## **Workshop Location**

## **Four Points Sheraton**

1010 Northgate Dr. San Rafael, CA 94903 415-479-8800

(Note that this location is NOT the regular BAWB meeting location)

## **Date & Time**

Full Day

## Saturday, March 15th, 2003

Registration is at 8:30am Workshop starts 9:00am and runs until approximately 5:00pm

## **Workshop Pricing**

A credit of \$75 toward the workshop price will be given to any attendee who has purchased John's course materials and KISS guide bookkeeping system.

**Note:** If pre-registered, there will be no refunds provided without a cancellation notice given one week prior to the workshop date.

## Registration

To register, simply use the attached registration coupon and submit via mail or fax. If you would like further information on the seminar, please visit the BAWB, "Bay Area Wealth Builders Association," online at: www.BAWB.info.

**Please Note:** Seminar seating is limited and available on a first-come, first-served basis. Register early to guarantee your seat. Fee covers seminar only. Students are responsible for their own meals, travel, and lodging.

(continued from inside)

- 5. I invest in real estate. I DO deal with tenants, buyers, contractors, suppliers, title companies and other investors, to name a few. I needn't spend billable hours learning OUR business. And my clients and I sometimes "talk shop" and learn from each other, once the tax dust settles.
- 6. I see a lot vicariously, through the eyes of my investor clients. I love reading their financial "books", because they tell a story. Each investor's angles and techniques are unique, and crafted to a specific market and personality. I am often able to pass practical tips on...after I've incorporated them into my own investments, of course!
- 7. I have experience aggressively representing clients before the taxing authorities and getting favorable settlements more often than not. The Other Side is human (most of the time) and is usually susceptible to persuasion, evidence and argument. And if not, the Other Side's superiors usually will listen...along with the hearing boards and the courts.
- 8. While I am focused on the field of taxation, my legal training helps me incorporate non-tax concepts into rendering tax advice. For example: choice of entity (C-corporation, LLC, etc.) is heavily driven by tax issues- but other legal principles also matter. Sometimes a third-party manager or general partner is needed to preserve or enhance limited liability...sometimes a transfer of assets to an entity would run afoul of fraudulent conveyance statutes...sometimes the company is too "thinly" capitalized under state law. While I cannot directly advise on such issues (except in Ohio) without getting licensed in your state, I CAN point the issues out so that you can seek local legal counsel. You'd be amazed at how many tax advisors opine based on tax concepts only- and run afoul of some pretty important non-tax laws!
- Most tax advisors simply do what you tell them to do – that is, prepare your return based on the information that you provide...when's the last time your advisor came to you and saved you money? My job is to know what you do not – and communicate it – and save you money.

John Hyre can be reached at (419)427-2316 or at johnhyre@ameritech.net

# Learn How to Legally and Ethically Hammer the I.R.S.

## An Introduction to the Real Estate Investor's "KISS" Guide to Bookkeeping Workshop and Course Materials

By John Hyre, Tax Attorney, Accountant, Real Estate Investor

## Read This, Save Big Bucks

Every year, I get clients who hand me shoe-boxes full of receipts, check-stubs, and the like. Or books that make less sense than Tom Daschle's politics. Or well-organized records that still fall short of qualifying as "books". These clients often pay as much – or more – to have their books properly completed as they do for tax returns or planning advice. Had these clients properly kept their books from the get-go, they'd have saved plenty in professional fees alone. In the alternative, these clients could have paid a book-keeper from the beginning – at a much lower rate than what I charge to sift through shoeboxes in the middle of tax season!

As expensive as paying to have books reconstructed can be, a much higher cost of poor records is incurred upon audit. The IRS' #1 weapon is poor record-keeping by taxpayers. When audited, taxpayers with lousy records or substandard books lose billions of dollars in **legitimate** deductions every year. If taxpayers cannot prove what their income and deductions were, the IRS will determine such numbers for taxpayers. Here's a big surprise (Not!): the IRS tends to guess high on income and low on deductions- and the courts usually back them up. To add insult to injury, taxpayers pay automatic **penalties and interest** for failure to keep adequate books and records. The best tax planning from the most expensive advisors is worthless if a taxpayer cannot convincingly and accurately demonstrate his income and deductions.

Finally, and most importantly, the books tell the story of your business – that's why they're called "the books". No matter how good your "gut feel" for your business' performance, if your books are not properly kept, you

do **NOT** know how your business is truly doing. It is inconceivable that a business owner could make informed decisions without knowing his business' assets, liabilities and income.

Taxes are moot if the business makes no profit due to poor or incomplete information. This material will allow you to track your real estate business on a **per property basis.** You will know **exactly** what you have in **each** property, and **exactly** how much you've made (or lost!) on **each** property. Knowing how each property is performing will improve your decision making and increase your profits!

Bottom line: Consistently good business can only flow from good information, and good information flows from good book-keeping. Lousy books increase professional fees and taxes- or make those expenses moot by killing the business altogether. This publication will enable you to write the financial story of your real estate business and increase your profits, while keeping as much as possible out of the hands of the IRS.

## For People Who HATE Accounting

Most real estate investors are far more interested in making money on RE deals than in learning the intricacies of tax law and accounting entries. This workshop and course book are for you. You may read the workshop course book as a normal book, cover to cover (I'm not responsible for any resulting forehead bruises – from hitting the desk – or related drain damage)...or you may use it as a reference work, in portions, as and when needed. If you opt to read it piecemeal (I would), I suggest reading this chapter first, in its entirety. It will give you the 50,000 foot overview needed to understand

the remaining materials. Skim the remainder of the materials, to have an idea of what's where. The index should quickly quide you to the information you need - without forcing you to read lots of gobbledygook to get there.

