

Scott McHone brings positive insight and confident direction for successful living in today's challenging economy.

In the midst of economic confusion, when clarity and encouragement are sorely needed, he points the way to the light at the end of the tunnel and offers hope.

"Money is much like atoms. The larger the denomination, the more people pay attention to it, and the more people are attracted to it."
(Page 12)

"You have to like what you do to be good at it." (Page 22)

"What type of things can we spend our money on that will help improve our financial condition?" (Page 28)

"Education is the great equalizer." (Page 29)

"I have heard pastors say that Jesus talked more about money and possessions than Heaven and Hell combined." (Page 56)

"God wants us to take care of our family and ourselves." (Page 61)

"You are your best investment." (Page 128)

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RECESSION RECOVERY MANUAL

BY SCOTT MCHONE



A Fresh Viewpoint on Classic, Proven Principles to Success

Recession Recovery Manual

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Scott P. McHone, CPA, PhD, owns a public accounting firm in California. Along with traditional accounting and tax matters, Scott P. McHone, CPA, A Professional Accountancy Corporation, is dedicated to providing clients with financial advice, business knowledge, and current trends in the philosophy of business organization.

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Preface

With the recent problems in the financial markets, companies going out of business, and unemployment spreading throughout society, we need greater understanding of money, finance, and business law. Unfortunately, most of us do not have the time or money to become proficient quickly enough in these areas to combat the difficult times.

But remember, with change comes opportunity. Even in these recessionary times, there is opportunity to prosper. The purpose of this manual is to provide the necessary tools and principles to help people and businesses safeguard their financial well-being and become prosperous.

Master the diverse material in this volume, and you can be well on your way to prosperity, regardless of the general direction of the economy.

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Does money bring happiness?

Why start with this question? Because the understanding of what money brings to our lives, and what it should be used for, is the first step in approaching prosperity. Our Declaration of Independence specifies these unalienable rights: life, liberty, and the pursuit of happiness.

Our founding fathers never wrote about the pursuit of money as a major life goal. Happiness is one of America's core concepts. This chapter will discuss happiness and joy.

Most people believe money will bring them happiness and joy. You must distinguish between happiness and joy. Happiness is defined by most as good fortune, whereas joy is defined as an emotion of well-being. Happiness is short-term pleasure, whereas joy is life-long. We ask our friends if they are happy, but how often do we ask them if they are joyful? Can money buy happiness? Maybe. But it cannot buy joy.

Money is a tool of exchange. Money can help you feel better, but only for a while. When you catch cold, you take medicine to feel better. The medicine does not cure the sickness, but simply provides some comfort. The end result

of acquiring medicine is to make you feel better and reduce your symptoms. You have exchanged bad feelings for good ones.

So it is with money. You can exchange money for something else. The questions are, why do you want money, what do you want to get from it, and what will happen when you get more of it? Are you hoping to receive happiness? Security? A sense of power?

Money is related to all those things, but not equal to any one of them. Take the simple formula: Money = Pleasure. It's an attractive formula, and one we are all more than eager to test. You might expect that if you are able to add more money, you will receive more pleasure: More Money = More Pleasure. It doesn't work quite that way. Otherwise, Bill Gates might injure himself reveling in his cash resources.

Fortunately for us, great wealth brings with it a feeling of responsibility about the way in which the wealth is to be used. And a part of the feeling of joy is our awareness of having dealt responsibly with our wealth, however much or little it may be.

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You want more money. Of course you do, but what are you going to do when you get it? Why does it make sense for Bill Gates to give away so much money, and increase his happiness by doing so? Can that work for the rest of us? If we feel content with the money we have, are we closer to being joyful? If so, does increasing prosperity actually lead us away from joy?

Again, greater prosperity can give us more free time. But ask any retiree, and you will find that excess time, with no purpose to it, becomes a burden. Your short vacation may seem too short, but a very long vacation may make you feel that you aren't contributing to a goal - as you must do in order to feel joy.

Maybe you like to fish, and never have enough time. But, unless you are determined to deplete the world's fisheries, all the free time in the world, including the infinite freedom to go fishing, may become burdensome to you.

In short, it's much easier to acquire wealth than to acquire joy. Maybe wealth should be seen as a by-product of joy. If so, we could increase wealth only by experiencing joy. Then we could not have one without the other.

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Joy seems to be possessed by some people who are poor. Mother Teresa could not have been made happier by the addition of great wealth, though probably she would have derived added joy by using wealth for the benefit of others. Look inside yourself to determine why wealth is desirable to you. If the reasons aren't good, you may acquire money, but never wealth or joy.

If you have the common necessities of life, and are not joyful, more money will not make you joyful. For once you have achieved those basic necessities, joy will flow from your nature if you possess it. Get joy, and you will get wealth.

Those who have more money can acquire more possessions. Possessions do not equate to happiness, either. "Shall I drive the Lamborghini today, or the Ferrari?" Such fanciful questions assume the extreme wealth that leads to daily decisions most of us don't have to worry with. We simply take the Ford, and think nothing of it.

Whatever shall we do with the money? Once we acquire it, we will have to answer that question.

Too much of almost anything is not good. People like challenges and once we have achieved a goal or acquire a

possession the newness wears off. Our brains get used to a certain stimulus, and learn to ignore it. A shot of money registers on the pleasure scale, but in a short time, the pleasure diminishes. Happiness fluctuates despite a constant inflow of money.

Being rich does not guarantee happiness. Many rich people are very unhappy. It's probable that they think they could be happier if they only had more money. As we have seen, they are wrong. Connections with others, having goals, feeling secure in your life – these are the things that can bring happiness. Money can make things easier, but it is not the motor that makes them go places.

There is a level of income that people need to maintain so that they can have basic necessities. After the basic needs have been met, the amount of happiness does not increase at the same level.

Entire countries can be poor. And devastating poverty can lead to extreme unhappiness for everyone. All people need a certain basic level of income to be able to face the world confidently. That level of wealth, affluence, income, or possessions is basic to achieving happiness. Beyond that, more money does not immediately translate into increased

happiness. When that level is reached, on a national basis, those who exceed the basic level can be comparatively as rich as those in other nations with a higher level of basic wealth. But that does not mean that they automatically have a greater level of joy in their lives.

Satisfaction leads to happiness, but in some ways we are never satisfied. When basic human needs are satisfied, many people still wish to acquire further wealth. But no further happiness will come with that increased wealth, unless some happiness already exists. Upon that basic rock of happiness, you can build joy, with contentment in your material circumstances.

We often expect to get more from money than what it actually brings or buys. There are those with a garage full of expensive autos, and a habit of acquiring more, and of trading one happiness-object for another deemed more pleasure-worthy. And their quest is endless, and perhaps ultimately self-defeating.

Economists have a name for the ever-increasing importance of acquiring possessions: “the hedonic treadmill.” The pace of this treadmill gets faster and faster as we become wealthier and in turn spend more. Now

consider what we can do, if we have the money. We can buy something every single day. But if we need to buy something every day to feel the temporary high of acquisition, perhaps we are drugged by the prospect of wealth. Our needs exceed our wants, and we are addicts to the drug of acquisitiveness.

What can you do to help bring happiness? Here are a few suggestions. People, in the form of family and friends, are a powerful force in the acquisition of happiness. Your social circle has the ability to draw you into happiness. And activity gets you going. Move around, play a game, have lunch with friends, go places. Workouts can give you added energy for the pursuit of happiness.

Focus on the positive. If you are sure you can do it, then you can do it. So go and do it. Get a better attitude. Don't envy the success others may have. Create your own.

Be grateful for all the things God has done for you. Count your blessings. Make a list of the things for which you are grateful. Family and friends will be on that list. If not, you need to accumulate some blessings, for you are impoverished. Get some blessings. Go places and do things, meet people, acquire some blessings. Bliss happens!

The following story may help put money and happiness in perspective. A man has one dollar. He is in need of one more dollar. Another man has a million dollars. This man is in need of another million dollars. Both men need the extra money. Which man is poorer? The first man is in need of one dollar so he is a dollar poor. The second man is in need of a million dollars. He is a million dollars poor. The man with the million dollars is poorer. He needs more.

We have learned that money cannot buy Long-Term happiness. At best money can provide a very short-term feeling of happiness. We briefly discussed what things in life could produce longer-term happiness. Now let us discuss joy. Joy is the key to a good life. According to Aristotle, "Joy is the meaning and purpose of life."

Joy is a commandment. Joy should be the foundation on which we build our lives. The Bible is full of passages about joy. Having God in our heart brings joy. Look at Philippians 4:4 (New King James Version): "Rejoice in the Lord always; and again I say, 'Rejoice!'" The book of Psalms is filled with rejoicing and praising God.

Psalm 37:3-4 tells us:

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Trust in the LORD, and do good;
Dwell in the land, and feed on His faithfulness.
Delight yourself also in the LORD,
And He shall give you the desires of your heart.

Clearly, there is evidence that joy is desirable and achievable. When a child is told to stop pouting and whining, there is some confusion both for the child and the adult. How is it possible to simply put on that happy face? And yet it can be done. Kids do it every day, and grownups can learn. That's joy, or a first baby step toward it.

A player who experiences the agony of defeat can still have joy in accomplishment, in the attainment of great skill, and in offering competition to the opponent. This great joy of physical accomplishment is one that is given up by many people when they enter into their adult years. They become too busy to play games. They remember the phrase from 1 Corinthians 13:11, "when I became a man, I put away childish things." Apparently, most people interpret this to mean that they must always work and never play. This is joy denied.

Joy is available, but it can only develop in your heart. You stimulate it with activity, with play, with work, with

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running, with dancing, with singing, and with giving and doing and being. Believe that you can feel joy, and you will feel joy in that belief. There should be no surprise at this: joy is in you, and you can let it out. Simply rejoice!

Even in the midst of pain one can have joy. When a mother is giving birth, she is experiencing great joy knowing she is going to have a new baby along with the pain of labor. When Jesus Christ was on the cross dying for the world's sins he experienced great physical pain along with the agony of the sins of the world, but at the same time must have experienced great joy knowing that He has saved the world. "...looking unto Jesus, the author and finisher of our faith, who for the joy that was set before Him endured the cross, despising the shame, and has sat down at the right hand of the throne of God." (Hebrews 12:2) "Most assuredly, I say to you that you will weep and lament, but the world will rejoice; and you will be sorrowful, but your sorrow will be turned into joy. A woman, when she is in labor, has sorrow because her hour has come; but as soon as she has given birth to the child, she no longer remembers the anguish, for joy that a human being has been born into the world. (John 16:20-21)

Joy persists even in the absence of happiness. Joy, as a celebration of life, embraces the highs and lows. C.S. Lewis wrote that one day joy will be “the serious business of heaven.” Sorrow and joy are two sides of the same coin.

How money works. The gravity and magnetic aspects of money.

At this point you are probably thinking, “This manual is supposed to help me acquire more money.” It is very important that we all understand what money can and cannot do for us. Let us now focus on how money works. Hold on! This is going to be somewhat difficult, but if you grasp the following concepts and the ones presented throughout the rest of this manual, it will help you have more money.

The basic principle of gravity is that every atom is like a small magnet. Atoms have varying weights, or degrees of power. Money is much like atoms. The larger the denomination, the more people pay attention to it, and the more people are attracted to it. Imagine if five one hundred dollar bills were lacquered on the sidewalk for everyone to see on Main Street, the busiest intersection of town. What do you think would happen? People would stop and fight to get the money, the intersection would become jammed, and eventually the traffic patterns in this area would be affected. The more money lacquered to the sidewalk, the

greater the attraction and impact on Main Street. Money is magnetic.

Try this one out for yourself. The next time you have some relatives over for a family get-together, take five one hundred dollar bills and place them in the middle of your dining table. Around the money, place your food, table decorations, and place settings, and see what happens. You will experience that everyone will look at the money probably once every couple of seconds and the conversations that take place will deal with money and finance. Depending on your relatives, someone may even try to take it. Now at a future get-together take a book, maybe a Bible, and place it in the same spot. See what happens. In most cases your relatives will ignore it. I am not attacking your relatives; this is true of almost all people. People are attracted to money.

Let's learn a little bit about gravity and magnetism. Gravity is an expression of the attractive forces between objects. Magnetism, on the other hand, can display repulsion as well as attraction. Take two magnets and try to push the two North poles together. Notice how they repel one another. It's the same with the two South poles. Now

try North to South. You will have to work to pull them apart. The application here is you can make money work for you, not against you.

Every object in a system is interconnected. The objects closest to you have more effect than those farther away. In the case of gravitational attraction, the attraction varies inversely as the square of the distance. Therefore, only a short distance is sufficient to reduce the amount of attraction to a negligible amount. The closer you are physically to your money, the more energy you get from it. This is why it is very important to have money in your wallet or purse. I recommend having three to five hundred dollars on you at all times. The reason, "seeing is believing." People are attracted to money and people who make a lot of money. Who do you believe is more successful, the man who says that he has a million dollars in the bank and only has eighty dollars in his wallet or the man who says the same thing with five hundred in his pocket? When you have more money on you, you build up a more powerful field of confidence. Don't you feel more confident when you have more money in your pocket? People want to deal with people they perceive as

successful. People will invest in you more when they are convinced that you are successful.

