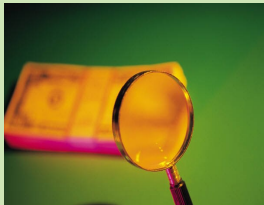


LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

"You see the numbers, we look for the opportunities."



SPECIAL POINTS OF INTEREST:

- Christmas trivia
- Call-in times
- Referrals
- And much more...

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Taxing Times

Dedicated to helping our clients keep the money that belongs to them through a focus on tax.

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Growing Solid Roots

When you first join a networking group it can seem difficult to obtain referrals from fellow members. But, instead of giving up and looking for another group to join, there are some things you can do to encourage them to spread the word about you or your company.

According to the book, *The World's Best Known Marketing Secret*, when you first begin developing a referral based business, you receive a few referrals in the first year, twice as many in the second year, and then, in the third year, it really starts to jump. That being said, let's talk about the three R's of networking: relationships, reliability, and referrals.

Word-of-mouth is about "relationship marketing". If you approach the first year of your involvement in a networking group with the sole motivation of getting to know the other members well, you will be far ahead of the game.

It's not really about what you know or who you know; but rather, how well you know them that really matters! People do business with, and refer people to, people they know, like, and trust.

The time it takes for people to get to know and trust you may vary from profession to profession. Obviously, it is unlikely you can get to know someone very well in the 15 to 20 minutes you might have before each formal meeting starts. You need to have time outside of meetings to get to know each other better.

Continued on page 3 ➡

Racing Enthusiast Lacked Profit Motive for Racing Business According to Tax Court

If you've had only occasional profits in an activity, even years and years of experience doesn't mean you have a profit motive, according to the Tax Court. And without a profit motive, you don't get to deduct losses from the activity.



"But, of course I wanted to make a profit," you say. "How could the Internal Revenue Service know what's in my heart?"

The IRS and the Tax Court say it's clear, based on your actions, what your motives are.

Allen and Julie Stettner formed AI Stettner Racing in 2006. They reported losses from the racing activity of \$19,900 and \$16,000 on their joint 2006 and 2007 tax returns, respectively. They stopped racing during 2007 and did not report any racing activity for 2008 and 2009. In 2009, the Stettner's filed a Chapter 7 bankruptcy petition, which they attributed, in part, to the losses from AI Stettner Racing.

In 2011, Stettner was confident enough he could make a profit at racing that he withdrew money from his 401(k) plan to form AJS Motorsports. He was unemployed at the time. He reported losses of \$63,000 and \$16,000 during 2011 and 2012, respectively. For 2013, 2014, and 2015 he reported net profits of \$3,800, \$4,600 and \$3,150, respectively.

Generally, a taxpayer may not deduct expenses relating to an activity not engaged in for a profit. Activities which are closely scrutinized are those which involve sports, hobbies, and recreation in which the activity may be engaged in for pleasure. The attempt is to use the deductions to offset other income. An activity is presumed to be engaged in for profit if the activity produces more income than deductions for any three of the five consecutive years ending with the year in question.

Continued on back cover ➡

The Plain Truth About PANIC!

By: Dan Kennedy

Why does so much panic spread so quickly and easily to so many people whenever tough times occur in a given industry or profession, or the national economy?

Without deep roots, the tree topples in the storm. What are "the roots" for the business owner, entrepreneur, or sales professional? One, *a system* of selling and conducting business that is proven, reliable, and profitable, from which you can draw confidence, and which he can stick to with reasoned persistence. If he is advertising and marketing to attract customers, selling to them, retaining and multiplying them absent system, by random and erratic and even impulsive acts, with unplanned and disorganized effort, he'll be blown off course by a stiff breeze.

Two, *a support network* including: continuous inflow of legitimately useful how-to information; coaching by people themselves tested by tough times; and proven successful encouragement and motivation from like-minded, optimistic, forward-thinking business people. Absent this, with no counterbalance to the relentlessly and excessively negative voices of media and peers, he'll bend then break early not late.



