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SCHOLL & COMPANY, LLP
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YOUR FINANCIAL SUCCESS

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How a Joke Became a Multi-Billion Currency Market

The Origins of Dogecoin

Would you create an actual cryptocurrency to make fun of other cryptocurrencies? That's exactly what Jackson Palmer and Billy Markus did, and it's paid off with an over \$70 billion currency market. Now, it's the fourth-largest cryptocurrency in the world.

Dogecoin (symbol: Ð) is a cryptocurrency that provides a payment system (like Bitcoin, another digital currency) that is instant, fun, and free from traditional banking fees. Its playful name and Shiba Inu dog mascot caused the currency to start as a meme, but, as people began to actually purchase it, it became worth more and more.

Before Dogecoin, Palmer was a product manager at Adobe Inc.'s office in Sydney, Australia. As a "skeptic-analytic" observer of crypto, he joked on Twitter about creating Dogecoin as a way of satirizing the hype for cryptocurrencies. Surprisingly, people were totally on board. So, he bought the domain name Dogecoin.com.

That's when Markus, a software developer at IBM, contacted Palmer. He wanted to create a digital currency but had trouble promoting his project and decided to jump on the Dogecoin buzz. He asked Palmer's permission to build the software to create an actual Dogecoin.



Most cryptocurrencies are fairly serious and sterile in presentation, but Dogecoin was always different. Palmer and Markus decided to market Dogecoin as the "fun" version of Bitcoin. Since Bitcoin had a limited supply while Dogecoin had an unlimited supply, Dogecoin was also faster and more consumer-friendly for new crypto investors.

In 2015, Palmer made his departure from Dogecoin, citing the currency's "toxic community" as a main reason why he left. Dogecoin also had its financial struggles during the 2018 cryptocurrency crash, but today, it's grown stronger than ever. As of early May 2021, Dogecoin's price is up more than 13,000% for the year.

Even though Dogecoin's origins are humorous, Palmer and Markus' business decisions were no joke. If you decide to purchase Dogecoin yourself, whether as a joke or for investing, please do your due diligence to understand the risks of cryptocurrency.

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ALL IN A DAY'S WORK

Bret Relives His First Summer Job and the Lessons Learned

Today, my job consists of office work, number crunching, and strategy meetings with my team and our clients, but I'm not a stranger to working with my hands. When I was about 12 years old, I started my first job during the summers as a farmhand on local family farms in the San Joaquin Valley. I didn't grow up on a farm or in agriculture, but I quickly learned valuable skills and lessons that I still use to this day.

For the next few years, I would primarily work in the farms' fields, setting siphon pipes for the irrigation areas. Occasionally, there would be fences to mend for the cattle, but I was usually baking under the central California sun — temperatures rarely dipped below 90 degrees — while digging in the dirt amongst tomatoes, corn, cotton, peaches, and just about every kind of crop you could imagine.

As I learned about the agricultural trade, I discovered that so much of the expected work was beyond my control. On more than one occasion, hours of my day would be filled with trying to remedy a breach just yards away from where I was supposed to be working. I would be stuck digging in the mud, quite literally trying to fill as many holes as I could, just so I could finish that day's tasks.

The weather, technical failures, and what was living below the dirt could have made my job more difficult on any given day, but I couldn't just ignore this. These farms and their communities relied on the water these pipelines provided.

It was hard work, but it was valuable work. I believe these first jobs set me up for who I am and the work ethic I have today.

**BUSINESS IS GREAT AND
WE'RE LOOKING FOR MORE.**

We hope that you will keep us in mind if the opportunity arises to refer family, friends, colleagues, and neighbors. Thank you for your continued support.



After all, managing a business isn't unlike running a farm.

I may not have to dig in the mud anymore, but every entrepreneur knows that some things are beyond our control. (Farmers are experts in chance.) You may have a specific goal you're working toward, but if there is even one failure or misstep in that progression, you have to address it. Much like I had to address the leaks in the pipes, you cannot ignore the miscues of your operation and still expect to attain your desired result.

There's tremendous value in building something, whatever it looks like — I learned that under that unrelenting California sun in the middle of farm fields. I saw the value of my input when the crops would grow strong and fruitful, and I was honored to help family farms. I believe this was my first personal experience with family-owned businesses. I was enamored with their dedication fulfilled to be part of their operations and history.

But more importantly, this short stint in agriculture taught me the reward of seeing something through to the end, regardless of the missteps. It wasn't a fun job; it was hard work! Yet, I did it, and the result was a benefit for the farming families I worked for and the communities they fed. Giving up wasn't an option, so I didn't. That's something to be proud of, and I'm honored to help our clients do just that every day.

