

McGOWEN, HURST, CLARK & SMITH, P.C.

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TAX PLANNING FOR 2007...ALREADY?

Have you been thinking about your 2007 taxes? Can you believe we are almost halfway through the year? Tax planning should be a year-round activity, not something that gets put off until December. Here are some 2007 tax changes and some ideas to help you save on your taxes.

Putting money aside for retirement is a great way to defer taxes and build up your retirement nest egg. Looking for a 100% return on your money? Be sure to maximize your contributions to the extent they're matched by your employer. For 2007, the 401(k) limit increases to \$15,500 from \$15,000 in 2006. If you're 50 or older you can contribute an additional \$5,000 to a 401(k) as "catch up" contributions.

It is better to give than to receive — if it were only that easy. Starting in 2007, claiming a deduction for charitable contributions just got more complicated. To deduct any charitable donation of money, taxpayers must have a bank record or a written communication from the recipient showing the name of the organization, the date and the amount of the contribution. Taxpayers are already required to keep records to support contribution deductions; this new provision is designed to provide greater certainty, both to the taxpayers and the government, in determining what may be deducted as a charitable contribution.

The deduction for non-cash donations also became more complicated. You can claim a deduction for donated clothing and household items if they are in "good" used condition or better. If they had only told us what "good" means. I'm guessing my old socks wouldn't make the cut. However, a taxpayer may claim a deduction of more than \$500 for any single item, regardless of its condition, if the taxpayer includes a qualified appraisal of the item with the return. Household items include furniture, furnishings, electronics, appliances and linens. Be sure to get a receipt, a deduction is allowed for the fair market value of the item.

Attention taxpayers 70 1/2 or older. For 2006 and 2007 only, you can transfer tax free up to \$100,000 per year directly from an IRA to an eligible charity. Eligible IRA holders can take advantage of this provision, regardless of whether they itemize their deductions. The funds must be contributed directly by the IRA trustee to the charitable organization. Transferred amounts are counted in determining whether the IRA holder has met the required minimum distribution rules.

Absent any Congressional action, the percentage of taxpayers affected by AMT (Alternative Minimum Tax) is expected to increase from 2.5% in 2006 to 13.8% in 2007. The main reason for this jump is a drop in the AMT exemption amounts.

In 2006 the AMT exemption was \$62,500 for a married couple filing a joint return and \$42,500 for singles and heads of household. Under current law, these exemption amounts will drop to \$45,000 and \$33,750, respectively.

2007 brings an increase to tax-free Health Savings Account contributions. The 2006 limits were \$2,700 for single filers and \$5,450 for joint filers. Those limits increase to \$2,850 and \$5,650 for 2007. For 2007, a "high deductible health plan" is a plan with an annual deductible of at least \$1,100 for self-only coverage, or at least \$2,200 for family coverage.

For taxpayers who itemize their deductions there will be a new deduction for insurance premiums paid on mortgage insurance contracts issued in 2007. Mortgage insurance typically applies to homebuyers who put down less than 20% of the purchase price of their home. Until now only the interest paid on a mortgage has been deductible. This will be available to taxpayers whose adjusted gross income does not exceed \$110,000 (\$55,000 for married taxpayers filing separately).

Congress has extended the reduced tax rate on capital gains and qualified dividends through 2010. Currently the maximum rate on long-term capital gains and qualified corporate dividends is 15%. For those in the lowest two brackets the rate is 5% through 2007 and 0% in 2008.

In addition to helping you keep more of your money, proper planning can also help you avoid tax penalties.

Remember the safe harbors to avoid paying penalties. You need to pay in 90% of your current year tax or 100% of your prior year tax (110% if your prior year adjusted gross income was more than \$150,000) to avoid penalties for underpayment of tax.

On the other hand, you could overestimate, receiving a big refund on your income taxes. But that would be like putting your money in an interest free savings account that you can't get to until you file your taxes. If you want a big refund, send me your money. I'd be happy to send it back to you, interest free, prior to April 15th.

