



John Morrissey Launches New Web Site

From the Desk of John F. Morrissey

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As you may know by now, we at John Morrissey Accountants

have just launched a new **Web Site**, johnmorrisey.com.

I want to thank the staff members who participated in the building of the site for their hard work. It has been a great experience for me to be the resource for information that has become a part of the web site.

In remembering the history of the organization, many of you (our clients) came to mind as you have been a part of our history. You have been there to support us; you have been there to experiment with us on how you wanted and needed our services; you have been there to challenge us on how we have done things; and you have stayed with us until we “got it right.” For this, I thank you.

In identifying and examining what we do for you, our clients, it further

reminds me that we have become what we are because of our clients and providing the services that you have needed in order for you to become the success that you are. You have helped us identify the demand for services, and together we have built what I feel is a great relationship.

As I look at the staff that has been assembled in our organization, I can only bring to mind one word to explain how I feel, “pride.” To look at the talent that we have assembled in our organization is totally awesome. But, more than their talent is their personality that fosters the relationship with our clients which creates the trust and dependence you have come to bestow on our staff. Each one of them continues on our quest, and that is, “to provide a valuable service to our client that is needed at a fair price.”

Now, I ask each of you to take a few minutes of your time and examine our web site and “please” take pride in what you have helped to build. Please look at all of the services that we do provide and ask yourself if any of those that you do not use at the present time can help you in the future. Also, please pass this information on to your friends or colleagues so that they too can enjoy the “peace of mind” that you have come to enjoy and expect from John Morrissey Accountants.

Focus On The Community

Rockford PRO/AM Golf Invitational

By Judi Sheley, Tournament Director

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Sponsors Are Key

Each year, the generosity of area businesses helps to ensure the charitable success of the Rockford PRO/AM. This year’s Prime Sponsors include Alpine Bank, Aqua-Aerobic Systems, Inc., Greenlee/Textron Co., Kelley Williamson Co., Pierce Distribution Services and Woodward. Highview in the Woodlands, Liebovich Steel & Aluminum and an additional Pierce Distribution group are joining the 2009 PRO/AM team as Preferred Sponsors. Behr Iron & Steel is welcomed as Contributing Sponsor.

Charitable funds are also generated from additional individual and hole sponsorships, tournament gate fees (\$5), concession sales on the day of the event, and from a dinner with live auction and

The Rockford PRO/AM Golf Invitational will celebrate its 33rd consecutive year this summer when the tournament gets underway with a shotgun start on Monday, July 13, at Forest Hills Country Club. Professional golfers and local amateurs again will team up to participate in the nation’s longest running, free-standing pro/am charity event in the nation.

Our Community Benefits

Since the first Rockford PRO/AM in 1977, nearly \$2.8 million has been awarded to a variety of area charities whose programs work to enhance the health and well-being of the citizens of our community. The beneficiaries of 2009’s tournament proceeds include Rockford Rescue Mission, Rock River Valley Pantry, Rosecrance Foundation and The Junior Golf Course of Greater Rockford.

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Making Work Pay Tax Credit

By Tiffany Podkova

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The “Making Work Pay Tax Credit” is part of the

American Recovery and Reinvestment Act of 2009 that lawmakers passed in February 2009. This credit is available for 2009 and 2010 and will provide a refundable tax credit of up to \$400 for working individuals and up to \$800 for married taxpayers filing joint returns. The full tax credit will be paid to individuals with modified adjusted gross incomes of \$75,000 or less (\$150,000 or less for married couples filing joint returns). A partial credit will be paid to those earning above these amounts, but will completely phase out at incomes greater than \$95,000 for individuals and \$190,000 for married couples. This credit is a refundable credit which means that even low-income families who do not owe any tax would also be able to receive the credit.

There are some individuals that will not qualify for the “Making Work Pay Tax Credit.” Anyone who can be claimed as a dependent on someone else’s tax return will not be able to claim the credit even if they work and file a tax return. Adults who are eligible for Social Security, Railroad Retirement, veteran’s compensation or pension benefits will not receive the credit either. If these individuals were eligible for those benefits sometime between November 2008 and January 2009, they will receive a one-time \$250 emergency payment no later than mid-June.

For people who receive a paycheck and are subject to federal withholding, the credit will typically be handled by their employers through automated withholding changes that started this spring. This could cause a problem for some taxpayers who may receive a larger credit than they are entitled to due to the increased reduction in withholdings. If this happens, the taxpayer will have to pay back the excess when they file their 2009 tax return. If they are receiving a refund, then the refund would be reduced by the amount of the credit they were overpaid throughout the year. Those that will most likely be overpaid are: anyone who holds more than one job, joint filers whose

spouses work, and dependents filing a tax return with wages.

The reason the larger credit may occur for these individuals is because the withholding tables have been adjusted so that anyone who is claiming single on their W-4 will have \$400 less withheld from their paychecks throughout the year. Those claiming married on their W-4 will have \$800 less withheld from their paychecks. The following are some examples:

Example 1: If you claim single, but work two jobs you could end up with \$800 in federal withholding (\$400 for each job) yet you will only receive a credit on your income tax return for \$400. This may result in you owing an additional \$400 or having your refund reduced by \$400 on your 2009 tax return.

