

# THE FINANCIAL EDGE

May 2019



## THE STORM IS OVER

Personal comments by Mary

Whew! Tax season is finally over. This one came at full force with the new tax law, new staff and bringing on new clients. The IRS shutdown didn't help. The big wave was the release of the final regulations in February on the major tax law passed in December 2017. Our tax software was updating almost every day. We are finally coming up for air.

Cleanup is just starting. We have more returns on extension than I ever recall. In addition to needing more time to complete the returns I have one issue that is keeping me up at night.

The calculation of the health care subsidies slammed a few clients real hard this year with a \$34,000 liability. This is part of the tax return. They received the full health care subsidy throughout the year and then found out that they made too much money and didn't qualify. Due to market conditions the health care premiums had increased sharply - more than double, the last time I ran into this the payback was \$12,000 for a couple, now its \$34,000. I am still looking for a way to reduce this.

Government is putting more and more responsibilities on us. I accept the fact that we need to calculate each return accurately and within the law, however as a tax preparer we have other duties as well. We finalize the health care subsidies for each year. We sign a form verifying that the children you claim are really your children. We can be penalized if your tax liability is understated by 25%. And if I lie on your return - I can lose my CPA license.

This is my reality and I deal with it. Now that the storm is over it is time for cleanup. To start I hung out in Arizona with my boys for a week at the end of April. I soaked up the sun, babysat my grand dogs Scooby-Doo and Shadow and helped them move to their new place.

Now that I am back home I can slow down, smell the flowers and watch my spring garden bloom. Then go back to work and finish those returns.

Mary Guldán-Lindström



"Focus CPA is an outstanding CPA firm. They don't just do the taxes and paper work, Mary makes sure that all financial areas are the best they can be. During a yearly review Mary raised a question about a certain expense that we have been overlooking and it ended up saving us \$24,000 a year (we refer to that meeting as the \$24,000 meeting). I would recommend Focus CPA to any business looking to have the best CPA firm in Green Bay.

I didn't switch CPA's for a long time because I thought it would be a hassle but Mary made the switch very easy."

Mike Vande Walle,  
Uncle Mike's Bake Shoppe

**YOUR REFERRALS ARE  
APPRECIATED AND WILL BE  
TREATED WITH UTMOST CARE!**

## THE BOOK REVIEW

**TITLE:** Principles Part I and Part II

**AUTHOR:** Ray Dalio

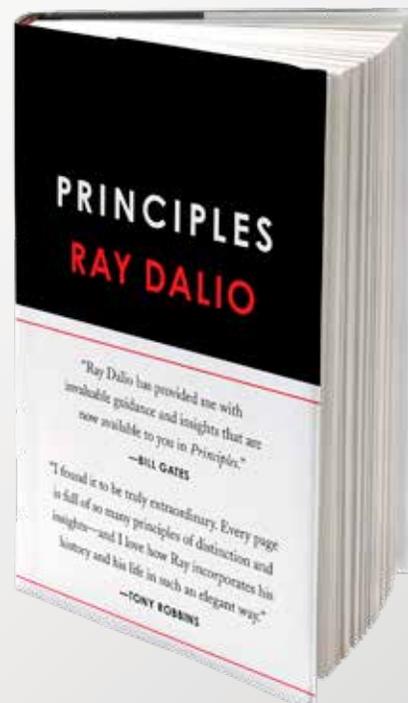
**TOPIC:** Life Guidelines

**EASY TO READ:** \$\$\$\$\$ (5 out of 5 dollars)

**APPLICABLE TO SMALL BUSINESS:** \$\$\$\$\$ (5 out of 5 dollars)

**Summary:** Part I covers his life story of how he came about with his principles. Part II lays out the principles that he developed. He broke it down into the following areas: embrace reality and deal with it, use the 5-step process to get what you want out of life, be radically open-minded, understand that people are wired very differently and learn how to make decisions effectively.

**My recommendation:** I found the book very enlightening. I enjoyed his story and the efforts he puts toward making perfect decisions. I especially enjoyed the internal struggle with two “yous”. He describes a Dr. Jekyll and Mr. Hyde situation. The “higher level you” wants you to lose weight and the “lower level you” wants that chocolate.



Pages: 275 for Part I and II | Published: 2017



## A WINE & WEED TOUR...

### DID YOU KNOW THAT WEED TOURISM IS THE NEW WINE-TASTING?

California is offering options for day-trippers. Limo buses bring groups of friends celebrating a birthday, retirement or bride-to-be to visit some of the area’s cannabis farms. Join them for a Wine and Weed Tour where you’ll smoke, sip, learn, laugh, and experience the best of the area’s unique wine and weed culture.

