

# IN THE BLACK

Volume 2, Edition 1

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## BRUCE A. RUKKILA, CPA, PC CERTIFIED PUBLIC ACCOUNTANTS

### What we offer you:

#### Auditing

- T Governmental
- T Nonprofit
- T Private

#### Tax Planning & Preparation

- T Individual
- T Business
- T Estate & Trust
- T Pension & Profit Sharing
- T Property & Excise Taxes
- T Nonprofit

#### Accounting Services

- T Payroll
- T General Ledger
- T Compilations
- T Reviews

#### QuickBooks® Consulting

- T Set up
- T Training
- T Support

#### Additional Service Areas

- T Business Valuations
- T Financial Reorganizations
- T Human Resource & Benefit Consulting
- T Business Plan Development
- T Personal Financial Statements
- T Financial Projections & Forecasts

### Welcome to “*IN THE BLACK*”

Quite frequently I hear the comment “Now that your tax season is over I suppose you are not very busy.” While February through April 15 is still the busiest time of the year for CPAs, the profession is undergoing tremendous change in the form of value-added year-round services.

This issue of our newsletter emphasizes the small business consulting services our firm offers. (See sidebar) Our

clients will be receiving more specific information on valuation services in the near future.

As stated before, the goal of our newsletter is to share information and tips that are relevant to you and your business. If you have questions, comments or suggestions for us, visit our web site at [www.brucerukkila.com](http://www.brucerukkila.com), send us an email or give us a call.

### QUICKBOOKS® UPDATE!

In addition to QuickBooks® 2002 Basic, Pro and Premier editions discussed in our last newsletter, Intuit has released QuickBooks® Enterprise Solutions for growing businesses who need more than five users, increased capacity and/or faster simultaneous user performance.

Intuit discontinued live support and most services for QuickBooks® 6.0 and 99 on April 30, 2002. However, they have extended this deadline to December 31, 2002 for Tax Table Service subscribers.

This means customers will need to upgrade to a later version, such as QuickBooks® 2002, before December 31, 2002 to continue to receive payroll tax table updates and paid live support.

If you need assistance ordering or converting to QuickBooks® 2002, please contact or email Jean Middleton at (906) 482-6601 or [jean@brucerukkila.com](mailto:jean@brucerukkila.com).

\* QuickBooks® is a registered trademark of Intuit, Inc.

Have you visited our web page at [www.brucerukkila.com](http://www.brucerukkila.com) lately. We frequently update with new tips, accounting news, announcements and office happenings. Take a moment to stop by and complete our Client Survey. Your comments and suggestions can help us serve you better. Your input is important to us.

### Small Business Consulting/Valuation

Do you know what your business is worth? If your business is a publicly traded stock company the answer would be easy to find out. Just look it up in the *Wall Street Journal* or go to one of the many web sites that provide this information.

In most cases, your company is not publicly traded and it is worth whatever someone is willing to pay you for it. More technically, according to the Internal Revenue Service, "it is the price at which the property could change hands between a willing buyer and a willing seller, neither being under a compulsion to buy or sell and both having a reasonable knowledge of the relevant facts."

You may be asking yourself why is it important to know how to value your privately-held company and its stock. It may become important if you plan to sell your business, retire, have a family member succeed you, or just to develop a comprehensive estate and tax plan.

Bruce Rukkila, CPA, is a Certified Valuation Analyst (CVA). Bruce says, "you may work 20 years to build a business, know it inside and out, but still not know what it is worth today or when it is time to sell or move on. I have shared this frustration, having been there and done that with my own business."

### TAX SEASON E-FILING INCREASING IN POPULARITY

The IRS announced the completed 2002 tax season as a success with new records set for processing returns and conducting electronic transactions.



There was a 5% increase over last year for individual tax returns that were e-filed, increasing the total to 39%. The staff and clients of Bruce A. Rukkila, CPA, PC contributed to that increase e-filing 33% of the returns prepared by our office. E-filing leads to a quicker refund; with your choice of either direct deposit or receiving a check in the mail. Mark your calendars for next year and remember that if we prepare your tax return, we will e-file for you at no extra charge.



