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With another successful tax season behind us we've taken a little time to reflect and refresh and we are now busy working with clients to help them continue to grow and succeed. Overall we are seeing much more accurate and informative accounting records than we did just a few years ago. With this improved accuracy it may be time to take advantage of the next tier of tools to improve your businesses' performance.

When clients want to improve their performance, they "benchmark." That is, they compare and measure their policies, practices, philosophies, and performance measures against those of high-performing organizations anywhere in the world.

There are many ways to benchmark that include both financial and non-financial measures. If you prepare budgets then you may be benchmarking to some extent already. Budgeting is really internal benchmarking where you might be using a prior period as a performance measure as compared to a current period. Now may be the time to take it to the next level.

For example, in addition to annual sales or gross profit a restaurant could measure the number of customers per service or the average sale per customer while a doctor's office might measure the number of patient visits per day and then compare those results to best-in-class restaurants and doctor's offices. Many of you have access to that data already, but have not been tracking it yourselves or understanding its significance.

It is a two-step process 1) Measure your performance and 2) Compare to other high-performing organizations. We can help you get started. We can assist you in identifying the performance traits that make the most sense for your industry and then we can help find information about best-in-class organizations to compare to. We have access to industry reporting services like First Research, RMA and ProfitCents that provide us with all the information we need to help you improve your performance with benchmarking.

If you would like us to help you become one of the best in your class, give us a call to talk about using benchmarking to get you there.

## 2008 TAX UPDATES

Surviving spouses have longer to claim the \$500,000 gain exclusion on primary homes as if they were still married. Sales within two years of the spouse's death qualify, effective for homes sold after 2007.

Filers who are in the 10% or 15% tax brackets get a break: Their top rate on long-term capital gains falls to 0% in 2008, down from 5% before. Once their income is high enough to push them into the 25% bracket, the balance of their capital gains is taxed at 15%.

But kids will not receive much benefit from the 0% rate in 2008. This is because Congress substantially stiffened the kiddie tax. The kiddie tax age rose in 2008 to 19, and for full-time students whose earned income is less than half their support, it increased to 24. If the kiddie tax applies, a child's unearned income over \$1,800, including capital gains is taxed at the parents marginal rate.



**Dawn Grenn, CPA**

## MEET THE TEAM

With over 20 years of public accounting experience, we welcomed Dawn Grenn, CPA to our firm as a Tax Manager in February of 2007.

In 2006 Dawn and her family relocated to Essex from New Orleans where she was a partner with the firm Freedman & Grenn, LLC.

Dawn's career began at Ernst and Whinney in New Orleans in 1986. After a year she went to work for Deloitte & Touche where she worked there for 3 years and then decided to make the move to a local New Orleans firm, Cooper and

Associates. After working for Cooper and Associates she partnered with a colleague and took over the business as Freedman & Grenn, LLC.

She is currently a member of the AICPA as well as a member of the Louisiana Society of Certified Public Accountants and is licensed in Vermont and Louisiana.

In her free time you will find her hiking, reading or just spending time with her husband and two daughters.

## IN OUR COMMUNITY

Each year we send out **Client Surveys** with completed tax returns. Your responses provide us with a greater understanding of how we are doing and any additional services that we can provide for you in the future.

**For each survey you return to our office we donate \$5 to a local Chittenden County Charity. Our choice for 2008 is Linking Learning to Life! Want your survey "to count?"** There is still time! Fax or mail your Client Survey by June 15th to our office and we will add it to the amount of our donation.

If you would like another copy of our Client Survey to complete, send your email request to [info@dh-cpa.com](mailto:info@dh-cpa.com). You can also give us a call and we can put one right in the mail to you.

## FREQUENT PLANNING MISTAKES

**By avoiding these ten estate and business planning mistakes, taxpayers can improve their (and their heirs') long-term financial prospects:**

### Estate issues

- Forgetting to name successor agents, proxies, executors, and trustees in estate planning documents.
- A married couple not taking advantage of both estate tax exemption amounts (\$2 million in 2008) that are available to them, due to inadequate wills and assets owned the wrong way.
- Having inadequate beneficiary designations for retirement plans and IRA's that do not coordinate with the rest of the estate plan.
- Failing to consider the income tax ramifications of each personal, investment, or business decision; and failing to take advantage of all available deductions, credits, and opportunities.
- Failing to incorporate trusts adequately for

asset protection purposes (i.e., inability, disability, creditors, and predators of beneficiaries) in the estate plan.

