



LAUBER'S LEDGER

Third Quarter 2011

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Team Building

By Phillip T. Wertz

Team is an essential part of life. Everyone has been or is a part of a team in some way, and it is difficult to be successful without the ability to work as a team. The following are insights from "The Five Dysfunctions of a Team" by Patrick Lencioni. Whether you are an employer or an employee, the following will help your team work more effectively.

The first quality a team must have is trust. Trust between team members gives everyone the freedom to share ideas or frustrations. This will open communication with all team members and will bring a sense of cooperation to the team.

Conflict and resolution is the second important quality. Many teams have the idea that conflict should be avoided. Team members act like everything is running smoothly, and internalize their frustrations. Everyone needs to share frustrations to feel they are a part of the team. Once feelings are expressed the appropriate action and resolution can take place.

The third necessary quality is commitment. If team members are not committed to the team, they will not work to their full potential. This can lead to division and harmful conflict if other team members notice the lack of commitment.

Accountability is another vital quality to a team. Even people who are the most focused can sometimes get off track. Team members must be honest with each others and be able to handle the correction when someone is not in line with the team.

The last essential quality to an effective team is focusing on team results. Many people get trapped into only looking at their own performance. While individual performance is important, you have to look at the bigger picture. Team goals and performance must be a higher priority than personal performance or achievement.



WELCOME

Nathan L. Weindruch

Nate recently joined the firm in June, 2011. He is a 2001 graduate of Louisiana Tech University with a Bachelor's degree in Business Management and a 2011 graduate of Ivy Tech Community College with an Associate's Degree in Accounting. Nate has 10+ years of management experience in various industries and is proud to call South Bend his new home.



Lauber's Laughs



Useful Work Tips:

If you don't know what it is, call it an 'issue'.
 If you don't know how it works, call it a 'process'.
 If you don't know whether its worth doing, call it an 'option'.
 If you don't know how it could possibly be done call it a 'challenge' or an 'exciting opportunity'.
 If you want to confuse people, ask them about 'customers'.
 If you don't know how to do something, 'empower' someone else to do it for you.
 If you can't take decisions, 'create space' for others to operate.
 If you need a decision, call a 'workshop' to 'network' and 'ground the issue', followed by an 'awayday' to 'position the elephant in the room' and achieve 'buy-in'.
 Never criticize or boast, call it 'information sharing'.
 Never call something a failure or mistake, its a 'positive learning experience'.
 Never argue, have an 'adult conversation'.

Ask The Editor:

If you have questions or would like to see an article written on a specific topic, please send us your request. We will include articles when possible.

Send them to : info@laubercpa.com

Thank-you for responding to our request.

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Peachtree®

Subject: Setting Customer and Vendor Defaults

By Beth Santana

Issue: Changing the defaults for customers and vendors for terms and credit limits, account aging, finance charges and payment terms and methods.

What it will do: Update the defaults for either global or individual customer or vendor terms to correctly calculate and view due dates, discounts, aging, credit limits, charges and ledger accounts.

How to accomplish:

To set global defaults for customers:

Go to **Maintain, Default Information, Customers.**

On the Terms and Credit tab adjust your settings for, payment and credit terms and limits, also set the default ledger accounts.

On the Account Aging tab adjust your aging days.

On the Custom Fields tab enter any information that you want to include.

On the Finance Charges tab enter all finance charges information such as rate, limits, ledger account and more.

On the Pay Methods tab enter the payment methods that you accept and when do Deposit Ticket IDs get assigned.

Once all of the settings are appropriate click OK.

To set individual defaults for customers:

Go to **Maintain, Customers.**

Choose the specific customer, go to the Payment & Credit tab.

On the right side in the Terms and Credit box, click the drop down arrow and choose **Customize terms for this customer.** Set the terms for this specific customer. Click Save.