Consider Scholl & Company your farmhands. We won't quit when the pipe bursts or it reaches a scorching 100 degrees outside. Instead, we'll see your goals through to the end.



fire damage and further protect it from harm afterward. Burnham goes on to explain that the company had to ensure their retardant wasn't corrosive to the planes that would carry it. It was a three-pronged objective they had to complete — one many large corporations had tried and failed to do. (Burnham says 12 companies and 32 products have failed testing previously.)

“When I say it was an undertaking,” Burnham says, “it was quite the undertaking.”

In June of 2021, Fortress learned they had done what other companies couldn't: Their fire retardant passed all of



“FROM THE MOMENT OF FORTRESS’ INCEPTION, BURNHAM EXPLAINS THAT SCHOLL & COMPANY HAS PROVIDED SUPPORT FOR ALL THE TECHNICAL AND FINANCIAL QUESTIONS THE TEAM HAS.”



its tests and was approved for use. Later that same month, loads of the compound were dumped onto Montana forests near Missoula to snuff out wildfire dangers.

Scholl & Company joined Fortress as a financial advising partner during its humble beginnings. (Burnham and Bret Scholl do go way back!) From the moment of Fortress’ inception, Burnham explains that Scholl & Company has provided support for all the technical and financial questions the team has. Scholl has done numerous tax consultations and strategy sessions with Fortress, ensuring the investments and revenue they gain from their products can go back into creating these life-saving products.

Together, Scholl & Company was able to help Fortress secure \$2.4 million in tax credits from the California Office of Business Development. Fortress was just one of nine companies to secure that offering — a big pull for a company focused on public service.

“That would have been almost impossible [to get] if we didn't have the documentation and consultation from Scholl & Company,” Burnham says. “Bret immediately impressed me with his strategies ... He's far beyond the horizon on how to set things up and looking at the long-term picture.”

Today, Fortress employs 15 people to create and load fire retardant for public use. Fortress also has four other products currently in testing phases, including one that could protect homes and structures from wildfire damage. These are life-changing products that do so much more than stop fires. Fortress’ work ensures that generations of people can enjoy the wilderness — the very same wilderness that inspired Burnham and his team to start Fortress.

“We are very humbled by our success,” Burnham says. “But we still have a ways to go.”

PROTECTING OUR LAND AND HOME

SCHOLL & COMPANY SUPPORTS FORTRESS FIRE RETARDANT SYSTEMS AS THEY START A NEW ERA IN FIRE PROTECTION

Bob Burnham calls the company he and fellow fire professionals began “a 6-year overnight success,” but the truth is, the origins of Fortress Fire Retardant Systems begin long before that. It started with their passion for protecting the environment and community from devastating fires.

Growing up in Southern California, Burnham began working on a “hot shot” wildfire fighting crew when he was still a teen. (His mom even had to pick him up from the fire station for his high school graduation!) In college, Burnham “fell in love with environmental science” and continued working on wildfire fighting teams across the state. Burnham’s expertise and dedication to the environment would also land him on multiple private and governmental jobs where he worked with natural resources.

After retirement, Burnham took just a few days to start his next chapter: Fortress Fire Retardant Systems.

As fire experts, Burnham and his team, who collectively have 180 years of experience, knew there had to be a better fire retardant than what was then the only product on the market. This original compound has been the only option to protect land from wildfires since 1962, but it's a fertilizer product that's been linked to invasive species and unhealthy water environments.

Still, creating a fire retardant that was safe for the environment and humans, yet tough on powerful flames, wasn't easy.

Thanks to funding — and some good persuasive skills — Fortress recruited top chemists, who spent years testing and creating compounds that could protect wildlife from



Cryptocurrency's Tax Implications

How You Can Protect Yourself

Once considered a strange subculture on the internet, cryptocurrencies have gone mainstream. Currencies like Bitcoin are becoming so popular and prevalent that manufacturers — including Elon Musk's Tesla — are accepting cryptocurrency as payment. For proof, try googling "What can I buy with bitcoin?" You will get more than 350,000 hits.

But, as with anything, there are dangers involved with using cryptocurrency. In particular, there are income tax implications that many users and traders don't yet fully understand, putting themselves, their futures, and their livelihoods at a tremendous risk.

Before a recent decline, Bitcoin had been skyrocketing. Its increase, along with the continued popularity of utilizing Bitcoin and other cryptocurrencies for buying and selling, caused the IRS to flag these transactional actions as a hot-button issue. As such, the implications of using these platforms are something that will continue to be closely monitored as experts decide how to best approach it.

