

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

*Celebrating 65 Years... all because of You!*

## 15 STEPS FOR AN EASIER AUDIT

**F**ew business owners actually look forward to the annual audit. It is sometimes viewed as a “necessary evil.” With the proper preparation, though, this “evil” can evolve into a valuable management tool. It is no secret that preparing for the audit requires extra time and is an interruption of the normal work flow. However, if the Company’s accounting records are in the best possible condition prior to the start of the audit, the auditors will be able to focus on ways to help you improve your business rather than just ensuring your financial statements are materially correct.

To help your audit go as smoothly as possible and allow your auditor to provide additional “value-added” services, including recommendations regarding your internal controls or operating efficiencies, keep the following fifteen steps in mind.

1. Meet with your CPA before year-end to discuss the timing for the audit process. At this time, the audit fieldwork can be scheduled to best fit your schedule, keeping in mind that key personnel should be available for questions during the audit fieldwork. It is also imperative that you are prepared for the audit and the schedule is followed as closely as possible to avoid delays in the audit process.
2. Remember to inform your CPA about any deadlines regarding the audited financial statements. This would include when the financial statements are required to be filed with your lending institution (or other outside party) or delivered to the Board of Directors.
3. Obtain a list of reports, documents and schedules your CPA will need. If some of the requests require considerable effort, don’t be afraid to ask your CPA why they are needed. You may be able to suggest a more efficient way to assemble the information or suggest different information that satisfies the same purpose. It may also be a good idea to get a copy of the work papers prepared during the previous year’s audit to ensure the information you are gathering is exactly what your CPA is looking for.



4. Discuss the overall audit process with your CPA. If you have identified something that did not go smoothly during the prior year’s audit, discuss it with your CPA so it can be resolved to both parties’ satisfaction.
5. Save confirmations, workpapers and other letters or documents prepared for your auditors in an electronic format for easy updating during the next year’s audit.
6. Try to make all adjustments to the financial records before the audit fieldwork begins. This would include reviewing any adjustments proposed during the previous year’s audit and making those entries for the current year, if necessary. Your auditors are not bookkeepers and the audit should not begin until all accounts are balanced and reconciled.
7. Ensure that all balance sheet accounts agree with supporting reconciliations or subsidiary listings. While your CPA may not necessarily need copies of these items, it is a good idea to have this documentation readily available.
8. Become familiar with the audit requirements of any funding sources and have copies of the requirements readily available for your CPA, if applicable.
9. Provide adequate working space and privacy. This should include access to telephones and internet.
10. Perform a pre-audit analysis of significant income and expense accounts. This will help identify any additional adjustments that may have been missed up to that point and will allow you to have answers readily available to questions the auditors will likely ask during the audit.
11. Discuss any large, unusual or complex transactions with your CPA before the audit begins.
12. Review last year’s financial statements, auditor’s reports and IRS forms. Update any footnotes and prepare all necessary schedules.



*Andy Elston, CPA*

*Continued on back page.*

# DOLL DISTRIBUTING

## TRAVELING ON THE ROAD TO SUCCESS

The story begins in 1965 when Merlin and Edith Doll purchased a small beer distributorship in Hastings, Nebraska. With just two trucks, 100 customers and 25 packages of different beer products, Doll Distributing began its travels. Fast forward 45 years and today Doll Distributing is on the high road with a fleet of 45 trucks, 2500 customers and over 500 different beer offerings.

McGowen, Hurst, Clark, and Smith P.C. is pleased to profile our client, **Doll Distributing, LLC** in this issue of our *Client Bulletin*.

When the company was first purchased, Doll Distributing was transporting 200,000 cases of beer a year. However last year according to Mark Doll, President and CEO, they transported 7.5 million cases traversing over 32 routes from Council Bluffs to Amana, Iowa. The headquarter office was located in Council Bluffs for many years and was moved to Des Moines four years ago, while still maintaining a Council Bluffs office.

At the helm of this driving force is not only Mark, but three of his siblings: Jay and Scott Doll and Tami Doll Van Sant. Mark shared that all of the siblings are extremely active in the business and together they make decisions mapping out the course for Doll Distributing. How did they learn the business? From the ground floor up... as most of their Saturdays and summers, as young kids, were spent cleaning the warehouse, working on the trucks, and doing whatever needed to be done to help the family business roll along.

