

The Pen & Press

March 2016



SPECIAL AWARDS BANQUET & CATCH-UP NCPA NEWSLETTER

Includes minutes from Jan, Feb & Mar 2016 NCPA meetings & Reposts from Email

.....
NCPA's 25th Anniversary

22nd Annual BOOK Awards Banquet

SUNDAY 24 APRIL 2016

CHERRY ISLAND GOLF COURSE

2360 Elverta Rd
Elverta, CA 95626

5pm Networking, No-Host Bar, Silent Auction, Book Display

**(Wine & Beer available)*

5:15pm WELCOME & INTROS, SPEAKERS ~ **6pm** DINNER

- **5:25pm** ~ Special Emcee ~ Bitsy Kemper
- **5:35pm** ~ Special Guest Speaker ~ Home Town Hero Anthony Sadler
(One of three, from the Paris Train Attack last year)

- 27 Entries in our Book Awards

(On-site Book Store featuring books from this year, plus award winners from prior years)

- \$1,000 Scholarship to be awarded to local HS student college-bound for Writing, Journalism, Communications &/or Publishing

- Silent Auction for 2017 Scholarship

- **\$25 Buffet includes all you can eat:**

Chicken Breast ~ Tri-Tip ~ Rice ~ Beans ~ Green Salad ~ Rolls

Special Vegan choice for those who don't eat meat.

Coffee or Tea

Special 25th Anniversary Cake

Bitsy Kemper ~ name sound familiar? ... YES, SHE'S BACK!

You **saw** her little animated-self running around at the Awards Banquet last year, so this year you'll also get to **HEAR HER!** Bitsy was our Emcee in 2015, but the sound system was so horrible, she couldn't be heard, so we're giving her a second chance to make her -1st impression (go to bitsykemper.wordpress.com ; read it all, but scroll down to "3 Ways to Rock Your Bio" on January 18, 2016; to see why I say that!)

Bitsy is an author of more than 14 children's books, and has been seen on CNN, as well as other TV stations, plus heard on the radio all over the United States. Her work has also appeared in newspapers, and for 11 years she wrote about technology, including in a nationally-syndicated newspaper column.

She's also Regional Advisor of Society of Children's Book Writers & Illustrators (SCBWI.) North/Central (36 counties!) If you write children's books, you need to talk to Bitsy! She's also running the 2-day SCBWI Conference in Sacramento on Fri 29 April & Saturday 30 April this year. There are still openings ... talk to Bitsy or me, if interested. It's a great Conference!

Anthony Sadler ~ also a familiar name:

Come join us and listen to Anthony Sadler's exciting NF story: After all ... what are writers, but story tellers, and what better place to hear his exciting story than at an NCPA Book Awards Banquet?

Plus more exciting news for Anthony ... and possibly NCPA ... a book is in the works right now, with an anticipated launch date on the anniversary of the 21 August 2015 train attack.

Anthony is now a member of NCPA, and that book will be eligible for entry in our 2017 Awards Banquet, which he's expressed an interest in.



Anthony Sadler, who along with two friends, helped thwart a terrorist attack aboard a train from Amsterdam to Paris on 21 August 2015, is a senior at Sacramento State University.

Anthony's story is one of overcoming adversity, a tale of true friendship, and an all-around feel-good American triumph. He studies Kinesiology and hopes to use his newfound platform to affect positive change in his community and the world around him.

In addition to our great speaker and emcee, we'll be celebrating and thanking all members, board, and book winners from the past 22-25 years, with an anniversary cake.

This year's award-winning books, plus awarded books from prior years will be on sale. All award winners ... and their books ... from the past have also been sent an Email, inviting them to the awards banquet, as has everyone who's ever been involved with NCPA, and all of its name changes throughout the years: {1991, Sacramento Publishers Association (SPA); October 2001, Sacramento Publishers & Authors (SPA); and our current NCPA, Northern California Publishers & Authors, in 2004.}

We'll also present our \$1,000 Scholarship to this year's winning high school student, from **Cosumnes Oaks High School in the Elk Grove School District**, plus we have lots of great items on the silent auction for next year's scholarship.

