

CSB NEWS

CLIENT SPOTLIGHT ON... FLOWERWOOD NURSERY

Once a backyard hobby of Harry H. Smith in the 1930s, the Flowerwood Nursery of today employs over 600 people throughout the southeast. With production spread over Alabama, Georgia and Florida, the company sells to retail giants Lowe's and Home Depot as well as independent garden centers and re-wholesalers throughout the Southern and Mid-Atlantic States.

Says Company President Greg Smith, Jr. "Our Company has always grown traditional nursery offerings such as broadleaf evergreens, conifers, deciduous shrubs, grasses, groundcovers, trees and other perennials. And we continue to offer these today. But in the mid-1990s, we realized there was a market for a nursery that could not only grow traditional products, but develop and manage new types of plant introductions. And that sparked the formation of Plant Development Services, Inc. Through PDSI, we have tried to develop plants with unique performance attributes that could be patented, branded and then, most importantly, introduced to the consumer market. We've been pleased with our progress."

Rightfully so, as PDSI is now known worldwide as a leader in horticultural innovation. The popularity of the Encore and other PDSI brands has gotten the attention of Southern Living magazine. This premier southern lifestyle and entertainment publication has entered into an exclusive licensing agreement with PDSI to develop and market a comprehensive collection of plants under

the Southern Living brand.

"Perhaps our best known brand is the Encore Azalea," says Smith. "The Encore is the only azalea that blooms three times a year, and with 23 varieties we've got the size, bloom color and growth habit that is perfect for any garden. And the Knockout Rose, of course, is another well-known garden favorite. Its hardiness and beautiful blooms are hard to beat."

Ellis Ollinger, Flowerwood's CEO, says the Encore Azalea is only one of PDSI's products that have been very successful for Flowerwood. "Flowerwood grows over 50 other patented plant varieties that PDSI has developed." And he is quick to point out that their success did not come by accident, but is the result of a lot of hard work by a dedicated team of employees. Ollinger adds "Quality and integrity are core values that have helped



Ellis Ollinger, Winston Foster, Greg Smith

us earn the respect of professionals from all segments of the industry."

It seems the world is now Flowerwood's backyard. CSB is proud to have assisted Flowerwood for many years with its accounting and tax needs, and we wish them continued success. If you would like more information, go to www.flowerwoodnurseries.com or call 1-800-858-3521.



Contributors to the Newsletter

Kenny Crow
Kristi Daughtery
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VISION STATEMENT

Our firm's objective is to maximize our clients' wealth. We strive to be the premier accounting and consulting firm in our area by offering a complete range of quality services to our clients. We will employ only the best people and ensure outstanding training and long-term career opportunities.

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2008 AMERICA'S JUNIOR MISS

The 51st Annual America's Junior Miss National Finals were held on Saturday, June 28th at the Mobile Civic Center Theater. CSB has had the opportunity and pleasure to assist with the AJM Finals competition for many years. Each year, fifty of the brightest and most talented young women come to Mobile for the AJM National Finals. The mission of AJM is to emphasize education by providing scholarship opportunities to outstanding high school girls and to encourage personal development.

More than 5,000 young women participate at the local and state levels of America's Junior Miss each year. The young women are judged in the following categories: Scholastics, Fitness, Talent, Self Expression and Personal Interview. The class of 2008 competed for a share of over \$150,000 in cash scholarships.

The title of America's Junior Miss for 2008 was awarded to Utah's Junior Miss, Lindsey Brinton. She impressed the judges with her incredible scholastics, vibrant personality, and amazing piano performance. Lindsey plans to attend Harvard and pursue a career in biomedical engineering. She was awarded \$54,000 in cash scholarships during the National Finals.

The First Runner-up was North Carolina's Junior Miss, Helen Ching. She

received \$26,000 in cash scholarships during the National Finals. California's Junior Miss, Jacqueline Rotman, was selected as Second Runner-up and received \$20,000 in cash scholarships during the National Finals.