For example, the 2020 version of IRS Form 1040 — a form you recently filed or will file soon — asks whether you received, sold, sent, exchanged, or otherwise acquired, at any time during the year, any financial interest in any virtual currency. If you did, you would check the "yes" box. Marking "yes," means your transactional interactions with cryptocurrency include, but are not limited to, the following five items.

1. The receipt or transfer of virtual currency for free (i.e., without having to pay)
2. The exchange of virtual currency for goods or services
3. The sale of virtual currency
4. The exchange of virtual currency for other properties
5. The disposition of a financial interest in virtual currency

Regardless of where you fall in that spectrum, the fact that this question appears on page one of Form 1040, right below the lines that require your taxpayer information, indicates that the IRS is getting serious about enforcing compliance with the applicable tax rules. Take this as a fair warning!

So, how do you measure this out and protect yourself?

Well, to arrive at the income tax implications of a cryptocurrency transaction, the first step is to calculate the value, measured in U.S. dollars, of the cryptocurrency



on the date you receive it and on the date you use it to pay for something. When you exchange cryptocurrency for other property — including U.S. dollars — a different cryptocurrency, services, or anything else, you must recognize taxable gain or loss within your taxes just as you would after a stock sale in your brokerage account.

It's hard to imagine that a cryptocurrency holding can be classified for income tax purposes as anything other than a capital asset, even if you use it to conduct business or personal transactions. Therefore, depending on how long you hold onto cryptocurrency before using it, the taxable gain or loss from exchanging cryptocurrency will be a short-term capital gain or loss or a long-term capital gain or loss.

After calculating the value, you have to keep meticulous records. These are essential for compliance and should include the following five details.

1. The date when you received the cryptocurrency
2. Its value on the date of receipt
3. The value on the date of the transaction
4. The cryptocurrency trading exchange used to determine value
5. Your purpose for holding the currency (i.e. business, investment, or personal use)

By doing so, you can further protect your investment, business, and future. If you are or plan to be involved with cryptocurrencies of any type, contact Scholl & Company. We can help you confirm that everything is managed correctly, so you can avoid a tax audit bullseye right in the middle of your finances.

3 Business Tricks That Will Improve Your Personal Life

When you're constantly in the "zone" at work, you're not always thinking about what's best for your personal life. While many business owners prioritize balance, what will truly benefit both your home and work life? Check out these three tricks.

1: Start your day with a plan.

We know what you're thinking: *Writing out your plan is more work than just doing it.* The key is to plan whenever you can. If you jot down things you want to accomplish the following day as they come up, all you'll need to do is spend a few minutes organizing your list the next morning.

Pro Tip: Remember to include time to unwind and relax!



2: Develop new and improved processes.

While certain activities can't be replaced with shortcuts (like spending time with family), consider ways to make your current processes more efficient and beneficial. For example, you can't lose weight if you don't change your diet and exercise.

Adjusting your habits might seem difficult, but there's actually a straightforward method. According to "Atomic Habits" by James Clear, every new habit has a simple formula behind it: motivation, ability, and prompt.

Whether your reminder is an alarm at the same time every day or even another habit ("I'll exercise before I take my morning shower"), make sure it's part of any new process you implement.

3: Remember, work is flexible — your personal life isn't.

Bryan G. Dyson, CEO of The Coca-Cola Company, once told his staff, "Imagine life as a game in which you are juggling some five balls in the air. You name them — work, family, health, friends, and spirit — and you are keeping all of these in the air."

In his metaphor, work is a rubber ball. "If you drop it, it will bounce back. But the other four balls are made of glass. If you drop one of these, they will be irrevocably scuffed, marked, nicked, damaged, or even shattered. They will never be the same."

We hope these tips help you protect the "glass balls" in your life!

HAVE A Laugh



An Olympic Medal — For Arts



Baron Pierre de Coubertin, the founder of the International Olympic Committee (IOC) and the modern Olympic Games, saw art competitions as integral to the Olympics.

At the 1912 Stockholm Games, Coubertin finally secured Olympic fine art competitions. There were categories for architecture, music, painting, sculpture, and literature, but every work had to be inspired by sports. Judges didn't have to award gold medals if they were disappointed by all the submissions, but in 1912, a gold medal was awarded in every category.

As the Olympics exploded into a beloved international event, the fine arts competitions rarely caught people's attention. There were significant winners, however. John Russell Pope (the architect of the Jefferson Memorial) won a silver in 1932. Other famous participants include Italian sculptor Rembrandt Bugatti, American illustrator Percy Crosby, Irish author Oliver St. John Gogarty, and Dutch painter Isaac Israëls.

The arts competition at the Olympics ended in 1952.