The more money you have, the more gravity you have! Save your money. Whoever said it takes money to make money, missed the mark. It takes money to attract money. You can start small and watch it grow.

There is a basic relationship between electricity and magnetism. When you move an object that has an electric charge on it, you will generate a magnetic field. This requires work. The application here is that you will have to work to make more money. There is no such thing as working less and making more. You have to work and understand how to get your money to work for you and flow. If you can generate a strong enough center, the money flows will be toward you and your bank account.

Magnetic lines of force can be made visible with iron filings. These lines extend in loops between the poles of the magnet. If you perform the work of moving an object within a magnetic field, you can generate an electric current. The greater the attractive power of the magnet, the greater the current flows that can be generated. The basic equation involves the expenditure of energy to generate a

result. That is the same as saying that you must work in order to make money. The magnetic concept suggests that your money can have value as a basic particle on which more money can grow. This could also be described as a seed.

This leads to the rural analogy involving the concept of farming your money. We are not talking about growing crops for sale, but rather the concept of actually growing and managing your money. Farming starts with seeds. Without seeds you cannot farm. Seeds are also the source of next season's crop. Those who eat all the seeds and do not save any can be in big trouble. We have to be very careful with our seeds after we plant them. Water, chemicals, time, and experience are very important to successful farming. Once we have a crop we need to sell it. The farmer's story takes this analogy and develops it into a capsule summary of global economics.

If each year you can plant enough seed to live comfortably and start your next year's crop, you have taken the first step toward basic survival.

If you have no seed set aside for those times when disaster strikes, you are not prepared for the inevitable

unknown, and you are lost. If you are prepared, you can set aside just a bit more each year, and start developing your assets. This is the second step.

If you do have the disaster and are unprepared for it, you may be drawn into excessive borrowing, and may eventually get to the place where no amount of hard work can replenish your store of seeds. Your farm and your livelihood are lost. Your family and your home are lost.

All of us have some seeds. Some of us have more, some fewer, but the concept of saving and cultivating money is so true. For every day that goes by and we do not practice this, opportunity is lost. Once today's quantity of opportunity is gone, we can never go back and retrieve the lost time. If we can just do a little better each day, we are making progress.

Maybe you have only ten seeds. You are not alone. Most people have not saved very much money. Maybe you can create a group to form buying power. I am fascinated with the concept that individuals with little decided to group together to create buying power. In essence they are creating gravity and money magnetism, multiplying the attractive power of money for the benefit of the group. The

following is a narrative of a traditional concept that describes pooling money to form buying power.

This is the "tanda," or "turn." This is a type of rotating credit association, developed by the poor in Mexico, where a group of people would pool their money together at a set amount per week. Each week, one person would be selected in turn, partly at random, partly by seniority, to receive the full amount of the tanda to spend on their private obligations. Each member would contribute for the entire period, even after having a turn at receiving the payment. In this way, the system was based on trust that developed among the participants.

The total quantity of money available was greater than an individual could hope to accumulate. The power of community pressure serves to keep all participants contributing each week. And, of course, the hope of receiving a large sum keeps each person paying into the fund till his turn comes along. Peer pressure and greed are harnessed to keep all participants contributing till the benefits start to arrive. At that point each participant can begin to see the power of accumulation that develops when

a number of atoms stick together, and each generates its own tiny bit of attractive force.

Money needs to circulate. The more money that is in motion, the better off we are. Sounds a little bit like “Reaganomics,” but it does work this way in real life. Static electricity is a very dangerous phenomenon. Electric charges, when harnessed, form the basis of modern mechanical processes. And yet, these electric currents that benefit us so much are nothing other than electric charges harnessed and channeled into doing useful work.

The amount you spend at a business becomes income to the business. Employees get income by providing service to the business for wages. Businesses can pay wages to their employees only if they can sell their products, and make the money circulate. The circulation of income results in economic activity, and is a result of economic activity. The greater the flow of income, the stronger the economy becomes.

As demonstrated in this chapter, there is a great amount of correlation between gravity and money. Money attracts more money. Once money is put into the proper motion it will stay in motion as long as it does not

encounter resistance. Sounds like one of Newton’s laws, doesn’t it? As we have learned, the natural laws of science do have an impact on the economy and your wealth. In the next chapter we are going to learn how to make more money through hard work, business psychology, attraction, and other money principles.

**How to make more money. It is not easy,
but it can be done.**

The first important concept is work. There are many financial books and financial seminars that offer the concept of working less and making more. I know you have seen or heard of them. People who have invested in real estate and now make \$20,000 per month without having to work. How these people now are able to spend their time doing what they want to do and not having to work. Or working at home part time and making \$10,000 per month. They call this financial freedom.

Nothing could be farther from the truth. The Bible states that if a person does not work, he does not eat. Sorry to drop the bomb on you, but we are all designed and engineered to work. When Adam and Eve fell into sin, they had to start working the soil to eat. Sweat, pain, and stress are part of the game. Unless you are a trust fund baby, you are going to have to work. This chapter will tell you how to work smarter, get more out of the work you perform, and make sure you are doing the work that is best suited for you. That's right, you can make more money from the hard work you are putting in. I am fully confident that if you

work 50 hours a week and make \$40,000 per year, you can put the same number of hours in and make at least 50% more by following the principles in this manual.

Do you like the type of work you are doing? If the answer is “No,” or “Sort of, because it pays the bills,” then you are probably never going to make a lot of money at it. You have to like what you do to be good at it. Maybe this is why so many Ivy League type law students and MBAs end up earning a lot less than what is projected in their field of study. They went to college because they had to, not because they wanted to.

If you are working in a field that you don't enjoy, start looking for another job. There are many tools out there to help assess what you are good at and would like to do. Self-assessment can also help you make the correct decisions. You know yourself better than anyone else. You are your best coach. Take some time to figure this out and implement it. Be patient because once you get it right, the payoffs will be big. The best investment you can make is in yourself. You control your own destiny. This is a lot better strategy and a lot better investment than investing in others or the stock market.

References and analogies have been made in this manual in regard to rural and agrarian work. Remember the first work mankind did was farming and gathering. Remember the old saying, early to bed, early to rise, makes a man healthy, wealthy and wise. What time do you get up in the morning? What time do you go to work? What time do you go to bed? If you are one of those people who get up at 7:00 AM, eat, do a little bit of exercise, and start making money at 9:00 AM you have decreased your chances of making money by 25%. That's right, you are late on making money. A successful salesman told me that he starts working at 6:00 AM and by the time his competition is eating their breakfast at 8:00 AM he is eating their lunch. In other words he is making money while they are eating breakfast and not yet working. The sooner you get into the game, the better chance you have of winning. Do you want to be a starter or a reliever? Do you want to be one of the first ones to practice, or one that shows up late? Next time you are lying in bed at 6:45 AM, remember there are people working getting money that you could be earning. There are only so many dollars earned and spent each day. Get your share of it.

You may be thinking: What's the difference if I get up late and work late, or get up early and leave early? I am still putting in the same number of hours. Yes you are, but you are not as productive. When you awake from rest you are the most productive. So going to the gym first is a waste of your most productive energy -- unless you are a professional athlete or dancer. You may think that the early workout gets you going for work, but it saps your strength. You are not going to make any money working out. You should do your workout in the afternoon or evening hours so that it can help you relieve stress and release some endorphins.

The earlier your wakening time with the proper number of hours of sleep, the better chance you have of making money. Think about it. The morning allows for quiet time. This time can be used for planning, educating, researching, and/or working. In the late afternoon and evening, our thoughts are geared toward leisure. This is the way we are designed. In ancient times the evening hours were spent in the tent with family and resting.

Through many years of observation of many workers, the work habits in the morning are more productive than

the ones in the evening. This is why most important meetings are set in the morning. Regardless of who you are, you are less productive in the evening. The evening is the time you want to spend time with family and friends. By going to work earlier, this can be achieved. The person working into the wee hours of the night finishing a plan or project is yearning to complete it so he or she can go home. The same person starting in the wee hours of the morning is yearning to complete it and have it reviewed by the boss when she or he shows up for work.

You might be in a situation where you have an evening shift or your boss will not allow you to show up earlier than 8:00 AM. Except in those rare cases such as law enforcement, firefighting, factory workers, etc., your company will be better off allowing you the flexibility of coming in to work earlier. On a side note, if you are working 40 hours a week from 9-5 and cannot get your schedule changed, maybe this is your chance to work a couple of hours in the morning to make more money doing something you really like or preparing yourself for something else. Sounds like a good opportunity to me. Start a side business. Learn a new trade. Take an online course

(Tip: education is the great equalizer). This is America. You can do it.

Before we switch gears, another tip that goes along with getting up earlier is this: if possible, try to do the hardest or least desirable work first. We start the day fresh, so daily production increases when we get the hard stuff out of the way first. In the afternoon we start to get tired and our production slows down. This is the time to perform the easier work.

You can tell a lot about people by how they spend their money. You can also tell a lot about people by how they treat those who work for them or serve them - like waitresses. Let us first focus on what you spend your money on.

“For where your treasure is, there will your heart be also.” (Matthew 6:21) What do you spend your money on? Go back and look at your checkbook and the receipts from your purchases and see where your money is going. I think you will be shocked by what you have spent your hard-earned money on. Do we really need all the things we buy? Believe me, this is a lesson I have learned and understand fully how fun it can be to buy things. We have to keep in

mind the principles discovered in the first chapter. We cannot maintain happiness by buying things.

What if you spent some of your money on things that will help you make money or help others? What would that do to help you? Let's explore. "He who has pity on the poor lends to the Lord, And He will pay back what he has given." (Proverbs 19:17) We have all heard the saying that it is better to give than to receive. (Acts 20:35). Let us think about this for a second. What does this saying really mean? If we are in a position to give someone something, we must have something extra to give. Thus we must be in a pretty good financial position to be able to give. I have also seen some of the poorest people give to someone less fortunate than themselves. And almost always these givers end up having more than what they had before they gave. Does this mean that we should go out and give away everything? Probably not, but we do need to give in a fashion that is a sacrifice. "Now Jesus sat opposite the treasury and saw how the people put money into the treasury. And many who were rich put in much. Then one poor widow came and threw in two mites, which make a quadrans. So He called His disciples to Himself and said to them,

'Assuredly, I say to you that this poor widow has put in more than all those who have given to the treasury; for they all put in out of their abundance, but she out of her poverty put in all that she had, her whole livelihood.'" (Mark 12:41-44)

What type of things can we spend our money on that will help improve our financial condition? We just discussed helping the poor. What other things are there? I am sure that after looking at your checkbook, you have discovered there is stuff you can live without. So start weeding these things out first. Make a game of saving money. It can be fun, and rewarding.

I recommend that you spend your money as follows: Tithes and offerings to the Church along with helping the poor, shelter and food, healthcare, education, transportation, necessary living costs, and the rest in income-producing investments. Start saving your money. Start small and watch it grow. Save your seed for those tough times and for retirement.

As we have pointed out earlier, education is a great way to increase one's income. One of the surest ways for someone who is poor to rise up and become wealthy is

through education. Education is the great equalizer. During tough recessionary times, when jobs are few and far between, we should be spending time educating ourselves. And this process should never stop. We should be educating ourselves throughout our life by taking good solid courses. If you have a college degree, start going to graduate school. If you have not finished high school, finish it now. If you never went to college, sign up. There are plenty of good schools out there that offer classes via the Internet. Some of these schools are fully accredited and well recognized. Take my advice. Go to school. This is something you can do early in the morning and on your breaks. Hard work, self-denial, and perseverance are the key attributes of success.

We are now going to take a jump into hyperspace and go to another level of thought. I have provided some information from some of the experts in an area that I feel is very important for you to understand. You truly are only as good as you think you are. In life, there are underachievers and overachievers. Be an overachiever. Reality is our perception thereof. To a certain extent we can create our own reality.

Don't use up any more energy desiring money, or feeling sorry for yourself for not having enough money. What you expend your energy on is what you are going to receive. The want of money is what you will receive, if that is what you focus your mind on. Instead, you must focus your mind on abundance.

Study wealth and its accumulation, rather than focusing on the things you lack. Wealth and its accumulation is the positive force you desire, and you can attract that positive result only by the kind of thinking that makes it possible. Poverty of imagination can't possibly lead to richness of funding. To achieve a dynamic flow of funds, keep your intake channels open.