CSB once again had the honor and privilege of tabulating the judges' votes during the three-day 2008 AJM Finals competition. The class of 2008 was made up of fifty very intelligent, personable and talented young women. CSB was grateful that we had the task of tabulating the scores and not the daunting task of judging this admirable group of young women. We had a wonderful experience and thoroughly enjoyed participating again this year. We look forward to next year's competition to be held June 25th, 26 and 27 in Mobile. Mark your calendars now!

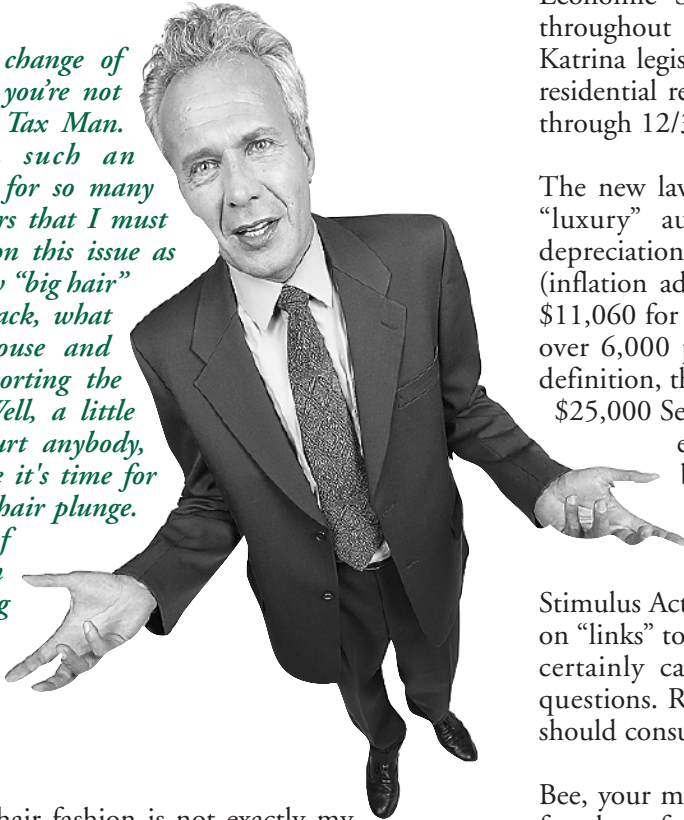


Kenny Crow and Gina McKellar with 2007 America's Junior Miss Nora Ali at CSB office

ASK THE TAX MAN...

*Dear Tax Man,
I'm considering a change of hair style. I know you're not an expert on this, Tax Man. But you've been such an inspiration to me for so many years on tax matters that I must seek your counsel on this issue as well. You know how "big hair" has made a comeback, what with Amy Winehouse and other celebrities sporting the "beehive" look? Well, a little makeover never hurt anybody, and I figure maybe it's time for me to take the big-hair plunge. TM, I'm in need of some affirmation before I take this big step! Please help.*

*Sign me,
Wannabeehive*



Dear Bee,
As you point out, hair fashion is not exactly my area of concentration. So I think it best for all concerned if I give your coifing conundrum a wide berth. But funny thing, this re-emergence of big hair brings to mind an interesting correlation between fashion and the tax law: each changes frequently, and each repeats itself every few years.

You see, we thought that big Section 179 deductions and bonus depreciation had pretty much disappeared. But alas, much like big hair, these tax breaks are back for 2008! As Yogi Berra would say, it's "déjà vu all over again."

Earlier this year Congress passed the Economic Stimulus Act of 2008, increasing the limitation on expensing depreciable assets and providing for bonus depreciation on new equipment. The Act provides an increase in the expense deduction limitation under Code Sec. 179 from \$128,000 to \$250,000, for assets placed in service in tax years beginning after 12/31/2007 but before 1/01/09. The 50% bonus depreciation is allowed on qualified assets placed in service after 12/31/2007 and before 01/01/2009.