And ... we can't forget that great buffet Cherry Island is providing for us!

ALL THIS FOR ONLY \$25! ~ GET YOUR TICKETS NOW; SPACE IS LIMITED!

2016 Election

Candidates for the board all running uncontested:

- Sharon Darrow (running for president)
- June Azevedo (for Vice President)
 - Tom Kando (Secretary),
 - Amy Rogers (Treasurer)
- Norma Jean Thornton (Communications Director)

LOOKING FOR A NEWSLETTER EDITOR --- PLEASE!!!

GET INVOLVED IN NCPA ~ IT'S FUN!

There's a lot that needs to be shared, not just from NCPA, but info from our sister writing organizations, too, and critique groups ... plus writing in general ... and the best way is through an NCPA Newsletter!

As you can see, this one is not your traditional Newsletter ~ but anything's better than nothing at this late date, so please bear with me; hopefully it will get better as we go along ... but even more hopefully, someone else will volunteer to do this job! You can't do any worse than I will.

**We're all writers ... so step up and help all of us ... (me, especially! :-)
normathornton@yahoo.com**

Scholarship Silent Auction Donors & Donations 2016:

Bitsy Kemper

Picture Book (PB) Critique

California Wine Education Foundation of Lodi : \$130

Two all-day tickets to the 2015 Lodi ZinFest **Saturday 14 May 2016**

Cherry Island Golf Course : \$212

Foursome in Golf at the Cherry Island Golf Course

Grand Oaks Inn B&B : \$225

One night stay in any available Queen Room in Clements ... 12 miles East of Lodi. Second night ½ price.... **Valid through 31 May 2017.**

NCPA: \$120

3-year Membership

Old Spaghetti Factory: \$25

\$25 Gift Certificate for dinner at the Old Spaghetti Factory on Sunrise

Roaring Camp Mining Company : \$100

Cookout BBQ Steak dinner for 2 includes the use of their recreational facilities, and a 5-hour guided gold-mine and gold-panning tour into the canyon in Pine Grove, just up the road "apiece" from Clements.

Sharif Jewelers: \$400

Sapphire & diamond, 10K yellow gold Cocktail Ring valued at \$400.

Sizzlers, Madison Av: up to \$32

Salad Buffet + Beverage for 2 ~ lunch OR dinner

Thalia Publishing Company: \$250

\$250 Copyedit or Developmental Edit

Time Tested Books: \$20

\$20 Gift Certificate

Walmart Antelope (Watt Av & Elverta Rd): \$50

\$50 Gift Card for Walmart

DONOR CONTACT INFO

Bitsy Kemper

www.BitsyKemper.com,

Twitter (@Bitsy Kemper)

(CA Wine) Lodi Wine Country Contact : Mollie Bjork

2045 W. Turner Rd ~ Lodi, CA 95242

209-367-4727

molly@lodiwine.com

www.zinfest.com

Cherry Island Golf Course Contact: Spencer Riemer

2360 Elverta Rd, Elverta CA

916-991-7293 X 6

Sriemer@empiregolf.com

www.golfcherryisland.com

Grand Oaks Inn B&B

PO Box 518 (21941 Buena Vista Road)
Clements, CA 95227
209 759-3453
grandoaks@inreach.com grandoaksinn.com

NCPA

Norcalpa.org

Old Spaghetti Factory

731 Sunrise Avenue
Roseville, CA 95661
916-773-3950 www.osf.com

Roaring Camp Mining Company

Pine Grove, CA
209-296-4100
www.roaringcampgold.com
roaringcamp@volcano.net

Sharif Jewelers

1338 Howe Ave, Sacramento, CA 95825
also stores at (1001 K St Sacto) & (341 Iron Point Rd, Folsom)
916-927-0542
Sharif@SharifJewelers.com
www.sharifjewelers.com