I know that times are tough. You may be in a situation where it seems the whole world is crashing down. Cash may be tight, your debts are mounting up, and things seem hopeless and you are not sure how you are going to make it. Maybe your business is not generating the income it once did. But don't give up. Think the positive not the negative; declare, "I can do all things through Christ who strengthens me." Turn the tables on the world and say, "If God is for me, who will dare be against me." There is

nothing that you cannot do with God on your side. You are on the winning team. Work the positive not the negative. Trust in the Lord with all your heart and do not fall back to your own understanding. It is during these times that we need to praise God and thank him for what he has done and what he is going to do. What types of bailout do you want, a government bailout or a God bailout program? Which one do you think will work? Which one will last? When God bails us out it will be free and unconditional. Trust Him, He will not let you down.

The problem for most is that we are always focusing on the problem, not the solution. Stop talking about how bad everything is and focus on the fact that God will take care of you if you start to take care of yourself. Come up with a plan. Work hard, learn new things, be smart with your money and God will bless you. Don't you know that being negative will lead to failure and being positive will start the process of becoming successful? God wants us to win, and you know who wants us to fail. The enemy. That's right, Satan himself wants us to get caught up in negative thoughts and become depressed.

Take each day and start now on your road to recovery. It will take time, but you will work yourself out of any issues that you may have.

'Don't judge each day by the harvest you reap, but by the seeds you plant.'-Robert Louis Stevenson. Here's an example of putting the shoe on the right foot! Focus on putting more of your own effort and value into the struggle, and lose the habit of focusing on the benefits you receive. Your benefits will be ample, frequent, and solid, so don't give them another thought. Instead think about the wonderful efforts you will be putting out tomorrow, with the seeds that you have planted for yourself today!

Money flows will increase exponentially with the magnetic power of the seed money you have put to work for you. This force will continue increasing as time advances, the effect increasing and accelerating. Keep an image in your mind of the value of money, the good it can do, and you naturally tend to attract more of it. Keep reflecting on your current poverty, and you will naturally extend it. Negative cash flows follow the path marked out by negative cash thoughts. Get yourself into a better, more positive, circuit.

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Find an attitude of peace concerning money, and its acquisition will become a more peaceful, reassuring and abundant process. Continue to exhibit gratitude for the gifts that have been given to you, and further benefits will continue to come your way.

Once again, find work that you can love. That's one of the key ways in which you can plant those daily seeds of encapsulated desire. The fruits, after your expenditure of great amounts of work, will be more than you ever dreamed of getting.

Your mind is a partner in the visualization and conquest of wealth, and it must be a willing participant in the effort, and in the enjoyment of wealth once it is achieved.

Anything is possible. At any given point in time you can decide to change your financial condition. No matter how bad it is you can work through the problem. Don't quit. Don't give up.

As you can see, making money is not easy. If it were, everyone would have it. Again, hard work, perseverance, and self-denial are some of the key attributes of success. A positive attitude is required. Remember, we are not

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knocked out. Maybe we are in a standing eight count, or beaten up a little bit in the third round, but we are not out. There is a lot of fight left in this country and us. All we need to do is pull ourselves up by the bootstraps, and work hard and smart. Get yourself in the right career and continue to educate yourself. Don't count on the government to bail us out. The problem is too big and runs deeper than that. Trust in God and the work and planning you can do with His help.

Next we are going to discuss time management and how important it is. You are going to find these principles very valuable and interesting.

Time management. Controlling your most important resource.

How often do we wish for more time? As our lives and careers advance, money becomes less of an issue and time becomes more important. This is especially true the older we get. It has been said that time is money. This is true, but someone can have more money but only so much time. Questions such as "How should I spend my time?" are more frequent than "How should I spend my money?"

Our goal should be to spend sufficient time in the areas that are important to us. By setting goals and prioritizing them, you can spend time where it is important. I'm not trying to persuade you what is important and what is not, but asking you to make the right choices. The goal here is to learn what is important to you.

As we get older time goes by more quickly. A year is less in proportion to us now compared to when we were children. When we are five years old a year is one fifth of our life. At the age of forty it is one fortieth. With that said, time is one of our most important resources. "See then that you walk circumspectly, not as fools but as wise,

redeeming the time, because the days are evil." (Ephesians 5: 15-16)

We need to put more thinking into what we do. Spend the first few minutes planning on what is the best way to accomplish your goals for today. You want to be effective. You want to use time to the best advantage. By planning your day to be effective and efficient with the amount of time you have, you can make better use of it. A short hand-written list can help accomplish this task.

The ability to balance our time is essential to proper time management. We need to separate the tasks that matter from the ones that do not matter. By controlling our time we will receive greater freedom of time.

Renowned time management consultant Alan Lakein recognizes three types of people: the overorganized, overdoers, and time nuts. His book, *How To Get Control of Your Time and Your Life*, forms the basis of much of this chapter.

Each of us is different. We need to realize which category we fall into and find a balance or harmony with that.

I, for example, possibly need to plan a little less and move forward with accomplishing the task. I find that I tend to over-organize when a situation or task is new. In my mind this establishes a foundation or format for a similar situation or task that may arise in the future. This can lead to time wasted in analysis that should have been used to accomplish the task.

Don't be extremely over-analytical, try to over-do, or remain preoccupied with time. Act moderately with all three. If you focus on organizing, and keeping busy, while remaining aware of the amount of time being used, you will complete tasks at the fastest pace.

We need to use our free choice in making decisions on what we do with our time. Role adjustments are required as times change. When there are changes in our lives, such as job changes, having children, etc., we need to make sure we are making time choices that are right for the current new set of circumstances. We need to keep in mind that we are in control of our time. Sometimes it does not feel that way, but we have the final decision on what we spend our time on. That is why we have to make the decision on the best use of our time.

The control of time starts off with planning. We should learn from professional time planners. We should see what works for them and what does not. True professionals will focus on what is working in time management and what is not. They quickly separate and disregard what is not working. To plan correctly, we need to set our priorities now. I use Lakein's ABC approach to priority and goal setting. The ABC approach ranks the importance of priorities with A's being the most important, to C's which are the least important. The ranking of these priorities comes from our personal needs, assessments, or goals. We start the process by ranking these goals. I believe this is a good common-sense way to prioritize our goals. Sometime the simplest tasks are the ones we tend to overlook.

Lakein recommends that we then set lifetime goals. The setting of priorities avoids goal conflict. The goals need to be set for both the short term and the long term. These goals need to be revised periodically.

The following are my lifetime goals as I set them when I took a time management course in College:

- 1) Expansion of my CPA practice. (A-1)
- 2) Completion of my PhD. (A-1)

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- 3) Receiving my minister license. (A-2)
- 4) Receiving a Master's or Doctorate in Theology. (A-2)
- 5) Spending more time with my family. (A-1)
- 6) A family vacation. (A-2)
- 7) Completion of the Race Car at "God's Garage." (A charity I'm involved in) (A-2)
- 8) Becoming more physically fit. (A-3)
- 9) Getting more rest. (A-3)
- 10) Spending more time helping others. (A-2)

Then ask yourself: "How would I like to spend the next five years?" My response to this question is the same as outlined above. Lakein's next question is: "If I knew I would be struck dead by lightning six months from today, how would I live until then?" With that in mind, I narrowed my lifetime goals as follows:

- 1) Spending more time with my family. (A-1)
- 2) Making sure that my family is taken care of with my passing away. (A-1)
- 3) A family vacation. (A-2)
- 4) Spending more time helping others. (A-2)
- 5) A closer relationship with God. (A-1)

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After much consideration, my three most important Long-Term goals are as follows:

- 1) My family.
- 2) A closer relationship with God.
- 3) Expansion of my business.

Try this exercise for yourself.

Getting started with our goals right now is the next step. The focus is on avoiding procrastination. The best technique is to select the most effective activity now, eliminate any low priority items, and pick a priority now and do it. Just do it.

Scheduling helps with time management. We need to take time to plan by blocking out sufficient time and making changes to our plan as time goes by. As I discussed earlier, I believe that planning is an essential tool to success. We have to plan to succeed. If we do not plan for success we are planning for failure. Each morning I plan for what needs to be accomplished both for my business and myself. Even in the evening, if something comes to mind that needs to be completed, I will write it down so that I can include it in my next morning's plan.

Lakein introduces the concept of “transition time,” which he describes as the time between when you rise in the morning and the time when you begin work. I would like to extend that definition to include the time between the completion of one task and the start of the next task. You can use this transition time to prepare for maximum efficiency when you begin the new task.

I have certain work strategies that I have used over the years that allow me to pace myself. There are times when we need to “do nothing” – again a Lakein concept. Short breaks during the day actually increase my production. I have found that taking about a three-minute break every twenty to thirty minutes of work allows me to pace myself at a very efficient and effective rate. At times even a one- or two-minute break every ten to fifteen minutes will benefit production when the work is very difficult.

When I transition between work assignments or jobs I usually take a break. This break can be anywhere from ten to fifteen minutes. During that time I sit and rest, and contemplate how I am going to approach the new task. What I am doing is planning. I let my mind race on the project I am about to embark on. I have also used this

technique when I have been preparing to sleep. About fifteen minutes before I plan on going to sleep I start thinking on what transpired during the day and what I need to do tomorrow. Sometimes, and a lot of times lately, my mind automatically does this and sometimes I wish it did not. Oh well. It is working and I am sleeping well.

One of the most important aspects of good time management and success in business is keeping a list of items that need to be accomplished. This list is commonly referred to as a “to do” list. Why are business leaders successful? They keep a “to do” list. I use Lakein’s approach of identifying which of my “to do” items are of high priority. I label them with an “A” and work on the ones that really matter. I have found that 90% of the items on my list fall within the “A” category and are very important to complete that day. The one out of ten that does not I either do not do or delegate to someone else.

To keep control of your time, you must learn to say no. When I am working on a project and a staff member comes into my office with a question, I tell him politely that I am busy right now, and will talk to him later. Sometimes I will search for a compromise, especially if his need for

information is urgent. I have found that the principle of sharing time works. When two people who need my time know they need to share the time, I can continue to work as they sort out the priorities.

Three principles, again deriving from Alan Lakein, that I use are: encourage others to let me know when time may be needed, keep a log of interruptions, and set availability of hours. These principles help staff members become more aware of their time and mine. Setting boundaries trains people to know when and where it is appropriate to use someone else's time. These principles also help me when I am requesting time of others, such as employees or clients.

Lakein recommends that we frequently "Ask Lakein's Question." This is: "What is the best use of my time right now?" This, in turn, involves the principle of planning to make use of time. We should ask this question all the time. When we encounter important tasks that have been put off, we should try to give them five minutes of our time to see how much progress we can make. I have tried this principle in the past and it has worked for me in some cases. When a project is very difficult it may be better to outline the underlying issues and take small steps toward completion.

As the project continues, the amount of time in each step will increase. I believe this falls within proper planning and restructuring when we reach certain points in our thought processes. At times our moods allow work to flow and research to provide better results than we achieve at other times.

When I am working on a project I like to take short breaks. I have found that little rest stops between sessions allow my work to flow and I am able to produce more accurate work. This principle pays off with more difficult projects. By keeping interested, balancing the workflow and slowing down when the final decisions need to be made, accuracy increases along with more efficient time management. Sometimes we have to psych ourselves to work on something that may be very hard or unpleasant. The best approach is to envision what it will be like to complete such a task. Or, in rare cases, to consider what it will be like if the task is left uncompleted.

Never be in fear of a project. Your concerns should be what the result will be if the work is incorrect or untimely. Shaking off these concerns and focusing on the mission will allow you to complete those tasks that are troublesome

or burdensome. Focus on the positive not the negative, and consider what it will be like when you are done. When you have completed the difficult task, reward yourself.

What should we do when we get off the path? How can we do better next time? Sometimes we waste time or maybe we procrastinate. Start by admitting to yourself when you have wasted time. If you find that you are still procrastinating, stop and do nothing for fifteen or twenty minutes. You will feel uneasy and want to get back to work.

We can gain momentum when we complete segments of our work. I found for myself that I gain momentum for a project when I break it into sections. It's necessary to do the work that's placed in front of us. There are times when we will do better than other times. We need to focus on both the trials and errors along with the success. By doing so we learn what works for us as individuals and what does not.

Good time management is common sense. It seems easy and somewhat elementary. We all know what is important and what is not. We all know how to rank priorities. We all know how to pace ourselves and complete our work. The problem is that we know all of this but do

not always do it. Write down the tasks that need to be done today. List them in order of importance, then do them in that order. At the end of the day the tasks on the list should be completed. If we cannot start by applying basic principles, how can we expect to advance to more complicated issues? It is the simplest of these things that can bring the greatest results.

Organizational Psychology. Know yourself and others.

We all have different personalities and temperaments. This is the way we are. The good in us is from God. The bad in us is a result of our sin nature. It is difficult at times dealing with our sin nature. Before we can successfully understand others we need to understand ourselves. Many of us have a preconceived idea of who we are. Or who we want to be. Understanding ourselves is the start of achieving more wisdom on how to deal with others.