Three, *a productive and profitable personal philosophy* sharpened with reading; listening; study of successful achievers; association with the confident and capable, so that he is *conditioned to be opportunistic*; to search for and exploit the opportunities always concealed behind adversity. If he is not daily improving his personal philosophy, he is weakening from the inside out, the core hollow. When Bilbo Baggins said, "I do not like adventures because they make me late for dinner", he expressed profound personal philosophy governing thoughts, actions and outcomes. When someone says something as simple as "I don't have time to process all that information - I have my business to run", he unwittingly reveals profound personal philosophy as well. You have to investigate your own personal philosophy and evaluate how helpful or unhelpful it is likely to be in weathering storms, in navigating rough seas, in unearthing hidden treasure.

A productive and profitable, personal success philosophy. A sound, organized system. A trustworthy support network. These assets do not develop by accident or luck or randomness. Successful people very deliberately work at developing them, seek to connect to the people and resources and associations most helpful in developing them - and once connected, never risk disconnecting. They strategically assemble these assets in keeping with their own goals, strengths, and weaknesses. Key-word: strategically.

The author, Dan Kennedy is a serial entrepreneur, celebrated business author, sought-after advisor to businesses worldwide, an accomplished professional speaker—frequently appearing on public programs with the likes of four former U.S. presidents, Gen. Norman Schwarzkopf, Gen. Colin Powell, Gene Simmons (KISS), Debbi Fields (Mrs. Fields Cookies), other business leaders and super-entrepreneurs. Information about the author can be found at www.NoBSBooks.com. *

Christmas Quotes

"One can never have enough socks," said Dumbledore.

"Another Christmas has come and gone and I didn't get a single pair. People will insist on giving me books."

-J. K. Rowling, *Harry Potter and the Sorcerer's Stone*

"Then the Grinch thought of something he hadn't before! What if Christmas, he thought, doesn't come from a store. What if Christmas... perhaps... means a little bit more!"

-Dr. Seuss, *How the Grinch Stole Christmas!*

"I will honour Christmas in my heart, and try to keep it all the year."

-Charles Dickens, *A Christmas Carol*

"Christmas waves a magic wand over this world, and behold, everything is softer and more beautiful."

-Norman Vincent Peale

"He who has not Christmas in his heart will never find it under a tree."

-Roy L. Smith

"If you haven't got any charity in your heart, you have the worst kind of heart trouble."

-Bob Hope



Alabama, Christmas, and the Pres

As important as Christmas is to us today, it's only been in the past 180 years, or so, that it has been recognized as an official American holiday. Alabama was the first state in the union to officially recognize Christmas as a holiday, in 1836.

Christmas celebrations were banned in Boston from 1659 to 1861. Participating in any form of Christmas celebration or activity was punishable by a 5 shilling fine.

The first U.S. president to decorate an official White House Christmas tree was the 14th president, Franklin Pierce.

The first department store to feature a visit with Santa was the J. W. Parkinson's store in Philadelphia, in 1841. Astonishingly, no other department stores copied this event until 1891 when a store in Boston repeated it. Before long, lines of children formed at stores across America to sit on Santa's lap and tell him their Christmas wish list. The department store Santa has been immortalized in films such as *Miracle on 34th Street* and *A Christmas Story*.

Why are there 12 days of Christmas? Traditionally, it took the 'Three Kings' this number of days to find the baby Jesus. Their arrival on the twelfth day was celebrated in the form of the Feast of Epiphany in medieval France, and later in other countries.

According to the Guinness World Records, the tallest Christmas tree ever cut was never on the White House lawn, Rockefeller Center, or Trafalgar Square, but was a 221-foot Douglas fir that was displayed in 1950 at the Northgate Shopping Center in Seattle, Washington. *

Looking for Someone You Can Rely On?

We really believe in the process of referrals, so part of the service we provide is to be sure to refer our clients, and associates, to other qualified businesspeople in the community.

Below, you'll find a list of areas in which we know very credible, ethical, and outstanding professionals. If you're looking for a professional in a specific area we've listed, please feel free to contact us. We will be glad to put you in touch with the people we know who provide these services.

- ◆ Electrician
- ◆ Individual and Family Counselor
- ◆ Bathroom Remodeler
- ◆ Attorney
- ◆ Promotional Products
- ◆ Financial Advisor
- ◆ Monogramming
- ◆ Painter
- ◆ Cultured Marble
- ◆ Certified Legal Nurse Consultant
- ◆ Mortgage Broker
- ◆ Printer
- ◆ Realtor
- ◆ Banker
- ◆ Home Inspector
- ◆ Executive Leadership Coach
- ◆ Pest Control
- ◆ Auto/Home/Life Insurance



Growing Solid Roots

continued from page 1

For the first year or so in a networking group, you're putting in your time. Your referral partners are testing you, checking you out, and making sure that you deserve to have their valuable friends and clients turned over to you.

