Checkups™" on are more likely to be accurate.)*

☐ Transactions scanned through for *accurate classification*? – run an Account Transaction report in Xero and riffle through looking for anything out of place.

☐ *Payments before year-end properly dated*? – checks, credit/debit payments, or other transaction that took place before Dec 31 but which cleared in the new year should be evaluated for proper dating.

☐ All bank & credit card *balances tie to statements*? – agree the Statement Balance on the Xero Reconciliation Report to a physical statement to ensure no transactions are accidentally missed/added.

☐ Unpaid *customer invoices & vendor bills look accurate*? – run Accounts Receivable Aging and Accounts Payable Aging reports as of December 31 and confirm the open balances are all accurate.

☐ Any *business loans?* – agree ending balances of loans in Xero to lender statements, which should double as confirmation of the interest expense amount.

☐ Any *equipment purchases or disposals*? – be sure they're properly categorized in their own accounts and mention during your tax interview.

☐ Any *new equipment leases*? – be sure to evaluate for capital lease treatment (effectively an equipment loan) and properly reflect in your financials.

☐ Any *health insurance plan*? – be sure to separately categorize in your financial system for special reporting.

☐ Any *personal expenses or mixed expenses* paid through the business? - be sure to properly categorize in your financial system to prevent improper deduction.

☐ Any *owner transactions* during the year? – be sure owner loans, contributed capital, owner distributions/draws, etc. are properly categorized in your financial system.

☐ Any *retirement plan contributions* made? – itemize the amounts for owner versus employee, if not already separately categorized in your financials.

☐ Any *significant repairs*? – be sure to mention during your tax interview for evaluation under the new IRS repair regulations.

☐ *Financial statements evaluated for accuracy*? – run a two-year comparison for the Income Statement and Balance Sheet and look for any odd totals that might indicate mis-classifications which affect your tax.

See our Insights Blog post on checkups for additional tips: https://e-cpa.com/2RiiZbi

GENERAL

☐ Any changes to your *contact information* such as mailing address, cell/work numbers, e-mail address? – mention during your tax interview.

☐ Any changes to *ownership*? – bring names, addresses, tax identification numbers, and details of change.

☐ Any changes to *Board of Directors*, if applicable? – bring names and addresses.

☐ Access to your *financial system* – This is automatically covered for Xero users. For other platforms, grant us online access or secure upload a data file with the related username/password if applicable.

BUSINESS

☐ Any *business income*? – bring Forms 1099-MISC from customers, if received.

☐ Any *wages paid*? – bring Form W-3 and W-2's issued to employees. (This is automatically covered if you're using our online payroll solution.)

☐ Any *subcontractors paid*? – be sure you issued and properly filed Forms 1099-MISC with the subcontractors & IRS. (We don't need a copy as long as they are properly categorized in your financials.)

☐ Any *mixed business/personal costs*? – be sure to mention and let us know if the proportion of business/personal has changed from last year.

☐ Any *multi-state activity*? – provide a schedule of revenue by state, assets by state, & payroll by state. Also list any out-of-state owners. (This is automatically covered for financial systems we've designed and have access to.)

☐ *Schedule C filer*? – Bring costs paid through non-business accounts that qualify as business expenses. For example, home office costs (insurance, utilities, repairs, etc.), total cell phone service costs, vehicle costs (either business mileage, or actual vehicle operating costs), self-employed health insurance premiums, etc.

EXEMPT ORGANIZATIONS - ADDITIONAL ITEMS

☐ Any *unrelated business taxable income*? – be sure to separately categorize in your financial system, and mention during your tax interview.

☐ Any *related party transactions* (*e.g. with family members, related entities, etc.*)? – be sure to mention during your tax interview.

☐ Any *fund-raising events*? – be sure to separately list related event fees, event costs, and donations received.

☐ Any *grants given greater than $5,000*? – be sure to have list of recipients and purpose.

☐ Any *donors more than $5,000*? – be sure to have list of donors, addresses, and amounts.

☐ Any *changes in programs*? – be sure to mention during your tax interview.

☐ Any *political activities* or *personal benefits*? – be sure to mention during your tax interview (it has the potential to disqualify exempt status).

☐ Any *in-kind donations* or *investment donations* received? – be sure to separately categorize in your financial system, and mention during your tax interview.

QUESTIONS / COMMENTS

Don't forget you can securely upload any files to your e-Cabinet into the "Upload Files Here" folder. Just visit elementscpa.com and click the menu For Members > e-Cabinet.

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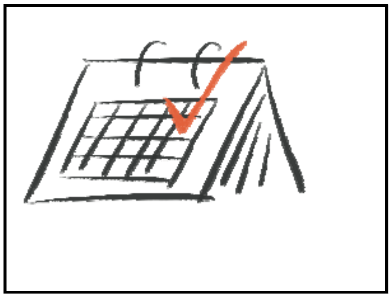
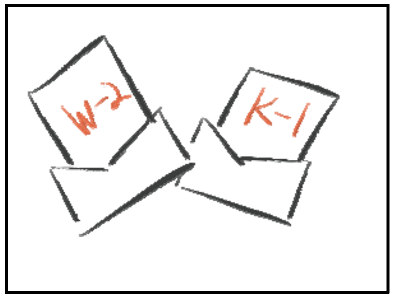
The Elements Flow™

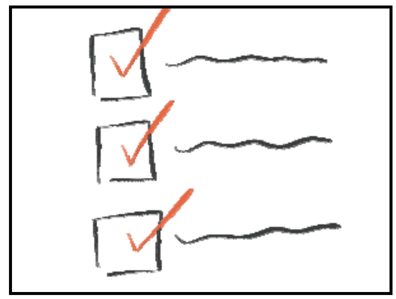
Tax Preparation



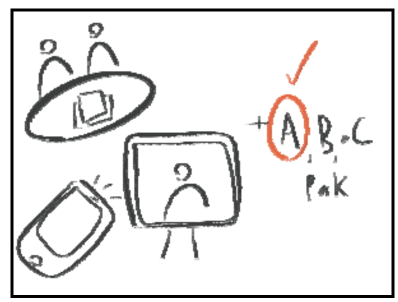
#1 - Mark appointment on calendar



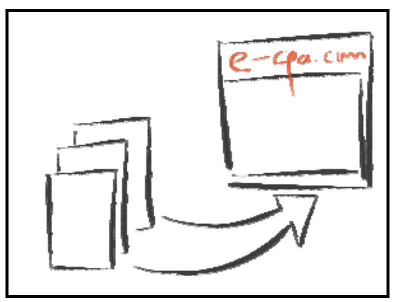
#2 - Gather tax documents



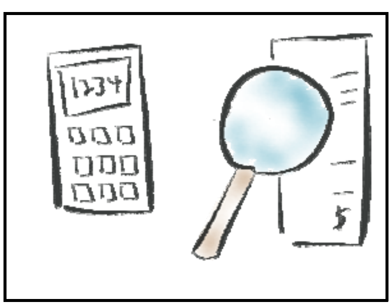
#3 - Complete pre-appointment checklist



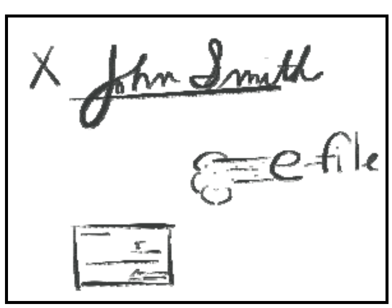
#4 - Conduct tax interview & finalize Value Pak selection



#5 - Upload any missing information



#6 - Preparation & review



#7 - E-sign, e-file, & receive/send tax payment