Sizzlers Restaurant Gen Mgr Abe Salman

5815 Madison Av
Sacramento, CA 95841
916-348-3396

Thalia Publishing Company Contact Pam Suwinsky

6830 Wavecrest Way ~ Sacramento, CA 95831
916 202 7155
thaliapub@aol.com
www.linkedin.com/pub/pam-suwinsky/10/889/381

Time Tested Books

1114 21st Street
Sacramento, CA 95811
916-447-5696
www.timetestedbooks.net

Walmart Store 1881 Contact: :Allen Becker

7901 Watt Av ~ Antelope, CA 95843
916-916-332-3173
atbecke.s01881.us@wal-mart.com
walmart.com

REPOSTING IN NEWSLETTER ~ SENT VIA EMAIL 7 March 2016

NCPA 2016 \$1,000 SCHOLARSHIP UPDATE

ADDENDUM 30 March 2016:

WE HAVE OUR WINNER! A very talented fiction author from the Elk Grove School District. Winner will be awarded a certificate for the scholarship at the Awards Banquet, with the actual scholarship money being sent directly to the college she's attending once we've received registration verification from that college.

ALL 19 ENTRANTS WILL BE invited to our April meeting, to be honored ~ NO GUEST SPEAKERS ~ THESE KIDS ARE IT ~ and GIVEN A 1-year YOUTH MEMBERSHIP TO NCPA

(EMAIL SENT 7 March 2016): SCHOLARSHIP PROCESS

The deadline for our 2016 \$1,000 scholarship program for a local high school senior college-bound for writing, journalism, publishing or communications, ended on 1 March, with an onslaught of entries at the last minute!

Entries had straggled in at first, with only 3 by 4 Feb; number 4 was received on 27 Feb, and then they went crazy!

Two more came in on the 28th, with another 2 on Feb 29th, for a total of 8. By the end of day on 1 March, we received 11 more, for a total of 19 entries!

Participation came from a variety of school districts and high schools all around the area.

In no particular order, Folsom-Cordova, San Juan, Placer Union, Sac City, Placer, Elk Grove, Rocklin and Esparto School Districts were represented by: Western Sierra Collegiate Academy, Esparto, Elk Grove Charter, Monterey Trail, Consumes Oaks, Placer, El Camino Fundamental, Saint Francis, The Met Sacramento, Del Oro, Victory, Whitney, Mira Loma and Folsom High Schools. Some schools had multiple student submissions, with 3 from the same teacher at Placer HS! Way to go Placer!

Heavy-duty reading time, since there were 5 questions (up to 200 words each) for each, plus the fiction, non-fiction personal story or essay (750-1,000 words.)

They were all interesting reads; some were excellent, with lots of potential in all. We've not yet made our decision as to the winner, awaiting the return of our Scholarship Coordinator, Kim Edwards. (Lucky gal ... she's on vacation.)

We're going to invite all the students who entered plus their teachers and parents to our 14 April NCPA general meeting, and rumor has it the kids might be presented with a student membership to NCPA for their participation.

The \$1,000 scholarship winner and either a parent or teacher will be provided dinner, and the scholarship will be awarded at our Book Awards Banquet on Sunday, 24 April 2016 at the Cherry Island Golf Course on Elverta Rd in Elverta (by Gibson Ranch.)

Hope to see you at all the meetings ... especially the Banquet!

REPOSTING IN NEWSLETTER ~ SENT VIA EMAIL 10 March 2016

Process of gathering the money for the \$1,000 SCHOLARSHIP ~ & ~ Running the Annual Awards Banquet

Now that you know about our scholarship process ... it's time to hear what it takes to actually get the \$1,000 that we donate to a student. That money doesn't come from NCPA proper, but rather, from donations and a silent auction during the Book Awards Banquet (BAB.)