It's not too early to start planning for your 2007 taxes. Contact your MHC&S tax professional to discuss any new tax developments that may impact you.



Lynn Woollums, CPA

Lynn Woollums, CPA, is a supervisor at MHC&S and has been in public accounting for eight years. Lynn specializes in tax planning and preparation, and business consulting.

IOWA HOSPICE, LLC

“Love in Action”™

It was Karen’s radiation oncologist who suggested it. “He was nice enough to call me and tell me that he thought we should call in hospice,” Karen’s sister, Kathi Koenig, said. After discussing it with Karen and her family, Koenig said they decided to make arrangements for hospice care.

“It was a hard decision, because to my nieces, that meant Karen didn’t have much time left,” Koenig said. “Even to admit that is sometimes very difficult for a family.”

Karen’s family was one of many who have had to make those decisions about end-of-life care. And while many of them are caring for elderly parents or grandparents, many, like Koenig, are calling in hospice for their sisters or husbands, for their middle-age fathers or wives who have decided to end their fights against illnesses such as cancer, ALS and AIDS.

Some patients and families who could benefit from hospice care don’t even know what it is or that they are eligible to receive it. Even some health care providers are unfamiliar with hospice care, failing to avail their fatally ill patients of the service.

Tom Moreland, president and CEO of Iowa Hospice, noticed those deficiencies here in Iowa, and has since taken large strides in making up for them.

Originally from Iowa City, Moreland received his undergraduate and graduate degrees in education and health services administration from the University of Kansas.

“I’ve always been very interested in people and health care,” Moreland said. “When I was a kid, they had a volunteer program at Mercy in Iowa City and I loved that. You could get really close to the patients.”

During stints at healthcare organizations in Kansas City, Denver and Richmond during and after grad school, it was two trips to San Francisco and a book by Mother Teresa that solidified his calling to help and serve others.

The trips were spent volunteering at the “Gifts of Love” AIDS Hospice and the book was *A Simple Path*.

“The first 150 pages are about [Mother Teresa] and obviously, you’re captivated by her,” Moreland said. “The last chapter is called *Love in Action*. It’s a collection of stories about normal people committing their lives in a nonreligious way. You’re reading this and you think if they can be like that, maybe I can.”

And he could. To be closer to family, Moreland moved back to Iowa in March 2005 and founded Iowa Hospice in July.

The organization now serves over 200 patients in 51 Iowa counties and has three regional offices in Johnston, Carroll and Waterloo, three satellite locations in Oskaloosa, Panora and Marshalltown and a support center in Iowa City. Moreland’s goal is to serve all 99 counties in Iowa.

At first glance, Iowa Hospice looks like any other hospice organization in Iowa. Its goal is to provide expert and

compassionate physical, emotional and spiritual support and care for those who are dying and their families. People eligible for hospice care include individuals who have terminal illnesses with life expectancies of six months or less, as certified by their physicians. “The patient, family and physician must all be in agreement that they are no longer seeking aggressive, curative treatment, but rather comfort care and quality of life — the heart of the hospice philosophy,” said Amy Muhlenbruck, Director of Marketing and Public Relations for Iowa Hospice.

Also, like all other hospice programs, Iowa Hospice accepts Medicare, Medicaid and private insurance as payment. And they never refuse service to people who can’t pay.

But Iowa Hospice has one primary difference: it doesn’t have hospice houses. Its patients stay at home and hospice team members deliver medications and necessary medical equipment, keeping the patient’s routine as normal as possible for as long as possible.

“We know our patients are going to be most comfortable at home,” Muhlenbruck said. “Then they don’t always have to be going somewhere. We bring in the medical equipment, including hospital beds, lift chairs, oxygen. Their families can be there with them as much as they want to be. It’s not a huge disruption in their family life.”

