



The Burdette Smith Group

CPAs of Choice

VOLUME 2, ISSUE 4

October, 2007

Special points of interest:

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Credit ABCs

It is important for every consumer to be smart about the choices made in selecting credit cards and protecting your credit.

First it's important to understand the language used in the credit card world.

- **APR (Annual Percentage Rate):** the cost of credit as indicated by a yearly (fixed or variable) interest rate. This rate and the periodic rate (the APR expressed as a daily or monthly factor) must be disclosed to you before you become obligated on the card.
- **Balance Computation Method:** the formula used to determine the outstanding balance on which you're charged interest for the billing period.
- **Finance Charge:** the cost of credit for the billing cycle, expressed as a dollar amount and determined by multiplying the outstanding balance by the periodic rate.
- **Fees:** charges other than the finance charge that may be levied against your account. Common examples include an annual fee, cash advance fees, balance

transfer fees, late payment fees and over-the-limit fees.



Jeffrey A. Smith, CPA

- **Grace Period:** the length of time prior to your payment due date during which you may pay off your account without incurring any finance charge.

When selecting a credit card, there are fundamental questions to ask: What's the interest rate? Is it fixed or variable? If variable, how is it calculated?

Will you be charged different interest rates for purchases, balance transfers and cash advances? What method determines the outstanding balance used to calculate the finance charge?

Is there an annual fee? What other fees may be charged? What's the length of the grace period (if any)?

How is the card to be used? If you intend to pay off the balance each month and won't incur any finance charges, obtaining a low interest rate is less important than

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Staff Retention

By: Joan W. Cross

In November, another of our BSG employees will celebrate 20 years with the firm. Becky Bartholomae, CPA' is one of our most accomplished accountants. She is a state-wide acknowledged corporate tax expert, and an outstanding member of the firm's management team. She has also become a real authority on the technology upon which our profession now depends.

The 20 year mark is notable, but not all that

uncommon for our firm. We are fortunate to have generated this loyalty from our staff, but it doesn't happen automatically. Here are some tips that we've embraced which have proved very important to keep people from being tempted by the very competitive marketplace.

- From the first day of employment, plan to retain the employee for the long run. Familiarize new employees with all company policies and procedures. Make them aware of all benefit packages for which they are eligible. Instruct them in the use of phones, copiers, scanners and company software programs. Assign a mentor to introduce them to their co-

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Credit ABCs

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finding a card with no annual fee, minimal transaction fees, and a long grace period. If you'll carry a balance from month to month, you'll want a low interest rate and a balance calculation method that minimizes your finance charges.

Beware of revolving credit. Credit cards allow you to spend money you don't currently have, and to repay what you've spent over time instead of all at once. When you use a card, the balance you owe increases, and your remaining available credit decreases. As you make your payments to reduce your outstanding balance, your available credit once again increases. Thus, your credit revolves around for your use again.

Since you can spend more than you

currently have, you can easily spend more than you can afford. As your balance increases, your minimum monthly payments also increase, and soon you'll find yourself in over your head - especially if interest rates and a variety of fees are high.

What is "surfing" your debt and what are the dangers? You may periodically transfer your balance from one introductory offer to the next. This is known as surfing. Done successfully, surfing lets you avoid the higher interest charges that your debt



would incur when the original card offer expires. By the time the interest rate on the original card increases, you've surfed over to a new offer at another low rate.

This practice will keep your interest charges down, but it is not without its dangers. You may be offered a low rate only on balance transfers. If new purchases and cash advances are billed at a high interest rate, these charges could offset the savings you would otherwise enjoy. Moreover, as creditors move to counteract the surfing trend, many stipulate that if you transfer balances to another card within a certain time after opening your account, you'll be retroactively charged a higher rate of interest on the amount you transfer. Thus surfing before this time period is up eliminates the savings.

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E-Filing Update

By: Rebecca Bartholomae, CPA

At the Burdette Smith Group we have participated in the IRS's e-filing program for the past three years. Each year we have more clients who participate in the e-filing program. When we began in 2004 we e-filed 50 individual returns. In 2005 and 2006 we added corporate returns and increased our e-file processing to 120 and 150, respectively. Some of our clients conduct their whole tax process with us electronically. If you are interested in participating, let us know.