The bonus depreciation is allowed generally on all new tangible personal property that is used in a trade or business except inventory. Bonus depreciation for personal property used in areas affected by Hurricane Katrina (the Gulf Opportunity Zone or "GO" Zone) had expired by the end of 2007, but the

Economic Stimulus Act now allows taxpayers to take it throughout the United States. Furthermore, remember that Katrina legislation bonus depreciation for nonresidential and residential real property located in the GO Zone is available through 12/31/2008.

The new law also raises the Code Sec. 280F limitations on "luxury" automobile depreciation. Ordinarily, first-year depreciation for passenger automobiles is capped at \$3,060 (inflation adjusted). That cap has been raised by \$8,000 to \$11,060 for first-year depreciation. And for vehicles weighing over 6,000 pounds that escape the "passenger automobile" definition, the first year deduction can be much larger, using a \$25,000 Sec. 179 expense plus 50% bonus depreciation. For example, on a \$50,000 vehicle used 100% for business, up to \$40,000 of depreciation may be claimed in the first year.

If you want more details on the Economic Stimulus Act of 2008, please go to www.csbcpa.com and click on "links" to get to the full text of the law. Of course, you may certainly call one of the professionals at CSB with any questions. Remember that tax laws are complicated, and you should consult with your advisor before taking any action.

Bee, your mention of Ms. Winehouse got me to humming a few bars from her popular tune about addiction entitled "Rehab." I'm sure you're familiar with the lyrics in the song's plaintive refrain: "They tried to make me go to rehab, I said no, no, no. Just try to make me go to rehab, but I won't go, go, go."

And you know what? Sounds crazy, but it reminds me of the addicts in the U.S. Congress. Their addiction, of course, is to complex tax laws. And trying to change an addict is useless, as weary taxpayers have found out after decades of pleading with lawmakers for simplification. Congress always has the same response: "You asked for simple income tax laws, but we said no, no, no. Just try to make us go and fix it, but we won't go, go, go."

Hey Bee, best of luck in your styling adventure. And if you do end up with a hive on top, may you never have a bad big-hair day.

Sincerely yours,

Tax Man

TEAM MEMBER NEWS AND BRAGGIN' RIGHTS

Tim and Gretchen Adams are expecting their second child in December.

Michael Bailey, son of Joey and Connie and a student at McGill-Toolen Catholic High School, was among 100 Alabama high school students selected to attend the University of Alabama's Capstone Leadership Academy. Additionally, Michael is Vice-President of the Junior Class at McGill-Toolen and serves as a Student Ambassador for both McGill-Toolen and the Ronald McDonald House (Red Shoe Crew).

Mary Catherine Bailey, daughter of Joey and Connie, is a McGill-Toolen Student Ambassador and Ronald McDonald House Ambassador (Red Shoe Crew).

Dolores Breneman joined CSB's administrative team in August. Dolores comes to us with over 20 years experience in an accounting environment. She is married to Ray and they have one daughter, Alicia Breneman and one grandson, Christopher Harpinger.

Jennifer Brothers and husband Jonathon are expecting twin girls in February.

La Nette Caskey joined CSB in July as our new bookkeeper. La Nette has over thirty years of experience in bookkeeping and accounting. She is married to Jess Caskey and they have two daughters and four grandchildren.



Stephen Ritter, son of CSB clients Randy and Cindy Ritter, and Henry Shields at Dauphin Island. Nice Red Snapper, boys!

Louise Crow, daughter of Kenny and Marty and a junior at the University of Alabama, is a recipient of Kappa Delta sorority's Corre Anding Stegall Leadership Award.

Kristi and Brian Daughtery are expecting a baby girl in October.

Sherri Deighton joined our tax team in September and brings over 20 years of experience to the firm. She is married to Joe Deighton who is the Vice President of Student Affairs at Spring Hill College and they have two children Tim and Jacob.

