

# The Knightly News

## Moving Forward to 2017

If Facebook posts are any indication, I think it's fair to say that most people share my sentiment...2016 seemed to be filled with some great moments, and an equal number of tough ones. For the Knight family, it was a roller coaster for sure.

The highlight for us was no doubt April 7, 2016. When Jacob was 5 years old, he asked me what it would take to be first (his word for first) in the world at snowboarding. My answer was to have fun and work hard. Well, he listened, and spent two years dedicating himself to the sport. This Spring, he competed in the US National Championships, and won the overall title. The week of competition was hard work for him, but he handled it well. As his mom, on the other hand, I was a wreck and found myself covering my eyes more than watching, and when he lined up for his final race, I was so nervous I had to leave to avoid passing my nerves on to him! But, he did great and as you can see in the smile below, he was quite proud of himself. Whether or not he stays at the top of the sport is yet to be determined, but for the rest of his life, he will have something to hold in his heart.

Ethan, on the other hand, had a rougher go at it. In January, we went to the Mayo Clinic for an evaluation, and they discovered he has a rare condition known as a "chiari malformation." Following surgeries in April and October to remove excess bone from his skull, we now know that his brainstem is pinched due to a prenatal malformation and the result is that his brain sends mixed signals to the rest of his body. The mixed signals make it difficult for him to swallow properly and get quality sleep, so he is continually dealing with coughing, lethargy, and other issues. The 2nd surgery in October revealed that his body also creates too much scar tissue, so the issues aren't likely to fix themselves and he's facing a long road.

The result of the roller coaster is quite simple: I am looking forward to tax season more than ever! All the craziness of the year has left me more grateful than ever for each of my clients, and I couldn't have made it through without your support. While I may be a bit slower to respond to emails and phone calls due to the frequent medical emergencies, I promise that I have put in place some strong safeguards in my business to ensure that the interruptions are as minimal as possible and that your tax and small business needs remain a high priority for me.



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## Year End Flow

Starting at year end:

- 1) Start watching your mailbox for W-2's, 1099's and other documents marked for Tax Preparation. Be sure to also check your online brokerage accounts, such as Fidelity and E\*Trade. These companies no longer mail 1099's, and they are often only published online.
- 2) It is your responsibility to save copies of receipts, bank statements, credit card statements and other financial documents for at least seven years. While these statements are often recoverable later, there is always a risk that a bank will change ownership without notice or your account will be closed, and you'll lose access to those records. I recommend that everyone saves account statements as PDF's at least once a year so they are accessible in the future.
- 3) When going through your mail, you will receive 2 items this time of year: a 5498 Contribution Statement for your IRA's and a Real Estate Tax Estimate for 2017. Neither of these is needed for tax prep, and should just be saved for your records, not included in your tax paperwork.

Once you have collected your tax documents:

- 1) Complete the tax organizers appropriate for your personal return, this will always include the Individual Tax Organizer, and possibly the Small Business & Home Office Organizer and the Rental Property Organizer.
- 2) Please wait until you have collected all documents, rather than submitting them piecemeal. I receive tens of thousands of documents a year, and keeping them organized is easiest if I receive them all at once. The exception to this is K-1's, which often come much later in the year.
- 3) If you want to meet face to face, visit [www.cpamichele.com](http://www.cpamichele.com) and look at the Scheduling page. Choose a few dates/times that work for you and send me an email to request an appointment.
- 4) If you prefer to email or mail your documents, My email is [cpa@cpamichele.com](mailto:cpa@cpamichele.com) and my mailing address is PO Box 2948, Dillon, CO 80435. Please wait until you've accumulated all your documents before sending them along, and if you are mailing documents, I recommend making copies first to avoid any lost information.