The IRS has proposed some changes



that we wanted to bring to your attention.

These have to do with small non-profit organizations (those organizations with gross receipts of \$25,000 or less and are not required to file Form 990 or 990EZ). Beginning in 2008 or for tax years beginning after December 31, 2006, these small non-profit organizations may be required to file a Form 990N.

What is Form 990N? This is an electronic notice or what the IRS calls an "E

postcard." Failure to file this form for three years may cause the tax-exempt organization to lose its non-profit status. IRS is still developing the procedures for filing this form so if this change applied to your organization, please stay tuned..

If you would like additional information about this new form or any other electronic filing questions, please feel free to contact us. We will keep you up to date with any further developments in the area of electronic filing.

Staff News

Elizabeth Nolte, CPA was elected to the 2007-08 Virginia Society of CPAs (VSCPA) Board of Directors. Betty is the former chairman of the Northern Virginia Chapter of the VSCPA 2004-05. BSG is extremely proud to have a member of our staff serving at this high state level. It's a wonderful acknowledgment from Betty's peers.

On September 19th, BSG celebrated a first - two current employees were married. **Angel Gabriel** and **Lynn McKee** were married at Ft. McNair in a beautiful late day ceremony followed by a lovely reception at this historic Washington landmark. Angel is a manager at the firm. Lynn is a staff accountant who formerly handled our front desk duties.

Sue Leeper, CPA became the bride of Col. Robert Ranck USAF on Sunday, July

28th. The ceremony took place at the chapel of Vienna Presbyterian Church followed by a reception at the American Legion Hall in Vienna, VA.



"Doolie" **Katy Moffett**, daughter of **Beth Moffett, CPA** and LTC (Ret.) Brad Moffett (USAF "76"), has completed basic cadet training at the United States Air Force Academy and has been accepted into the cadet wing. Katy aspires to be an AF pilot and with her determination, we're betting she'll be testing her wings in the next few years.

Mother-of-the-bride **Ann Roman** celebrated her daughter, **Adrienne's**, wedding to Jason Somensatto in early August. Adrienne is a special education teacher at Poe Middle School. Jason graduated from George Washington Law School this spring. He has joined the firm of Spriggs and Hollingsworth in Washington D.C.

Becky Bartholomae, CPA is a graduate of the Womanship Sailing Course. She participated in a one week onboard teaching experience on Chesapeake Bay. She boarded the 36' sloop in Annapolis and spent the week as part of an all-woman crew of five. "If I did it again, I would go earlier in the year," said Becky. "It was really hot!"

Katharine Neville, EA accompanied her son, Alex 15, to Boston where he attended a sports broadcasting camp for a week. "Alex has a genuine aptitude for broadcasting. He has an amazing recall of sports statistics," said Katharine.

While Alex attended camp, Katharine visited a variety of museums in the Boston area and particularly enjoyed the Edward Hopper exhibit at the Boston Museum of Fine Arts.



Credit ABCs

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Finally if you transfer balances to a new card, close the original account as soon as you've paid it off. Write the creditor a letter (keep a copy for your records) asking them to inform the credit bureaus that the account was closed at your request. This prevents new potential creditors from denying you credit when they see too many open lines of credit, and it also deters anyone else from fraudulently using an inactive account.

The need to protect yourself against credit fraud and identity theft is increasingly important. Credit fraud (the illegal



use of your accounts) and identity theft (the unauthorized opening of new credit using information about you) are two of the fastest-growing crimes today. In many cases, you may not know you've been victimized until it's too late. Here are some indicators of these crimes.

- A creditor informs you that it received an application in your name.
- You've been approved for or denied credit you didn't apply for.
- You no longer get your credit card statements in the mail.
- Your credit card statements include purchases or cash advances you

never made.

To minimize the chances of being victimized, don't carry credit cards you don't use often. Be sure to sign your cards, and never sign a blank charge slip. When you use the card, try to keep it within your sight. Save your receipts, and obtain and destroy any carbons. Don't allow a sales clerk to write your credit card number on a check "for identification." Finally, never give out your account number over the telephone unless you initiated the call and know the organization to be reputable.