Therefore, you must be credible to the other professionals with whom you hope to network. Bear in mind that you should feel the same way, too. Before you risk your reputation with your clients by referring them to someone who takes less care of them than you do, you must be very sure that the person you are referring them to is reliable!

After cultivating relationships and proving yourself to be reliable, you get referrals as the result. Let me make this perfectly clear. You can't sit next to the fireplace and complain the fire's not producing enough heat if you haven't first gathered some wood, put it in the fireplace, and taken a match to it.

For someone to receive a referral, someone must give. I would suggest that if you're not seeing the referrals you want to, then you need to check to see how many you are giving.

This is a natural progression that can't be rushed. I know it can seem frustrating at times when you're anxious to see your bottom line increase quickly from all the referrals you're anticipating receiving, but believe me, if you are patient and apply these techniques, you will see word-of-mouth marketing work for you in a big way.

You can't take an orange tree and rip it up from the ground year after year and replant it on the other side of the yard, just because it wasn't bearing fruit where it was. You have to water, fertilize, and care for the tree where it is. In time, you will produce fruit in relationship to your efforts. You must approach building a word-of-mouth based business this way. In a solid networking group, you're growing solid roots with the other participants. The worst thing for you to do is to pull them up just as they are getting set. *

This month's special Member-Only call-in times for Lindsey's Insider's Circle will be 12/18/17 from 2:00 to 4:00 pm. To schedule your appointment, contact Kristen at (251) 633-4070.

**Not a member yet?
Find out how to become one TODAY!**



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Racing Enthusiast —continued from page 1

The IRS issued the Stettners a Notice of Deficiency for 2011, disallowing the racing activity expenses.

Although the Stettners reported income more than deductions for AJS for 2013 through 2015, the Tax Court found that, in fact, AJS had net losses of at least \$2,260 for 2013 and \$754 for 2014. Therefore, the Stettners were not entitled to the presumption that AJS was engaged in activities for a profit. Without the presumption, the court fell back on a nonexclusive list of factors found in the regulations. These are:

- (1) the way the taxpayer carried on the activity;
- (2) the expertise of the taxpayer or his or her advisors;
- (3) the time and effort expended by the taxpayer in carrying on the activity;
- (4) the expectation that the assets used in the activity may appreciate in value;
- (5) the success of the taxpayer in carrying on other similar or dissimilar activities;
- (6) the taxpayer's history of income or loss with respect to the activity;
- (7) the amount of occasional profits earned, if any;
- (8) the financial status of the taxpayer; and
- (9) whether elements of personal pleasure, or recreation, were involved.

No single factor is determinative, and more weight may be given to some factors than others.

Of the 9 factors listed in the regulations, the court found two that favor the Stettners (3 and 8); one factor was neutral (2); and the six other factors favored the IRS. After considering the factors and the facts and circumstances of the case, the court concluded that the Stettners did not have an actual, honest profit objective in operating AJS during 2011. Therefore, the deductions for the expenses paid by AJS were subject to the limitations and were not deductible to offset taxable income from other sources. *

What I'm Reading...

NOW

Jack Knifed

by Christopher Greyson

Start with Why

by Simon Sinek

RECENTLY

The Cuban Affair

by Nelson DeMille

The Slight Edge

by Jeff Olson

I DO BELIEVE
SOMETHING
VERY MAGICAL
CAN HAPPEN
WHEN YOU READ
A GOOD BOOK.


J.K. ROWLING

*Merry
Christmas*

&

Happy New Year

If and only to the extent that this publication contains contributions from tax professionals who are subject to the rules of professional conduct set forth in Circular 230, as promulgated by the United States Department of the Treasury, the publisher, on behalf, of those contributors, hereby states that any U.S. federal tax advice that is contained in such contributions was not intended or written to be used by any taxpayer for the purpose of avoiding penalties that may be imposed on the taxpayer by the Internal Revenue Service, and it cannot be used by any taxpayer for such purposes.