### Bruce Rukkila, Owner

"Your business is about you – you get out of it what you put into it."

Bruce is the owner and President of Bruce A. Rukkila, CPA, PC located in Houghton, Michigan. He has been a CPA for over twenty years and gained his designation as a Certified Valuation Analyst (CVA) in 1996 through the National Association of Certified Valuation Analysts. Bruce began his CPA career with a regional Michigan-Wisconsin based accounting firm in 1977. He served as the County Finance Officer and Interim County Administrator of Marquette County, Michigan for five years in the 1980's before returning to public accounting in 1986. Bruce has owned and operated his Houghton practice for the last 16 years.

Bruce has a diverse background in both public and private industry including small business audits, income tax and estate tax planning, small business structuring, projections and forecasts, business valuations, and government and nonprofit entities.

Bruce has performed valuations for retail and start-up companies, for buying and selling businesses, and estate planning and gifting.

Bruce and his wife Pat (Strang) reside in Houghton with two daughters, Sara and Katie, both currently attending Central Michigan University; and son Brian, an eighth grader at Houghton Portage Township Schools.

**COMING SOON... Funding Educational Plans, Document Retention Schedule, and "Has accounting fallen from the heights of respectability"**

**March 9, 2002, President Bush signed the "Job Creation and Worker Assistance Act of 2002"**

The new law includes temporary rules aimed at stimulating new business investment or providing tax relief for struggling businesses, extensions of several expired or expiring tax provisions, and a set of temporary rules intended to facilitate recovery in the area of New York City devastated by the September 11, 2001, terrorist attack.

The broadest national impact is likely to come from two of the business-focused tax provisions. The first of these allows a 30% first-year depreciation bonus on property acquired after September 10, 2001, and before September 11, 2004. The principal types of qualifying property are computer software, assets having a depreciation period of 20 years or less, and leasehold improvements made in business (i.e., nonresidential) premises. In order to qualify, the property must be placed in service before January 1, 2005, except that certain constructed property can qualify if placed in service before January 1, 2006.

The other broadly applicable provision will allow businesses that suffer net operating losses in 2001 or 2002 to apply those losses against taxable income as far back as five tax years instead of the general two-year "carryback" period. Thus, for example, if a firm was profitable before 2001, but suffered an operating loss that year, the loss could be used to reduce its taxable income—and thus generate tax refunds—for tax years as far back as 1996.

Because the new law was passed in the middle of the recently ended tax filing season, many returns were filed before the new law was passed. Therefore those taxpayers who benefit from the new law will be eligible to file amended tax returns. An amended return can be filed within three years of the due date of the original return.

**Corporate Minutes Checklist**

1. *Are the following general items included in the minutes:*
  - a. Quorum present or waiver of quorum?
  - b. Acceptance of prior meeting's minutes?
  - c. Election of officers?
  - d. Officers' review of corporate results for the year?
  - e. Ratification of significant officer actions for the prior year?
2. *Do corporate minutes specifically reflect the following:*
  - a. Approval and accrual of officers' bonuses for the year?
  - b. Determination of profit-sharing contribution?
  - c. Establishment of fringe benefit plans?
  - d. Reasons for accumulations of earnings?
  - e. Listing of officer salaries for next year (along with justification if they are likely to be challenged as excessive)?
  - f. Approval of loans to employees (and terms of such loans)?
  - g. Approval of loans to or from shareholders (and terms of such loans)?
  - h. A review of the legal status of the corporation.
3. *Is the corporation's valuation for purposes of buy-sell agreements required to be updated? If yes, are the results included in the minutes?*
4. *Are the following capital structure transactions covered in the minutes?*
  - a. Stock issuances—approval?
  - b. Stock redemptions—approval?
  - c. Stock bonuses—approval?  
[Recipient should consider if Section 83(b) election is appropriate.]
  - d. Sale, liquidation, or reorganization—approval?
  - e. Any Section 351 asset transfers?
5. *S corporation status discussed— election/ termination considered?*

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**IN THE BLACK**

**WHO WE ARE AND HOW TO REACH US . . .**

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