There are sixteen personality types or patterns that are often referred to by a 4-letter type code developed by Isabel Myers based on her understanding of the personality typology of Carl Jung. The following information was taken from the website of The Myers & Briggs Foundation, <http://www.myersbriggs.org>.

“Perception involves all the ways of becoming aware of things, people, happenings, or ideas. Judgment involves all the ways of coming to conclusions about what has been perceived. If people differ systematically in what they perceive and in how they reach conclusions, then it is only

reasonable for them to differ correspondingly in their interests, reactions, values, motivations, and skills.

“Your Personality Type: When you decide on your preference in each category, you have your own personality type, which can be expressed as a code with four letters.”

As an experiment I decided to test myself. There are a series of questions I had to answer to determine where I scored. You can find this test at the following web address: (<http://www.humanmetrics.com/cgi-win/JTypes1.htm>).

According to the Jung Typology Test, I am an INFJ. I am an introvert, intuitive, feeling, judger. I was on the border between the introvert and the extravert and also between the feeler and the thinker. The strengths of my preferences in percentages are I(11%), N(50%), F(12%), and J(89%). According to the test, I am “slightly expressed introvert, moderately expressed intuitive personality, slightly expressed feeling personality, and very expressed judging personality.”

What does this all mean? How can we use this information to communicate and work more effectively and efficiently with others? After absorbing the fact that I am a borderline feeler, which was a complete surprise to me in a

masculine sense, I contemplated how I interact with others. I guess since I contemplated first who I am then considered seeking out others' opinions, I can now see why I am a borderline introvert versus an extravert. When I decided to seek out other opinions, I was concerned with how they feel about me and how this would impact my feelings. Wow, I am a feeler. Well, I still like the Oakland Raiders.

We all have weaknesses in dealing with others, especially in the workplace. Based on our sin nature, these weaknesses will continue to erupt and interrupt our relationships. On a personal note, one of my weaknesses is to criticize. This comes with having a judging (J) type personality trait. Remember, I am an I (introvert) N (intuitive) F (Feeling) J (Judger) INFJ.

As a businessperson, my daily responsibilities are to evaluate problems, review work product, correct work product, and make recommendations for improvement. Problem solving is a key element of my job. With this type of work, the ability to critique is an asset. Critical behavior can be helpful, but in many cases it is harmful. We need to be careful and monitor our behavioral traits.

With a better understanding of my personality types, I will be able to work better with others who are like me or who are different. Otto Kroeger and Janet Thuesen, in *Type Talk at Work*, say that we need to be careful lest our “strength maximized becomes a liability.” If we rely solely on our strengths, we will not use the other types to their fullest to help increase our ability to work with others. We need to become familiar with the sixteen personality types so that when we meet others, we can quickly observe and listen to learn what personality type they are. Understanding how the personality types interact with the others is very valuable and will lead to successful communication and happier relationships.

There are some personality types we need to be very careful with and others we need to avoid when possible. The book of Proverbs Chapter 9 verses 7-9 reads: “He who corrects a scoffer gets shame for himself, and he who rebukes a wicked man only harms himself. Do not correct a scoffer, lest he hate you; Rebuke a wise man, and he will love you. Give instruction to a wise man, and he will be still wiser; Teach a just man, and he will increase in learning.”

Sometimes you will encounter difficult types. Perhaps the one who can't stand being wrong. This is the one who will argue an incorrect position to the end. The Bible clearly teaches us what to do with these types. We need to pray for these people. You can use the knowledge of personality types to better deal with conflicts, goal setting, and problem solving.

By better understanding yourself you can better understand others, knowing which buttons to push and which to stay away from. A lot of this is known from more informal sources, but now there is a tested platform to use with personality type testing and behavior temperament studies.

How can we get more motivated to work harder and get up earlier? (I return to this point because I consider it of such importance. Early rising leads to earlier and better returns.) Let's learn about motivation. According to *Organizational Behavior* (Stephen P. Robbins & Timothy A. Judge, 12th ed., 2007, Pearson Education, Inc.), page 186, motivation is defined as "the processes that account for an individual's intensity, direction, and persistence of effort toward attaining a goal."

The major early theories of motivation, as described in Robbins chapter 6, are Hierarchy of Needs Theory, Theory X, Theory Y, and Two Factor Theory. These theories did not hold up well when scrutinized but did help set the foundation for contemporary motivational theories. The major contemporary theories of motivation are McClelland's Theory of Needs, Cognitive Evaluation Theory, Goal-Setting Theory, Self Efficacy Theory, Reinforcement Theory, Equity Theory, and Expectancy Theory. Perhaps a bit more information than we need.

Where does motivation come from? Does it come from within a person? Does it come from the person's environment? Or does it come from certain situations or circumstances? Motivation can be a result of internal drive and external forces. Motivation can come from within a person, from the environment, and from the individual situations or circumstances of life. Each of the major contemporary theories has a different vantage point on motivation. This is why contemporary motivational theories work best when integrated.

There are other factors that motivate some of us. These are not part of the mainstream contemporary motivational

theories. For individuals who have accepted Jesus Christ as their Lord and Savior, this relationship creates motivation. Deep down inside, this is the prime motivator. At times, and sometimes more than it should, the need for achievement, power, and affiliation comes to the surface of behavioral patterns, but we need to ask ourselves, is this Christ-like? It is hard not to be motivated by money and success, but is this God's plan for us? We read in Matthew 6:24, "No one can serve two masters; for either he will hate the one and love the other, or else he will be loyal to the one and despise the other. You cannot serve God and mammon." As much as we can, we should try to keep this in focus so that we do not get so caught up in working for the wrong reasons. God's plan for us is to work hard and do a good job. We are not to be slothful. Our motivation should be from God. Proverbs 18:9 reads "He who is slothful in his work is a brother to him who is a great destroyer." Again, we are designed to work.

I read a great summary of what the Christian work ethic is. All About God.com, "The Community for Seekers, Sceptics and Believers," defines the Christian work ethic as follows: "Ethics are a collection of values and behaviors

people consider moral. Therefore, positive work ethics are the collection of all the values and actions that people feel are appropriate in the workplace. A Christian work ethic is one in which work is viewed as a virtuous duty that has been mandated by God both before and after the fall of man. Idleness is viewed as a vice. Because we live in a fallen, sinful world, there will be times that work will involve a degree of strict self-denial. Workers should also receive satisfaction and maintain a spirit of joy. A Christian work ethic requires a commitment to excellence in the task."

I submit that our motivational theory as Christians should be the "theology theory." Even though this is not part of the contemporary motivation theories, I feel that this is best suited for our job, home, school, and other situations.

Being a Christian is a total change in who we are. For some it stops after Church is over, but ought to continue into other aspects of life. Being a Christian is for life, all of our life. This includes work, entertainment, and social activities. Giving in and letting the Holy Spirit guide us in

all aspects of our life is where we will be the most pleasing to God, and will make us the happiest.

We learned that there are 16 different personality types. Knowledge of these types gives us an organized method to communicate better. Those we can't communicate with, we have to learn to avoid. Academic theories of motivation abound, but none of them seems to include God. The "theology theory" takes into account both the individual and what God wants us to do.

Money and Religion. Is there a correlation?

I have heard pastors say that Jesus talked more about money and possessions than Heaven and Hell combined. A third of the parables of Jesus are about money. The Gospel of Luke is full of verses about money. Gold and silver are mentioned over 700 times in the King James Version of the Bible. With all of this emphasis on money from the Bible, why do people not read it for help?

Money and Religion have several correlations. Throughout history we see religious sects close to power. Kings and Queens have kept spiritual advisors close to their side. As we know, some of these advisors were of God and some were not. When the Romans occupied Israel they made covenants with the Jewish religious leaders and were able to control the Jewish people through these covenants. Mankind has developed a philosophy that if money is paid to the Church, forgiveness is obtained and a seat in heaven is secured. Thus the idea of penitence was developed. With this the correlation of money and religion can be expanded to money, religion, and politics. Religion is an integral part of our society. But we have to keep in mind that there is a

clear distinction between religion and a personal relationship with God.

Too many times we have seen politicians in this country wanting to sway religious leaders to get votes to become the President of the United States of America or some other elected position. And some of these religious leaders are going for it.

The focus of this chapter is on the Bible and what we can learn from its correlation and teachings in regard to money. When one thinks of the Bible and money one of the first teachings that come to mind is 1 Timothy 6:10 which states, “For the love of money is a root of all kinds of evil, for which some have strayed from the faith in their greediness, and pierced themselves through with many sorrows.” The most famous part of this verse is the first part in regard to the love of money as the root of all kinds of evil. This verse is misunderstood by a lot of people. Most people interpret this verse as meaning ‘money is evil.’ And if you have a lot of money, it will make you evil. This interpretation is incorrect. It is the love of money that is the root of all kinds of evil. Again, it is the love of money that

causes the problem. Money by itself is a medium for exchange, simply a way to buy and sell goods.

I was working on a project for a client, and I was having a conversation about money with one of his employees. This guy flat out said that he loves money and wants more money. I found this to be odd and somewhat alarming. It is rare that we hear people say this, but we can see how they view money by what they spend it on.

If you want to check your heart, go back and look at your check book, credit card statements, and receipts from shopping and see what you love. I checked mine, and saw how much I like cars, baseball, and eating. “For where your treasure is, there your heart will be also.” (Matthew 6:21) Along with the money God has given us, we also need to look at how we spend our time. I suggest that you prepare a timesheet, and see how much time is actually spent with the Lord, and on his work.

Money provides both freedom and comfort. Everyone needs money. Money is an important element for every household, and a frequent topic of discussion.

God gives us a lot of promises in the Bible. One of the most interesting promises is one that deals specifically with

wealth and money. “Bring all the tithes into the storehouse, That there may be food in My house, And try Me now in this,” Says the LORD of hosts, “ If I will not open for you the windows of heaven And pour out for you such blessing That there will not be room enough to receive it.” (Malachi 3:10)

In this passage, God is challenging us and making a promise at the same time. Let us examine this verse. God is commanding us to tithe. Yes, the ten percent that most Christians struggle with. With this command comes a challenge that is unique to all other verses in the Bible. God says try me on this. God further promises that if we try him on this and tithe, he will bless us with riches from heaven. Where else in the Bible does God say “Try it, you will like it?” What are Christians waiting for? Why don’t they tithe? The reason is very simple. They do not trust God. If we can’t trust God with our money, how can we expect to grow as Christians and trust Him with our lives and the lives of our loved ones?

Does this mean that if we tithe, God will pay us back with interest and monetary dividends? No. What it does mean is that God will bless us in many ways that may

include becoming wealthy. I truly believe that if our hearts are right, we willingly and cheerfully tithe, and do not love money, God will bless us in so many different ways, that we will truly be rich.

Throughout the Bible the word steward is mentioned. Merriam-Webster defines steward as “one employed in a large household or estate to manage domestic concerns (as the supervision of servants, collection of rents, and keeping of accounts), a fiscal agent, one who actively directs affairs.” Since God created us in his image and gave us this earth to rule, we are God’s stewards for everything on this earth. As such, our role with money takes a different meaning. God has entrusted us with money and is the source of us receiving money. We are God’s managers and we have to keep in mind that all of it is God’s. So the concept of tithing should be that we get to give back to God and he lets us keep a lot. When you start thinking that everything is God’s it takes a lot of pressure off us. As long as we are in accordance with God’s will, we cannot lose. Think about it. Stop stressing on money and other issues in life. Put your faith in God, ask to be in accordance with his

will, work as hard as you can, and everything will work out.

Before money, wealth was measured by how much land you owned or how many possessions you have. Not much has changed since then. It still seems to be about possession and what money will buy. What does God want us to do with our money? What does God want us to buy? Dr. Charles F. Stanley has broken it down into very simple terms. God wants us to use money to meet our personal and family needs, to carry out the Lord's work, for goals that are within God's will, and to help and provide for the poor and elderly.

God wants us to take care of our family and ourselves. "And my God shall supply all your need according to His riches in glory by Christ Jesus." (Philippians 4:19) "Delight yourself also in the LORD, And He shall give you the desires of your heart. (Psalms 37:4) As we learned earlier, God wants us to tithe so that His work can be carried out. God also promises to take care of us and bless us for doing this.

All of us have goals in life. It may be the purchase of a home or a car, or to save money for college. All of these

goals are good, as long as we are not going beyond God's will. This does not mean that we cannot have a big house or a nice car, but this all needs to be in accordance with God's will and be used to glorify his name. God has a specific plan for each of us. We need to seek out God's plan and be in accordance with his will. This can be achieved through prayer, reading the Bible, and fellowship with other believers.

As Dr. Stanley pointed out, God uses money to accomplish specific purposes. God uses money to train us, test us, to develop our testimony, and to share the gospel by providing resources to perform evangelism.

We need to rely on God in all matters, including finances. God will be faithful and provide for us. We have to have faith in Him. As we do, we can share with others the blessing God has given us by being faithful and trusting in him.

