

# THE FINANCIAL EDGE

September 2017



## The Rhythm of Life

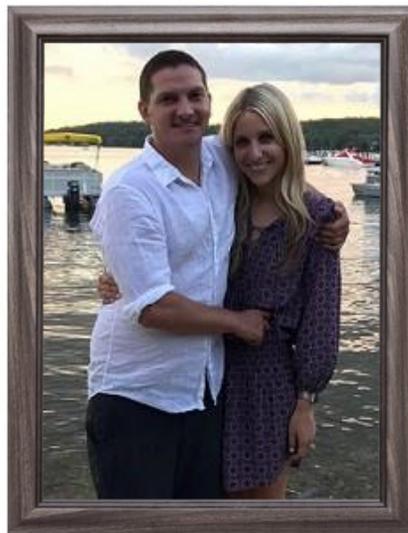
*Personal comments by Mary*

My rhythm of life is changing. School is open and I need to slow down when I pass the two schools on my way to work. In addition, football season is upon us. Living in Green Bay, football is as essential as the air we breathe. These things happen every fall. The weather affects the rhythm of my life. The cooler temperatures and shorter days change my garden. The first frost wipes out the delicate plants, the leaves falling need to be raked and the gardens need to be prepared for winter. All expected changes.

However, this December I will be facing a wonderful change in my life. My son James, youngest by 2 minutes, is getting married. I will be gaining a beautiful daughter-in-law.

I never gave thought to my boys getting married or grandchildren. When I became a mom, my focus was guiding them to become the best they could be and to be independent. Sometimes I was just hanging on, waiting for the next day to arrive. Raising my boys taught me something very, very important. They taught me how to adapt to the changing rhythm of life. To roll with the punches, to let go of the past and live in the moment. They provided a great example of how to give it your best, smile and have fun.

Just like dancing, it is easier to go with the rhythm than fighting it. Enjoy the day as it is revealed to you!



*Mary Guldán-Lindstrom*

**How we helped a business save \$50,000 in taxes when transferring the business**

**A father and son started a business.** The father had the life long experience of managing this type of business. However, this one was going to be his legacy and eventually he wanted the son to take over. Over the years, **the value for the business had grown.** The father had gifted some of the ownership over to the son, but he now felt it was time to transfer to him majority ownership. Looking at a variety of options – **we recommended** that the company buy back a portion of his stock. This decreased his ownership percentage and increased the sons' percentage. **We saved \$50,000** in taxes by structuring the transition this way. By not increasing the son's wages and paying payroll taxes and then purchasing the father's stock and not paying income taxes. In the grand scheme of things, we estimated that we saved \$50,000 in taxes. The father had **retirement income** from the note that the business was paying back. The downside the son will have a higher gain if and when he sells the business.



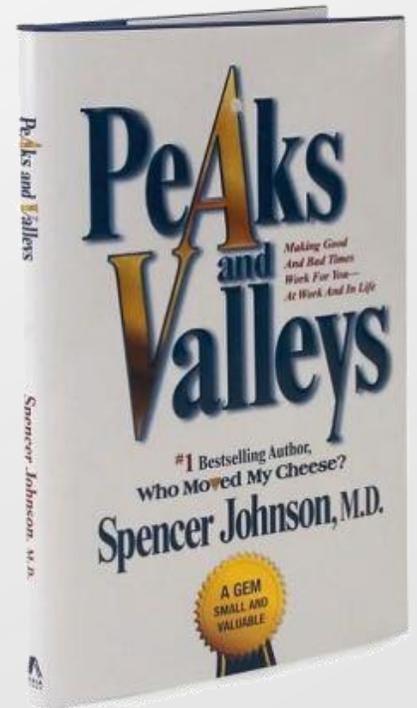
## The Book Review

**Title:** Peaks and Valleys  
**Author:** Spencer Johnson, MD  
**Topic:** Mindset  
**Easy to Read:** \$\$\$\$ (5 out of 5 dollars)  
**Applicable to Small Business:** \$\$\$\$ (5 out of 5 dollars)

**Summary:** Story of a person who navigates the peaks and valleys of life, making good and bad times work for them.

**My recommendation:** Very easy read and relate to. Provides key insights and practical guidance to help deal with challenges that we face personally and professionally. We are not alone and we can overcome anything thrown our way. We manage our thoughts and reactions. Written by the same author of "How Moved My Cheese".

Pages: 99 | Published: 2009



## Basic Tax Tips for the Sharing Economy: Uber, AirBNB, Craft Sales, Etsy Sales, etc.

If you rent a spare bedroom, provide car rides or a number of other goods or services, they may be involved in what the IRS calls the sharing economy. The IRS website now has a Sharing Economy Tax Center. This site helps taxpayers find the resources they need to help them meet their tax obligations.

### Here are a few key points on the sharing economy:

**Taxes.** It does not matter whether it is only part time or just a sideline business, if payments are in cash or if an information return like a Form 1099 or Form W2 is issued - the activity is taxable.

**Deductions.** There are some simplified options available for deducting many business expenses for those who qualify. For example, a taxpayer who uses his or her car for business often qualifies to claim the standard mileage rate, which was 53.5 cents per mile for 2017.