To set global defaults for vendors:

Go to **Maintain, Default Information, Vendors.**

On the Payment Terms tab adjust the settings the terms, discount, the discount percentage, the number of days, the credit limit and the ledger accounts.

On the Account Aging tab adjust your aging days.

On the Custom Fields tab enter any information that you want to include.

On the 1099 Settings tab enter the box of the 1099 information from the accounts would show up in.

To set individual defaults for vendors:

Go to **Maintain, Vendors.**

Choose the specific customer, go to the Purchase Info tab.

In the bottom section in the Terms and Credit box, click the drop down arrow and choose **Customize terms for this vendor.** Set the terms for this specific vendor. Click Save.

How will it work: Peachtree will calculate any discounts, track limits and alert when the limit has been reached. and calculate and post any finance charges imposed.

The final output: Accounts Receivable and Accounts Payable to reflect the actual terms and conditions for customers and vendors.



Cleaning up your QuickBooks Data File

By David Ryan

Is your QuickBooks running slow? After years of working in the same QuickBooks data file, a lot of information is collected, and you probably do not need to maintain all of it. For example, if you have fully paid a bill, do you really need to keep all the details of that bill? What if the bill was paid years ago? Is it necessary to keep the line item details that appeared on that bill? After running the Clean Up Company Data wizard, the impact of that paid bills remains, while the line item details are no longer kept.

It is important to understand what happens when you run the Clean Up Company Data Wizard. During the process, you specify a cut-off date, and QuickBooks will delete and summarize only those transactions that fall on or before the date you select. For example, in the case of a fully paid vendor bill, QuickBooks will include the bill amount in a summary journal entry that uses expense accounts. This summary entry will contain neither the vendor name, nor the items purchased, so that detail will no longer appear in your company file, but it will not affect the actual expense that appears on any financial statement or reports that you run.

By default, QuickBooks will NOT remove detail for the following types of transactions (even if their dates fall within the date range of the transactions you are cleaning up)

- Any transactions with open balances, such as unpaid or partially paid invoices, customer payments that haven't been deposited, unpaid bills, or unused credit memos.

- Any transactions that is linked to another transaction that has an open balance, such as an un-deposited customer payment.

- Any online transactions that haven't been completed

- Payroll transactions for the current year

- Estimates with a job status *other* than closed

- Time data that is *not* marked as "billed" or "not billable"

- Time Data used in payroll not yet paid to employees

During the process of running the Clean Up Data File, QuickBooks will make an archive copy of your data file. An archive copy will allow you to view transactions or print reports that contain the detailed transactions that you have removed during the clean-up process. Remember to switch back to your regular company file to enter any new transactions. This archive ensures that your detailed information is not lost, and you can always get to those detailed transactions if needed.

The actual cleaning up of your data file could take minutes or hours. The size of the company file, your computer's speed and the amount of memory in your computer will all play a role in determining how long the process will take. While running this utility, it is suggested that you don't have any other programs running concurrently.

You access the Clean Up Company Data Wizard through the **File** menu, select **Utilities** and click **Clean Up Company Data**. QuickBooks will guide you through the rest of the process.

I would recommend choosing a cut-off date a few years in the past, for example, if your QuickBooks has data from 2006-present, I would choose a cleaning cut off date of 12/31/08. All data before 12/31/08 will be summarized and archived, but you can still view the detailed transactions from 01/01/09 thru present in your active QuickBooks data file.

After performing this process, there should be a noticeable increase in the speed of running reports, entering transactions, and even opening up the program for the start of the work-day!

If you would feel more comfortable having us perform this process for you, we are QuickBooks certified Pro-Advisors and would

Managing money

By: Breanna Peare

Managing money is an important aspect of your business. You need to have a plan of action and implement this plan so that your money works for you. Reducing nonsufficient funds and finance charges, paying off debt, and starting to make money are the order in which this happens.