When one considers all the books and articles that have been written about money, along with seminars, lectures, and other forms of communication, the Bible still ends up with more useful information and lessons than any other writing or teaching. Then why don't people use this

information more often? It is quite simple; they do not want to rely on God. Most of us, and at times all of us, want to control our destiny and rely on ourselves. This is a problem for us in regard to money and other matters in life. If we simply turned all of our problems over to God and trusted him, life would be less stressful and we would anticipate the outcome like opening a present on Christmas morning.

If you were setting up the board of directors for your new company, and had a choice between Donald Trump and God, whom would you choose? Whom would you listen to?

The following are the top twelve Bible verses that deal with money. Please keep in mind that this is a fraction of the Bible verses that deal with money and finance.

“The rich rules over the poor, And the borrower is servant to the lender.” (Proverbs 22:7)

“Wealth gained by dishonesty will be diminished, But he who gathers by labor will increase.” (Proverbs 13:11)

“For which of you, intending to build a tower, does not sit down first and count the cost, whether he has enough to finish it— lest, after he has laid the foundation, and is not able to finish, all who see it begin to mock him, saying,

‘This man began to build and was not able to finish?’” (Luke 14:28-30)

“A man’s heart plans his way, But the LORD directs his steps.” (Proverbs 16:9)

“A good name is to be chosen rather than great riches, Loving favor rather than silver and gold.” (Proverbs 22:1)

“The plans of the diligent lead surely to plenty, But those of everyone who is hasty, surely to poverty.” (Proverbs 21:5)

“He who is faithful in what is least is faithful also in much; and he who is unjust in what is least is unjust also in much.” (Luke 16:10)

“Do not be one of those who shakes hands in a pledge, One of those who is surety for debts; If you have nothing with which to pay, Why should he take away your bed from under you?” (Proverbs 22:26-27)

“He who tills his land will be satisfied with bread, But he who follows frivolity is devoid of understanding.” (Proverbs 12:11)

“The simple believes every word, But the prudent considers well his steps.” (Proverbs 14:15)

“Honor the LORD with your possessions, And with the firstfruits of all your increase; So your barns will be filled with plenty, And your vats will overflow with new wine.” (Proverbs 3:9-10)

“Without counsel, plans go awry, But in the multitude of counselors they are established.” (Proverbs 15:22)

Are taxes fair?

The concept of the fairness of taxation has long been debated. This is an issue all across the world. All governments strive to create tax systems that are fair, but many taxpayers think of all taxation as a kind of theft.

There are very diverse opinions of taxation and fairness. Some of these opinions are very negative. The decline of production with excessive and unfair taxation is of course a great problem, but so is the problem of a governing system that is crippled without the resource of taxation. Taxes are, of course, the major source of funds for any government.

Thus, the antagonism between the individual and the governing structure is created.

The history of formal taxation goes as far back as ancient Egyptian times. The tax collectors imposed a tax on cooking oil. Ensuring compliance required close scrutiny of households to make sure that citizens were not cheating by using other types of oil. In other words, consumption of cooking oil had to be verified, as this was the basis of the tax.

In more modern times, nineteenth century Prussia seems to have led the way in the development of methods of taxation and enforcement. According to Charles Adams (in *Fight, Flight and Fraud: The Story of Taxation*), “Unlike the British, the Prussian system summoned taxpayers before revenue authorities for examination. All taxpayers were required to declare and pay their tax. Prussian surveillance was so extensive that one German legislator declared, ‘The country is covered with a perfect system of espionage.’”

Remnants of the tax on cooking oil in ancient Egypt survive into modern America. Our sales tax system is based on consumption. Even the Internal Revenue Service has imputed tax based on the estimated consumption of a product that in turn generated an extrapolated amount of income.

This heightened oversight causes the feeling that government is observing the people in detail, with a view to maximizing its income, without regard to the problems involved in invading the privacy of the people and reducing the income they retain from their hard work.

On the other hand, taxes go up in wartime, and fewer people complain. The application of funds is seen to be in defense of the homeland. At the cessation of hostilities, wartime taxes sometimes are repaid out of gains made by the winning government. Thus, if your side wins the war, you are more likely to approve of both the war and the tax - until the war is forgotten.

This is a very interesting concept. Imagine if we took this approach with modern-day Iraq. The amount of oil revenue that can be generated by modern-day Iraq is huge. Conceivably America could considerably reduce the tax burden on its citizens by taking a percentage of the profits from Iraq’s oil production.

Some scholars believe that the fall of Egypt and Rome was due to overtaxing the citizens of those countries. As Adams notes: “The prevalence of crippling taxation prior to the fall of Rome has led many historians, in all ages, to suspect that Rome, like so many great empires, taxed itself to death.” The question is at what point does a government overtax the people? There must be a point of diminishing returns.

The overall purpose of government is to protect and safeguard its citizens. With government the emphasis should always be on the overall financial, physical and mental condition of the people. Ideally, government should help make life better and easier.

Today we have a lot of taxes. We have both Federal and State income tax, employment taxes, corporate taxes, sales tax, fuel tax, tobacco and alcohol tax, property taxes both secured and unsecured, inheritance taxes, gift taxes, excise tax, import and export taxes, school tax, bond tax, motor vehicle tax, environmental tax, and so on. With so many different taxes one's lifestyle could generate taxes over fifty percent of their gross earnings. Is this truly what our forefathers wanted for America?

After reviewing many tax court cases of different venues, I have observed that the driving force of the court is to enforce every aspect of tax law, sometimes regardless of the merits of taxpayer objections. It appears that the court is at odds with the taxpayer. Obviously at times this is warranted. But there are many times when honest taxpayers have valid arguments that are attacked aggressively by the court and the taxing authority. Taxation is an important

element of the economy. What we have to fight against is the use of the government's power to support taxation, right or wrong, at the cost of our respect for taxation, and for government itself.

As we require more services from the government, increases in taxes will always be an issue. The question is how much do we need from government and who should pay the tax? A part of this question is the notion of 'devolution' of services from the federal to the state and local levels.

One of the biggest problems with taxation is society's acceptance of it. As we have learned from the history of taxation, people naturally resist it. The reason for this is that they do not think it is fair. The concept of perceived value of taxation needs to be developed. When consumers in the marketplace spend their money on products and services, they perceive a value from those purchases. Most modern consumers want perception of value and gratification immediately. This does not happen with money spent on taxation. For the most part, tax dollars are deducted from individuals' pay or added to their purchases

and uses. Thus the payment of taxes does not provide any immediate perception of value or gratification.

Even the term ‘taxes’ can be quite taxing. The word itself has negative connotations. Not that renaming taxes “government gifts” or “social contributions” would make much of a difference, but the word ‘taxes’ does create a certain distastefulness in some people’s minds.

Even in the Bible the terms ‘taxes’ and ‘tax collectors’ create negativity in our minds. In Matthew 21:32, Jesus makes a point about believing and compares tax collectors with harlots. “For John came to you in the way of righteousness, and you did not believe him; but tax collectors and harlots believed him; and when you saw it, you did not afterward relent and believe him.” Jesus also states in Matthew 18:17, “And if he refuses to hear them, tell it to the church. But if he refuses even to hear the church, let him be to you like a heathen and a tax collector.”

Still, people continue to expect fairness in taxation to be a goal. This indictment by a Mr. Means appeared in a New York Times article on June 26, 1909: “The system by which the Government of the United States procures its

revenue, however, is constructed without the slightest reference to any principles of justice whatever.”

Critics like Mr. Means should keep in mind that the modern tax collector is more honorable than the traditional collector of taxes. The dependable corruption and cruelty of past times has given way to a more structured system of collection. Tax collectors, in addition, are not in a position to set tax rates, or institute new taxes, as in olden days.

The government needs to educate people on what their tax dollars are used for. The Internal Revenue Service, along with other taxing authorities, has made a couple of attempts to do this, but they were very low key, in the form of a flyer and an educational handout. Public Service Announcements via television, radio, and the Internet would be a good start. Also the education system should teach children about taxes and what they are about. Since these kids will spend about a third of their lifetime earnings on taxes, why wouldn’t they be taught about it?

There is an optimum point where tax rates have reached a maximum or a minimum. Anything beyond these points will hurt the economy and the people who help

support that economy. Unfortunately, it takes the wisdom of Solomon to make this optimum calculation.

Let us now discuss taxation and fairness from a Judeo-Christian point of view. The Bible provides us with guidelines in regard to moral standards for taxation. To Christians, this is the ultimate reference for moral behavior. The Bible is God's Word. When the Pharisees plotted against Jesus and tried to trick him in regard to the obligation to pay taxes, Jesus knew that they were trying to put him in a position where he would side with either the Roman government or the Jews. Jesus was aware of this. "And He said to them, 'Whose image and inscription is this?' They said to Him, 'Caesar's.' And He said to them, 'Render therefore to Caesar the things that are Caesar's, and to God the things that are God's.' When they had heard these words, they marveled, and left Him and went their way." (Matthew 22:20-22) It is clear from the teaching of Jesus that we are to pay the tax we owe.

Russell B. Long said: "Don't tax you, don't tax me, tax the fellow behind the tree." This humorous quote reminds us that our aversion to the payment of tax is automatic and unthinking, a knee-jerk reaction that ignores the purpose of

taxation, and the necessity of some kind of funding for the public purposes that we, as citizens, support. It also suggests a fundamental lack of fairness in our thinking about taxes. Any tax, for us, is too much. Let the other guy pay.

One of the largest problems with today's tax system is abuse. The abuse is not one-way. Most of the abuse is in noncompliance by individuals, but there are situations where the government and the tax authorities have been abusive.

One area of abuse by individuals is tax protestors. A tax protestor is someone who believes that the income tax system is voluntary. Some tax protestors believe that our economic system is not legal. They have developed a number of methods of understanding, and negating, the power of government to tax. None of these strained theories has, so far, resulted in any change in taxation policy.

With tax abuse comes tax evasion. Tax evasion is to be contrasted with tax avoidance. Tax avoidance is the use, in a legal fashion, of tax rules to reduce your tax. Tax evasion involves unlawful efforts to avoid paying your taxes. Al

Capone and other gangland figures have been sent to prison on charges of tax evasion – never for tax avoidance.

Taxpayers and tax collectors need to understand that we are all on the same team. Individuals need to understand that they need to pay tax to support programs that are needed in our society. In turn, government needs to understand that it is not more important than the citizens it represents. Again, communication between the taxing authorities and the taxpayers needs to be improved. Taxpayers need to be trained at an early age on taxation. Until this happens, tax abuse will be prevalent.

In discussing fairness and taxation, we have learned some lessons. Taxation is ancient, extending from ancient Egypt to modern times. We discovered how taxes were fair in some places and not so in others. We learned that, when taxes were associated with a cause and lasted for a predetermined period of time, they were more acceptable to the people. We also saw that when taxes were too high and considered unfair for a long span of time, the economies of countries were hurt and even the country itself collapsed. We also learned that in America through modern times

there have been situations where the people considered taxes unfair when there was no direct benefit perceived.

Today taxes are very high, especially when we add up all the various taxes and fees we pay the government. We have seen that the court system in most cases will favor the government and the taxing authority.

It is our obligation to pay the legal minimum tax, but we are not obligated to pay more than that. As long as politicians are involved in taxation, there will be no end to the escalation of taxes, but there will also be tax breaks – also often traceable to the politicians. If you and your tax advisor can find and make use of legal tax breaks, you will be in compliance with law.

On the other hand, the amount you save on a tax break will generally be in the neighborhood of 30 cents on the dollar, assuming your effective tax bracket is 30 percent. This means that you should not enter on a tax break in the hope of making money. Enter into a tax break only in the case where you need the product or service that triggers the tax break, and you calculate that the use of the tax break will reduce your tax enough to save you money.

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We have discussed the need to educate the public about taxes and even teach the children early in school about taxes and the economy. We have also discussed tax abuse and tax evasion. We have also touched on the optimal level of taxation.

The question is can taxes be fair. The answer to that is yes. We have pointed out that there have been instances such as in wartime where taxes were perceived as fair in society, but maybe not for all the right reasons. The underlying issue with taxation is the perception of what is fair. Most Americans pay taxes on what they perceive as fair, not on what God wants for us to do. The thing that is missing in a lot of people is a personal relationship with God. One thing that is starting to be missed in America is God. If God is missing in the people of America and God is being removed from the classrooms, the courthouses, and the government itself, how can we expect anything that requires love of mankind, self-sacrifice, and the giving up of oneself or one's belongings to be normal behavior? If more people loved God and one another, more social assistance would be given directly from these people and from the Church. There would be less conflict and war.

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With this level of giving, the government would need less money and more would be done for the people. It is recognized that there are valid functions of government, and government can help make life better, but it is no substitute for Christian living and the principles of love. There is a direct correlation to happiness and giving, and joy comes from God and being Christlike. People of all income levels who help others are happier and live better lives. Taxes can be fair if people are fair to one another and care about each other.

