

■ WHEN SEPARATE IS BETTER: PERSONAL AND BUSINESS FINANCES



Business owners who fail to keep personal and business finances separate often face avoidable issues and expenses. Mixing finances may also increase your tax return preparation costs because your CPA must review and separate all transactions before work even begins. Further, it may trigger an examination by the Internal Revenue Service or expose you to greater

personal liability.

Here are some tips to keep your finances separate:

BANK ACCOUNTS: Maintain separate checking accounts for business and personal use. Put revenue into and pay expenses from the proper accounts. Don't worry if you make a mistake, just be sure to keep documentation and make the appropriate transaction to correct the error.

CREDIT CARDS: Open and use a business credit card for business expenses. Don't give in to the temptation to use your personal card to help out the business; conversely, don't use your business account to pay for personal expenses. Establishing a business line of credit or credit card account for your new business can also help establish a business credit history separate from your personal credit.

CASH: Whenever possible, avoid using cash for business expenses. If you must use cash for your business, keep it separate from your personal money and keep receipts or records.

RECEIPTS: Maintain separate boxes, binders or folders to store your personal or business receipts. There are many ways to keep good records. Find a system that works for you and use it! Check to see that each receipt shows the purpose of the purchase; add the purpose if it is not indicated. Clean out your wallet, purse, car, etc., and file those receipts regularly.

CONTRIBUTE AND WITHDRAW FUNDS PROPERLY: Be sure to record personal cash contributed to your business as a loan or owner investment. Pay yourself a reasonable salary or if you are a sole proprietor or partner, take and properly record draws.

HOBBY OR BUSINESS? Hobbyists frequently transition their passion into a home based business over time and forgo maintaining separate finances. You may be confused about whether your hobby is, in fact, a business. Our February 2011 newsletter, provided questions to help you determine if your hobby is a for profit endeavor. Visit

<http://www.bayliscpas.com/news/files/2011%20Feb%20Newsletter.pdf> to read this newsletter.

As with many financial matters, the details make a difference. Please contact your tax advisor to determine the course of action appropriate for you. Our tax professionals welcome the opportunity to assist you with this, or other, tax compliance and planning services.

■ HURRICANE SEASON SAFEGUARDS



Hurricanes and tropical storms predicted for the 2012 Atlantic hurricane season remain slightly below average thanks to cooler North Atlantic Ocean temperatures and a trend toward El Nino conditions. Though this forecast is favorable, it does not mean that we should let down our guard or forego storm preparations.

Please take a few minutes to review your home and business disaster plans, check your storm supplies, and review your financial records and documentation. You may also want to review your information technology and electronic equipment

safeguards.

Visit <http://www.bayliscpas.com/news/files/2012%20Hurricane%20Tips.pdf> to view our full 2012 Storm Season Tips for Businesses and Individuals.

■ WE ARE HERE FOR YOU

Many clients see their CPAs at tax time, when the main focus is completing and filing their tax returns. As a result, they may not take the opportunity to ask questions about long-term tax planning or other important financial concerns. The good news is that we are available to you all year. Our team of year-round experts has extensive expertise in a broad range of financial areas. We're ready when you are to review your financial situation, and to help you understand your options and make the best decisions. We're also here in an emergency to help address unexpected financial concerns. So, give us a call to discuss your important financial issues whenever they arise.

■ "STEVE'S HOUSE" UPDATE

Our Habitat for Humanity home is really coming along nicely. As you can see, the windows have been installed, siding has been added, and work has begun on the inside of the home.

Special thanks to Hunt and Mary Berryman, Celebration Pointe Insurance, Classic Air, Dixie Signs, Helen Hooks Gohari, David Hooks, Hollis and Debbie Hooks, Garrard Framing & Drywall, Griggs Consolidated Services, Gray Robinson PA, Jim's Tree Service, Mitchell's Coffee House, Rita Staffing, Sherwin Williams, Sunshine Interiors, and Wallis Murphey Boyington Architects for their generous assistance with this project.



Please let us know if you are interested in helping on this project with your time, talents or treasure. We would love to have you join us!

Please visit our website at www.bayliscpas.com

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