Today Doll distributing employs 245 employees during their peak season of summer...you know when nothing tastes quite as good as an ice-cold beer on a hot summer day. According to Mark, July 4th is the biggest weekend for beer sales. And just in case you are wondering what the best selling beer product in Iowa is, Mark reported that Bud Light tops the list not only in Iowa, but in the United States, as well. Obviously the marketing slogan "This Bud's For You" was taken quite literally by millions of people!

### Message of Responsibility

Selling beer is very different than say...selling canned corn. And with it comes a high level of accountability and responsibility. Mark said, "We contribute a portion of every case of beer we sell to convey a "drink responsibly" message to the marketplace."

According to Mark, they do this in different ways from providing free cab rides home from the special events they sponsor to training bartenders to check IDs and how to determine when not to serve a patron. They provide "Drink Responsibly" signs, and even arrange for speakers to give presentations in the schools cautioning kids that poor choices when drinking alcohol can severely impact the rest of their lives. Mark said, "We are very concerned about our responsibility as a beer distributor. It is important we do everything we can to help people know when to "say when." Mark shared that as a sponsor at the Iowa Cubs games, we encourage groups to have designated drivers. "We even provide free O'Douls for designated drivers. We believe if you are not part of the solution, then you are part of the problem."



Mark Doll, CEO, along with his brothers and sister, steer Doll Distributing on the road to success.

### Marketing Products

Doll Distributing has contracts with Anheuser Bush, Crown Imports, and several local breweries. Their agreements obviously include transporting beer from the supplier to the customer. "That's the logistic part," Mark said, "but we actually become the marketing arm for the supplier as well. They rely on us to make sure their signage and displays are in place, and that the beer is rotated and fresh for the customers."

*"We lead and then get out of their way – it's as simple as that."*

Doll Distributing sponsors many concerts, shows and fun events, working in conjunction with their suppliers. They use social media tools like Facebook and Twitter to help market their events. Last month at a local lounge, Doll Distributing sponsored a "Band of Buds" contest night. Groups of friends competed for a trip to Las Vegas by sharing how well they knew each other. Mark said, "The younger crowd began twittering and texting their friends to come out to the bar and join the fun. This is just how the young people communicate and we need to be a part of it."

# 2010 TAX RELIEF ACT

In late December, President Obama signed into law a multi-billion dollar tax cut package, the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 (2010 Tax Relief Act). Following are highlighted provisions of the Act. For more information, please visit our website at [www.mhcsca.com](http://www.mhcsca.com) or contact us at: 515-288-3279 (West Des Moines office) or 515-462-1882 (Winterset office).

## Individual Incentives:

- The following were extended for another 2 years:
  - Bush-era Individual and Capital Gain Tax Rates
  - \$1,000 Child Tax Credit
  - Earned Income Tax credit
  - Enhancements in the Adoption Credit
  - Enhanced Dependent Care Credit
  - Employer-Provided Child Care Credit
  - American Opportunity Tax Credit
  - Educational Assistance Exclusion
  - Student Loan Interest Deduction
  - Enhancements to Coverdell Education Savings Accounts
  - State and Local Sales Tax Deduction
  - Higher Education Tuition Deduction
  - Teacher's Classroom Expense Deduction
  - Charitable Contribution of IRA Proceeds
- The following were extended for another year:
  - Mortgage insurance premium deduction
  - Energy efficient improvements to your residence, \$500 credit
- AMT patch for 2010 (\$47,450 for single taxpayers and \$72,450 for MFJ)
- Changes for wages and self employment income earned in 2011
  - Social security tax withholding decreased from 6.2% to 4.2% up to wage base of \$106,800
  - Self employed individuals will pay 10.4% on S.E. income up to the limit rather than 12.4%

## Business Incentives:

- 100% bonus depreciation effective after September 8, 2010, and before January 1, 2012, then reverts to 50% until December 31, 2012.
- Research tax credit extended through December 31, 2011
- Transit benefits extended until December 31, 2011
- Work Opportunity Tax Credit extended until December 31, 2011
- Five year depreciation life of farm machinery extended through December 31, 2011
- Several business energy incentives extended one or two years

## Estate Taxes:

- Maximum estate tax 35% with a \$5 million exclusion for 2011 and 2012
- Estates of those dying in 2010 can elect to go under the new law or have no estate tax and apply the modified carryover basis rules
- Provides portability of the exclusion between spouses – unused portion of estate tax exclusion can be used by the surviving spouse
- State death tax deduction extended through 2012
- Gift taxes in 2010 use an exclusion of \$1 million and a 35% tax rate. After 2010, an exclusion of \$5 million applies with the 35 % tax rate ■

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## MHC&S DAY OF CARING

On November 13th, 20 MHC&S Team members, plus some family members, participated in the annual Urbandale Caring Corp Fall Clean-up Day. They were assigned five homes of residents who were unable to rake their leaves, trim hedges, etc. Four hours and 130 filled lawn bags later, they were finished. What a great, albeit *chilly* day! What a great feeling!

