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CKR Financial Services

monthly journal

HELPING OUR CLIENTS GAIN THE ADVANTAGE OVER THE COMPETITION

Pandemic, changes in tax law, retro-action, manual reviews, unanswered phone calls-

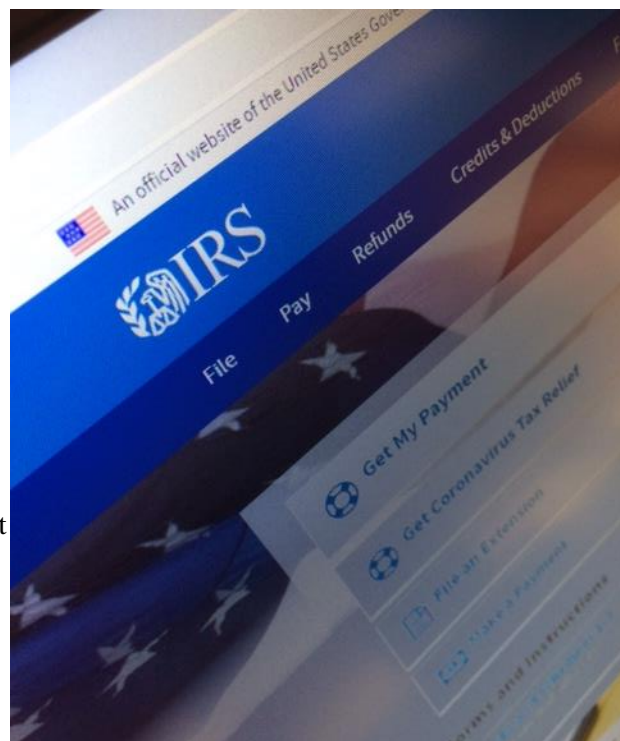
IRS: the waiting game

It's being reported that the Internal Revenue Service is holding up approximately 29 million tax refunds that need to be processed manually because of the complexities of some recent tax laws passed by Congress. The Consolidated Appropriations Act in December and the American Rescue Plan in March had the IRS sending stimulus checks. They also included "plus-up payments" to maximize taxpayers' stimulus. Also, new guidance was given to make non-taxable the first \$10,200 of unemployment, so, returns filed prior to March had to be reviewed by the IRS to see if they were eligible for additional refunds. Combine this with the expansion to the Earned Income Tax Credit and the Additional Child Tax Credit along with the newer tax credits like

the Recovery Rebate Credit and you have the undesirable result of 29 million tax returns being held for manual processing. IRS employees are stretched thin working through this quagmire.

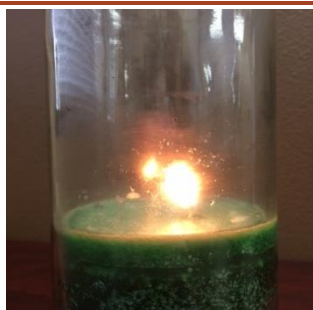
The late passage of these bills meant the IRS forms could not be adjusted prior to the tax season and the IRS had to create manual processes for making corrections of the Recovery Rebate Credit or to verify a lookback election for using 2019 income vs 2020 income to maximize the EITC or ACTC. All of these items have caused a massive slowdown and, in some cases, a suspension in the lengthy tax return queue.

It is also being reported that a majority of phone calls to the IRS are going unanswered. Depending on who you ask, only 2% to 15% of inbound calls are being answered.



Add to this the loss of revenue from the Pandemic and you have both federal and state organizations trying to make up their coffers and making errors, or not receiving customer tax resolution letters in a timely manner.

My advice during all of this: Be patient. Don't be alarmed by every IRS notification, keep good records of payments and letters to the IRS. Things will get resolved but it's going to take a bit longer this year due to the myriad special circumstances.



SELF-CARE

Sometimes, on stressful days with back-to-back appointments and pressing deadlines, I beat the stress with an exercise in self-care. I light a candle, take a deep breath, let my shoulders relax, and exhale. Then repeat. The fragrance fills my office and I immediately calm and center myself for a moment. Men can do this, too. I get a candle "dressed" with oils and intentions at Crystal Alley Emporium close by in Henderson. Lighting it brings instant calm. Come visit my office, you'll see!