CSB welcomes new accountant **Martin DeVaney**. Martin graduated from Birmingham Southern College in May with a BS degree in Accounting and is working on our audit team.

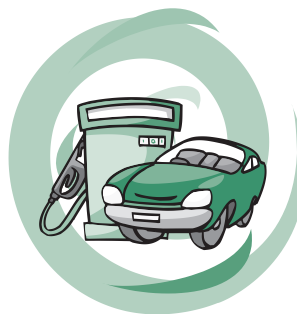
Congratulations to **Barb Frerman**. Her first grandchild, Ava Marie Frerman, was born on July 22, 2008. She weighed 7 pounds and was 20 inches long.

Diana Moore joined CSB's Gulf Shores administrative team in September. Diana has several years experience in an administrative environment. She is married to Lance and they have two daughters, Melissa and Amanda.

Brian Russell, son of Gina McKellar, graduated from McGill-Toolen Catholic High School in May and is attending the University of Alabama.

Emilee Shuler, daughter of Deborah Martinsen, graduated in the top ten percent of her class at Baker High School in May. Emilee is attending the University of Southern Mississippi where she received both academic and vocal scholarships.

Did You Know???



The IRS raised the mileage rate from 50.5 cents to 58.5 cents per mile for all business miles driven from July 1, 2008 through December 31, 2008

CSB TAX TIDBITS

While the 2008 economic stimulus payments (also known as tax rebates, but not to be confused with refunds) have made most of the tax news headlines this year, there have been many other important federal and Alabama income tax developments. In fact, there have been so many that it's likely you have not been able to keep up with all of them. We'd like to highlight some of the more important developments for you. As always, if you have any questions about these developments, or any others, please give our office a call or drop us an email.

FEDERAL

Stimulus payments. If you were due a stimulus payment for 2008, you have probably already received it by now. The IRS based the distribution schedule for the 2008 economic stimulus payments on the last two digits of the recipients' Social Security number. Electronic deposits started May 2 and paper checks started going in the mail on May 16.

While your income may be too high to receive a payment, keep in mind that you may know people who do qualify. For example, seniors on fixed incomes would likely qualify. However, to receive an economic stimulus payment, they must file a 2007 return. If they don't, they'll miss out on a payment.

If you want to see if you qualify for a tax rebate, you may go to www.csbcpa.com, click on "links", and then on "Tax Rebate Website" under "Tax Links." Also, if we prepared your 2007 individual income tax return, we should have indicated in your instruction letter the amount of tax rebate you could expect to receive. The Internal Revenue Service is another website that you may link to from ours, and it contains a lot of information on the 2008 rebates.

2008 Standard Mileage Rates. The standard mileage rate for business

mileage changed on January 1, 2008 to 50.5 cents per mile (from 48.5 cents in 2007), and then increased 8 cents to its current 58.5 cents on July 1, 2008. On the same date, Medical and moving mileage rates also increased to 27.0 cents per mile each. Mileage for charitable purposes remained at 14.0 cents.

Audits. Everyone wants to know who the IRS is auditing but the agency rarely gives any details. However, it announced in January that one out of 11 millionaires faced an audit in 2007. More than 30,000 millionaires were audited in 2007 compared to 17,000 in 2006. Moreover, audits of all individuals across all income levels increased in 2007.

The IRS reported that the total number of individual returns audited in 2007 was 1.38 million compared to 1.29 million in 2006. The IRS also announced that audits of S corporations and partnerships rose in 2007 but audits of large corporations fell.

Housing news. The housing slump is hitting many communities very hard and last year Congress gave homeowners in foreclosure some relief. A new law, the Mortgage Forgiveness Debt Relief Act of 2007, allows taxpayers to exclude from income the debt forgiven on their principal residence if the loan balance was less than \$2 million. In February, the IRS issued a revised form to report mortgage debt forgiveness.

