

RESOURCES

Published by: John A. Braden & Company, P.C. / ABBM Group Ltd., LLP

Medical Update A personal note from John Braden

Some of you may have noticed during this last tax season, that I was out of the office more than normal. At least, I hope some of you noticed. I want to apologize to anyone that was inconvenienced by my absence. If you did not notice, then that is thanks to the great job done by Kim, Suzanne, Nancy and Meredith.

For the past few years, I have been experiencing the gradual loss of the function of my kidneys. This is not something that I have gone out of my way to tell folks about, but I have also not particularly kept it a secret. Until last January, except for causing me to have to see my physicians more often than most of us would prefer, getting monthly blood tests and shots, and watching my diet, this condition had little effect on my day to day activities and ability to provide all our clients with the levels of service and attention they deserve.

Within the last few months, my condition progressed so it became necessary for me to start dialysis treatments. Doing all the "stuff" to get ready to do this took a lot more time than I anticipated. If I had known that in advance I would have started in August instead of January.

I have also started the screening process for a possible transplant. The wait for a kidney can be as long as several years, but the transplant procedure itself and the recovery time (for someone like me, with a thinking profession instead of someone who does real work) is measured in days.

The good news is that I am now on a regular dialysis schedule that allows me to resume a regular work schedule. The bad news is that my dialysis appointments are at 6 in the morning and it has been a long time since I got up that early to do anything - except maybe catch a plane or go fishing. This also will put some limits on my ability to travel or do projects in Eastern European countries. However after about 5 years of doing that, I don't mind staying home.

Again, I want to apologize to anyone that may have been inconvenienced and this is my promise to not get sick during busy season in the future.

The Newest Addition

John A. Braden & Company is pleased to announce the newest member of the family! Islay Willow Catriona, daughter of Meredith & Jonathan Watmough, was born on April 26th 2010. She weighed 7 pounds and was 19.5 inches long.

When Should I Start Taking Social Security?

The designation as a baby boomer is most often used to refer to someone born from 1946 to about 1964. One of the decisions that must be made by those who are in this group is when to start collecting social security benefits.

All of this applies to us old folks. We appreciate the cynicism of some of our younger staff members, kids and grandkids who may have legitimate concerns that the system will go broke before they can collect. That may be a valid concern, but is outside the scope of this article. Let's assume that those of us old enough to start collecting soon do not have to also worry about the government going broke during our lives.

Deciding when to start collecting social security can be a tough decision. There are many factors that need to be considered. The longer you wait to start collecting, the higher your monthly benefit. Added to this is the fact that if you are not old enough, your benefits can be reduced by your earned income. That is, of course impacted by the definition of earned income. Add to that the fact that social security benefits can be partially subject to income tax depending on your income, the amount of which varies depending on whether you are married or single. In addition, if your spouse outlives you, how much he or she gets will be effected by your timing and is also conditional based on whether your spouse collects more from their own social security wages or more by just being your spouse. Understand? All these definitions and conditions like those in the tax law are some of the things that keep us CPAs in business.

Based on all those conditions it is really pretty simple to decide the best time to start collecting would be just a complex mathematical formula. All you need to know is exactly how long you and your spouse are going to live. Because most of us don't know when that will be, a major factor in the decision is a "best guess" situation.

We have recently acquired some brochures (written by "experts" in Social Security) that provide useful information that may help you with this complex decision. If you would like to get one of these just give us a call and we will be glad to send you one.

Quote of the Quarter

"An expert is one who knows more and more about less and less."

~Nicholas Murray Butler
Commencement address, Columbia University

Thought of the Month

The only thing more harmful to business than a government that tries to harm business is a government that tries to help business.

Life Lessons

By John A. Braden, CPA/PFS

Several years ago, I read a book that's whole theme was that paper boys should be given MBA's. I've forgotten the book's name but it may have been just that phrase. It was one of those short books like the One Minute Manager that are easy to read and create 15 minutes of fame for their authors.

The basic premise was that a 12 year old operating a paper route learned some valuable lessons which were the equivalent of graduate business school. Personally, I only got half way through graduate business school before quitting to support my wife and kids but my experience from the time I was in the MBA program versus my experience of having a paper route in junior high school make me value the paper route experience more.

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We Are Proud Of Our Team

In many ways, team members are like family. Because we believe we have assembled an awesome group of professionals, I want to take this opportunity to brag about them.

Suzanne Barnett-Villarreal, CPA is our Audit Manager. The positions Suzanne has held range from staff accountant to controller and bookkeeper to audit manager. She has experience in a wide variety of industries including securities broker/dealers, software development, manufacturing, construction, real estate, and not-for-profits. Suzanne worked for John previously and we are pleased to welcome her back to the firm.

Kimberly Scott is our Tax Manager. I have only one problem with Kim. Most of the time, once I have brought her in to work with a client, they never again call to talk to me. They go straight to the top and talk to her. She and her husband have two daughters and also both are volunteers in The Conroe Symphony. If you happen to go to one of their concerts, you will recognize Kim. David will be the one playing the bass.

Natalia Prusakova, ACCA is a Senior Auditor. She is a graduate of Moscow University and has a Masters degree from the University of Houston. She joined our team several years ago. She has been most intimately involved with our clients with operations in Russia and Ukraine. While she has now moved back to Moscow, she is still on our team, working remotely and available for consultation.

Nancy Roberts began working for the firm in 1994. Originally from Seattle, she worked for UPS in the Accounting Dept. In 1987 she and her family moved to Texas. After an absence of a couple of years, she has recently returned to our staff. She works with clients on accounting services and is also responsible for some firm administrative matters.

Meredith Watmough is the Office Manager and holds degrees from Sam Houston State and Texas Women's University. Meredith also has her Series 6 license. She and her husband recently welcomed their first child. Baby Islay (Eye-la) was born in April. Islay also happens to be the fifth and youngest grandchild of John and Leilani.

Casey Chase is the most recent firm addition. Casey joined the firm in March as an Administrative Assistant and is the first face you'll see when you visit our office. She is a graduate of Cy-Fair High School and is currently majoring in Accounting while working on her Bachelor of Business degree.

Company Directory

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Life Lessons By John A. Braden

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Unfortunately for my grandchildren the paper route lesson is no longer anything similar to 50 years ago. Newspaper delivery is different now. When I was a paper boy, it worked like this:

1. A junior high boy gets a route to deliver the paper.
2. He must pay the publisher for the papers (a month at a time).
3. He comes home from school, rolls the paper (he also has to buy the string and bags for rainy weather).
4. He probably had a bike, so that that capital expenditure has already been borne by his parents. However he did have to buy the frame and the bags to hold the papers.
5. And finally, he had to go around and collect the subscription amount from each house.

Here are the essential lessons that every business person needs to learn:

1. The job cannot be delayed or skipped. You cannot be on the football team, go play with your friends, or otherwise put off delivering those papers...rain or shine.
2. Revenue is not profit. The papers have to be paid for whether or not you collect from the customers.
3. There are capital expenditures.
4. Some of your customers will be deadbeats who will stall on payments or even try to cheat you out of the payment by delaying or claiming they already paid.

As best I recall, the monthly subscriptions cost the paper boy about \$1.05 per month, for which you collected about \$1.50. And it was awfully hard for a 13 year old to tell that deadbeat adult that this was the fifth time you had been to his house and if he does not pay you will stop delivering. In fact, if you did cut him off, he could call the paper and complain. The end result would be you getting fined, since it would be your word against his. Even in the late 1950's this was not much money, but the lessons were priceless.