- Failing to consider the options available to finance long-term care needs.

### Business Issues

- Neglecting to properly structure a business venture to protect personal assets from business creditors.
- For businesses owned by more than one individual, neglecting to have an owner's agreement and a binding buy-sell arrangement (with funding).
- Neglecting to hold regular shareholder/ member/ partner and board of director meetings for a business entity, failing to prepare written minutes based on each meeting to include in the entity's records, and ignoring other formalities to assure that the entity is respected for all purposes.
- Failing to properly plan for family business succession.



## BUSINESS SPOTLIGHT— SHRED-EX



**Mr. Corey Forrest, Owner**

In 2007, the Forrest family began a new chapter in their lives when owner Mr. Corey Forrest began looking for a business opportunity that would bring satisfaction and fill a need for Vermonters.

Shred-Ex is a family run, on-site document shredding company offering mobile shredding to assist companies and individuals in maintaining confidentiality and privacy.

Shred-Ex is the only mobile shredding service in the area that utilizes a pulverizing type of shredder for an added level of document destruction. The shredders that are used have a security screen on the back side in which all paper must pass through after being shredded, but before it can be displaced to the back of the truck. If any piece of shredded paper is still too big it comes back around to go through the shredder again. It is this secondary line of defense that allows Shred-Ex to offer the smallest particle size of shred to their clients.

Any business or individual, no matter how big or small, should consider on-site shredding. It is a cost effective way for businesses to protect themselves, their customers and their employees.

Not only does Shred-Ex work to ensure that Vermonters are able to secure their sensitive information, they are also helping to keep the state green. With Shred-Ex, all of the shredded paper is recycled, saving it from going into our landfills.

As the owner of Shred-Ex, Corey personally does all of the shredding which provides him the opportunity to make sure that his clients are receiving the best service available.

Shred-Ex serves all of Chittenden County, as far north as St. Albans and as far south as Barre. If you are interested in additional information on Shred-Ex and their services you may reach them by phone at 802- 863-0404 or check out their website at [www.shred-ex.net](http://www.shred-ex.net).

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### Our Funny Side



**“Sorry about the odor. I have all my passwords tattooed between my toes.”**

## OFFICE BUZZ



**Congratulations to Laura Swedo and Bruce Bushey on their recent wedding!!**

### Summer Office Hours

Summer is on its way and we are starting to see the weather Vermonters have been waiting all winter for!

Please note that each Friday from May 2nd through September 1st our employees benefit from a 1/2 day on Fridays. **Our office closes at 12 noon each Friday.** If you call or e-mail, your message will be returned on Monday. Thank you!

### 1040 Contest Winners

Congratulations to the following Clients for winning this years 1040 drawings.

*David and Robin Cohen*

*Marie McKenna*

*Raphael Groten*

### MEET THE STAFF GAME

#### RESULTS

<u>STAFF MEMBER</u>	<u>FUN FACT</u>
John Davis	Graduate of St. Michaels
Bret Hodgdon	Volunteer EMT
Dawn Grenn	Washington Redskins Fan
David Brace	Former ski instructor
Dan Huskes	Moved from New Orleans
Rob Barush	MBA Student at UVM
Matt Cleare	Boston Red Sox Fan
Sam Boyer	Golf Enthusiast

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## Find the misspelled word!

We have hidden one misspelled word in our newsletter  
Be the first to find it and call our office at 802-878-1963

**YOU WILL WIN \$10!\***

\* if you have won recently, please allow others the opportunity to win – thank you.

### THANK YOU FOR YOUR REFERRALS



We feel that client referrals are one of the best marketing tools a company can have. Over the years Davis & Hodgdon Associates CPAs' growth can be credited to the friends, family members and col-

leagues that have sent new clients our way. We consider this the highest of compliments to the firm and quality of service we strive for.

As a thank you for referring anyone who becomes a new client, we will give you a \$25 gift certificate to a local area restaurant of your choice - just mention this ad.



As a member of CPAConnect, we are part of a leading network of local CPA firms. CPAConnect is an affiliate of CPAmerica International, which is one of the largest CPA networks in the United States.

This affiliation provides a knowledge base through a leading national network of more than 230 local CPA firms. This resource allows us to offer our staff and clients access to additional expertise and resources from across the country and around the world.