Those who have attended one or more of the NCPA BABs for the past 5 years know that we have a Silent Auction, with items donated by members, vendors, friends, a variety of businesses and especially authors &/ or publishers (including many outside of NCPA) who have talents or expertise in a variety of ways to help those of us writing.

In the past we've had signed books from well-known authors ... services that focus directly towards authors / publishing, from our members and others: Professional Critiques, Websites, Retreats, Gift Certificates, basket of books and other goodies, plus much more.

The AB Committee (Sharon Darrow, Amy Rogers, June Azevedo, Kim Edwards and myself) donate our services and time for the entire event, and NCPA makes nothing on the banquet. However, last year, we did a little better (very little) than break even, and actually wound up in the black! YAY!

What we're charged for dinner is what we charge you, and the money charged for book entries goes towards the awards, the program, stamps and other paper expenses, and feeding the judges, (dinner for one is included in the book entry fee.)

Our sponsors help pay for any excess charges for awards, the program, etc, including decorations, (and the 25th Anniversary Cake this year.)

Since I've been handling the Awards Banquet these last 2 years, I've not had the free time to gather donations as I have in the past, so I'm asking you members to step up, if you have anything to offer ... a service, an item, gift certificates, bottle of wine, if you paint, one of your paintings, etc ... even a vacation rental place, like I've seen donated elsewhere.

Better yet, show your support and attend our Awards Banquet (AB) so you can bid on the items we have

OR you could help defray costs of the Banquet by being a sponsor to the event; it's easy. Simply purchase advertising space in our program for your book/s, business, or even as a short Happy 25th Birthday to NCPA! ... or whatever. Space starts at \$25 ... I'll send another Email with sponsor information once I find the form.

Just a few of our past donors and their contribution/s, to once more thank them for their generous donations.

- Carvalho Winery ~ Wine and a tour
- Grand Oaks B&B ~ Free 1 night stay + 2nd night ½ price ~ all 5 Years

- Sharif's Jewelry ~ Cocktail ring each year for the past 3 Years
- California Wine Education Foundation of Lodi ~ 2 all-day Tickets to the Zinfest festival ~ all 5 Years
- Roaring Camp Mining Co ~ Cookout BBQ Steak Dinner &/or Gold pans + Tour ~ all 5 Years
- Jennifer Basye Sander ~ Write By The Lake Retreat
- KCRA TV ~ Station Tour
- Jim Collins ~ Website set-up package
- Amy Rogers ~ Website set-up package
- Mira Reisberg ~ Picture Book Academy on-line Course in Children's Book writing &/or Illustrating
- CWC, Margie Webb ~ CWC Bag + 1 year ~ Sponsorship ad 1 year
- Tim Herrera ~ Wine plus his \$50 speaking fee
- Susan Spann ~ Basket of her signed Shinobi Mystery Series and a bunch of Japanese munching goodies
- Naida West ~ set of her books + a nature-history walk of her property, and lunch
- Scribner Bend Vintners ~ Wine plus a tour
- Erin Dealy ~ Professional Critique
- Ken & Rosa Umbach ~ Basket of Italian goodies + Wine
- Linda Joy Singleton ~ Synopsis Session
- Danna Wilberg ~ Yummy, Yummy Chocolate Covered Strawberries!
- Old Spaghetti Factory ~ Gift Certificate, Dinner for 2 ~ 2 years
- Dan Poynter ~ His last signed books, prior to his death
- Stephanie Chandler ~ Virtual NF Writing Conference
- Brenda Novak ~ Signed Books plus more
- Pretty Road Press, Ted Witt ~ Kindle
- Western Outdoor News (WON) ~ Gift Certs for Subscriptions to WON
- Red Lion Inn ~ 2 nights stay
- Kiyoko Sato ~ Signed books
- PLUS MANY MORE, INCLUDING All of OUR SILENT AUCTION BIDDERS :
 - Ken & Rosa Umbach
 - Karl Paluchek
 - (Just 2 of our better bidders!)

THANK YOU ONE & ALL!