Most people learn best by example. To that end, I've included lots of them. You still should read the text and the "templates" that walk through an entry in the abstract...these will help you understand the entries. But to help you put it all together, there are plenty of examples with numbers plugged in. You might even set up a "dummy" Chart of Accounts and work through the examples by entering them into QB. Once you've practiced on the "dummy" Chart of Accounts, you can then try the real deal.

## **QuickBooks**

This entire workshop course is geared towards using QuickBooks 2002, Basic Version. Using QuickBooks ("QB" from now on) saves you **LOTS** of time, because the computer performs the tedious, time-consuming calculations and quickly summarizes relevant information for you (that is, creates so-called Reports, such as balance sheets, all customized to suit your needs). In addition, using QB eliminates the need to learn a multitude of traditional accounting tasks (e.g. - posting accounts, preparing a trial balance, etc.). The program is well worth the \$160 or so that you will pay for it. If you already have QB, acquiring the 2002 version should run you approximately \$80, because Intuit (the company that created the program) sends a hefty rebate for upgrades.

To reiterate: This workshop course is designed for the investor with little or no accounting, tax or QuickBooks knowledge. Those of you with a background in accounting may find it a bit slow, with lots of repetition of basic (to you!) points. Also, there are many different ways to do the same thing in QB. I tend to teach just one way to do things, over and over again. That keeps things simple and drives home the lesson for novices. Accounting people: please bear with it, and remember that most of your investor colleagues do not have your accounting aptitude. To reiterate: This is a KISS guide to QB - it is not an exhaustive treatise that will answer every QB question out there.

## Feedback & Questions

I'd like to think that this workshop's book covers most of the situations that you will run into. Unfortunately, given the breadth of the field, and plain human imperfection, there will inevitably be questions not answered in this course. To get feedback to me, and answers to **some general** guestions from me. I have set up a Frequently Asked Questions ("FAQ") board, effective November 1, 2002. Buying this course gets the original

buyer one year of free access to the FAQ board. Each original buyer of this course can email me their name, address and email for the site address and a password. Once I provide that information, the original buyer can participate in providing feedback and asking questions.

## BUT

That FAQ site is a courtesy and exists at my sole discretion and sufferance. That means: There is no guarantee whatsoever that it will exist tomorrow. How to help me keep it around:

- It is a *private* bulletin board if passwords get around, and freeloaders abound, the volume will grow tiresome and kill the board. I provide a much needed product (this course) and uncommonly good feedback (how many "gurus" are this responsive?) at a reasonable price. Just like you, I expect to make a buck for my efforts. If pirated copies of my course, chart of accounts, or FAQ passwords get around, I stop making money - and stop providing support. If you like my product, please refer it to others. If you do not like my product, please tell me what I can do to make it better.
- Please limit the number and scope of questions to a reasonable amount. I can and will ignore those who view the board as a free alternative to paying for professional book-keeping help.

I know, I know, this all sounds crass. Just put yourself in my shoes and help me offer a service that few other workshop course authors match. Thanks!

## JOHN HYRE'S QUALIFICATIONS

## Who am I?

My name is John Hyre. I am a tax attorney, accountant and real estate investor. 95% of my clients are real estate investors. Prior to venturing out on my own, I worked for two of the Big Five accounting firms and for several Fortune 500 companies. I saved my clients millions of dollars in taxes annually. But working for the man got old- so now I'm here to save RE investors big bucks...and invest the fees that I earn in yet more RE of my own.

## Why I became a tax attorney?

- 1. Rough childhood.
- 2. It annoys the left-wingers.
- 3. Lower taxes limit the amount of "help" the government
- 4. I like games....tax law is a high-stakes game with a 500,000 page rulebook.
- 5. I didn't have high enough ethics to be a personal injury lawyer.

- 6. I couldn't run the 100-yard dash fast enough to be a personal injury lawyer.
- 7. I didn't have enough personality to be a personal injury lawyer.
- 8. I have a lousy sense of humor.
- 9. Chilean women dig tax lawyers.
- 10. It's a growth industry- every single time Congress meets!

## Why I RULE, err, I mean, Why Me?

- 1. My client advice and research are thoroughly focused on real estate investment. I've heard most of the questions and researched most of the answers...and constantly work to stay on top of RE tax issues. That means that I can normally answer your questions quickly, aggressively and ethically. Few generalists can compete with a focused specialist. Would you go to the family doctor for heart surgery? Of course not! So why use a jack of all trades (master of none) for your real estate business?
- 2. I cost less. After you look at my hourly rates, you'll laugh at that claim. I didn't say I was cheap- I said that I cost less. I've seen it again and again- potential clients go to a local generalist, and get lousy advice that is plain wrong, or so conservative that the overpaid taxes far outweigh the "savings" on fees. Or the low hourly rate gets applied over many hours, because the generalist needs to research every question...or bill you to learn OUR business. I'm not cheap (unless wine is involved), but I usually cost less!
- 3. I am an attorney. So, unlike many accountants, I actually read the law, and not just someone else's opinion of the law. I interpret that law aggressively whenever ethically possible. I LIKE gray law, unlike many accountants who just want a black and white box to fill in. I respect the IRS' power, but do not fear it. I simply can't abide mousy advisors who squeak "Oh, the Service wouldn't like THAT". I don't care what the IRS likes, I am guided by what the law permits.
- 4. I am an accountant. So unlike many attorneys, my understanding of numbers goes beyond entering the fees on your billing invoice. I understand proper book-keeping - without which, the most expensive tax planning is absolutely worthless. I also understand (and perform) tax compliance – and give tax planning advice that reflects compliance ins and outs.

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# Count me in! I can't wait to get your course book and attend this information-filled bookkeeping and tax-saving workshop for real estate investors

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