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Eco-Friendly Accounting

How firms like SPS can go green without sacrificing client services



Just how eco-friendly is your home or business? It's something we ask ourselves all the time. And we are constantly seeking out new ways to conserve resources wherever possible. So here are some of the things we have figured out and implemented.

From a firm perspective, we have worked diligently to make SPS a paperless environment. There are times when this is difficult, for example, the newsletter you are reading is obviously printed on paper (though you can find SPSQ in PDF format online at www.spscpa.com). But generally speaking, we have succeeded in turning one of the most paper-intensive industries into an electronic exchange of information and ideas.

We also recycle batteries at our office and encourage telecommuting where possible. You may remember an article in an earlier SPSQ about our commitment to utilizing advanced technologies where appropriate to improve efficiencies. The result has been more time spent working with clients and less time on the road.

In addition to some of the efforts mentioned above, there are several other things we do to be more eco-friendly. We recycle bottles and cans in our office kitchen. We also do our research electronically whenever possible and do not subscribe to paper-wasting publications that are redundant. Employees are encouraged to work from home when practical by logging remotely onto the firm's ultra secure network. Also, several employees walk to work much of the time.

We know that a lot of you are also making great strides in being as ecologically sensitive as possible. We believe it's important to share ideas and best practices so we can all help the cause. So, please, let us know what you're doing so we can consider implementing it into our firm's commitment to creating a more eco-friendly environment.

For Love of the Game

By Steve Levitt



For most of the last 10 years, I have coached baseball at Encino Little League. With two boys currently playing, there are many weeks in the year when I am at Little League nearly every day of the week, between practices and games. Coaching allows me to be with my kids and help other kids. One of the challenges is balancing competition, fun, and teamwork just like in the real world. What I love most about Encino Little League is the sense of community. It is a small town feeling in a large city and one of the few places where kids can safely run free around the complex with their friends.

At Encino Little League, I also see clients of our firm, other business professionals, and people from the community who all share a love of baseball. It is a good way to build relationships, and over the years I have met a lot of great people there.

One of my personal baseball highlights was last summer (2007) traveling to Cooperstown, New York (home to the National Baseball Hall of Fame) for one week with my son Matthew and the Encino Vipers team. At the Cooperstown Dreams Park, teams of 12-year-olds travel from all across the country to compete against nearly 100 other teams for a week on a spectacular complex of 22 fields. Our whole family, including four grandparents, went along for the trip.

With younger son Spencer just turning 10, there are still many years of baseball ahead and hopefully a lot more great personal relationships on and off the field.

An Appreciation for Depreciation

New Depreciation Rules are Part of the Economic Stimulus Act of 2008



Earlier this year, the "Economic Stimulus Act of 2008" was passed in an effort to jumpstart the economy. In addition to the stimulus tax rebates for individuals and families, the new law includes a couple of business incentives that we want to make sure you know about, especially since they only apply to 2008.

Higher expensing of business personal property purchases

Under the old law, businesses would have been able to deduct up to \$128,000 of the cost of depreciable tangible personal property used in a business in 2008. This was an immediate deduction subject to certain limits based on overall property purchases, and other rules for "qualifying property". The new law provides for a 2008 deduction (commonly referred to as the Section 179 expense election) of up to \$250,000 for property purchased and placed in service during 2008. The limit on the amount of purchases increases to \$800,000 (up from \$510,000) over which the expense election phases out dollar for dollar. To qualify for this immediate deduction, the property must be actively used in the business, be property eligible for depreciation, and be newly purchased. The business, generally, must also show a profit or the property expense will carry over to the next year.

Additional "bonus" depreciation deductions allowed

For 2008, new property purchased that is eligible to be depreciated over a period of 20 years or less and certain leasehold improvements are eligible for higher "bonus" depreciation. The new law provides for an additional 50% first-year bonus depreciation deduction on qualifying property. This is in addition to regular depreciation that is allowed and would apply over and above the enhanced expensing election discussed above. An added benefit of the higher depreciation is that the bonus amount can also be claimed for alternative minimum tax ("AMT") purposes, which may help many of you minimize this additional tax.

An example: During June 2008, a profitable business bought and placed in service \$500,000 of five-year property (computers and related items). They had no other purchases during the year. The deduction allowed in 2008 for federal tax purposes is \$400,000 (\$250,000 expense election, \$125,000 bonus depreciation, and \$25,000 regular depreciation on the balance). In 2009, the same purchases would only result in approximately \$205,000 of a current federal tax deduction.

As with all tax rules, there are a variety of specific rules and exceptions so be sure to check with us at SPS regarding your particular situation before completing a transaction in this area. Note also that all of these incentives and tax changes are for federal tax purposes only as the State of California has not adopted them, resulting in many differences between federal and California tax computations and planning.

SPS European Tour 2008

How the firm helps musicians complete a successful tour



Okay, we may not be headlining, but we do lend a lot of support to musical artists on tour, whether traveling domestically or internationally. It's just another example of the kind of work we do in our Business Management group.

Here's How We Help One of our clients recently completed a 20-date, month-long tour of Europe, with stops that included Monte Carlo, Montreux, Istanbul, Turin and Antibes. The process for the business side started with the Tour Manager creating a budget of anticipated revenues and expenses. We reviewed this budget with the Personal Manager to ensure that the profitability was appropriate. Our next task was to make sure that all funds were properly collected as the tour proceeded.

During the tour, we also had the responsibility of paying all the bills. In this case that included payroll for a dozen band and crew people, airfare, hotels, and other travel expenses. The tour manager paid some additional expenses with a fund he was given and we controlled that carefully to ensure that the funds were properly accounted for. Of course, we also dealt with the agent, attorney, and insurance brokers as well, and happily fielded challenges like when a cell phone wasn't working in a remote spot.

Then, when the last song was sung, we compared the actual numbers to the budget, following up on any significant variances, and closed out the accounting for the tour.

Our role in pulling off a successful tour is the same as it is with everything we do...to provide peace of mind to our clients. After all, we don't want the artist thinking about anything other than the performance. In this case, we also take care of all of the artist's personal financial affairs, including check writing. So, whether on tour or not, SPS makes sure everything gets handled intelligently and efficiently.