UPCOMING ~ 14 APRIL 2016 monthly meeting

Next NCPA monthly meeting **Thursday 14 April 6:30-8:30pm Cool River Pizza**
NO SPEAKER ~ Networking meeting ~ Plus, all scholarship entrants have been invited to attend the meeting and will have a chance to tell about themselves.

Hopefully at least a few will attend.

All 19 are being given a FREE one-year student membership to NCPA.

Minutes for Jan, Feb & March 2016 NCPA MONTHLY MEETINGS

We've not had a newsletter since Dec 2015, and our first 3 meetings of 2016 have been on taxes, with great notes so, we're playing catch-up on our meeting minutes from our fantabulous Secretary, Tom KANDO ~ here are the minutes from Jan, Feb & March 2016 meetings.

Jan 14, 2016 Minutes STATE BOARD OF EQUALIZATION (SBOE) USE & SALES TAXES

NCPA MONTHLY MEETING

January 14, 2016

Agenda:

1. Announcements
2. Self-presentations
3. Guest speaker:

Chris Rice, of the State Board of Equalization, on Basic Sales & Use Tax and Avoiding Common Sales & Use Tax Problems.

Present: Anderson, Azevedo, Babka, Blain, Bolton, Darrow, Edsberg, Edwards, Erickson, Gonzalez, Holmdahl, Kando, Landis, Leland, Miller, Ortega, Pacholik, Perry, Potter, Ring, Rogers, Riley, Steele, Thornton, Witt.

This was the first meeting at the new venue and new time: Thursday evening, 6:00 PM, at Roseville's Cool River Pizza: 1805 Cirby Way, #3, Roseville, 95661, tel.: 916-786-9000.

The turnout was good, so it looks like the change was a good idea. The place has a great selection of pizzas and other things. This is also where the anthology book release celebration & book signing takes place, on Tuesday January 19, 6:00 PM.

1. Announcements: President Darrow made the following announcements:

- Applications forms for featured member of the month, membership, and book award competition were available at the meeting and can be downloaded from the NCPA website.
- The scholarship fund goal of \$1,000 has almost been reached. A few more donations are welcome.
- The Anthology, *Our Dance with Words*, is out, and it is being formally launched on Tuesday January 19 (see above).
- Ted Witt passed out flyers and complimentary copies to authors present, and he has e-mailed further information to all contributors.
- The Book Awards Banquet will take place on April 24. Sharon Darrow gave out information about the contest, including cost and categories. The deadline for submissions is January 31. Banquet tickets are available online, \$25 each.
- Membership renewal time has arrived. You can renew online or send a check to:
 - NCPA, c/o Sharon Darrow, P.O.Box 214673, Sacramento, CA 95821
 - Annual elections for the board are coming up at the end of March.
 - The California State Fair Authors Booth: You can apply to take part. Contact NCPA member Naida West.

2. Self presentations: Members (and several guests) made their customary personal introductions.

3. Guest speaker: Chris Rice, of the State Board of Equalization, on Basic Sales & Use Tax

and Avoiding Common Sales & Use Tax Problems.

This was a refresher of the presentation made by Chris to the NCPA four and a half years ago (August 13, 2011). Useful, as so much of the membership has changed since then. Once again, Chris passed out a series of power points in hard copy form. Much of the information given out was in response to audience questions: Highlights:

- Do we, who sell books in California, need a seller's permit? **Yes, but it's free.** It can be obtained by **calling 1-800-400-7115**, logging on to <http://www.boe.ca.gov/> or driving to **3321 Power Inn Road, STE 210, Sacramento, CA 95826.**
- This is distinct from a business license, which is typically obtained from the county, and is not free.
- As Chris told us last time and again this time, his agency does visit businesses to check up on whether they have posted their seller's permit, which they must. However, if your business as an author is a home business, you can simply keep your permit in a file.
- You have to file at least annually, maybe more frequently, depending on sales volume. If your sales amount to less than \$1,000 per year, filing once a year suffices. In order to maintain your permit, you must file even if you owe nothing when you have had no sales during a sales period. To close your permit, you should let them know, or else they'll think you are still in business.
- What is a Sales Tax? It is the tax imposed on the **retailer** ONLY for the sale of Tangible Personal Property (T.P.P). There is no sales tax on electronic technology transfers, licenses, downloads of documents and e-book sales, because these are not T.P.P.
- If you sell books in another state, you must also have a seller's permit for that state and pay taxes there. Furthermore, you must also pay taxes when you sell/purchase copies of your own book to yourself. Advances on royalties are also taxable.
- You can sell your products (books) for a round amount, e.g. \$15 or \$20, which INCLUDES the sales tax, but you must post a sign stating "Tax Included." As an example, a bar sells you a drink for a straight \$8.00 However, this inclusive method is on its way out, for most businesses.
- If you purchase something out of state and it is not taxed there, you must pay the California use tax, which is equal to the California sales tax.
- What is the Use Tax? And how do you pay it? This is a tax levied upon the **purchaser**. You pay this to the **SBOE** NOT to the Franchise Tax Board (FTB) through your income tax. The sales tax and the user tax are mutually exclusive. You want to pay one or the other, not both.
- There was some confusion as to what the two agencies - the Board of Equalization and the Franchise Tax Board - do. Basically, the latter levies income tax whereas the former charges the sales tax and the user tax. In case you are audited, it's smart to always declare the same amounts of earnings to the different agencies.

All in all, Chris Rice provided us with a large amount of useful (and at times confusing) information. So as not to confuse us unduly, he concluded by saying that the bottom line is this: If you sell a book, it's taxable. For further information, he recommended contacting the following:

<http://www.boe.ca.gov>

www.calgold.ca.gov

and/or Chris himself at: Christopher.Rice@boe.ca.gov or by phone at 916-227-6696.

Tom Kando, secretary

FEBRUARY MEETING MINUTES 2016 FRANCHISE TAX BOARD (FTB) STATE TAXES

NCPA Meeting Minutes
(always posted at <https://www.norcalpa.org/Meeting-Minutes>)

Thursday, February 11, 2016

Cool River Pizza

(recorded by Amy Rogers; Tom Kando out of town)

President Sharon Darrow led discussion of the following agenda:

- Members advised to apply for “member of the month” allowing them opportunity to share information or expertise with the group
- NCPA business cards available for everyone
- Book Awards closes in 4 days. 26 entries so far, close to last year’s record of 28.
- 25th Anniversary Awards Banquet will be April 24 at Cherry Island Golf Club. Tickets available online now. MC will be Bitsy Kemper.
- Centerpieces will include good condition donated books for giveaway.
- If you won an NCPA book award in the past, you are invited to bring books to sell in the Banquet Bookstore. You must attend the banquet to have your book for sale.
- Annual elections in March. Elected offices are: President; VP; Secretary; Treasurer, Please nominate yourself or someone else ASAP. Current nominations: President: Sharon Darrow; VP: June Azevedo; Secretary: Tom Kando; Treasurer: Amy Rogers
- to participate in the CA State Fair Authors Booth, you must contact Naida West, submit a copy of your book, and have a CA resale license
- Brief member self-introductions followed.

Speaker: Alvaro Hernandez of the California Franchise Tax Board (FTB) (CA state income tax)

Speaker Notes:

- If you do business in the city or county of Sacramento, you must have a business license. This is different from/in addition to a seller’s permit, which we heard about last month, from the Board of Equalization (sales tax).
- If your business is a sole proprietorship, there is no separation between you and the business. All business assets are yours/no transfer of assets. Same with your income taxes. You and business are the same, all income and tax on your personal tax return. Schedule C (Federal) Profits and Losses of a Business; carry it over to your CA form 540.
- FTB follows rules of the IRS for business in your home / home office
- Home office can only be deducted if **exclusively** used for business. If you take this deduction, your homeowners insurance, property tax, utilities etc. are deductible as a percentage of the office as the size of home. If you sell your home, must recapture.
- Travel to business event like this meeting: claim the mileage as a deduction.
- **Save your receipts** and write on the back what it was for. Hint: receipts will fade after a few years so scan them.
- Small business development centers are a great source of information to help you create a business plan, to learn about what deductions you’re entitled to, etc.
- IRS website has lots of info including videos.