Once I receive your tax documents:

- 1) Please expect a turnaround time of 1—2 weeks.
- 2) During this time, I will review the documents, enter them into my tax software, and email you any questions that I have regarding missing items or additional tax savings.
- 3) Once your return is complete and reviewed, you will receive a password-protected copy of the return to review and any required payment vouchers via email. There will be specific pages that need to be signed & returned to me via email ([cpa@cpamichele.com](mailto:cpa@cpamichele.com)), fax (303-374-5665) or mail (PO Box 2948, Dillon, CO 80435). I cannot file your return until I receive these signed forms.
- 4) In addition to the tax return email, you'll receive an email with your tax preparation invoice and the tax return password. Invoices can easily be paid electronically this year, if you just click on the link in the email.

## Introducing Lyndsey Mitchell



I am happy to introduce Lyndsey Mitchell, owner of Green Mountain Bookkeeping, as a partner to Knight Accounting & Technology. Lyndsey and I met in 2015, and she started helping me with bookkeeping work at that time. Since then, she has grown into a QuickBooks ProAdvisor, and is turning into an amazing tax preparer as well, through both work and her studies as an Enrolled Agent. Even better, she is a great friend and a fun companion during the long hours that tax season can bring!

While my role in the company will not change, Lyndsey is coming on board to act as a backup for me, in the event that my son's medical needs pull me away during a critical time. While I will still be the primary contact, if Lyndsey reaches out to you for any information, please trust that I have full confidence in her.

Lyndsey has been working remotely from Vermont for 2 years now, but has agreed to move across the country to Colorado for tax season in order to be fully available to help. I'm sure you'll love her as much as I do, and I appreciate your patience if circumstances arise that I cannot be present on any given day due to medical emergencies.

# Guidelines for Maintaining Employee Records

## By Guest Expert: Ned Frazier, Frazier Int'l

Federal and state privacy laws over the last few years require all employers to review how they are maintaining their records on employees. Gone are the days where every piece of information on an employee was filed in the "Personnel file." The primary driver behind this is HIPAA (Health Insurance Portability and Accountability Act). Legislation that was initially enacted to permit a terminating employee to continue to purchase the employers health insurance for up to 18 months, has evolved into a larger program that protects the privacy of certain employee records. Employers should greatly restrict the access to employee privacy information, and establish a policy on who within the company is permitted access to employee information.

There is a simple and effective process that protects employee privacy and also enables supervisors or other qualified managers and supervisors to have access to some information. By organizing the HR file (Personnel File) into three separate files, and restricting access to files, employers will be in compliance with privacy laws and still be able to effectively manage their Human Capital programs within their company. Files can be maintained electronically by scanning documents and saving them in the appropriate files. Files maintained on your computer system should always be password protected to meet HIPAA requirements. Files maintained in a traditional "paper" file must always be stored in a locked cabinet with limited access to the information. Reference in this report to "Files" can be either electronic or paper files.

**File One- HR File.** Access to this file is available to employees (with someone from HR present), managers or supervisors who have a need to know, and your Human Resources department. Information kept in the HR File should include:

- Employment application and resume
- College transcripts
- Position Descriptions
- Hiring, promotion, demotion, transfer, layoff, changes in rate of pay, other forms of compensation and education and training records
- Letters of recognition from the company and from clients or vendors
- Disciplinary notices or documents

- Performance evaluations
- Test documents used by the employer to make an employment decision
- Termination records and documentation of Exit interviews.

**File Two- Privacy File.** Access to this file is restricted to senior management on a need to know basis and the Human Resources department. The Health Insurance Portability and Accountability Act (HIPAA) and the Americans with Disabilities Act (ADA) ensure the protection of very sensitive and private information about an employee's medical condition (and member's of the employee's family) and such information must have limited access. The Privacy File should contain:

- Employers must keep all medical records for an employee separate from other employee information. All medical records including physical examinations, medical leave requests (and documentation to support a request for a medical leave), worker's compensation claims, and drug and alcohol testing programs and results.
- Source documents that identify an individual's race and sex.
- Any documents that relate to any internal or external charges or investigations (harassment, discrimination, etc.).
- Invitation to Self-Identify Disability or Veterans Status. This information is required to be maintained for federal contractors.