In addition to assessing patient health, alleviating pain, finding counselors and helping make end-of-life arrangements,

Iowa Hospice goes a step further to ensure its patients’ needs are met through its Mind, Body, Spirit program. The program focuses on the psychological, physical and spiritual well-being of the patient through an integrated approach.

By mentally preparing the patient for death (mind), and by using massage (body) and music (spirit) therapies, health professionals can do more than treat the disease. They might be able to make the patient’s last days a little bit easier.

The people who make Iowa Hospice’s home-based approach work are its caring medical staff and volunteers led by a caring CEO.

“They know that when they left for the day, they’ve done everything they can for that patient to be completely comfortable,” Moreland said. “They know the entire team has done everything to make sure their spiritual needs are met, their emotional needs are met, and their physical needs are met.”

Qualifying Conditions

- Alzheimer’s Disease
- ALS (Lou Gehrig’s Disease)
- Congestive Heart Disease
- Lung Disease
- Dementia
- Stroke
- End-Stage Kidney Disease
- End-Stage Diabetes
- AIDS
- Cancer
- Debility



Iowa Hospice Corporate Office in Johnston, IA

BLOOD MOBILE STOPS AT MHC&S



As a member of the Blood Center of Iowa's "One Gallon Club", our firm member, Dave Farnsworth is all set to donate blood. Great job Dave, and to all the MHC&S Team Members who participated.

On May 8, MHC&S and tenants of our building held the second annual "1601 West Lakes Parkway Blood Drive." Our client, The Blood Center of Iowa sent its mobile unit to our address and took up residency in our parking lot for four hours as employees filed in to donate blood. The Blood Center was able to successfully collect 24 pints of blood.

Blood centers across the United States historically have experienced a decrease in blood donations during the busy spring and summer months as people become more active, have busier schedules, spend more time outdoors and take vacations. As the donations decline, unfortunately the need increases. In Iowa, 48 hospitals in 44 counties rely on the Blood Center of Iowa for their sole blood supply.

If you are interested in scheduling a mobile blood drive at your business, school, volunteer organization, etc., contact Michelle Schatzberg at Michele.Schatzberg@bloodcenterofiowa.org.

MHC&S WELCOMES NEW TEAM MEMBERS

KEVIN YEAGER

Kevin is joining our firm as a staff accountant in our business and services department. He was born in Hampton, Virginia, moved to Des Moines as a teenager and currently lives in West Des Moines with his wife, Megan, and their three children. In 2004, Kevin graduated from Grand View College with degrees in accounting and business.

AMANDA RYON

Amanda recently graduated from Iowa State University with a B.S. in Accounting and Finance, and is joining our Audit Staff. Amanda is originally from Story City and presently lives in Ames with her husband, Jason, to whom she has been married for almost a year.

PAM CORBIN

Welcome to Pam Corbin who joined our firm as an Administrative Assistant. Pam is originally from Carroll, Iowa but now resides in Urbandale with her husband, Phil, a business broker. Pam was the owner/designer of V2K Window Decor for three years, prior to selling the business.

SARAH BIGLEY

Sarah is joining our firm as a staff accountant after successfully completing an internship in our business services department. She is a recent graduate of Simpson College where she received a degree in accounting and a minor in management. She and her fiance, Kris, are planning an August wedding.

TRISHA BLAKE

Trisha is originally from Waukee, and now lives in Des Moines. She graduated in May from Drake University with a degree in accounting and will begin working on her Masters degree in accounting this fall. Trisha will work in our business services department as a staff accountant.

ASHLEY HILL

Ashley has interned at MHC&S since January 2006. She is a recent graduate of Simpson College receiving her degree in accounting with a minor in corporate communications and human resources. Ashley will work as a staff accountant in our business services department.

MHC&S PARTICIPATES IN IAHC EVENT

MHC&S was happy to participate as an exhibitor at the Iowa Association for Home Care Annual Conference, held in June at the Sheraton Hotel. MHC&S specializes in providing tax, accounting and cost reporting services to home health care agencies throughout Iowa.