- Home office, entertainment, vehicle expenses may be deductible.
- Recommend that you have a **separate bank account** for your business. If you're audited, any money you might have deposited totally unrelated to the business might look like business income and be considered unreported business income.
- IRS, not FTB, decides whether what you're doing is a business vs a hobby
- Always have a written agreement if you're doing business with someone else, particularly if you are in a partnership. (Even with spouse!)
- Other forms of business organization:
 - Limited liability corporations: protects your personal assets. As a sole proprietorship or partnership, if someone sues you, your assets are at risk. As a corporation or LLC, they can only sue for assets of the corporation. Person suing can't go after your home or car or retirement.
 - Corporation or LLC: a separate legal entity. File articles of incorporation with secretary of state. Expensive. Need an attorney to set it up. Formalities you must follow: board meetings, shareholder meetings, minutes, even if you're the only person involved. Separate filing requirement and separate tax rate (from you personally). Then double taxed because you must pay personal income tax on what your corp pays you. Also: \$800 minimum annual tax for corp or LLC, and you must file a return every year whether you earn anything or not.
 - S corporations: a hybrid form that affects how you pay tax. Income passes through to shareholders on a K1 form. They then report the income. Limited to 100 shareholders and one type of stock.
- Losses: If you claim business expenses in excess of your business income, you can carry over the loss to future years. If your business expenses consistently exceed your business income, this reduces your tax liability for your regular income. But this might raise a red flag for audit: what kind of business are you running that always loses money? Most new businesses have startup costs, so for 12 months prior to first sale, you can claim deductible expenses.
- Keep physical receipts! Keep for a minimum of IRS: 3 years; FTB and BOE: 4 years because that's how long they can do an audit for no particular reason. But there is no statute of limitations for fraud investigation—they can look at your records at any time. Magic number? 7 years
- Speaker will forward us more detailed information about how to keep records and handle deductions
- If you hire someone to do work for you "subcontracting" (such as, a cover designer) and you pay them \$600 or more per year, you are required to send them a 1099 form. If less than \$600, send a 1099 anyway because then it allows you to take the business deduction for that expense. To send someone a 1099, you need their social security number.

Agenda: March 10, 2016 INTERNAL REVENUE SERVICE (IRS) FEDERAL TAXES

1. Announcements
2. Self-presentations
3. Guest speaker
4. Networking

Present: Anderson, Elva Anson, Everett Anson, Azevedo, Bolton, Darrow, Kando, Miller, Ortega, Perry, Potter, Rigley, Steele, Thornton, Witt.

While the official starting time for the meeting was 6:30, most people showed up early so as to first consume pizza (tax deductible!) or something else. Turn-out was good despite pouring rain, so switching to the new venue - Roseville's Cool River Pizza, 1805 Cirby Way, #3, Roseville, 95661, tel.: 916-786-9000 - was a good idea.

1. Announcements: President Darrow made the following announcements:

- Applications forms for featured member of the month, membership and banquet reservations were available at the meeting and can be downloaded from the NCPA website.
- There are 27 entries for the Book Awards Competition, including two from major publishing houses in New York.
- MC at the April 24 Book Awards Banquet will be Bitsy Kemper, the well-known author of children's books. In addition, the banquet will also feature a special guest speaker: local hero Anthony Sadler, one of the three brave men who foiled the Paris terrorist train attack last year.
- Annual elections for board positions are coming up at the end of March. Current candidates include Sharon Darrow who is running for president, June Azevedo running for Vice President, Tom Kando for Secretary, Amy Rogers for Treasurer and Norma Jean Thornton for Communications Director. Sharon, June, Tom and Norma Jean all introduced themselves to the membership and made brief spiels for their candidacies.
- We were reminded that the NCPA usually has a booth at the California State Fair. All authors can apply to take part. Naida West is the contact person.

