

# Leif Jensen and Associates

Newsletter

June, 2014

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## It Happened in June:

The first United States Mint was established in Boston, 1652.

The first Father's Day was celebrated in Spokane, Washington, 1910.

## Quick Links

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## Dear Reader,

As CPA's we are committed to providing a full range of high quality professional services including: accounting, bookkeeping, consulting, payroll, management advisory services, income tax preparation, auditing and other attestation services. Our goal is to meet our client's expectations as their most trusted advisor.

If you need help preparing your 2013 taxes, please call our office to schedule an appointment.

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## When to Incorporate

Typically when we are meeting with clients that are looking to start a business they are ready to start a business.

When an entrepreneur meets with an attorney to investigate the prospect of starting a company, they are organized into an LLC; sometimes before they are ready to actually start. But, they have their Articles of Organization, their operating agreement and are quite a bit lighter in the pocketbook.

I state this somewhat tongue in cheek. But there have been times when we have counseled clients to really think long and hard about this before they spend their money.

I have had many fun discussions with attorneys about the pros and cons or an LLC versus an S- Corp. I like S-Corp and the attorneys like LLC's. The attorneys all state that the sale of an operating agreement is not the basis for their opinion. But, they always sell and operating agreement with every LLC organization. At least all the ones I have talked to have.

But I have talked to people who have active businesses up and running but are still not ready to start their business. One stated that she is still taking classes and will not be ready for at least another 6 months. Her business is over a year old.

I do have a couple of client's that we did incorporate, one in a writer and has product to upload. She admits that she has a publishing block that she personally needs to work through. Another is an LLC that was looking at a couple of properties for purchase and lease; but never made an offer for either.

These are the exception and not the rule. Their intentions were and are to move forward. They are moving at their timeframe and not mine.

## Dates to Remember

- Father's Day
- Flag Day
- Second Quarter  
Estimated Payment Due

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## This Month's Featured Service

### Consulting and Management Advisory Services

We work closely with client manager, owners on business and marketing planning. We also assist with cash flow management and governmental report compliance.

We review operations for efficiency, profitability and security.

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## Active Company and a Tax Return

I was assisting on a presentation with a Palatine WinTrust banker as part of their community outreach. This was a SCORE Small Business presentation; the section I was assisting with was Income Taxes.

During the presentation I would add real world color comments as well as answer any and all questions.

Then I made a comment that all businesses that are active with the Illinois Secretary of State need to file an annual tax return, even if there is no activity. This caused one attendee to start asking many more questions. Apparently they had an active LLC but had not filed. Now they were concerned because tax season had just ended.

If you have a live business with the Illinois Secretary of State you have an obligation to file a tax return. You may not want to spend the money; there may not have been any activity beyond that Annual Reporting fee. But Uncle Sam does want to know what you are up to, and letting them know is cheaper than the non-filing penalties.

## Partners

I have a client that is a C-Corporation. But, these businessmen are essentially a group of individuals. Each individual is responsible for their own share of the organizations expenses. So even though the client is a C-Corp it has some of the functionality of a partnership.

Three of the individuals work together towards their own goals and view their requirement to the organization as one. The other guy just does not seem to fit.

Personally I typically fire the clients who don't pay and turn them over to my attorney. They are never worth the aggravation; I also believe that people get what they give. This gentleman has been a penny pinching laggard since he walked in the door. But once you let someone into an organization it is not always easy to extricate yourself. It is never fun to try to pry your pound of flesh from a skinflint.

So look before you leap, do your due diligence to make sure that whomever you work with is someone who you want to do business with.

-Leif Jensen

## Featured Client



White Lotus Chiropractic of Oak Park is dedicated to non-surgical and non-prescriptive health care options, with a resounding respect for the mind-body connection. Restoration of balance in the mind, body and spirit is the main goal of our center, utilizing the benefits of many types of physical medicine, including chiropractic medicine, acupuncture, massage therapy and yoga to manifest and sustain this balance. We are dedicated to providing effective, comprehensive and inspired health care options to anyone with a desire to optimize their quality of life and maintain their overall wellness through effective natural methods. Restoration of Health. Promotion of Wellness. Celebration of Spirit.

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