Left: Kathi Koenig, CPA and partner presents Linda Davis, Iowa Home Care, with the winning basket for doing an exceptionally fine job of guessing the correct number of jelly beans. Good job, Linda!



IOWA HOSPICE, LLC - CONTINUED

Moreland has built his staff to meet those goals.

“We want compassionate people,” he said. “We need good people, but we need loving people more than we need good people. If they don’t have love or compassion, they usually won’t fit in our organization.”

Love and compassion is what Koenig saw from the Iowa Hospice team that took care of Karen.

“Probably the biggest thing is the emotional support you get from them,” Koenig said. “You get very close to them very quickly, because it’s an emotional time.”

The hospice team even offered their personal time to help Karen and her family. “You could tell she really cared,” Koenig said. “If we needed something, she’d be over there as quickly as she could.”

Near the end of Karen’s life, one of her friends held a benefit dance for her at the Lake Robbins Ballroom in Woodward, Iowa.

“It was important to my nieces that Karen go,” Koenig said. “They said that she was staying alive so that she could go to that dance.”

So Karen’s nurse and the aides helped to get her ready that night and drove up with the family to the ballroom. Karen was hardly aware of her surroundings, “but [the team] knew it was important to us,” Koenig said. “Even though it was after their work hours and not their normal thing to do, they made it happen for us.”

Moreland would describe that as “Love in Action.” It’s the mission of Iowa Hospice “to bring love, joy and peace into the homes of those suffering from a terminal illness.”

“It is hard to know that there is no hope for recovery, but there is still so much work that can be done,” Moreland said.

“We’re trying to take care of these people. We’re giving them hope that their family can get in bed with them, that they’re not going to be hooked up to machines and be in a hospital where there is visiting hours.”

“Mother Teresa was not going to solve poverty in the world. People were still going to die, people were still going to be homeless, people were still going to be sick. But she could make their lives just a little better that day, or comfort them when they’re dying. She could still go home, knowing she did everything she could for that day.”

And that’s enough for the employees of Iowa Hospice.

“In the end, when the patient and loved ones are all together, peaceful and accepting, we’ve done our job.” Muhlenbruck said. “It’s unbelievable work.”

by Becky Stroppe

“You Don’t Have to Be a Nun to Do the Work” – Volunteering for Iowa Hospice

Volunteers are a vital part of hospice care. They are members of the interdisciplinary team along with doctors, nurses and aides. Volunteer coordinator Pat Pedigo works with each volunteer to find assignments that fit their abilities and schedules. Here are some ways you can volunteer:

- Patient Care (home or nursing home)
- Office Assistance/Staff Support
- Bereavement Support
- Special Projects

Fifteen to 18 hours of core training is required. Advanced training is available. To get more information and sign up to be a volunteer, call 515-276-6696 or 1-888-752-4692.

QUICKBOOKS TRAINING CLASSES

If you are like most business owners, you have invested your time, money and energy into the growth of your business. You are committed to success. But with this commitment comes a high level of expectation for the people and systems you rely on.

Whether you are starting a new business, replacing your existing accounting system or currently using QuickBooks, we understand your concerns, and offer the services to help you utilize your software in a cost-effective and time-efficient manner.

Our QuickBooks training program will empower you to make use of the financial and business management capabilities of the QuickBooks software. Together this combination enables you to increase productivity and efficiency in the management of your business finances.

The classes offered this year are for beginner users. Each of our classes are eight hours in length from 8:30am until 4:30pm. They are small classes by design, with each participant having access to a computer and actually performing the functions as they are taught. The classes are held at:

Spindustry Training
1370 NW 114th Street, Suite 103
Clive, IA 50325

MHC&S clients are extended a special rate of \$175. Contact Peggy Baur at 515-462-1882 to receive this special rate and to sign up for one of the following classes:

July 24	October 16
August 21	November 20
September 18	December 18

Call today to reserve your spot.

