



Steph's Bookkeeping Service, Inc

Monthly News

November 2009
Volume 1, Issue 2

Our monthly newsletter is now included with your monthly invoice, as well as viewable on our newly updated web site www.stepsbookkeeping.com

Happy Holidays!

We are swiftly approaching the holiday season and we wish all of our clients a safe one. Oregonlive.com reports that AAA is estimating a 8% increase in the number of drivers on the road in the Northwest this Thanksgiving. We hope that every one sees a profitable holiday season and we look forward to the start of a fresh new year!



Understanding the Balance Sheet

The balance sheet is a financial report that shows the condition of a company's assets, liabilities and equity. In conjunction with the income sheet, these reports give a good indication of how well the business is doing. Assets are equal to liabilities plus equity. Keep your chart of accounts simple when starting out and add to it as needed.

Assets may include cash accounts such as checking and savings, accounts receivable (if you sell on open account), prepaid expenses (like insurance paid in advance), vehicles that the business owns, equipment

and machinery, buildings (if business owned) and inventory (if applicable).

Liabilities include debt such as accounts payable (if you buy on credit as opposed to paying cash), credit card payable and loan payable.

The equity section, which shows the earnings, is simply the difference between assets and liabilities.

The balance sheet gives you a snapshot at any given time of the strength of the company. Some important facts that cannot easily be determined by viewing the balance sheet are the age of accounts receivable and accounts payable. Further examination of those accounts can determine whether problems exist. Old receivables and payables can denote cash-flow problems. (http://www.bookkeepingnews.com/balance_sheet.html © 2008)

2009 & 2010 Tax Changes

The \$8,500 income threshold needed to qualify to claim the child tax credit if it exceeds your regular income tax bill decreases to \$3,000 for 2009.

Starting in 2010, individuals with more than \$100,000 of modified Adjusted Gross Income are

free to switch a traditional IRA to a Roth IRA. For conversions in 2010, taxpayers can spread the tax due over two years. Half the tax will be due in 2011, and the remaining half will be payable in 2012. Removing the limit on conversions effectively eliminates the income limit on contributions to Roth IRAs. A taxpayer with income too high to use a Roth will be able to contribute to a traditional IRA (which does not have income limits for contributions) and immediately convert to a Roth.

Beginning in 2009, 529 College Savings Plans can be tapped tax-free to pay for a computer or Internet access.

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