Example 2: If you claim married and your spouse also claims married on your W-4s, each one of you will have your federal withholding reduced by \$800 throughout the year for a total of \$1,600. This may become an issue because the tax credit is only a total of \$800 for the couple and may result in you owing an additional \$800 or having your refund reduced by \$800 on your 2009 tax return.

In order to avoid this occurring when you file your 2009 tax return, you may want to consult your John Morrissey Accountants tax advisor as soon as possible. ♣

Residential Energy Property Credit

By Nicole Lawson

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The American Recovery and Reinvestment Act of 2009 modified and

added many tax credits and deductions for the 2009 tax year and beyond. As some may recall, we were able to take a credit for certain expenses relating to energy efficient home improvements on 2007 tax returns. That credit called The Residential Energy Property Credit, which had expired for property placed in service after 2007, has been renewed for 2009 and extended to 2010. The amount of the credit has been increased as well as eliminating dollar caps on a property-by-property basis instead going to a \$1,500 total cap on all qualifying property (except for geothermal and solar systems). The table below compares 2007 credits and the allowable amounts for 2009-2010.

Product	2007	2009 - 2010
Exterior windows, storm windows, and skylights	10% of cost up to \$200	30% of cost (combined cap of \$1,500)
Exterior doors, storm doors, metal roofs, and insulation	10% of cost up to \$500	30% of cost (combined cap of \$1,500)
Energy Star Central A/C systems and air source heat pumps	\$300 limit	30% of cost (combined cap of \$1,500)
Gas, Oil, Propane furnace or hot water boiler (Energy Star)	\$150 limit	30% of cost (combined cap of \$1,500)
Advanced main air circulating fan	\$50 limit	30% of cost (combined cap of \$1,500)
Water heaters (tankless)	\$300 limit	30% of cost (combined cap of \$1,500)
Geothermal heat pumps	\$2,000 limit	30% of cost no cap
Solar energy systems	30% of cost up to \$2,000	30% of cost no cap

This is a highlight of products available for this credit, and each product must follow certain energy efficiency guidelines in order to qualify. To find out more information about the credits for this year, please contact your John Morrissey Accountants tax preparer. ♣

Congratulations to Our Rockford Chamber Leadership Program Graduate

John Morrissey Accountants congratulates **Tiffany Podkova** on her recent graduation from the Rockford Chamber of Commerce Leadership Rockford program. The mission of the Leadership Rockford program is to enhance awareness of business, government and civic issues and opportunities through an interactive process and motivate direct involvement in business and community leadership. We are proud to support Tiffany and the Rockford Chamber Leadership program. ♣

Importance of the Bank Reconciliation



By Heather May

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As a small business, your accountant suggests you do bank reconciliations.

If you flip over to the back side of your bank statement, you should see a form that looks like this:

For the Month of:	_____
Checkbook Balance, Beginning of Month:	\$ _____
Add: Total Deposits this Month:	\$ _____
Subtotal:	\$ _____
Less: Total Expenditures this Month:	\$ _____
Checkbook Balance, End of Month:	\$ _____
Bank Balance, End of Month:	\$ _____
Add: Deposits Not on Statement:	\$ _____
Subtotal:	\$ _____
Less: Outstanding Checks:	\$ _____
Adjusted Bank Balance:	\$ _____

And your banker suggests it, too. But, yet, if you are like most of us, you just can't seem to make time to reconcile your checkbook to your bank statement. Besides, you have online banking to check what has cleared and how much money you have nearly everyday. So why would you worry about reconciling?

Well first, if you're like me, you occasionally forget to put a dollar amount in your checkbook; or sometimes even a whole check entry. Sometimes I write in the wrong dollar amount or I'm writing out checks for bills and swap the dollar amounts to the wrong check number. Reconciling is one way to verify what you have written in your checkbook. With life as busy as it is for most of us, mistakes are bound to be made while writing out checks.

Second, banks make mistakes too. The people that work at your bank are human just like the rest of us. They have many safeguards in place but sometimes mistakes are made. Sometimes a check goes through for a different amount. And sometimes there are just simple math errors. The best way to catch these types of mistakes is to reconcile to what you have in your checkbook.

So now that you know why; you probably want to know how. In order to reconcile your checkbook, there are a few things you need to know. You need to know what amounts you have deposited to your account, including direct deposits. You need to go through the bank statement and check off which checks have cleared, so that you know which checks are outstanding. You also need to know any debit card withdrawals or other withdrawals out of your account, such as fees or NSF charges. Lastly, if you're lucky enough to have a checking account that pays interest, you will need to know that as well.

Before you begin completing this form, take a few minutes to add up some information – this will make balancing your bank statement much easier.

Step 1: Add up all outstanding checks and debit transactions (those checks/debits that have not cleared your account).