Reducing nonsufficient funds

Take a look at your nonsufficient funds. These fees could all be avoided if there was enough money in the bank. Make sure there is an adequate amount of cash in your account before writing checks. If there is not, you should either transfer money or make a deposit. Bounced checks are an unnecessary waste of money.

Reducing finance charges

If you have finance charges, you should consider shopping around for better deals. Not all companies charge the same amount of fees. It does not hurt to see if someone else uses one less middleman, thereby reducing the price for transactions.

Paying off debt

The fewer fees you have, the more money you have to spend on other items that might charge you more for not paying early. Look for your loan with the highest interest rate and pay extra on that. Once that bill is a zero balance, you will have even more money to go towards an item of debt with the next highest interest rate. This theory snowballs until all of your long-term liabilities are gone and you are finally able to increase your bank account.

Investing

Look for areas to invest your extra money, even if it is just in a certificate of deposit. A low rate of return is better than the return you would get if you just had it sitting in your checking account. Some companies have investments through brokerage firms, others invest elsewhere. No matter what your comfort level, the concept is the same.

Once you start to take care of your finances, it becomes easier to keep a system of managing your money. You have to be aware of your balance and if you foresee a problem, fix it before it is too late. Make sure you are in charge of your cash, not the other way around.

We didn't actually overspend our budget. The allocation simply fell short of our expenditure.

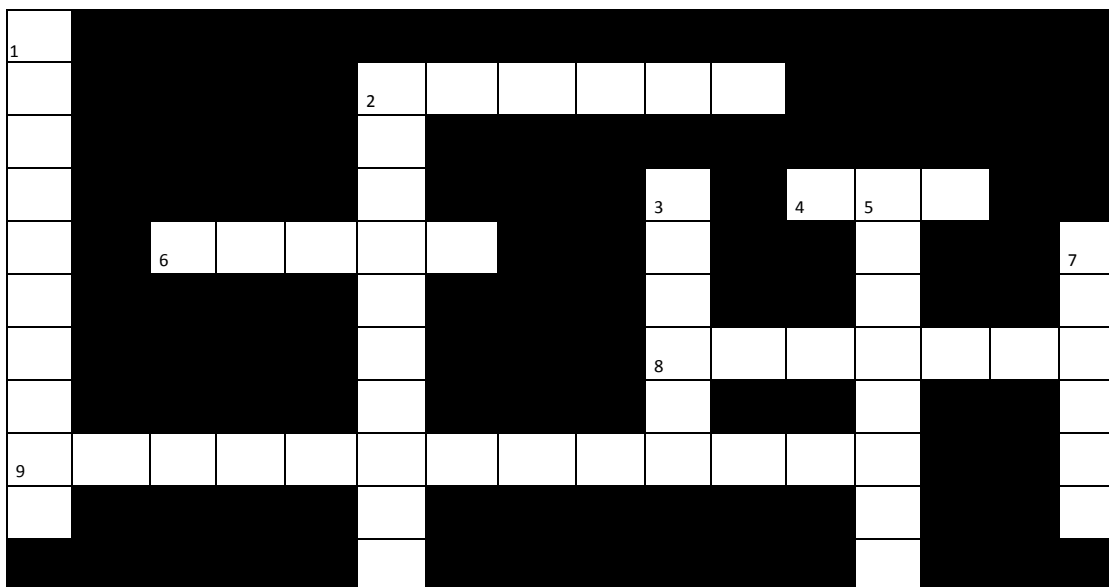
— Keith Davis

CROSSWORD PUZZLE**DOWN**

1. When a sale is made on credit, it will also increase the Company's Accounts _____.
2. The basic accounting _____ include cost, matching, full disclosure, etc...
3. The accounting equation remains in balance because of ____-entry accounting.
5. The accounting _____ is $\text{assets} = \text{liabilities} + \text{owner's equity}$.
7. An entry on the right side of a T account.