The housing downturn also has many individuals wondering if they can sell their vacation properties. One alternative to selling is a like-kind exchange. Also in February, the IRS announced new rules for like-kind exchanges of vacation homes. The IRS will not challenge a vacation home as qualifying for purposes of Code Sec. 1031 as property held for productive use in a trade or business or for investment if the home is only occasionally used by the taxpayer for

personal use and is predominately used to generate rental income.

Vehicle Depreciation limits. In March, the IRS announced the depreciation limits for business automobiles, trucks and vans first placed in service in 2008. The 2008 amounts for passenger automobiles are \$2,960 for the first tax year (\$10,960 for passenger automobiles qualifying for 50 percent first-year bonus depreciation under the Economic Stimulus Act of 2008); \$4,800 for the second tax year; \$2,850 for the third tax year; and \$1,775 for each tax year thereafter.

The 2008 amounts for trucks and vans are \$3,160 for the first tax year (\$11,160 for trucks and vans qualifying for 50 percent first-year bonus depreciation); \$5,100 for the second tax year; \$3,050 for the third tax year; and \$1,875 for each tax year thereafter.

Bonus Depreciation and Increased Section 179 Expensing. As we have discussed in a letter sent to clients earlier this year, and also covered in "Ask the Tax Man" in this newsletter, 50% bonus depreciation and large Section 179 expensing are available for 2008. A copy of the letter can be found on our website under "links."

Trusts and Estates. In January, the Supreme Court decided an important case which placed limits on the deductions for investment advisory fees and other costs paid by trusts and estates. Shortly after the Supreme Court's ruling, the IRS announced interim guidance. Under the interim guidance, trusts and estates may temporarily disregard the unbundling requirement in the proposed regulations. Taxpayers will not be required to determine the portion of a bundled fee that is subject to the two percent floor under Code Sec. 67(e) for any tax year beginning before January 1, 2008.

Continued onpage 8

CSB CARES

Lifelines - Family Counseling Center of Mobile, Inc.



Joey Bailey is a board member for Lifelines - Family Counseling Center of Mobile, Inc. This program was founded in 1958, and envisions building strong families to sustain a healthier community. By helping individuals live more productive lives through caring, counseling and education, the agency has assisted over 36,000 community members in 2007. Lifelines comprehensive programs include:

- **The Family Counseling Center** provides counseling from licensed therapists and social workers for individuals, families and children dealing with depression, family problems, marital issues, stress, divorce and child behavior problems. Call 602-0909 for more information.

- **Consumer Credit Counseling Service** provides preventive and rehabilitative programs through professional, certified counselors to assist clients struggling with financial issues. The programs include help with money management and budgeting, credit card problems, debt repayment plans, credit & divorce, delinquent mortgages or rent, bankruptcy and housing counseling and foreclosure prevention. Call 602-0011 for more information.

- **The Rape Crisis Center** provides counseling, hospital and court advocacy and support groups for rape victims & their loved ones. These services are provided at no cost to victim or family member. Whether immediately after the rape or long after, staff and volunteer victim advocates are available to help 24 hours / 7 days. The Rape Crisis Center also offers prevention education programs to school age youth on bullying, unhealthy relationships, date rape/date rape drugs, the role of the bystander and other violence prevention programs.

In 2007, RCC assisted 293 victims and their families and provided 557 prevention programs to 16,231 students and community members. A juvenile anger management program is a group available for at-risk middle and high school youth and their parents dealing with the frustrations and pain of growing up. For more information, call 431-5100 or 473-7273.

- **Helpline/United Way 211** is a confidential information and referral resource which connects and directs individuals in need to community agencies and services providing a helping hand and crisis prevention/intervention, including suicide. In December 2006, this program received the contract from United Way to provide United Way 211 to the community. 211 is a three digit number used to connect the community to health and human service programs in the community. With over 700 programs in the database, United Way 211 covers Mobile, Washington and Clarke counties. For more information, call 211 or 431-5111.

As a United Way agency, Lifelines services are available to all community members. Therapists and counselors are licensed and certified in their respective fields. The agency is accredited by the Council on Accreditation for Children and Families.