Step 2: Add up all deposits that you have made to your account, but are not reflected on your bank statement.

Step 3: Add up all deposits and direct deposits that are reflected on your bank statement.

Step 4: Add up all written checks and debit card transactions that are reflected on your bank statement.

Total deposits go on the *total deposit line*; checks and debit card charges go on the *expenditures line*; your outstanding check balance goes on the *outstanding check line*; and deposits that are not on the bank statement go on the *deposits not on statement line*. Add in the beginning balance of your checkbook and the ending balance of the bank statement.

Now, take out your calculator and do the math (twice) and *voila*, you have just reconciled your checkbook. Not as bad as you thought it was going to be. Well, maybe it was this time; but not the next time. If you have questions regarding your bank reconciliation contact your John Morrissey Accountants professional. One more thing, if you happened to find a bank error, make sure you contact your bank right away. ♣

Revisions to Tax Credits in 2009



By Joe Clinton

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First-Time Homebuyer Credit:

Many of you may recall the \$7,500 first-time homebuyer credit in an article I wrote in our fall 2008 newsletter. Some people were shy about taking that credit because it would likely have to be paid back to the government over 15 years. If you didn't take the credit but were eligible for it, I would encourage you to call me to discuss whether we should amend your 2008 tax return to claim the credit.

The good news for 2009 is the credit has been increased to \$8,000 and may not have to be repaid. All you need to do is use your home for your principal residence for the three years immediately following purchase.

The credit is in effect for purchases in 2009 made before Dec 1. The eligibility rules are the same for the new \$8,000 as they were for the 2008 \$7,500 credit. You must not have owned a home in the last three years and if your income is greater than \$75,000 single (\$150,000 married), your credit will be reduced or eliminated.

Additional good news is that you don't have to wait for your 2009 return to claim the \$8,000 credit. After you close on your home in 2009, we can go back and amend your 2008 tax return to get the credit immediately.

Additional Child Tax Credit:

This credit is for taxpayers who don't pay federal income taxes and have children under the age of 17. Under the American Recovery and Reinvestment Act, more taxpayers will be eligible for the refundable portion of this credit due to a change in how the credit is calculated.

Earned Income Tax Credit:

For taxpayers with three or more qualifying children, the American Recovery and Reinvestment Act increases their earned income credit up to a maximum of \$5,657. This is a temporary increase for 2009 and 2010 tax returns.

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“In the spring I have counted one hundred and thirty-six different kinds of weather inside of four and twenty hours.” — Mark Twain

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To share ideas or suggestions, please contact John Morrissey.

This publication is designed to provide accurate information in the areas covered. It should not be construed as providing legal advice, accounting, or professional services. It is designed to provide our clients and friends with up-to-date information on topics of interest. Send address changes and all correspondence to the above address.

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Focus On The Community – Rockford PRO/AM...continued from page 1

entertainment the evening prior to the tournament, Sunday, July 12.

Volunteers Make It Happen

More than 600 volunteers annually contribute to the success of the Rockford PRO/AM. The board of directors, the Tournament’s steering committee and its volunteers (including John Morrissey Accountants, Inc.), and hundreds of volunteers from the benefiting agencies all are active participants in the annual event. Readyng the course, putting up signage, staffing parking lots, preparing and selling sandwiches and cold drinks, and playing hosts to PRO/AM guests, professionals and amateurs alike all are important to the smooth workings of the Tournament. It’s because of its warmth and professionalism that the Rockford PRO/AM has a reputation of being a favorite event among the touring pro golfers.

A History of Fun

Kenny Perry, Arnold Palmer, Fuzzy Zoeller, Paul Azinger, Craig Stadler, Fred Couples, Gary Player, Lee Trevino, Ben Crenshaw

and a host of other well-known names in the world of golf have walked the courses in our community as participants in past Rockford PRO/AMs. A young man named Zach Johnson played here the year before he won The Masters. And each year the PRO/AM is privileged to host a number of pro golfers who are working their way up in the standings.

So bring your chair, camera, hat and sunscreen and join in the celebration of the 33rd Annual Rockford PRO/AM on Monday, July 13. Contact the Rockford PRO/AM at 815-877-5625 or rockfordproam1@yahoo.com for more information. ♣

Revisions to Tax Credits...continued from page 3

Education Credit:

The HOPE education credit has been renamed the “American Opportunity Tax Credit.” With the new name comes several enhancements. The credit is increased from \$1,800 to \$2,500. The HOPE credit was only available for the first two years of college. The new credit is available for all four years of college. The HOPE credit was not refundable, but the new credit is 40% refundable.

The phase-out of the credit has been increased to \$80,000 single and \$160,000

married. This might be the most important change since many people could not take tax advantage of the old credit at the old phase-out levels of \$67,100 single and \$100,650 married.

Your credit is a 100% of the first \$2,000 and 25% of the next \$2,000 you spend on tuition, fees, and course materials. The credit is taken in the year the expenses are paid, not the year they are incurred. So if you paid for your spring 2009 tuition in late 2008, you will not qualify for the new credit. ♣