**Safety Training Records.** OSHA may audit a company's training records. Keeping this information separate from the HR File will protect the employer from an auditor pursuing and investigating other information in the HR File.

**File Three- Employer Sanctions File.** All employers are required to complete a Form I-9, Employment Eligibility Verification, on all new hires within three (3) days of employment. Employers with federal contracts are required to use the E-Verify system to confirm eligibility of employees to work in the United States. Human Resources and limited senior management are the only groups that should be authorized to have access to the Employer Sanctions files. The information related to Employer Sanctions should

be organized in four three-ring binders (may be stored electronically or in file folders, whichever is more convenient for the company) and stored in a safe, locked location with Human Resources as follows:

**Notebook 1- Current Employees Form I-9.** This Notebook will be used to file the original Form I-9 for all current employees, and filed alphabetically, using the appropriate alphabetical tabs. Keep a list (usually a current payroll report) of all current employees in the inside pocket of the notebook. This is used to periodically confirm you have completed Form I-9's on all current employees. Attach the "Employment Authorized" memo from E-Verify or confirmation from the Social Security Number Verification system (SSNVS) to the employees Form I-9 and file in Notebook 1. Also attach copies of the documents the new hire presented to you for the Form I-9. The current Form I-9 form has an expiration date of March 31, 2016. You should continue using this form until USCIS releases a revised form.

**Notebook 2- Terminated Employees Form I-9's** will be filled in this Notebook by month, by year, according to the retention date you determine when the employee terminates. When the employee terminates, pull their information from Notebook 1, and file in Notebook 2. Use the Form I-9 Checklist to determine the termination date. Terminated employees' Form I-9 can be removed from your records and shredded either a) - three years after date of hire, or b) one year after date of termination, whichever is later. Here is a simple process to follow to determine the date you can shred or delete the Form I-9:

#### **Review and determine retention requirements**

Date Employee hired: **06/02/12**

Date Employee terminated employment:  
**12/10/14**

Form I-9 must be retained until: **12/10/15**

✦ Determine the "**one year after termination**" date. Example: if an employee terminates on 12/10/14, the "one year after termination" date is **12/10/15**)

✦ Determine the "**three years after date of hire**" date. The employee's hire date should be on the Form I-9 in Section 2 in the "certification section"; Example: If the employee is hired on 06/02/12, then three years after date of hire is **06/02/15**). The retention date is 12/10/15 since it is later than the three years after date of hire.

✦ File the terminated employee's Form I-9 and copies of their documents by the retention date you just determined. If you file the documents by date (in this

example, December, 2015) then you have a system to properly shred the documents at the correct time.

✦ Notebook 2 should have date tabs chronologically for up to three years to ensure you are correctly retaining the documents for the time period required.

Check Notebook 2 regularly to see if any retention dates have passed. If so, pull those Form I-9's and related documents from Notebook 2 and shred them. Keep a spreadsheet of the name of the employee and the date the documents are shredded.

**Notebook 3-** This notebook is used to file any **Problem Form I-9's**. They should be filed by month, using the month tabs. Examples of Problem Form I-9's include employee's whose work authorization terminates prior to his or her employment and must be renewed before it expires. Another example would be for hires that need a grace period to obtain Social Security numbers or birth certificates.

**Notebook 4-** All correspondence and memos relating to Form I-9's for employees should be filed in Notebook 4. This includes any memos from management confirming the company's support of and compliance with Employer Sanctions, the utilization of E-Verify or SSNVS, the decision to post the E-Verify posters in the hiring area for applicants to see, etc.

#### **Maintain All Three Files in Safe, Secure Location.**

Each of the three records management programs for employees contain confidential information about your employees. You have a responsibility to maintain these records in a safe and secure location. They should all be kept within the Human Resources department, and locked in a filing cabinet or a locked office that has limited access by other employees, or stored on your computer with limited password access to the information. Remember Super Storm Sandy and the fires in Colorado several summers ago.....make sure you have a backup to the employer sanctions files you have worked so hard to complete correctly!