Legal Formation

It is a strange truth that ninety percent of the people who are interested in estate planning do not have a will or a living trust. Most of these people are high-income earners with sizable asset holdings. Some of these people are elderly. It is shocking that so many people are without an estate plan. (The reader may be one of them.) Estate planning deals with what happens to your assets after you die. There are also important decisions to be made regarding your assets during your lifetime. So what is the correct choice? The first answer is to set up a living trust.

A living trust is a document that an individual or a married couple can create that will spell out how to handle an estate after their death. It is a written legal document that partially substitutes for a will. Your assets (home, bank accounts, etc.) go into the trust, and are administered for your benefit during your lifetime.

You, as trustee, retain the right to revoke or amend the trust at any time. You will also be the primary beneficiary during your lifetime. At your death, the body of the trust is distributed to beneficiaries you have designated.

A living trust can be set up for either a single person or a married couple. There are some additional tax advantages for married couples, though there are still great benefits for single people.

For small estates without a living trust, the use of probate may not be necessary. However, in these situations a living trust still will be valuable to demonstrate the intent of the decedent and to ease the transfer of assets.

The current tax laws for estates are in a state of change. What will happen in three to four years is still not concrete. In general, saving on estate tax is not the main reason to set up a living trust. The amount of an estate that is exempt from taxes is and will continue to be high enough to reduce the concern over paying taxes on most estates. The prime reason for creating a living trust is probate avoidance and assurance as to the integrity of the estate and how the family will be taken care of. A simple will can solve some of these issues, but cannot take care of the issue of the cost and difficulty of probate.

Let's assume that a husband and wife, with two minor children, die in a car accident. They do not have a living trust or a will. What happens? Someone in their family will

have to start a probate hearing to decide who gets what and how, and who will take care of their children. When someone else is appointed to take care of the children, the parents' wishes may not be carried out. Horror stories abound concerning families fighting over money and who is best qualified to manage the kids. In addition to all this confusion, an attorney and probably a certified public accountant will be selected to help sort things out as far as legality and accounting for all the assets and liabilities. This can get expensive. Even though there are some probate code sections on fees that can be charged, the lawyers and accountants tend to rack up a sizable bill when working on a probate case. I have even heard reports of some cases where the fees wiped out the estate and even left unpaid fees.

With a properly prepared living trust document, most if not all of these problems can be avoided. There is a lot of liberty in how assets may be distributed and who will take care of the children. Parameters such as at what age children will receive money, achieving predetermined goals like college, and other timeline or economic goals can be set. A living trust can be modified as often as needed.

In addition to planning out the estate from a fiscal and typical approach, advance directives and living wills should be considered. Advance directives and living wills are used to provide evidence of your wishes regarding medical treatment, when you are no longer able to clearly state your wishes.

One of the most difficult decisions to make when setting up a living trust is selecting the trustee of the estate and the guardian of the children. With minor children involved, the trustee and the guardian should not be the same person. If the two were the same, money might be spent on the children on things like exotic travel that was intended to enrich their lives, but also in turn benefited the trustee/guardian. After a period of time, a lot of money could end up going toward travel and other items and reduce the estate to a very minimal amount by the time the children reach high school or college. A person setting up a living trust can be as picky as desired in these matters, and should take all the time necessary to think this part out.

It is a very good idea to update a living trust on a periodic basis - at least every couple of years and more often if a material change has taken place in the mechanics

of the living trust. It's important to keep in touch with the trust advisor for other changes that may take place in the state of residence.

Many people are under the mistaken impression that a living trust provides some form of asset protection, such as protection from creditors, litigations, and or claims and assessments. A living trust is an estate-planning tool that provides probate avoidance. A good tool for asset protection is a family limited partnership (FLP) or a family limited liability company.

I prefer the family limited partnership to the family limited liability company because there is more court case history and the discharging order of creditors is very advantageous for family limited partnerships. One fault I found with firms that make this recommendation is that they make a family member the general partner along with being a limited partner. The other family members are the additional limited partners. The problem with this is that the general partner in a limited partnership is personally liable for acts and actions. I recommend creating a "C" corporation to be the general partner, possibly a one percent owner of the FLP. One, some, or all of the family members

can then be shareholders in the corporation. With this there is corporate protection for the general partner and shareholders. I recommend the use of a family limited partnership for Long-Term holdings and asset protection.

When setting up and utilizing a family limited partnership, it is important to work with a qualified professional in this area, as the establishment of a family limited partnership is a complex asset protection strategy.

Family limited partnerships provide benefits in regard to taxation. In the area of wealth transfer along with the associated taxes, family limited partnerships can be a valuable tool. You must preserve the proper form of the entity to achieve the many benefits of the FLP in managing family wealth and reducing estate and gift taxes. The family limited partnership can shift income from the parents' high rate to the lower income tax rates of the children.

Again, to achieve the tax outcomes we have briefly discussed, much care has to be taken to make sure the purpose of the transactions and the use of the tax law is correct.

With any business structure, professional assistance is needed to keep current with legislations and changes that take place. “For by wise counsel you will wage your own war, And in a multitude of counselors there is safety.” (Proverbs 24:6) We have explored the area of family limited partnerships and the benefits of asset protection along with tax benefits. I stress that the main advantage here is asset protection. I recommend that any asset protection plans take into consideration the risks and the rewards.

A very common question is: What is the difference between a limited liability company (LLC) and a corporation? The first limited liability company was formed in 1977 in the State of Wyoming. The State of Wyoming wanted an LLC to have the tax benefits of a partnership and the limited liability benefits of a corporation. The history of LLCs is one with much controversy and changes that took place in tax law. An LLC can now be taxed as either a sole proprietorship, partnership, or corporation.

The LLC is a hybrid form that combines corporation-style limited liability with partnership-style flexibility. The

flexible management structure allows owners to shape the LLC to meet the needs of the business. The owners of an LLC are "members" rather than shareholders or partners. A member may be an individual, a corporation, a partnership, another limited liability company, or any other legal entity.

A corporation may be set up as either a “C” corporation or an “S” corporation. A “C” corporation is taxed within its own tax bracket. Money or economic benefits to the owners are also taxed accordingly. An “S” corporation does not pay Federal tax and the income or loss from the “S” corporation passes through to the owners. The main reason professionals recommend an LLC versus a corporation to clients is that there is less need for formal meetings and documentation to preserve the legal structure. In addition there are some situations where the economics involved or the tax issues may warrant the use of an LLC.

I have found that in most cases the use of an “S” corporation will be a better fit for the client’s needs than a “C” corporation. Tax advantages of “S” corporations include the fact that income is taxed only once, to the shareholder. In the case of “C” corporations, income is

taxed to the corporation, then again to shareholders upon distribution.

Even though an “S” corporation has more formalities than an LLC, I believe that the benefits outweigh the amount of effort needed to preserve the corporation structure. Professionals should be working with the owners of any business structure to make sure they are operating their business in a proper manner. An LLC’s ease of formation does not allow a member or members the ease of a lackadaisical approach to business. This could be a trap. With formality comes structure and discipline. Businesses need the structure a corporation provides. There may be situations in which an LLC is a backup option to an “S” Corporation.

An “S” corporation for the most part should be used when there are fewer than one hundred shareholders and one class of stock (common stock) is going to be issued. In recent court cases the LLC structure has not been as strong in protecting the owners from liability. The case history for LLCs is still new. For corporations case history is established. I believe that an LLC is best used in situations where an entity is to be used for a business transaction or

situation whose life is predetermined. Originally LLCs had a shelf life stipulated in the operating agreement. One good example for use of an LLC is in the case of land development. For example you and I decide to develop some land and build residential homes. In our operating agreement we would state that so many days after the last home was sold the LLC would be terminated. I recommend that “S” corporations owned by us would in turn own the LLC. This approach has been legally available since 1997. Since that date, an “S” corporation may own eighty percent of an LLC. With this approach we will have the legal protection of both an LLC and a corporation along with additional tax benefits. In most business situations, the use of an “S” corporation is better than an LLC or a “C” corporation. The following are some limited reasons you might need a “C” corporation.

Let's say that you are thinking about going public with your business. Your dream is to have a successful company that is publicly traded in the stock market. With that you will need to have a “C” corporation. Besides the use of certain pension plans and other items, the use of a “C” corporation is mandatory if you plan on having a lot of

shareholders along with different types of stock such as common, preferred, voting, nonvoting, etc.

My recommendation if you are contemplating the idea of going public is to create your corporation in the State of Nevada, Wyoming, Delaware, or Montana. These states allow for a complex capital structure along with more rights and economies for the corporation along with the shareholders.

Since the majority of business owners are best advised to operate within the legal structure of an “S” corporation, let us now go through a step-by-step process on how to properly create this corporation. Then we will conclude with some general tips on legal entities and problems to watch out for.

The first thing we need to do when setting up a corporation is to come up with a name. This name cannot be active with another corporation. Some states also prohibit using certain words in the name of the corporation. For example, in California ,using the work “bank” is not allowed unless clearance is given by the State for it to be authorized as a lending institution. Suffixes such as Inc., Incorporated, Ent., Enterprises, Ltd., Limited are allowed in

most States. In some states a suffix is no longer required. Depending on the marketing involved the name may be very important. Once we have decided on a name that is available with the Secretary of State, Articles of Incorporation will be drafted and submitted to the Secretary of State for approval.

The next item, which is very important, is ownership of the corporation. Is it going to be owned by one or more individuals or entities? I recommend that if two or more unmarried persons own a corporation, a Buy-Sell Agreement should be used. (In community property States, a Buy-Sell Agreement may not be necessary for married people owning a corporation together.)

This agreement helps solve many problems by allowing business partners, or shareholders and a corporation, to agree in advance to the terms and conditions of a future sale, that may take place after a partner's death, retirement, termination of employment, loss of a professional license, disability or divorce. Disputes are minimized when the agreement has been provided in advance of the crisis point.

A Buy-Sell Agreement should spell out questions such as: What if one of the owners dies? What if one of the owners gets divorced, or becomes disabled, or even goes bankrupt? What happens if an owner wants out, or decides to sell part of his or her ownership in the corporation? These types of issues and others need to be addressed in a Buy-Sell Agreement when all interested parties are still happy with each other and in good cheer. I highly recommend the use of the Buy-Sell Agreement and, over the years, have developed a highly comprehensive one.

Life insurance can be obtained to help buy out members of the company. The buy-sell agreement can spell out the provisions of acquiring life insurance, to allow for the sale of the business to key employees upon the death of the owner.

As we wait for the Articles of Incorporation to be approved and endorsed by the Secretary of State, we can start to build the corporation file.

Every corporation needs a set of Bylaws. Even if there is one owner, a good set of Bylaws is important. I am not an advocate of setting up a closed corporation – single owner and limited in growth for the sake of ease of legal

maintenance. Thus, we need a good set of Bylaws to strengthen the credibility of the corporation. By insisting on the use of adequate Bylaws, I have developed over time an extensive set of Bylaws, and use them regularly.

An initial set of minutes needs to be written. These minutes can be very comprehensive and have a lot of action. Or they can be more standard and simple. The content of the Bylaws will dictate how the initial set of minutes will be written. I like using a comprehensive set of Bylaws with a set of initial minutes that have action and structure. This way a third party reviewing the incorporation process will discover that this process was taken seriously and done in a professional and prudent manner. This gives the taxpayer legal strength. In most states it is required to have a shareholder meeting at least once a year. I recommend going beyond that and having a shareholder meeting documented with minutes every time something material is taking place. Items such as purchasing assets, entering into contracts, extending benefits to employees, etc., should be discussed and documented in a shareholder meeting.

Each corporation should have an employment contract for the owners. This employment contract will spell out the relationship and remuneration to the owner, who is also an employee of the corporation. Every owner needs to take a salary commensurate with the work he or she does along with the proper amount of distributions or dividends. As an employee, an owner receives additional protection in certain types of legal complaints.

After the approved Articles of Incorporation are received, a Federal Employer Identification Number needs to be received from the Internal Revenue Service. This can now be achieved online with the IRS via online form SS-4. Also IRS form 2553 needs to be completed and faxed, in order to receive the “S” election from the IRS for the corporation.

And finally the stock certificates need to be properly completed along with a stockholder register identifying the shareholders, the date of their stock issuance, and the number of shares they own.

After the corporation file is complete, all the documents that require signature need to be signed. This file needs to be kept in a safe place. The stock certificates

need to be signed on the front and kept by the shareholders. The stock certificate is the ‘pink slip’ for the corporation. By signing the back of the stock certificate, the owner is releasing ownership. Be careful not to do this by accident. Each stock certificate should have the proper verbiage placed on the back for transferability rules and to be in compliance with corporate law and Security and Exchange Commission rules. In addition, the stock certificate can be restricted on the back for agreements such as a Buy-Sell Agreement or other types of limitations on transferability.

Please keep in mind that each individual’s or business’s facts and circumstances are different. Not one structure fits all. This is why the use of professionals when setting up a business structure is very important.