ACROSS

2. The amounts a company owes its suppliers are reported in the account Accounts _____.
4. The bottom line of the income statement is _____ income.
6. The balance sheet reports amounts as of a _____ in time.
8. The financial statement also known as the statement of financial position is the _____ sheet.
9. Amounts owed to suppliers are reported as _____ on the balance sheets.



Ways to Protect Your Financial Assets

By Nathan Weindruch

In today's unstable economic times, many not only worry about their current situations but are also looking forward to what the future holds. Believe for the best, but plan for the worst. For those who are getting close to the retirement age, thoughts shift from growing one's assets to protecting them. Below are some tips on ways to protect your assets so you are able to enjoy them.

Be Sure to be Insured – Life, Disability, and Long Term Care (Nursing Home) insurance will help protect you against unforeseen circumstances. Life insurance will help protect your family from any unpaid bills or debt and the death benefit is non-taxable to your beneficiary. Long Term Care insurance protects your assets if you need to move to assisted living, a nursing home, or need home health care. Many people believe that Medicare will pay for these costs, which is a myth. Always remember that the younger and healthier you are when purchasing your policies, the less expensive it will be in the long run.

Separate Yourself from the Crowd – If you are a business owner of more than one entity, it may be in your best interest to separate each entity into its own LLC or corporation. This will help protect or shield each entity from each other's liabilities.

Diversify- The old saying "Don't put all your eggs in one basket" applies here. Diversify your portfolio, the type of assets and the institutions you use.

The Future is now! - Always think two steps ahead and use common sense concerning the assets you worked so hard to obtain. You must remember that there is no "bullet proof" asset protection. A good plan is one made in advance and continually monitored. Tweak your asset protection plan if needed.

Mileage Rate Changes

PURPOSE	Rates 1/11 through 06/30/11	Rates 7/1 through 12/31/11
Business	51	55.5
Medical /Moving	19	23.5
Charitable	14	14

The OTHER Death Tax

By Christine A. Lauber CPA

Most people are aware that the federal estate exemption is now \$5,000,000, and then erroneously believe there is nothing to worry about. However, Indiana has something called an Inheritance tax which is very likely an estate may pay.

First we should distinguish between the two types of taxes. An estate tax is a tax on the total net assets that one holds at the date of death. This is the way the federal tax works. An inheritance tax is a tax on the amount a beneficiary receives. This is how the Indiana tax is applied.

Indiana law first divides beneficiaries into four classes. Each beneficiary in each class has an exemption as follows:

Spouses and charities	unlimited
Vertical bloodline (Parents, children, Grandchildren)	\$ 100,000
Horizontal bloodline (Uncles, nieces, Sisters)	\$ 500
Unrelated persons	\$ 100

Then each class has its own tax rate schedule, ranging from 10% to 20% in the top tax bracket.

For example, if the estate had a value of \$ 1,000,000 and the beneficiaries were four children, there would be an exemption of \$400,000 and a tax of \$15,000. If the same estate of \$1,000,000 were left to four nieces and nephews there would only be an exemption of \$2,000 and the tax would be \$126,000.

Consequently, it can make a huge difference with whom you leave your estate to. It may mean there are continuing needs for liquidity in the estate. It may also mean that assets may have to be sold in order to pay the tax. The state does however give a 5% discount if paid within 9 months of death.

Will Rogers:

“The difference between death and taxes is death doesn't get worse every time Congress meets.”

It's never too early to plan for retirement

Busting the Myths

By Beth Santana

There are many reasons about why it's too early to save for retirement, but are these myths.

"I don't earn enough." If you start out with a small amount and increase the amount you set back periodically, a little at a time adds up to a lot together. The earlier you start saving the less you will need to pay later. There may be some tax benefits like deductions or credits available to you. Also if you are in a lower tax bracket contributing to a post tax retirement fund may be more favorable for you.

