

THE FINANCIAL EDGE

February 2020



BE NICE

Personal comments by Mary

I remember my Mom telling me “If you have nothing nice to say, don’t say anything at all”. I struggle with the words being tossed around in the news today. Majority of what I hear is “he said, she said”. I like facts, but they seem hard to find. The ease to give opinions anonymously and the constant need to provide news 24 hours encourages the mudslinging. I see more anger openly expressed in our culture.

Anger has a negative impact on me - physically and mentally. Think road rage! Nothing good can come from that. Sometimes it can inspire action however if left unchecked, it depletes my health and robs me of energy. I strive for a positive enriching environment, at home and at work. To create this, I find words are important.

HERE’S 3 RULES I USE TO COUNTERACT THE ANGER IN MY LIFE.

- 1 No name calling. Never call yourself or someone else stupid, they might start believing you.
- 2 Don’t criticize the person, criticize the action. Their actions might not make sense to you, somehow it did to them.
- 3 Ask for what you want, not what you don’t want. Change the focus, send yourself and others in a positive direction. Get out of the problem and into the solution.

These three rules helped me raise my two very strong-willed boys. I was fortunate that they were both very intelligent and I could reason with them. With them I took them aside after one of their hairbrained incident and discussed what other options they could have taken.

Remember the sandbox you played in when you were little – play nice.

Mary Guldán-Lindstrom



“Improving the lives of small business owners” FOCUS CPA Inc



“It is a great benefit to me to have someone to go to with questions that are beyond the scope of what I do on a day-to-day basis. You explain any changes in process or changes in law - in a way that makes it easy to understand and prepare for. You get answers to my questions promptly and give advice specific to our business needs.”

Debbie Lake, *Manager*
Lake Companies Inc.

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

Want to receive our newsletter?

Sign up on our website at
www.focus-cpa.com

Email Mary@focus-cpa.com

Call us at 920.351.4842

THE BOOK REVIEW

TITLE: You are a Badass at Making Money

AUTHOR: Jen Sincero

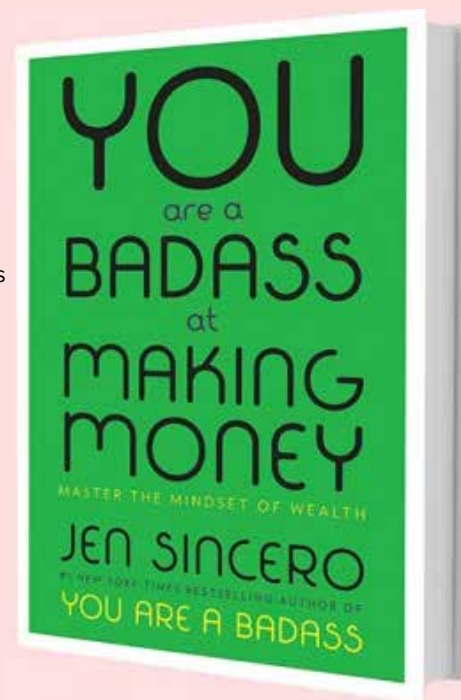
TOPIC: Mindset

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

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

Summary: The author, Jen provides great stories and exercises to change your mindset about money. She connects vision, emotions and actions to change your situation. She gives homework in each chapter to uncover obstacles and new thought processes to be a badass.

My recommendation: I felt this was an in-your face book. Writing was down to earth, just like the title. I found the exercises very enlightening. If you want to change your mindset - great book to get you started.



Pages: 267 | Published: 2008



WHAT TO KEEP TO SUPPORT YOUR BUSINESS TAX DEDUCTIONS

The fact that you as a business owner have a receipt or can prove that you incurred an expense does not by itself make it tax deductible. Only business expenses that are ordinary, necessary and reasonable in amount are tax deductible.

Ordinary means that most other business owners who work in your same business also commonly pay for these things.

Necessary means that whatever you spent money on assists you in doing business. In fact, you might not be able to do business and earn money if you didn't make these expenditures.

Reasonable is always subjective.

In some situations, there are special rules for specific types of business expenses -

- ♥ **Gifts** – You deduct no more than \$25 of the cost of business gifts you give directly or indirectly to each person during your tax year.
- ♥ **Meals** – must have a business reason and only 50% is tax deductible. In some cases, it is not deductible.
- ♥ **Entertainment** – football games or golfing fees are no longer deductible.
- ♥ **Social club dues** – are not deductible.
- ♥ **Mileage** – only business miles are deductible if you keep a written record, document business miles, and the business reason.
- ♥ **Travel** – document dates, amounts paid, what you did, agendas and business purpose.

To allow these deductions you must keep the invoice supporting the expense, credit card statements and bank statements. It is your responsibility to prove it is a business expense, plus you paid for it.

CORPORATE MINUTES - WHO NEEDS THEM?

By Mary Guldan-Lindstrom CPA

Life zooms by. Decisions are made, acted upon and forgotten - like the seasons spring, summer, fall and winter.