With the help of good professionals who are well versed in these matters, people can benefit from estate planning, asset protection, proper legal protection in business with corporations, tax benefits, and the ability to raise capital in the marketplace.

Once in a while I will come across a corporation that has not been set up or maintained properly. The goal here is to keep us as separate as possible from our business

transactions. Simple items such as opening up a corporate bank account need to be done. Commingling personal and business funds and transactions needs to be avoided. Keeping good minutes and books and records is a must.

Being wise on which person you choose as an associate (co-owner) is very important. "Do not be unequally yoked together with unbelievers. For what fellowship has righteousness with lawlessness?" (2 Corinthians 6:14) I always explain to each new group of owners of a corporation that achieving success in every sense of the word is very difficult. This is why it is very important for people to keep their promises, including contracts and agreements. "We must not promise what we ought not, lest we be called on to perform what we cannot"
- Abraham Lincoln

It requires a lot of hard work and cooperation to be in business. Always proceed with caution.

Accounting is the language of money.

It is often said that French is the language of love. Latin is considered the language of law and medicine. Clearly in another context, accounting is the language of money. One of the most important things you can do to increase your chances of making more money is to speak the language. For some this may seem like a boring task or a difficult one to understand. This is why this chapter is very important. The purpose of this chapter is to provide the accounting theory you need to learn, in a fashion that is easy to understand, useful, and hopefully enjoyable.

Debits equal credits, debits on the left, credits on the right. Assets equal Liabilities plus Owner's Equity. Wait, this is the jargon accountants use. Is there an easier way to learn this language than having to deal with all this stuff? The answer is yes. If you want to be an accountant, then I suggest that you go to college and get your degree. If you are a businessperson and want a better understanding so that you can increase your profits, then this chapter is for you.

One of the key areas that you need to understand is how to read a financial statement. This will allow you to

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evaluate your own company and ones that you may be interested in buying or investing in. For purposes of illustration, I have selected the statements of a corporation. A different company structure, for example a partnership, would have somewhat different statements.

There are three basic financial statements. They are the Balance Sheet, the Statement of Revenue and Expenses, also known as the Income Statement or Profit and Loss Statement, and the Statement of Cash Flows. I will also show the Statement of Retained Earnings.

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**Sample Company
BALANCE SHEET
December 31, 2009**

	December 31, 2009
ASSETS	
CURRENT ASSETS	
Cash	\$ 9,665
Accounts receivable	57,065
Other receivables	100
Inventory	67,875
TOTAL CURRENT ASSETS	\$ 134,705
PROPERTY AND EQUIPMENT	
Property and equipment	\$ 516,265
Accumulated depreciation	(149,615)
TOTAL PROPERTY AND EQUIPMENT	\$ 366,650
OTHER ASSETS	
Purchased Goodwill	\$ 139,860
TOTAL OTHER ASSETS	\$ 139,860
TOTAL ASSETS	\$ 641,215

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Sample Company
BALANCE SHEET
December 31, 2009

	December 31, 2009
LIABILITIES AND STOCKHOLDERS' EQUITY	
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	\$ 19,485
Accrued wages payable	2,475
Accrued payroll taxes payable	345
Income tax payable	800
Sales tax payable	3,655
Current portion long-term debt	119,155
TOTAL CURRENT LIABILITIES	\$ 145,915
LONG TERM LIABILITIES - Net of current portion	
Notes payable	\$ 238,940
TOTAL LONG TERM LIABILITIES	\$ 238,940
TOTAL LIABILITIES	\$ 384,855
STOCKHOLDERS' EQUITY	
Common stock, 100,000 shares authorized; issued and outstanding	
12,000 shares @ \$0.01 per share	\$ 120
Paid-in capital	64,080
Retained earnings	192,160
TOTAL STOCKHOLDERS' EQUITY	\$ 256,360
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 641,215

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Let us start with the Balance Sheet. The Balance Sheet is a list of all of the Assets, Liabilities, and the Net Equity in the Assets. Basically the Balance Sheet takes the total of all your assets and subtracts from that all of your liabilities and the net difference is the equity you have. Assets are the tangible and intangible items that your business owns. Examples of assets are Cash, Accounts Receivable, Other Receivables, Inventory, Fixed Assets, and other types of items of value. Items on your Balance Sheet should be shown at cost.

Assets are shown first on your Balance Sheet. The first assets listed are classified as Current Assets because they represent items that turn over quickly and within an operating cycle or a year. Cash is one of your most important Assets and is listed first on your Balance Sheet. You need to keep a certain amount of cash in your business at all times. Remember the principles we discussed about the gravity and magnetism of cash? I recommend that you keep at a minimum two months operating costs in your bank account. Go back and look at the average monthly cost to run your business and multiply it by two. Your cash balance should be reconciled by an accountant so that it

takes into consideration any checks you have written that have not cleared the bank and any deposits that have been made during the month that did not get recorded by the bank until the following month. Remember, cash is king.

The second asset that is usually listed on your Balance Sheet is Accounts Receivable. Accounts Receivable represents the money that is owed to your company. The calculations made to report this amount should provide detail in the supporting documents on how old these balances are. If your customers have owed you money for a long time, the chances of collecting these balances goes down based on their age. This is why it is very important to have computations and supporting workpapers that age your receivables. For example, you may want to know how much of them are current or have been recently billed, how much is thirty days old, sixty days old, ninety days old, and which amounts are a hundred and twenty days old or older. It is very important to look at the detail in your Accounts Receivable reporting at least monthly. Collection efforts will need to be made to make sure you are getting timely payments. Remember that your Accounts Receivable balance represents loans that you have given your

customers, and it costs you money to provide them with product and service. If your Profit Margin is twenty percent and your Accounts Receivable balance is one hundred thousand dollars, your cost to provide the product or service is eighty thousand dollars. How long can you afford to wait to recover your cost, let alone make your profit?

There are other types of receivables. Accounts Receivable are amounts owed to you from the sale of products and services. Notes Receivable or other receivables are amounts that are owed to you as a result of direct loans made to third parties. These amounts can be secured or unsecured and usually have an interest rate and terms for repayment.

Another important asset on your Balance Sheet is Inventory. Of course if you are in a service type business, you probably do not have Inventory. Inventory represents finished product that is available for sale to your customers. It can range from toys, to sporting equipment, and from cars all the way to finished residential lots for sale. These amounts are reported at the amount it cost you to buy or develop them. For some businesses, Inventory is a very important Asset. The key with Inventory is that you want to

sell it as fast as you can. In some ways it is like Accounts Receivable. If it cost you eighty thousand dollars to make your product, then you need to sell it quickly so that you are not tying up your money. When considering how fast you should make your Inventory and how long you should hold it, there are some advanced calculations that can be made to assist in optimizing your Inventory control. Economic order quantities take into consideration holding cost and the cost of missing a sale; Six Sigma and Lean optimize the efficiency and effectiveness of your organization to reduce waste and variance. I have studied these areas of knowledge along with others and recommend that you hire people with this type of background to help you with Inventory and the associated accounts that relate to it.

There are many other types of assets such as prepaid expenses like Insurance or Taxes. These balances represent amounts your company has paid in advance and will be expensed or written off during the periods that they cover. There are also deposits that you may have made for utilities or other arrangements that need to be shown on your Balance Sheet.

Another type of asset that is very important to your company is Fixed Assets. Fixed Assets represent items such as equipment, vehicles, buildings, furnishings, and improvements. These items help produce income for your company. Items such as computers to manufacturing equipment are included as Fixed Assets. These items decrease in value over time. Hence the concept of Depreciation was developed. As these assets become less useful, plans need to be in place so that they can be replaced with newer Fixed Assets that are able to produce income and results.

In some cases there are assets that are called Intangibles. Items such as Patents, Purchased Goodwill, and others fall within this category.

The next category on your Balance Sheet is Liabilities. As you know, Liabilities represent items that you either owe that need to be paid back or costs that your business will have in the foreseeable future. For this discussion we will stick with items that are owed by your business.

The first liability listed on your Balance Sheet is Accounts Payable. Most of us know what this is. This is money we owe to companies that provide us with product,

service, utilities, supplies, etc., which need to be paid within thirty days or so. As with Accounts Receivable the contra of that, Accounts Payable, needs to also be managed well. We need to keep track of how much we owe and to whom, how long we have owed them, and how large our balance is based on our cash flow and amount of income we are able to generate. Accounts Payable are aged just like Accounts Receivable. When banks are contemplating whether to give us a loan or not, they tend to look at the aging of our payables and receivables to see if we are paying our bills on time and if our customers are paying us on time. How your customers pay and how you pay will impact the ability of your company to grow.

There are other types of liabilities. For example, you may owe payroll taxes from your most recent payroll. You may also have vacation and sick leave time that is owed to employees. There may also be other amounts owed to employees for unfunded retirement, etc. Income taxes owed are another type of liability. All of these liabilities along with Accounts Payable are classified as Current Liabilities.

In addition to all of these liabilities, there are also longer-term liabilities. For example, you may have a Line

of Credit that you use to help out with working capital or other medium term needs. On an even longer term, you may have taken out loans to buy equipment or to purchase other assets like a building. These assets usually have a fixed amount due each month, which includes principal and interest payments over the life of the loan. Typically these types of loans are for a period greater than one year and can span up to thirty or more years in term. In the Liability section of your Balance Sheet, you will see a section called Long-Term Debt or Long-Term Liabilities. This is where these liabilities are shown. It is good to understand that a well prepared Balance Sheet will have a separate section under Current Liabilities that shows the next twelve months of payments for these long term liabilities with the long term portions shown under the respective category of Long Term Debt or Long Term Liabilities.

The last section of your Balance Sheet is the Equity section. This section represents what is left over after you subtract your Liabilities from your Assets and take into consideration how well your business has done. Basically this is your net worth in your business. It is a combination of the profits and losses you have had over the years along

with the net values and equity you have in your Assets. Positive equity is good and negative equity is bad, in almost every case. Many times you will see small to medium size businesses that are making a profit and look good in that sense, but by the time the owners take out distributions and there is an offset for liabilities the business has no equity or even, in some cases, negative equity. If you are ever looking at the Balance Sheet for a business you are considering buying, it is important not only to focus on the Assets and Liabilities, but to also pay close attention to what is happening in regard to the Equity the business has.

If you do run across a business that has very little or no equity, you will need to focus on the business's ability to pay its bills and liabilities and see how much money the owners were able to take out. At this point you may be buying a job. That may be all right depending on the facts and circumstances, just be very careful in regard to businesses that do not have equity.

Let us now turn our attention to the Statement of Revenues and Expenses, which can also be called a Profit and Loss Statement, or an Income Statement.

The Income Statement receives the most attention by readers of financial statements, and understandably so, since this statement shows the Revenues of a company along with all of its Expenses. In basic terms the Income Statement shows the profit or loss of a company. That is why it is sometimes loosely called a Profit and Loss Statement. But it is so much more than that. Let us learn how to read an Income Statement.

Sample Company
STATEMENT OF REVENUES AND EXPENSES
For the year ended December 31, 2009

	Year To Date December 31, 2009
REVENUES	
Sales	\$ 61,665
Labor	55,410
Recyclables	24,745
TOTAL REVENUES	\$ 141,820
COST OF GOODS SOLD	
Beginning inventory	\$ 59,775
Purchases, materials, and other costs	31,275
Cost of goods available for sale	\$ 91,050
Less: ending inventory	(67,875)
TOTAL COST OF GOODS SOLD	\$ 23,175
GROSS PROFIT	\$ 118,645

Sample Company
STATEMENT OF REVENUES AND EXPENSES
For the year ended December 31, 2009

	Year To Date December 31, 2009
GROSS PROFIT (from previous page)	\$ 118,645
EXPENSES	
Advertising	\$ 5,000
Auto	50
Bank charges	450
Commissions	500
Depreciation	10,625
Education	475
Fees	9,715
Licenses	6,370
Maintenance and repairs	6,545
Office expense	1,950
Outside services	700
Payroll tax	1,975
Professional fees	8,170
Property tax	3,420
Rent	20,930
Utilities	1,765
Wages and salaries	14,145
TOTAL EXPENSES	\$ 92,785
NET INCOME FROM OPERATIONS (BEFORE INCOME TAXES)	\$ 25,860
State income tax	\$ 800
NET INCOME FROM OPERATIONS (AFTER INCOME TAXES)	\$ 25,060

The first section of the Income Statement is the Revenue section. This is where sales are reported. Depending on the complexity of the company, sales should be broken down to the various sources they come from. For example, a business may have Sales From Products and Sales From Service, or Sales From Retail and Sales From Wholesale. Sales can further be broken down by class, such as product lines and types of service. This allows the reader of the financial statement to understand where all the Revenue is coming from. Decisions can be made about how much attention should be given to certain sales that are profitable. Analysis can be conducted on growth rates of sales over the past and projected future.

There are also other types of Revenues besides sales. Other Revenues can include income generated from warranties, interest, recovery of amounts previously written off, etc.