"I need to pay for my children's college education." Begin a 529 plan for your child while they are young and recruit relatives to chip in. Instead of Aunt Joan sending Johnny a \$25 birthday check, put it in a 529 plan. Your child may also be eligible for financial aid or student loans to help with their education expenses. You can borrow at a low interest rate for college, but you can't borrow to retire.

"Retirement is a long way away." Time passes by quicker than you think. The earlier you start saving for retirement the less of an impact on your pocketbook it will be. If the same amount is saved out of your paycheck each payday, not so much will need to be taken out later in life to catch up.

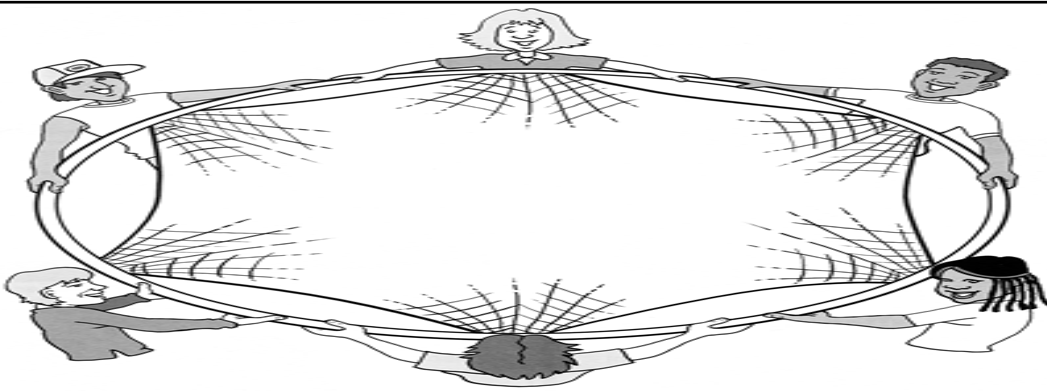
"My employer doesn't offer a retirement plan and I don't know how to invest my money." You need to find an investment expert to assist with recommendations that are appropriate to your financial situation. Setup a financial team with your banker, your accountant and an investment firm so everyone works together.

"I have too much debt to pay off." High-interest debt such as credit cards and personal loans should be paid off as soon as possible. If it is low-interest debt such as student loans or mortgage payments, compare the return on investment of that extra cash with what would be saved if the debt was paid off early. Don't forget to include any fund matching from your employer and include any tax deductions or credits available to you.

"I'm too old to start saving for retirement. I'll rely on Social Security." That second statement is a scary one. Social Security was not started to use for your retirement, it is supposed to supplement

"Twenty years from now you will be more disappointed by the things you didn't do than by the ones you did do. So throw off the bowlines. Sail away from the safe harbour. Catch the trade winds in your sails. Explore. Dream. Discover"

-- **MARK TWAIN**



Checking Your Safety Net

By Chad McDonald, CPA

During the last recession many nonprofits turned to their operating reserves to keep from going under. As your nonprofit prepares for those inevitable hard times in the future, you need to be clear about which – and how many – assets you can peg as operating reserves.

Know the boundaries

An operating reserve is the unrestricted and relatively liquid portion of your nonprofit's net assets. Operating reserves don't include only cash, because that would make it working capital reserve, which is created to ease routine cash flow swings. Operating reserves are for emergencies.

Endowments and temporarily restricted funds shouldn't be viewed as operating reserves – nor should net assets tied up in fixed assets used in your operations, such as buildings and equipment.

An operating reserve is more long-term in nature. It generally spans a period of years and comes from operations that create a surplus, such as unrestricted contributions, investment income and budget surpluses.

Customize the size

Nonprofits with diverse funding sources can typically maintain smaller operating reserves – say for less than three months of expenses. But for most nonprofits, three to six months of operating expense can be viewed as a “safe harbor.” This would enable the organization to continue as usual during a brief transition in operations or funding, or, in the worst-case scenario, allow for an orderly winding up of affairs.

