

# SBIS, Inc.

## Accounting, Tax, and Financial Services

Philip H. Unsworth, EA, MBA, ATA, ABA

Enrolled to Practice Before the IRS

Accredited Tax Advisor (ATA)/Accredited Business Advisor(ABA)

Registered Representative\*

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### Year End Business Client Letter

As year end approaches we'd like to remind you of law changes, problem areas, and information we will need to prepare your business tax return this year.

#### Problem Areas

The IRS continues to place an increased emphasis on actual **physical inventory** on hand at December 31. Please make sure to physically count your inventory, retain the records, and provide us with the accurate total **cost** of inventory on hand at December 31. Do not include consignments you are holding from other people in this number. In the event of an audit you must be able to provide copies of physical count sheets, so we are this year placing an increased emphasis upon obtaining correct year end physical inventory amounts.

We also want to remind you to make sure that you update your **organization's minutes** -we do not maintain these forms for you, they are maintained by the officers/members of the organization or their attorney.

**Business Equipment:** Please review the equipment list from last year's tax return, and from last year's annual business property tax filing. If you have acquired or disposed of equipment, please indicate it on the respective list. Changes to **depreciation rules** occur frequently, so please call us if you have bought or are considering the purchase of any major equipment or buildings.

#### Tax Return 11-Point Information Needed

As usual we also need the following information to prepare your tax return for this year (Check off as completed):

1.  Copies of any **new bank loans** obtained during the year,
2.  Copies of any **federal or state tax correspondence** received during the year,
3.  Copies of any **equipment purchase invoices** over \$500,
4.  **Loan payoff balances**, by loan number, of all business loans at December 31,
5.  Copies of your **year-end bank reconciliation(s)**,
6.  12/31 Balances of: **Accounts Receivable** \$ \_\_\_\_\_, **Cost of Inventory** on Hand \$ \_\_\_\_\_,
7.  The enclosed engagement letter needs to be **signed and returned**,
8.  Year end summary of business activity-back up or hard copy (**Quickbooks** back-up, trial balance, etc.),
9.  Sales breakdown by state and city if applicable (Call us to determine),
10.  Information on any changes in ownership, stock holding, or locations
11.  All Forms 1099-K received

**If you use QuickBooks**, we will require that you restore and close out annual information after we complete your work so that your records match the tax returns filed with the IRS. Our office can restore and close out annual information if you wish at a flat fee of \$250 for any client if we have prepared your tax returns.

If you paid **more than \$600** in the calendar year to an **unincorporated** vendor to supply **services** to your **business**, you will need to send them a **1099**. If you haven't already done so, have each one complete form W9 to get the information needed to prepare the form. If you would like us to prepare the 1099(s) and associated 1096 for a fee, please let us know.

#### Peninsula

2808 George Washington Highway, Suite 203

Yorktown, VA 23693

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#### Williamsburg

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\*Philip Unsworth, Registered Representative. Securities offered through Avantax Investment Services<sup>SM</sup>,  
Member SIPC, FINRA, 6333 North State Hwy 161, Fourth Floor, Irving, TX 75038, 972-870-6000

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If you or your employees **use a company car for both business and personal purposes**, some of the vehicle expenses paid by the company may need to be allocated to the employee(s) W2. If we prepare your W2's, and you allow personal use of company vehicles, we will need to know for each employee: 1) business miles driven, 2) personal miles driven, 3) which vehicle was driven, and 4) the total vehicle expenses for each company car with personal use.

If you have any questions or would like to schedule a time to discuss the items discussed above, please don't hesitate to call me at 757-898-5000, ext. 1.

Sincerely,



Philip H. Unsworth, EA, MBA, ATA, ABA

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**FOR ALL ITEMS BELOW, PLEASE INDICATE THE BALANCES  
AS OF THE LAST DAY OF YOUR YEAR**

1. **BUSINESS BANK ACCOUNT BALANCE** (Please include a photocopy of all statements) \$ \_\_\_\_\_

1a. **If the business has a negative cash balance, how does the bank treat the overdraft?**

- Loan to business owner (up to what amount? \_\_\_\_\_ )  
 Bounced check

2. **BUSINESS INVESTMENT ACCOUNT BALANCE** (i.e., Money market fund, etc. Please include a photocopy of all statements) \$ \_\_\_\_\_

3. **INVENTORY OF MERCHANDISE HELD FOR RESALE** (Do not include equipment or operating supplies to be used within your business.)

- (a) Inventory must be taken in a manner consistent with method used in previous years.  
 (b) Inventory must be taken at fiscal year end.