2. Self presentations: Members and guests made their customary personal introductions.

3. Guest speaker: Gary McKinsey, businessman, income tax adviser and IRS expert. Gary gave a presentation supported by a handout featuring about twenty power points. **His main focus was to clarify what sorts of records we should maintain so as to document our tax deductions to the IRS. He also addressed the question as to whether the IRS will see our writing as a business or as a hobby, and how we can take full advantage of our business deductions. Some of his key points:**

- As an author, make sure you have a business plan, including a P&L (profit and loss) statement, an idea of your likely expenses and anticipated income.
- Always be prepared for a potential examination (=audit).
- The key question is always: is a given expense tax deductible or not?
- Just charging an expense to a credit card or to a debit card is not enough. You should also keep a receipt to show what specific business purpose the expense is for.
- It is essential to keep good records, including specific dates, etc. It's best to do this electronically.

- It makes a big difference whether your writing is a business or a hobby. If it's just a hobby, you cannot deduct your losses. If it's a business, you can deduct losses from your OTHER income, wages, etc.
- You should have a business license.
- While not mandatory, it is wise to keep a separate checking account just for your business (even though this can be a bit costly). Same with a separate credit card just for your business.
- The IRS has a standard trick question: "Do you enjoy your business?" The implication being that if you do, it may be just a hobby. But this is nonsense. There is no law against enjoying one's business.
- The US Tax Court is clear that a legitimate business is a business, whether you enjoy it or not. And what makes it a legitimate business is if there is an expectation of profit, at least at some future time, in other words, if you INTEND to make money some day.
- However: a Rule of thumb: If you declare a loss for three out of the past five years, then the IRS starts looking at your activity as a hobby, not a business...
- Charitable contributions are not generally deductible as business expenses, except for example if you give to a charity and part of this is a marketing or advertising deal.
- Travel, entertainment, gifts: To deduct mileage driven, you must keep records, dates, destinations, distances. In 2015, the credit for deductible mileage is 57.5 cents; in 2016 it's 54 cents (gas got cheaper).
 - An example was given of going to a conference at the Disneyland Hotel and combining this business with pleasure (visiting the park). Obviously, the meals associated with the business part (attending the conference, etc.) are deductible, as is part of the hotel room bill, but only those parts.
 - Another example was the pizza and other things NCPA members consumed tonight during the meeting: Yes, this was a legitimate business expense, insofar as it was part of one's business as an author or publisher.
- In general, this matter is not clearly black or white. A good rule of thumb, when it comes to transportation, entertainments, etc, we do something that mixes business and leisure, is to take a 50-50 approach - half, or some such part of the expense is tax deductible...
- Travel and entertainment are the areas which the IRS loves to challenge!
- Giving away copies of your books is deductible (the production cost).
- Are royalties subject to self-employment tax? **Yes.** Typically it's roughly 15%. Sched. C.
- You get a Form 1099 (for example from Amazon).
- If you hire someone, for example to edit your manuscript: if you pay him more than \$600, you should get a W-9 form from him, so you don't end up paying his taxes later on.
- Also, you should get an E.I.N. (Employer Identification Number).
- How long should you keep records? The IRS says 3 years; Gary suggests 4 years; payroll records should be kept 5 years.
- The home office: It should be an identifiable space used exclusively for business. Must not exceed 300 square feet.

Gary's presentation and the questions and answers were a useful refresher of some basic and important IRS requirements. This was followed by networking among members.

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Meetings are on the second Thursday of each month, 6:30pm to 8:30pm

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Meetings are always FREE

Visitors are always welcome.

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