An operating reserve of more than six months of expenses provides greater flexibility. For example, it might give the organization funds to pursue a new program initiative that's not fully funded.

It all depends

How much you should keep as operating reserves depends on your organization. Generally, if your nonprofit depends heavily on only a few funders or government grants, you'd benefit from larger reserves. Likewise, if personnel costs make up a significant part of your expenses, you should build a heftier reserve. But if these factors do not apply, a smaller reserve would likely suffice.

Beware of ACH Fraud

By Chad McDonald, CPA

Your organization could lose thousands of dollars each year to Automated Clearing House (ACH) fraud, if you're not careful. This crime, which involves transfers from a third party to your bank account, is on the rise in all sectors because of the expanded use of internet banking.

How it Works- You receive an ACH deposit of funds from a government agency. A week later, you attempt to move a large sum of money from that account to another. But the bank notifies you there aren't enough funds to make the transfer. You then discover there have been several ACH withdrawals, all under \$10,000 – and no one from your organization has made them. The FBI then tells you the money has been transferred overseas and your bank has no obligation to reimburse you.

There is a risk with ACH transactions. Unlike check and credit card transactions, your organization may have no recourse to recover the loss and must notify the bank of the fraud within 24 hours.

Your first line of defense is to maintain a separate bank account for ACH debits and credits. In addition, monitor and reconcile balances and transactions daily in this account. ACH debit blocks and debit filters are banking tools that can help you monitor transactions. Cyber-security insurance provides additional protection against loss.

1099-K

By Daniel Teisch

Due to the ever increasing popularity and ease of use, many small businesses have utilized the Internet to help sell their products and services. Many individuals have ventured into the realm of online selling by establishing online stores through popular websites such as eBay and Amazon. The income earned from online transactions need to be reported to the IRS just as sales from a physical store need to be reported to the IRS. This is not always the case though because many of the large sites that facilitate the selling don't actually pay the seller, thus no reporting form is produced.

In order to combat this issue the IRS is introducing the Form 1099-K for the tax year 2011. At this time the form is just a draft but it will be used to report Merchant Card and Third-Part Payments made to a particular employer identification number (EIN) or social security number. The IRS predicts that the implementation of this form will produce a significant amount of revenue increases for the 2011 tax year.

In addition, all financial institutions that process credit card or debit card payments will have to send out the Form 1099-K to their clients and the IRS. In the past the entity that received the funds was required to handle said reporting to the IRS, not the debit card or credit card processor.

The limitations of this new Form 1099-K ruling extends to merchants that have over 200 payments or proceeds from these transactions totaling over \$20,000. Companies or individuals that fall below 200 payments and \$20,000 sales limit are not required to receive a Form 1099-K.

Even though this new Form 1099-K will not affect every single online seller or business that receives credit card or debit card payments for sales, this form will be new to many and the associated income must be reported properly on tax returns.

Interns.....?????

By: Melissa Allen

Should we or should we not have an intern? That is the question. Some companies feel that it takes too much time and too many resources away from their company to bring an intern onboard. For some companies that's probably true but for others, they are simply looking at it the wrong way.

If a company recruits the way they hire, the internship should be successful for both the intern and the company. The intern should be brought on to do a specific task. Some companies have interns to answer the phone or file so they aren't utilizing the skills of the intern. The company should have a plan of work for the intern before the intern is recruited.

Recruiting an intern should be like hiring an employee. When the intern starts, someone should be assigned to them to make sure all questions are being answered and the intern knows the next step. The intern should be treated with respect and be included as all other employees.

The right intern would bring a fresh perspective, enthusiasm, and new ideas to the company so giving them a voice is very important. Having an intern program also helps you look for talent without committing to anything long term; it's like an extended interview. Whether it's a good or bad experience with the intern, getting feedback at the end of the internship could be helpful to the business. Who knows, they could have the next million dollar idea...

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