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Staff Retention, continued

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workers and provide an opportunity for the mentor and a few staff members to have lunch together off site for some casual conversation.

- The financial and benefit package must be competitive in terms of the individual's qualifications.
- Flexibility in work schedules as well as compensated time-off can keep employees very loyal and committed.
- Make sure the "atta boys (girls)" are public and plentiful when deserved. Personal recognition of good performance is a very strong motivator.
- Open communication is essential.

An "open door policy" is important as is the employee's perception that their voice counts and their opinion is considered when matters of the firm's direction are being discussed. Regularly scheduled staff meetings help all to stay headed in the right direction and pulling together.

- Evaluations should be held on a regular basis, at least annually. A two-way discussion of goals and objectives for the staff member need to work with the direction and needs of the firm.



Our ladies find a dozen roses on their desks during tax season.

This is where a good exchange of ideas also leads to the expansion of talents and skills. Everyone should "win" as a result of these evaluations.

- We try to make it very hard for our staff to even be tempted to leave. The emotional health of a business is as important to the retention of employees as hard dollars and cents. The workplace should be pleasant and comfortable; a congenial environment should be fostered and sense of team effort will make and keep every employee invested in the firm.

Of our current staff, it is our hope that there will be many, like Becky, who will be with us for a very long time. The relationships our long-time staff members have with our clients and with their fellow staff members is incredibly valuable and contributes greatly to our success. They are our most valuable resource.

Dancing in the Dark

Deborah Kerr in the "King and I"?

By: Joan W. Cross

Having attended a number of wedding this summer, I would like to make some casual observations about dancing ... most of us aren't very good!

Somewhere in the back of my mind I have a vision of Fred Astaire floating across the floor with Ginger Rogers to the tune "Dancing in the Dark." Astaire in his white tie and tails and Rogers in something long and flowing. Their grace, beautiful footwork and perfect partnership was a sight to behold. Or, who could forget Yul Brenner and

I have seen nothing like that these days, even on "Dancing with the Stars!" It's no mistake that husky football players, over-the-hill actors, female boxers and ice racers have been selected to be paired with professional dancers who seem to carry their unfortunate partners to victory. Their dancing resembles more of a gymnastic or workout routine than a beautiful expression of music.



I've seen couples enter the dance floor and never see one another again—they seem to lose themselves in a flailing, stomping exhibit of endurance. Talk about a workout! Other couples struggle to decide who's leading and move without any suggestion that the music's rhythm should have something to do with their movement. Others use the dance floor for "public displays of affection" which gives the observer the feeling that they are window peeping.

Do you suppose the pendulum will ever swing back to what was a beautiful art form? I hope so, but until then many of us should be doing most of our dancing ... in the dark!

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CPAS OF CHOICE**

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Super CPAs

Again this year, *Virginia Business* magazine has published the list of Super CPAs and we find a number of our staff on that list. It's no surprise to us that these dedicated professionals are honored statewide. Congratulations to all!

Assurance Services

Jeffrey A. Smith, CPA

Corporate Taxation

Rebecca Bartholomae, CPA

Joseph M. English III, CPA

Employee Benefits

Shelly Jones, CPA

Estate Planning and Trusts

Robert W. Stemetzki, CPA

Government and Nonprofits

Christine Souders, CPA

Small Business Consulting

Thomas E. Burdette, CPA

Young CPAs

Jill Linden, CPA

Now is the Time for Year-End Tax Advice

Just as our department stores are hanging their Halloween decorations and the weather is getting frosty, it's time to begin looking at the end of the tax year. Adjustments to investments, withholding, mortgages and gifting can make a very significant impact on your tax bill. A review of your financial picture is always a good idea while you still have time to make the necessary changes.

A call to your professional tax preparer can assure that no hobgoblins or spooky spirits appear on your Form 1040 this year.



*I'm spending a year dead
for tax reasons!*

...Douglas Adams

DO WE HAVE YOUR CORRECT ADDRESS?

Please drop us a note if our mailing list is out of date. Try as we may, we often see some of these newsletters coming back in the mail with assorted kind messages from the post office. Please help us make the necessary corrections.