Supper clubs are joining in by inviting paying guests to share an intimate gourmet meal paired with marijuana joints. Some pot shops are adding posh lounges where customers can try the goods. Wine Country is angling for a piece of the business, too, with several operators offering wine-and-weed tours

## SPECIAL RULES FOR RENTALS

If a taxpayer rents out their home or apartment, but also lives in it during the year, special rules generally apply to their taxes. Taxpayers can use the 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.

Try the Tax Assistant Tool here: [www.focus-cpa.com/rentalincome](http://www.focus-cpa.com/rentalincome) (Redirects to [www.irs.gov](http://www.irs.gov))



## KEEPING YOUR BUCKET FULL: A PROCESS TO IMPROVE PROFITS

By Mary Guldán-Lindstrom CPA

Like a bucket of water full of holes – your business has areas that can leak profits. However if you do not have the sales coming in - then you may not be holding the bucket under the faucet or you missed the rainstorm.

Generating a profit is a result of bringing together the right combination of pricing, direct costs, and overhead. To begin with, it is important to sell right. Finding the right customer and setting prices that work for you and the customer is critical. Incurring costs is the easy part. Incurring the right takes skill and timing.

If you are not getting the results you desire - take an intense deep look at your business. Start by...

✓ Mapping out your marketing process, sales process, obtaining the product or service you are selling, the delivery process, and collection process. Walk through a sale – starting from prospect to happy customer.

✓ Gather your financial numbers, specifically sales to each customer, the direct costs of those sales and your monthly overhead.

✓ Note what your customers say about you. Gather testimonials, reviews and comments. This will tell you what they value.

With information in hand, it is time to see what is missing and what can be improved.

**SELLING RIGHT.** You may be losing money on every sale. The gross margin is the difference between the sale price and the direct costs to deliver the product or service. If you are losing money on items you sell or service you perform, you are going in the wrong direction.

✓ Make sure you are charging enough. If your price is more than the market can bear – then reduce your costs or stop selling it.

✓ Sell to the right customer - some pay more than others do. Choose your customer rather than adapting to them. Say no.

✓ Verify that your marketing is attracting your ideal customer.

✓ Review the direct costs to find ways to reduce them. Consider technology, outsourcing and your supplier costs.

✓ Deliver maximize customer value. Is the time and money you spend on every step rewarded and valued by the customer you serve?

**OPTIMIZE OVERHEAD.** Overhead includes all the costs to run a business. The key here is to have the gross margin greater than the overhead.

✓ Optimize your current resources. This includes people, space, workflow, technology, etc.

✓ Sell what you have not what you need to acquire. Fully utilize what you have.

✓ Buy used instead of new.

✓ Pay cash. Don't spend future profits. You can upgrade with the cash starts rolling in.

✓ Inspire and train your people.

✓ Keep expenses flexible. Start with a month-by-month lease. Hire part time until you have the income to support a full time.

Be sure you know your numbers. Each company is unique. There is always room for improvement. Let's keep that bucket full!

**Call us now to set up an strategic meeting and improve your bottom line!**

**920-351-4842**

### Special Offer BUSINESS STRATEGY REVIEW

**Do you want to IMPROVE  
your financial results?  
PUMP UP your cash flow?**

Stop doing the same things over and over and getting the same disappointing results! We will interpret your story from your financial numbers and provide some clarity. We can help find your unique advantage to increase your sales and your satisfaction in your business.

Let's create an action plan to stop doing the things that are draining cash and focus on your strengths.

Call us now to set up an annual review! Let's improve your bottom line!

**920-351-4842**

# May 2019 INSIDE THIS ISSUE



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## WHAT TYPE OF SOIL ARE YOU?

By Mary Guldán-Lindstrom CPA

There's a line in the Bible that states:

*"A farmer went out to sow his seed. As he was scattering the seed, some fell along the path, and the birds came and ate it up. Some fell on rocky places... Other seed fell among thorns... Still other seed fell on good soil."*

Think of seeds as opportunities, where they land and how they are nurtured will determine the results. These four types of soil are essentially the same dirt but are in different conditions and will yield different results,

### What type of soil are you?

- 1** *Hard and impermeable.* The soil compacted, left as is, never enriched making it almost impossible to grow anything,
- 2** *Rocky in places.* The soil is shallow if there is any. Things may thrive but not very receptive to growth.
- 3** *Thorny soil taken over by weeds.* It is crowded with no place to grow.
- 4** *Good soil.* The weeds have been removed, ground is prepared, plenty of sunshine, fertilized and looked after.

Think of your mind as soil. It is an incredible resource - a space in which education and ideas can be planted and yield great results. So what type of soil are you?