The next section of the Income Statement is the Cost of Goods Sold section. This section may not appear on every Income Statement. Only businesses that sell a product and/or have inventory present this section.

The Cost of Goods Sold section starts with the Beginning Inventory for the period and adds to it all of the Purchases made for the period, resulting in a quantity called the Cost of Goods Available for Sale. From this Cost of Goods Available for Sale, subtract the Ending Inventory for the period, to arrive at the Cost of Goods Sold. This represents the cost of materials and some labor along with other costs to generate sales for the period of time presented. Please keep in mind that an Income Statement is reported for a period of time, such as a month, quarter, or a year, whereas a Balance Sheet is always reported as of a specific date such as March 31st or December 31st.

Now that we have discussed Revenue and Cost of Goods Sold, we need to explain what Gross Profit is. Simply put, Gross Profit is the Cost of Goods Sold subtracted from the Revenue of the company. Gross Profit should be positive. If it is not, your accountant needs to make sure that there is not an error in the Income Statement. If there is not an error, than you are selling your product for less than it cost you. If this is the case, you need to stop this and either raise your prices or look for less expensive ways to make or purchase your product for sale.

Maybe you need to do both. In a global sense, you should always be looking for ways to maximize your Gross Profit.

Gross Profit is the amount available to cover Operating Expenses and allow for a profit. Let us discuss Operating Expenses or in general terms, Expenses.

What is an Operating Expense? That depends on what type of business you have. For the most part Operating Expenses are the cost of running your company that may be direct or indirect but have not been reported in the Cost of Goods Sold section of the Income Statement. Examples of Operating Expenses are Advertising, Auto, Bank Charges, Commissions, Depreciation, Education, Fees, Licenses, Maintenance and Repair, Utilities, Wages and Payroll Taxes.

Sometimes you may find that there are some Expenses on your Income Statement that may not be all business related or do not need to be expensed all at once. These amounts need to be adjusted so that you get a clear indication of how your business is doing. This adjustment will also help your business be in greater compliance with the taxing authorities. Keep in mind there is a tradeoff between expensing an item quickly to minimize your taxes

versus having more profit on your Income Statement. A good accountant should be able to take care of some of this due to the fact that there are some natural timing differences in expensing items, but there is an inherent conflict between looking good on a financial statement versus looking good on an income tax return so that you can minimize tax.

Through many years of practicing as an accountant I have found that being accurate and following the rules creates positive energy for the business that allows for it to grow. Businesses that cut corners and don't pay all of their taxes, or skip reporting payroll and workers' compensation, in most cases do not last long.

Most people know what Advertising is, along with most other expenses. As mentioned earlier, the one that seems to confuse most people is Depreciation. Let us have a brief discussion of what Depreciation Expense is. Depreciation takes a portion of the cost of the equipment and other Fixed Assets, not including land, and expenses them over a period of time. For example, equipment may be depreciated over five years and buildings over forty years. The period used to depreciate assets should coincide

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with how long the asset will last and/or be useful. For income tax purposes, depreciation can be faster thus allowing business to get more expense upfront. This is one of the timing differences we alluded to earlier in this chapter. As depreciation is recorded, the offset to this expense is an account that reduces the book value of the associated asset.

The final result of the Income Statement is the Net Income or Net Loss of the business, which is derived by subtracting the total of all the Expenses from the Gross Profit - or from Revenue, if there is no Cost of Goods Sold.

Next is the line that shows Income Tax. After income tax is deducted, there appears the profit (if any) after tax. This is the famous Bottom Line.

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Sample Company
STATEMENT OF RETAINED EARNINGS
December 31, 2009

	December 31, 2009
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 167,100
ADD: Net income from operations (after income taxes)	\$ 25,060
RETAINED EARNINGS AT END OF YEAR	<u>\$ 192,160</u>

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In some cases, this value will appear on yet another statement called the Statement of Retained Earnings. This simply presents the Retained Earnings at the beginning of the year, adds the Profit or Loss After Income Taxes, and computes the Retained Earnings at the end of the year.

Are all businesses that have a profit financially sound? Are all businesses that have a loss financially unsound? Sometimes. This is why the Statement of Cash Flows is so important. Let us now discuss this statement and shed some light on how this statement may be the most important one of all.

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Sample Company
STATEMENT OF CASH FLOWS
For the year ended December 31, 2009

	December 31, 2009
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash provided by:	
Sales	\$ 61,665
Labor	55,410
Recyclables	43,225
Cash used for:	
<i>Cost of Sales:</i>	
Purchases, materials, and other costs	(48,195)
<i>Expenses:</i>	
Advertising	(5,000)
Auto	(50)
Bank charges	(450)
Commissions	(500)
Education	(475)
Fees	(9,715)
Licenses	(6,025)
Maintenance and repairs	(6,545)
Office expense	(1,950)
Outside services	(700)
Payroll tax	(1,975)
Professional fees	(8,170)
Property tax	(3,420)
Rent	(20,930)
State income tax	(800)
Utilities	(1,765)
Wages and salaries	(11,670)
Net cash provided by operating activities	\$ 31,965

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Sample Company
STATEMENT OF CASH FLOWS (Continued)
For the year ended December 31, 2009

	December 31, 2009
NET CASH PROVIDED BY OPERATING ACTIVITIES (from previous page)	\$ 31,965
CASH FLOWS FROM INVESTING ACTIVITIES	
Net change in property and equipment	\$ (680)
Net cash used by investing activities	\$ (680)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Net change in long term debt - current portion	\$ 2,910
Net change in long term debt - long term portion	(29,875)
Net cash used by capital and related financing activities	\$ (26,965)
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 4,320
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	\$ 5,345
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,665

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Sample Company
STATEMENT OF CASH FLOWS
For the year ended December 31, 2009

	December 31, 2009
RECONCILIATION OF NET INCOME FROM OPERATIONS (AFTER INCOME TAXES) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
NET INCOME FROM OPERATIONS (AFTER INCOME TAXES)	\$ 25,060
ADJUSTMENT TO RECONCILE NET INCOME FROM OPERATIONS (AFTER INCOME TAXES) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation	\$ 10,625
Changes in assets and liabilities	
Decrease in accounts receivable	17,965
(Increase) in inventory	(8,100)
(Decrease) in accounts payable	(16,925)
Increase in accrued wages payable	2,475
Increase in accrued payroll tax payable	345
Increase in sales tax payable	520
Total adjustments	\$ 6,905
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 31,965
NONCASH INVESTING AND FINANCING ACTIVITIES:	
There were no noncash investing or financing activities for the year	\$ -None-

The Statement of Cash Flows takes the Income Statement and converts it into a statement that shows all of the inflows and outflows of cash. Though most Balance Sheets and Income Statements are on the accrual method of accounting, the Statement of Cash Flows, as indicated by its name, is not. Accrual accounting recognizes income when it is earned, not received, and expenses when they happen, not necessarily when they are paid. Though this is great for the financial statements, it does not tell you where your cash is. Remember cash is king. Thus the Statement of Cash Flows is very useful. If your accountant does not or cannot prepare this statement for you, find another accountant. And just because he does prepare one, does not always mean it is correct.

The Statement of Cash Flows has three major sections. The first is the Cash Flows from Operating Activities. This section shows all the Revenue and Expenses on a cash basis that deal specifically with operations. The second section of the Statement of Cash Flows is Cash Flows From Investing Activities. This section will show any cash flow that is related to investing or the purchase of Assets. The third section of the Statement of Cash Flows is Cash Flows From

Capital and Related Financing Activities. This section shows changes in the capital or equity of the business along with any new financing that generated cash flow.

The Statement of Cash Flows also has a second part that reconciles the accrual basis net income to Cash Flows Provided By Operating Activities. This part is very helpful because it allows the reader of the financial statement the opportunity to see why there is a difference between Net Income and Cash Flows From Operations. There is also a section at the bottom of this page that provides the amount of non-cash investing and financing that took place during the year.

This is getting a little bit technical, but the basic usefulness of the Cash Flows Statement is to see how much cash your company generated and how much your cash went up or down based on the company's performance.

Finally, there are many ratios that are used to determine if a company is doing well. The most common one is the Current Ratio. The Current Ratio is determined by dividing the Current Assets by the Current Liabilities. This ratio is used to determine if there are enough current assets to pay off current liabilities. For example, if the

Current Ratio is 3.50, this indicates that there are \$3.50 worth of assets for every \$1.00 of liabilities. Typically, business analysts would like to see a current ratio of at least 1.50, and anything over 3.10 is considered strong.

This calculation for the sample company is:

Current Ratio	=	Current Assets / Current Liabilities
	=	\$134705 / \$145915
	=	0.92

This comes out to a bit less than the desirable level, but the company is still viable. This ratio needs to be watched, but we can't say from a single ratio that the company is in trouble.

Here's an analogy from medical practice. If your doctor says that you have elevated blood pressure on the day of your visit, this is not yet a diagnosis. It's merely an observation, and may or may not yet be evidence of a real problem. Many more observations may be needed to determine if there is a trend in the direction of hypertension.

Another common ratio is the Quick Ratio. This ratio is determined by dividing the Current Assets (less Inventory) by the Current Liabilities. This ratio shows the company's ability to pay off current debt from the most liquid of assets

like cash and Accounts Receivable. Generally if this ratio is less than 1.00, it implies a dependency on inventory or other assets to pay off debt.

The Quick Ratio for the sample company:

Quick Ratio	=	Current Assets (less Inventory)
		divided by Current Liabilities
	=	(\$134705 - \$67875) / \$145915
	=	(\$66830) / \$145915
	=	0.46

Here again, the sample company is seen to be quite a bit short of the goal. Clearly, the company has an inventory that is much too high. But we must ask if this is a temporary matter.

As in most things, vigilance over a period of time is necessary to see if the problem is temporary, or if inventory levels are being maintained at too high a level. Professional advice may be needed to assist the management in learning how to manage inventory levels correctly.

There are numerous ratios that can be used to test the strengths of a company along with its ability to pay off debt. Other examples of these are Sales/Receivables, Days in Receivables, Cost of Sales/Inventory, Days in Inventory, Cost of Sales/Payables, Days in Payables, Sales/Working

Capital, Earnings before Interest and Taxes/Interest, Fixed/Worth, Debt/Worth, and the list goes on and on.

I recommend that, when you are studying financial statement ratios, you have your accountant help with the interpretation until you reach a level of comfort with the numbers. This comfort level should be achieved quickly once you have seen them a couple of times. I also recommend that you have a template developed that provides the ratios you want with each financial statement you read.

Conclusion

These are some of the oddest times in the history of America. Beyond the financial problems, it seems our country is changing so fast in other areas, that one needs to study it every week to see what is happening. Technically we still are living in a postmodern era, but now it appears that we are gravitating quickly toward a post Christian era. What a jump from a philosophy of what is good for you is good for you, and what is good for me is good for me, as long as it does not affect anyone else, to a movement toward eliminating God from this Country. It was quite a downward turn when postmodernism came into existence. Absolute standards were lost, and ‘whatever you want to do, just do it’ has become our Country’s motto. Of course as long as it does not infringe on others. But postmodernism pales in comparison to a post Christian era. As time goes on there will be fewer and fewer Christians in our Country and in the World. This will change business and the way our affairs are conducted.

With Christianity comes responsibility but also come privileges. A lot of attention has been given to God in these pages, and, as you have read, there are many blessings God

will give us. Some of these are financial blessings. I am not an advocate that everything will be perfect and you will not have any more problems if you become a Christian. As long as we are in a fallen world and surrounded by sin nature, problems will happen. But I do believe that God is always there and will help us get through anything. Remember this life of ours is very temporary. If we are lucky and live to be ninety years old, that amount of time is nothing compared to what is next. After we die, and we all will die unless Jesus Christ comes first (by the way the odds of dying are basically one to one), we will spend eternity somewhere else. Not a million years or even a billion years, but eternity, which is forever.

We want to work as hard as we can, enjoy life to the fullest but always remember that this life is very short and temporary. One last point to conclude with is that we need to keep in mind that there are two types of riches. Above and beyond happiness and joy. These two types of riches are temporal riches and eternal riches. As the former deals with temporal or worldly riches such as wealth and financial security, the latter deals with riches we will

receive in Heaven when that one fine day we get to be with God and our Savior Jesus Christ.

Friends, there are a lot of things we can get right and wrong here and now, but if we do not get the one most important thing right, everything else becomes moot. Accepting Jesus Christ as your Lord and Savior and turning away from sin and trusting in him is really the only thing we need to get right. Along with that is the privilege of sharing this good news with others.

As mentioned throughout this manual, we want to work hard and make as much money as we can as long as it is in accordance with God's will. And how we use our money is so important. Trust me, if you follow the principles and teaching shown here, you will be successful both financially and eternally. Working hard, studying and learning new things, along with putting in the time will pay off, and never, never give up. You are your best investment. If you do your part, God will always do His.