The processes described in this memo will provide you with an organized and secure method to properly store your regular HR file information, any HIPAA-protected information, and your Employer Sanctions records.

Feel free to contact Ned Frazier at 303.875.5078 with any questions about the process or to schedule an audit to proactively confirm your employer sanctions records are current and up to date.

**MAILING ADDRESS:**

PO Box 2948 Dillon, CO 80435

Phone: 303-598-4413

Fax: 303-374-5665

E-mail: [cpa@cpamichele.com](mailto:cpa@cpamichele.com)

Web: [www.cпамichele.com](http://www.cпамichele.com)

Important Dates for the Season:

**January 31st**—1099 submission deadline—for small business owners and rental property owners who hire subcontractors, legal help, or pay rent to non-corporate owners (must contact me by 1/15 if you need filing assistance)

**February 15th**—Deadline for submissions for Corporate Returns to be guaranteed for March 15th tax deadline (August 15th is final deadline for extended returns data submission)

**March 17th**—Deadline for submission for Individual Returns to be guaranteed for April 17th tax deadline (September 15th is final deadline for extended returns data submissions)

**April 8th**—Deadline for extension requests

While my tax preparation prices haven't increased in two years, due to recent changes in the Affordable Care Act and the IRS's increased correspondence and audit volume, I need to require that clients complete my organizers as part of the tax preparation process. I have a new charge of \$25 for those who do not complete my organizers to cover the additional time it takes to ask the questions that the organizer already covers, and I will bill hourly (\$115/hour) for any tax planning, IRS correspondence, or tax agency audits going forward.

## Scheduling Details

**Denver West** - 14143 Denver West Parkway, Suite 100  
(on Denver West Blvd, off I-70)

- Take I-70 to Denver West Exit and head north.
- Turn right at the first light (Denver West Parkway).
- Parking lot is on the left and there is plenty of parking out front.

**Broomfield** 11001 West 120th Ave., Suite 400, Broomfield, CO 80021 (South of Interlocken Loop, North of Airport)

- From Highway 36, exit Broomfield/Lafayette Hwy 287/121.
- Turn left & cross over Hwy 36, Left on Network Parkway 120th Ave.
- Turn Right on Interlocken Loop
- Turn Left on Network Parkway 120th Ave,
- Turn left at first opportunity between buildings

**Littleton (NEW LOCATION IN 2016)** 4 Dry Creek Circle, Suite 100, Littleton, CO 80120 (just North of C-470/S. Broadway exit at Dry Creek Blvd and Broadway)

- From C-470, exit S. Broadway
- Head North on S. Broadway
- In 1.4 miles, turn West onto W Dry Creek Circle

Communication Tips: Email and phone are my preferred methods of communication. **Please do not** text, message, facetime, linked in, or use any other form of communication...I simply cannot keep up! I am generally at my desk looking at email all day long, and I check voicemail at least a few times a day...all other methods are overwhelming to me and I do not monitor them. With tax time here, I will be spending a bit more time in appointments and a bit less time in front of my inbox. If you don't hear from me in 48 hours, please resend the email or don't hesitate to call again.

If you want to schedule a face-to-face appointment, we book in 4 different offices: Denver West, Broomfield, Littleton and Summit Cove/Dillon. Please see the schedule below for the available appointments in Denver West, Louisville, and Littleton. Summit County appointments are held at my office on Monday, Tuesday & Friday's based on a more flexible schedule. When requesting an appointment, please email me ([cpa@cpamichele.com](mailto:cpa@cpamichele.com)) a few good dates/times that work for you and I'll respond with a confirmation.

Wednesday, February 8th—Denver West

Wednesday, February 15th—Littleton AM / Denver West PM

Thursday, February 16th—Broomfield

Wednesday, February 22nd—Denver West

Wednesday, March 1st—Denver West

Thursday, March 2nd—Broomfield

Wednesday, March 8th—Broomfield

Wednesday, March 15th—Littleton

Thursday, March 16th—Denver West

Wednesday, March 29th—Denver West