**Rentals.** If a taxpayer rents out his home, apartment or vacation home but also lives in it or spends time there during the year, special rules apply. On the IRS website there is an Interactive Tax Assistant Tool, Is My Residential Rental Income Taxable and/or Are My Expenses Deductible? to determine if their residential rental income is taxable.

**Estimated Payments.** Our tax system is pay-as-you-go. If taxes aren't being withheld you may need to pay estimated tax payments.

Even though formal IRS audits are down, the IRS computers match the informational tax returns filed to the tax return with that same identification number. For more information go to [www.irs.gov](http://www.irs.gov) website. If your small business starts creating a tax liability consider using a tax professional. For a "free discovery" meeting, call us at 920-351-4842 to see if we are the right fit for you.

# 12 Tips to Improve Your Business Cash Flow and Become Financially Healthier

By Mary Guldán-Lindstrom, CPA

Every business operates on cash flow. It is the lifeblood of a business. Without cash the business dies. A business with a healthy cash flow is much more enjoyable to run, as well as increases the value of the business and greatly reduces the stress of managing the business. Just like athletes taking the extra steps to improve their results, businesses can review their processes and improve their results. Here are 12 tips to improve your cash flow.

- 1 Invoice and collect at the time of greatest value to the buyer.** The buyer's pain or motivation is usually the greatest at the time they place their order. Arranging for payment on the front end makes it easier for the buyer to part with the money.
- 2 Time is money.** The faster the product or service is delivered the greater the chance to create a happy customer and lower your cost to deliver. Follow up on back orders. By dragging out the process, handling costs increase and the opportunity for mistakes to happen increases. The customer's value diminishes with time.
- 3 Clearly state your invoice terms and due date on the invoice.** If you expect to be paid in 15 days - note the actual date you expect payment. This reduces the chances of the customer adjusting the due date - is it 15 days from when you delivered the product? 15 days from the invoice date? 15 days when the customer received the invoice? Or 15 days after the customer decides to pay it?
- 4 Know and review your top 10 customers.** Are you meeting all their needs? It is less expensive to sell to a current customer than finding a new customer. Are you contacting them weekly, monthly, quarterly or at least annually? Do they know you care?
- 5 Offer the customer different levels of pricing options.** Basic, medium and high end. Think - Car wash. When you pull into a car wash they offer 3 options - good, better and best. Most choose middle option - not the cheapest and not the most expensive.
- 6 Reduce your chance for loss.** For special orders, obtain a deposit to cover the cost just in case the order is cancelled.
- 7 Be easy to work with.** Have fewer clicks on your website. Provide more options to pay. Clearly state your expectations. I wanted to purchase an iPad. A Google search told me I could get it from Apple or Walmart for the same price. I checked Apple first – however after searching for the order here button and not finding it. I skipped over to Walmart and ordered it.
- 8 Consider adding a coupon or discount** on their next purchase.
- 9 Increase sales with upsell items.** Offer them with current orders or current customers. For example at McDonalds – do you want fries with that?
- 10 Build recurring sales and payments.** Reduce the need to find new sales by selling a service or product that is consumed every month. Then set it up as an automatic monthly payment. Think warranty plan, supply replacement, service, etc.
- 11 Encourage and reward customers to pay early.** Add a free or low cost service for those who pay upfront. They get a taste of the other services you can provide and when the year is up – you may have another sale.
- 12 Review what you are offering that is free and of value to the customer.** Consider breaking that out and adding it as an option. For example, you provide 24-hour response time for your best customers. You may do it, but does the customer know that and would they be willing to pay for that guarantee.

Every business can improve their cash flow. Profits are necessary to grow and be financially healthy. Customer, competition, economic environment are all changing, thus what worked yesterday may not work as well today. Sometimes just looking at the business from a different perspective provides opportunity.

**YOU'RE IN FOR A TREAT...**



**Would you like a free Kringle from Uncle Mike's Bake Shoppe?**

Just encourage a small business owner to set up a **FREE DISCOVERY MEETING** with Mary at Focus CPA Inc. and we will send you a gift card for a free mouthwatering , award winning Kringle of your choice.

**We are accepting new clients! A referral is the best compliment that we can receive.**

# September 2017

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## UPCOMING SEMINAR given by Mary Guldán-Lindstrom CPA

### CASH FLOW FORECASTING - DEFINING LIFE FOR A BUSINESS

#### Are you a business owner?

#### Like to improve your cash flow?

#### Need some tools to manage your cash?

Every business operates on cash flow. It is the lifeblood of a business. Without cash the business dies. A business with a healthy cash flow is much more enjoyable to run, increases the value of the business and reduces the daily stress. In the seminar we will explore:

- ✓ Ideas to refine internal systems to maximize cash flow
- ✓ A method to separate cash for profits before it is spent
- ✓ Basic worksheet to forecast future cash needs

**WHEN** – Tuesday November 21, 2017 8:30 am to 10:00 am

**WHERE** – Lambeau Field

**COST** – FREE. Put on by the Green Bay Packers Mentor Protégé Program and AFF Research LLC

How to reserve a spot – send an e-mail to [Jodi@focus-cpa.com](mailto:Jodi@focus-cpa.com) or call our office 920-351-4842. I hope you will join me! I will make it worth your time.