Most businesses are a separate legal entity. They file their own tax return, make decisions, hire people and have a life separate from the owners. Corporate minutes strengthens the separateness or "corporate shield" providing legal protection to the owners. By law a corporation holds a corporate meeting once a year. The minutes are documented legal proof that it happened. They also support the tax treatment for transactions that have occurred. They are also a great way to note the businesses history.

SO, WHAT DO YOU INCLUDE IN THE MINUTES:

SHAREHOLDER COMPENSATION. Note salary and bonuses for Officers and Shareholders. Distinguish this from company profits. They are taxed differently.

S SHAREHOLDER DISTRIBUTIONS: Document amount and who, when. For S corporations ensure that the distributions are in line with the ownership percentages.

EMPLOYEE BENEFITS such as Retirement plan, health insurance, etc. Document any changes, elections, matching and any optional profit-sharing contributions that were made for the year. This includes changes in the plans, carriers, insurance agent, limits, etc.

LIFE INSURANCE COVERAGE held by the company: Document any additions or changes in the plans and the purpose of the insurance.

SHAREHOLDER LOANS: Ensure that the company holds a current loan document and all new loans and loan payments are noted in the minutes. On loans greater than \$10,000 the IRS requires that interest be applied. This is to ensure that the IRS properly classifies monies provided by shareholders as loans instead of additional capital.

NEW LOANS OR LEASE AGREEMENTS: Note the new agreement, the terms and if there was a personal guarantee within the minutes.

DOCUMENT MAJOR INVESTMENTS: Note description, value, date placed in service and purpose of land and/or buildings purchased, leasehold improvements, equipment and/or vehicles purchased, sold or traded in. For accounting purposes this ensures that the assets are properly reflected on the financial statements.

ELECT CORPORATE OFFICERS AND DIRECTORS for the next year: President, Vice President, Secretary, Treasurer and Company directors. This information is used to prepare the annual report filed with the State of WI.

REVIEW SHAREHOLDER AGREEMENT: Is it still relevant? Is it funded in case of death and/ or disability? Is the valuation method defined, fair and easy enough to define? This is critical for non-shareholder spouses, allowing for business continuation, and provides for a possible disagreement within the shareholders.

ANY OTHER SIGNIFICANT CHANGES to the corporate structure or business: Starting a new location, changing banks, accountant, insurance agent, retirement plan advisor, etc. Other items may include expanding, building up funds for a future expansion, changes in a related company that will have an impact, etc. Just a reminder to look to the future - future cash needs, future market opportunities, etc.

Corporate minutes can be used as a management tool. They rarely are. Taking the time to have a meeting allows shareholders to define their expectations. If you are the only owner it is a time to step back, note where you have been and where you are going. Life moves quickly – be sure you are going in the direction you choose.

We can assist you with the corporation meeting requirement. Set up an annual strategy meeting. We can review your year-end financial statements, the changes, document the meeting and include the facts above. TA DA you're done and in compliance. Call us to set up a time to meet.

"Improving the lives of small business owners" **FOCUS** CPA Inc

**Special Offer
FREE KRINGLE**



Would you like a free Kringle from Uncle Mike's Bakery 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 award winning and mouthwatering Kringle of your choice.

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

920-351-4841

-- or --

MARY@FOCUS-CPA.COM

February 2020 INSIDE THIS ISSUE

FOCUS | **CPA** Inc

117A Packerland Drive
Green Bay, WI 54303
Phone: (920) 351-4842
www.FOCUS-CPA.com



WHAT TO KEEP TO SUPPORT YOUR BUSINESS TAX DEDUCTIONS

The fact that you as a business owner have a receipt or can prove that you incurred an expense does not by itself make it tax deductible...



CORPORATE MINUTES - WHO NEEDS THEM?

Life zooms by. Decisions are made, acted upon and forgotten - like the seasons spring, summer, fall and winter. Most businesses are a separate...

This newsletter is intended for entertainment purposes only. Credit is given to the authors of various articles that are reprinted when the original author is known. Any omission of credit to an author is purely unintentional and should not be construed as plagiarism or literary theft. © 2020 Focus CPA Inc.



THE BOOK REVIEW: YOU ARE A BADASS AT MAKING MONEY

The author, Jen provides great stories and exercises to change your mindset about money. She connects vision, emotions and actions to change...



BE NICE

It's hard for me to believe the Year 2020 is here! They say hindsight is 20/20 and I have 60 years of history to learn from. What am I going to do...



LEGOS ARE NOT JUST FOR KIDS...

According to Genevieve Capa Cruz, Lego's audience marketing strategist "Adults with high-pressured jobs are telling us they're using Lego to disconnect from the mania of the day. They're looking for a relaxing, calming experience—and they like instructions because that's what helps them be in the zone."

For Brooke Deason, a small business owner, what started as a meeting place for her sons robotic club, they are now starting to host adult parties. There are evenings

where locals sip wine and put together 'Doctor Who' sets and reproductions of Frank Lloyd Wright's Fallingwater house.

Legos even work for CPA's. Ricardo Sevilla, who works at FOCUS CPA, has a "family LEGO room". The room is completely dedicated to Legos. He has his collection, his wife Katie has hers and his son Xavier, age 10 is still discovering the creativity of the pieces.

Who says we have to grow up!