INVENTORY VALUED AT \_\_\_\_\_ (e.g., cost) \$ \_\_\_\_\_

**COST OF INVENTORY TAKEN FROM BUSINESS FOR PERSONAL USE:** \$ \_\_\_\_\_

4. **ARE YOUR EXPENDITURES FOR SALES, TRAVEL AND ENTERTAINMENT EXPENSES PROPERLY SUBSTANTIATED**, i.e., date, name, amount, place, business purpose?  Yes  No

5. **NOTES, CONTRACTS, LOANS, MORTGAGES, SALES TAXES, & PAYROLL TAXES PAYABLE**

Chart of Account Code	TO WHOM OWED (Mark "R" if from a related person or business)	FOR WHAT	Interest paid this Year	% Rate of Interest	Amount of Monthly Payments	Number of Months Left	Principal Balance of Note (Year/end)

6. Have there ever been any loans to you, or from you, in the amount of \$10,000 or more, that are interest free?  
 Yes  No  If yes, what was the date of the loan \_\_\_/\_\_\_/\_\_\_ and the amount of the loan \$ \_\_\_\_\_?

7. Was there any change in the share of ownership or officers during the year? Yes  No   
 If yes, please explain change \_\_\_\_\_

8. Are there additional expenses of the business that were paid by officers/owners that have not been reimbursed?  
 Yes  No If yes, attach list.

9. Did your business make any estimated tax payments?  Yes  No

Date paid	Amount paid Federal	Amount paid State	Amount paid _____

10. Does your business have a pension plan?  Yes  No

If yes, what type?  401K  Keogh  SEP IRA  SIMPLE  Other \_\_\_\_\_

If yes, are all qualified employees covered by the plan?  Yes  No

If yes, do you plan contributions this year? Amount, if known, for employees \_\_\_\_\_  
 for yourself \_\_\_\_\_.

11. Have you disposed of any equipment, furniture or vehicles during the year?  Yes  No  
 If yes, fill in details below.
12. Have you traded in any equipment, furniture, vehicles for new or additional assets?  Yes  No  
 If yes, fill in the details below and attach purchase papers.
13. Have you acquired any equipment, furniture, vehicles during the year?  Yes  No  
 If yes, attach purchase papers if not already submitted.

Description of Old Asset	Date of Disposition	Sales price or insurance proceeds / Expense of sale	Date of Purchase	Amount of new purchase: Cash / Note increase	Description of New Asset	N (New) U (Used) P (From Personal Use)
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____

14. Did you make any expenditures for disabled access to your business?  Yes  No  
 If yes, amount \$ \_\_\_\_\_ Description: \_\_\_\_\_

15. ACCOUNTS RECEIVABLE (invoices your customer owes you that are unpaid at year end) \$ \_\_\_\_\_

LESS UNCOLLECTABLE CUSTOMER BAD DEBTS to be charged off this year

NAME	How old is amount due?	Amount

(Attach additional list if necessary) LESS TOTAL BAD DEBTS .....\$ (\_\_\_\_\_)\_

NET COLLECTIBLE ACCOUNTS RECEIVABLE YEAR END (Your detail must agree with this total) \$ \_\_\_\_\_

16. ACCOUNTS PAYABLE (Bills your business owes as of year end)

**PERTAINS TO BUSINESS ONLY - NOT PERSONAL**  
 (Do not show payroll taxes, sales taxes, or loan balances here)

TO WHOM OWED	DESCRIPTION (Mdse, Supplies, Truck exp, etc.)	Account Code	Amount
			\$
		<b>Total this page</b>	\$

(Attach additional list if necessary)

**Complete only if not previously submitted for this tax year.**

**A. IF YOU HAVE A COMPANY OWNED OR LEASED VEHICLE ON YOUR BOOKS\***

	Vehicle #1	Vehicle #2	Vehicle #3	Business Use of Personal Vehicle
Description				
Date put into business use (If leased, attach lease agreement)				
Cost or other Basis				
If leased, value when first leased				
Life of Lease				
<b>Odometer reading at end of year:</b>				
<b>Total miles driven during the year:</b>				
... Total <b>business</b> miles				
... Total <b>commuting</b> miles				
<b>Actual expenses</b> (gas, oil, repairs, lease expense)				
<b>Interest</b>				
<b>Personal property tax</b>				
If there are personal or commuting miles, how was this fringe benefit treated?				
<b>Business parking and tolls</b>				
Was the vehicle available for personal use?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Was the vehicle used primarily by a more than 5% owner or related person?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have evidence to support the business miles claimed?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Is the evidence in writing?	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No
Do you have a written policy that prohibits personal use of vehicles other than for commuting? If these questions are answered no, the deduction may be disallowed.	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No	<input type="checkbox"/> Yes <input type="checkbox"/> No

**\* Do not report with personal information.**

Identify any vehicle that is electric or uses clean burning fuel \_\_\_\_\_.

