I have read several articles about financial record keeping over the past few years that scared me to death—until I remembered I am an accountant.

I have been practicing accounting for over 24 years and have instructed continuing professional education classes for 20 of those years. Every five years or so, I feel obligated to single-handedly unravel the confusion surrounding the generally accepted tax accounting principles.

Understand, now, that the accounting discipline is a make-work profession (similar to the practice of law). Accounting principles always remind me of Napoleon’s battle strategies—divide, confuse, conquer. The less complicated one’s record keeping is, the less professional help one will seek, hence the less business we accountants will have.

At the risk of going broke, I hereby break the unwritten code of silence and disclose the secret formula to simplified accounting—"KISS!" or, spelled out, "Keep It Simple, Stupid."

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There are basically two (2) parts to financial record keeping, and the original IRS Tax Code around 1913 had only the first part—income. The first part (1) is still Income. The second part (2) is Out Go.

What is income? All the dollars that come into your bird business through sale of birds, feed, toys, etc. are income. Bank loans, owner contributions to the business (money or material), charge card advances for the business, etc. are also income.

What is out go? Every cent that goes out of your business, i.e., operating expenses, owner’s draw, trades, items withdrawn for personal use, donations and capital purchases, etc.

Now this is where the tricky part comes in. What income is taxable or reportable to the IRS, and what expenses are deductible and how are they treated? Answer—KISS.

Remember the first part of this article where I said I would disclose the secrets of accounting? I lied. I started to have pangs of guilt over some poor junior accountant’s children starving to death because I told the secret and eliminated the need for hundreds of accountants who subsequently lost their jobs. Sob! So, alas, what you’re going to have to do is return to school and become an accountant, or hire one if you have real accounting demands.

But wait! There’s more. What this article is really about is record keeping, not accounting. And record keeping (also called bookkeeping) is what you really need to know.

Bookkeeping is the art (I say art because you can become very creative) of keeping records. Accounting is the art of interpreting those records and applying tax and accounting principles.

Be advised, even if you consider your birds a hobby, you should keep good financial records to verify that the birds are not a business in case of an
audit. The lack of any financial records would, by default, allow the taxation of all bird income and would not allow any of the expenses to be deducted.

Surprise!

If you spend any money on or make any money from your birds, I recommend that you find yourself a good accountant. Find one experienced in agriculture (preferably aviculture) who is reasonably priced. When shopping for an accountant you have only to ask one question—"What is two plus two?" Screen the answers and categorize them as you wish, but if the accountant answers "Two plus two is three," be afraid. If the answer is "Two plus two is four," be impressed. But if the answer is "Two plus two is whatever you want it to be," be reasonable when you negotiate the fee—you've found your accountant.

Remember, the only difference between an accountant, an ophthalmologist and a proctologist is their outlook.