CSB cares about our community and we are proud to be affiliated with a worthwhile program such as Lifelines. If you would like more information, please contact Director Chandra Brown at 251/602-0909 or visit their website at www.lifelinesmobile.org.



LIFELINES
FAMILY COUNSELING CENTER OF MOBILE, INC.
Real Solutions for Real Problems

Businesses Getting Results 2008

In July, we started our seventh season of BGR. We have a diverse group of attendees including the following industries: construction, retail, legal, marketing and advertising, exterminating and insurance.

This group is learning how to work "ON" their business so they won't have to work "IN" it. This process can take a long time but the thing that separates these business owners from others is that they know there is a better way to run their business and they are searching for the right answers. They want to enhance their quality of life

by learning to manage the moving parts proactively to improve decision making and eliminate anxiety and stress. This is a process and requires patience and endurance but BGR is a great place to start.

The monthly topics have led to lively discussions about best practices. We are all learning from each other as we relate personal experiences with the rest of the group. The BGR experience drives us to think outside the box and look at ways to tweak what we are doing by trying new

by Kenny Crow

ideas. It's the realization that if we keep doing the same thing that we are going to get the same result.

Some of our monthly BGR topics include pricing, customer service, cash flow, benchmarks, team building, time management and, of course, improving your bottom line. If you think you would like to join us, please call or email me (kennyc@csbcpa.com) and we'll get you signed up. We have quite an impressive alumni group and we can provide contact information should you desire.

CROW'S NEST TOO OUTING



Mary Emily and John Morgan Davidson, wife and son of Jeremy



Jennifer and Jonathon Brothers



Julia, Betsy and Gray McDermott



Jonah Daughtery, son of Kristi and Brian



Captain Joey Bailey and Crew Member David Gonzalez, son of Lisa



Dolores and Ray Breneman

THE CSB GANG



Barb Frerman and Marty Crow



John Shields and Kenny Crow...the artists...at CSB's Annual Team Retreat



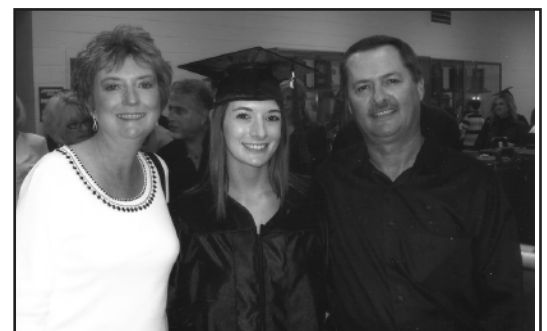
CSB interns Jerry Nowlin and Stephen McKinnell with 2007 America's Junior Miss Nora Ali



Emilee Shuler and mom Deborah Martinsen at Baker High School graduation



Josh, Ava and Kathryn Frerman watching a New Orleans Saints game



Ashley Gonzalez with parents Lisa and Mike at Jacksonville State University graduation in December



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TIDBITS, CONT.

ALABAMA

Group Health Insurance "Super Deduction". Alabama employers with fewer than 25 employees may deduct 150% of the amount of health insurance premiums paid by the employer, as well as the portion paid by the employees, such as for family coverage.

Federal Tax Rebates not Taxable. The federal tax rebates authorized by the Economic Stimulus Act of 2008 are exempt from Alabama income tax.

No Bonus Depreciation or Enhanced Section 179 Deduction. The accelerated depreciation and Section 179 expensing provisions allowed for federal purposes under the Economic Stimulus Act of 2008 will not be allowed for Alabama income tax purposes.

Withholding on Alabama Real Estate Transactions. Effective Friday, August 1, 2008, Alabama began imposing a withholding tax requirement on the sale or transfer of real property and related tangible personal property in Alabama by a "nonresident of Alabama". The requirement only applies to transactions over a certain dollar amount, at a 3% or 4% rate depending on the type of seller involved.