Thanks to all those who participated, and a special thank you to Pam Corbin and Lynn Woollums for organizing the event. ■



Many MHC&S employees participated in the Day of Caring, assisting the Urbandale Caring Corp with their annual fall clean-up day.

## 15 STEPS TO AN EASIER AUDIT - CONTINUED

13. Inform your CPA of any amendments or changes to bylaws, articles of incorporation, leases, major contracts or agreements, including loan agreements and any related covenants. Make copies of any significant new documents for your auditors to retain in their files. Also make sure to inform your CPA of any lawsuits in which the Company is involved.
14. Discuss any changes in the accounting system, including the effect of new employees, software packages or internal control procedures.
15. Have all minutes available for review, or provide copies of the Board packets to your CPA as they are prepared throughout the year.

In addition to the above fifteen steps, remember that your CPA is available for any questions or concerns that you may have at any time throughout the year, not just at “audit time.” Keeping an open line of communication during the year could help address problems as they arise and ease the work at year-end. If you have questions regarding your audit, please contact us at 515-288-3279. ■

Andy Elston, CPA, is a Supervisor at MHC&S and has over eleven years experience in public accounting. Andy specializes in providing audits, compilations and reviews. For more information, contact Andy at 515-288-3279.

## DOLL DISTRIBUTING - CONTINUED

### Secret to Success

What has led to the success of Doll Distributing? Mark was quick to reply “hard work”. And he believes his siblings would agree. “It all comes down to hard work. You have to be here early and go home late. You have to be willing to do things you are asking your people to do. And most importantly don’t forget to have fun.”

Mark credits his employees with their company’s success. “I work with very talented people who care about the business and our customers.” said Mark. “We make sure our employees receive the training they need to succeed in their jobs. We lead and then get out of their way – it’s as simple as that.”

### Greatest Satisfaction

Although there are many things that bring Mark great satisfaction with regard to his work, he remarked that being able to work along side his brothers and sister, and watch their business grow has been the most rewarding. In addition, he and his siblings are involved in the community. “We think it is important to give back to the community and we try to be good corporate citizens.”

### What Does the Future Hold for Doll Distributing?

Acquisitions. Doll Distributing wants to make sure they are always in a position to act should the opportunity to buy another distributorship present itself. Mark said, “We want to have all the pieces in place to take advantage of growth opportunities in buying another distributorship.” This includes the ability to expand their internal team of professionals, available financing and an external team of competent advisors. Mark said, “Having a good attorney and a great accounting firm like MHC&S, who you can rely on to help you grow your business, is critical. That is the foundation or the building blocks needed to grow.”

McGowen, Hurst, Clark & Smith, P.C. would like to wish Doll Distributing continued success. If you would like more information on Doll Distributing, you can reach them at 515-263-3208 or visit their website at [www.dolldistributing.com](http://www.dolldistributing.com). ■

*by Rose Breuss  
Marketing Director*

## 2011 STANDARD MILEAGE RATE

Beginning on Jan. 1, 2011, the standard mileage rates for the use of a car (also vans, pickups, or panel trucks) will be:

- 51 cents per mile for business miles driven
- 19 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The new rates for business, medical and moving purposes are slightly higher than rates for 2010. The rate for charitable purposes is set by law and is unchanged from 2010. ■

## QUICKBOOKS TRAINING CLASS

A QuickBooks Training Class, offered by McGowen, Hurst, Clark, & Smith, will be held **Tuesday, January 18th, 4pm - 8:30pm** at New Horizons Computer Learning, Urbandale, Iowa.

Our QB training class is geared for beginner to intermediate users. It is a hands-on class with each participant having access to a computer.

The cost is \$250 with all materials provided and dinner is included. (A \$50 discount will apply to all MHC&S clients registering with Pam Corbin.) The instructor will be MHC&S QuickBooks ProAdvisor, **Tara Raymond**. Please call **Pam Corbin** at 515-288-3279 to register. ■