Understanding the Balance Sheet.

“Timing, perseverance, and 10 years of trying will eventually make you look like an overnight success.”

BIZ STONE
(co-founder of Twitter)

You’ve put things into QuickBooks but how do you draw out information to help you navigate your business? Today, I want to help simplify the Balance Sheet.

Today, I’d like to discuss another tool I use that will help to assess a company’s financial health and one you will want to review as a business owner; the Balance Sheet.

I know that none of you got into business so that you could become a Bookkeeper. You went into business to become Plumbers, Electricians, Insurance Reps, or whatever your chosen field is. But just as you learned a few hints about what to look for in a P&L, I’m hoping that you become empowered by learning how to read a Balance sheet. This can also be called a Statement of Net Worth or a Statement of Financial Position. The Balance Sheet is a SNAPSHOT of the company’s financial position at a single point in time. In the simplest of terms, the Balance Sheet tracks what you OWN against what you OWE. This is very different from the P&L that we talked about which reported amounts for a period of

time such as a quarter or year and tracks your Income and Expenses. Think of a Balance Sheet as a long version of the basic equation of Accounting:

Assets = Liabilities + Owner’s Equity

Assets (cash, inventory, property) = Liabilities (credit card balances, unpaid taxes, loans) +

Owner/Shareholder Equity (retained earnings). Each category of information from the equation is grouped together on the balance sheet and the grouping of Assets must equal the grouping of Liabilities and Owner’s Equity. These items MUST balance –

hence the word, “Balance Sheet”.

By itself, the Balance Sheet cannot give a sense of the trends that are playing out over a longer period.

That is why it is often used comparatively against other Balance Sheets or in conjunction with other reports.

You may be asking “Why is the Balance Sheet important? Since it

is a snapshot instead of marking a period of time, why wouldn’t I just use a P&L?”

Remember, the Balance Sheet doesn’t track Expenses; it reports what you OWE or OWN as opposed to money in and out. So why is it important?

1-The Balance Sheet shows what’s in your bank account on that day.

2-It also shows where your loan balances are on that day and if that balance is not going down as quickly as you think it should, it may be time to reallocate funds to be sure it is paid off more quickly.

3-The Balance Sheet will show you how much money you’ve taken out of the business in totality.

If I’m looking at my own Balance Sheet, what exactly am I looking for?

1-In addition to showing what you OWE, the Balance Sheet tells you how much you OWN –

Those are your Assets. In keeping with this, the Balance Sheet will show how much is liquid or how much is tied up. You find this separated between your Current Assets and Non-Current Assets. The Balance Sheet is set to show more liquid items like Cash first and less liquid items at the bottom of its grouping like Equipment.

2-Look to see if you’re over-leveraged. Do you have more loans than Assets? Financial institutions want to know that when you apply for a loan. You find that on the Balance Sheet.

3-If liabilities are high but there are no Assets to offset them, banks will ask “Where did the money go” because the offset will show up in Owner’s Equity.

4-The Balance Sheet is also important in showing how much more depreciation you can take with regards to Long-Term Assets.

“Where’s My Tax Refund?” Log in to <https://www.irs.gov/refunds> and click the blue button “Check My Refund Status”. You will need: 1- Your SSN, 2-Filing Status, 3-Exact Refund Amount. Refunds are generally issued within 21 days of when you electronically filed your return or 42 days of when you filed a paper return. CKR Financial Services does not have an “in” with the IRS for information on your refund. This is your best bet to find out where your money is!



WE HAVE SOME NEW, UNIQUE SOLUTIONS FOR HR TO HELP YOUR BUSINESS. CONTACT US ABOUT OUR HR SOFTWARE (WHICH INTEGRATES WITH OUR PAYROLL PLATFORM) AND HR-ON DEMAND - GIVING YOU UNLIMITED ACCESS TO HR PROFESSIONALS FOR YOUR BUSINESS NEEDS.

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