**Officer and/or Owner**

**B.** Are any life insurance premiums paid through your business?  Yes  No

If yes, are they included in your P&L?  Yes  No If yes, who is beneficiary of policy?

What is the premium paid? \$ \_\_\_\_\_/month \$ \_\_\_\_\_ for the year.

If business is beneficiary, what is cash value at year end? \$ \_\_\_\_\_.

**C.** Are any medical, long-term care or disability insurance premiums paid for officers and/or owners?  Yes  No

If yes, are they included in your P&L?  Yes  No

If yes, are all qualifying employees covered by the business plan?  Yes  No

If yes, for each officer/owner, what is the premium paid?

Name	Type of Ins.	\$ _____	Month	\$ _____	Year
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

If the business is an S Corp, are the premiums included in shareholder wages?  Yes  No

**D.** Are there any qualified medical savings accounts (MSA)?  Yes  No

If yes, how much was paid for whom?

Name	Employer contribution	Employee contribution

## MANUAL BOOKKEEPING TAX INFORMATION

### PART I CASH EXPENSES

1. (a) Compensation of Officers (Schedule E - 8150C, S, X)		+	
(b) Salaries and Wages _____ (c) less Job credit(s) _____		+	
2. Guaranteed payments to partners/members (8150P, LLC)		+	
3. Repairs		+	
4. Bad Debts		+	
5. Rents		+	
Taxes	State Income Tax	+	
	Employer's Share FICA	+	
	Unemployment	+	
	Licenses	+	
	Personal Property Tax	+	
	Real Estate Tax	+	
	Sales Tax	+	
	Franchise Tax	+	
	Other Taxes	+	
6. Total Taxes		+	
7. (a) Interest paid to shareholders		+	
(b) All Other Interest		+	
8. Advertising		+	
9. Pension, profit-sharing, etc. (enter # of plans _____)		+	
10. Employee Benefits programs		+	
11. Entertainment & Meals (at 100%)		+	
Contributions		+	
		+	
		+	
		+	
12. Total Contributions		+	
Other Deductions	Bank and Credit Card Charges	+	
	Car - Truck	+	
	Commissions	+	
	Contract Services	+	
	Dues & Subscriptions	+	
	Club Dues - non deductible	+	
	Freight	+	
	Insurance	+	
	Laundry & Uniforms	+	
	Office Supplies	+	
	Operating Supplies	+	
	Postage	+	
	Professional Fees	+	
	Telephone	+	
	Travel	+	
	Utilities	+	
	Miscellaneous	+	
		+	
		+	
		+	
		+	
13. Total Other Deductions		+	
14. Total Business Expenses (To PART II LINE 7c)		=	

**MANUAL BOOKKEEPING TAX INFORMATION**

**PART I A**

**CASH RECEIPTS, CASH PURCHASES, PREPAIDS and ACCRUALS**

<b>GROSS SALES</b>	
1. Ending accounts receivable (before bad debt) .....	+ _____
2. Cash receipts (8150M Part II Line 4a).....	+ _____
3. Total (Line 1+ 2).....	= _____
4. Beginning accounts receivable.....	- _____
5. Gross sales (Line 3 - 4).....	= _____

<b>COST OF GOODS SOLD</b>	
1. Inventory at beginning of year.....	+ _____
2a) Cash purchases (8150M Part II Line 7b).....	+ _____
b) Ending accounts payable.....	+ _____
c) Opening accounts payable.....	- _____
3. Merchandise bought for manufacture or sale (Line 2a + 2b -2c).....	+ _____
4. Salaries and wages.....	+ _____
5. Other costs (attach schedule).....	+ _____
6. Total (Line 1 + 3 + 4 + 5).....	= _____
7. Ending inventory.....	- _____
8. Cost of goods sold (Line 6-7).....	= _____

<b>PREPAID EXPENSES</b>				
ACCOUNT NAME	CASH +PAID	ENDING -BALANCE	BEGINNING +BALANCE	TOTAL =EXPENSE
Totals =				

<b>ACCRUED EXPENSES</b>				
ACCOUNT NAME	CASH +PAID	ENDING +BALANCE	BEGINNING -BALANCE	TOTAL =EXPENSE
Totals =				