

# THE FINANCIAL EDGE

June 2022



## RECAPTURING THE EXCITEMENT OF LIFE

*Personal comments by Mary*

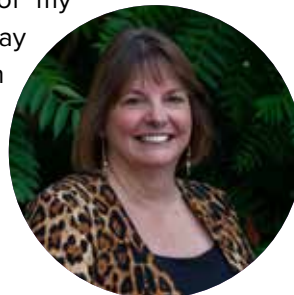
Do you remember the excitement of jumping out of bed, ready to charge forward and live your life to the fullest? Or maybe on Christmas morning right after Santa Claus had delivered the presents and your parents allowed you to get out of bed? I am looking for that excitement to come back in my life.

Typically, I take a mini vacation after April 15th to get my energy back, but this year it took more than that. It took me 45 days but I finally feel recharged after giving my all during the last 3 years. My mind is active and creative again. My life is somewhat in order.

I have some wonderful things happening. The perennial flower garden is blooming

with beautiful colors. The birds are back, I have seen hummingbirds, cardinals and woodpeckers. The squirrels are having one heck of a time chasing each other. I got my fence back up and my secret garden is now a secret again. I spent a week just holding my new grandson and spent some time with my boys in Arizona. Steve and I just celebrated 25 years of marriage with a long weekend in Door County.

Last but not least Jodi and I celebrated 10 years in business as FOCUS CPA. I am now working on a design for the next 10, 20, 30 years of my life. Only one way to live - with excitement.



*How do you recapture that feeling?*

*Mary Guldán-Lindström*



☞ I so appreciate all of your support as I created this new vision. Mary, you are a standout among accountants in that you keep your eye on the big picture AND on the day-to-day functioning of my businesses. Thank you for sharing that rare gift with me!

Bonnie Nussbaum,  
*Empowerment Coaching*



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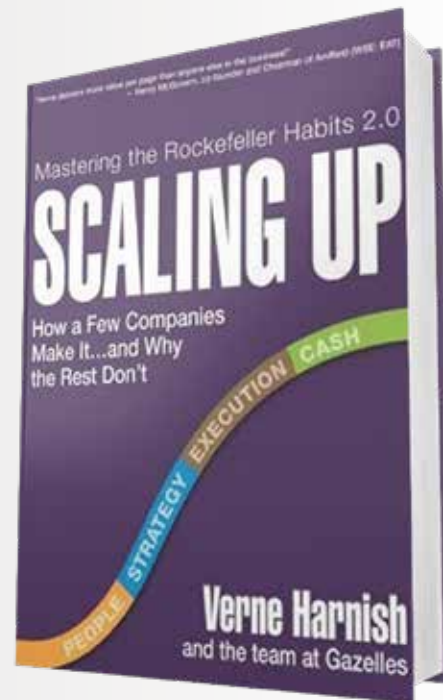


## THE BOOK REVIEW

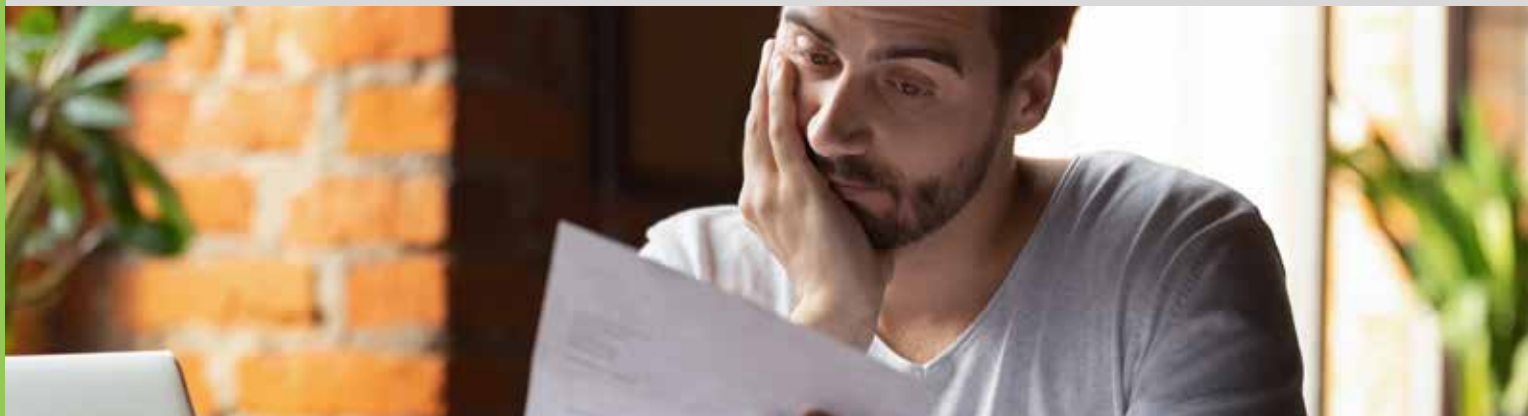
**TITLE:** Scaling Up: CASH (Last Chapter Only)  
**AUTHOR:** Verne Harnish (Alan Miltz)  
**TOPIC:** Cash Management  
**EASY TO READ:** \$\$\$\$\$ (5 out of 5 dollars)  
**APPLICABLE TO SMALL BUSINESS:** \$\$\$\$\$ (5 out of 5 dollars)

**Summary:** If you want to grow your business, cash is essential. This chapter explains to a business owner how to read the financial statements to understand cash. Alan introduces the Power of One, a tool used to measure 7 financial levers.

**My recommendation:** I recently met Alan Miltz, who wrote this chapter. His approach provided a perspective and tools, not taught in accounting class, which helps an owner to understand and improve the cashflow. He received rave reviews by the business owners in the group.



Pages: 195-233 | Published: 2014



## TAX NOTICES – WHAT TO DO IF YOU RECEIVE ONE

BY MARY GULDAN-LINDSTROM CPA

Now that most tax returns are filed tax notices are appearing. The IRS and state government recalculate the return and match the tax payments they have to the payments reported on your return. Since we don't easily have access to the IRS information and the IRS is behind in applying payments, we are seeing a lot of tax notices.

### IF YOU RECEIVE A TAX NOTICE PLEASE FOLLOW THESE STEPS:

- 1 First don't panic.
- 2 Don't ignore it.
- 3 Send a full copy of the tax notice to Ashley at Ashley@focus-cpa.com as soon as possible.

We will determine what the tax authority is looking for, explain the issue to you and will determine what, if anything, needs to be done.

### TO PREVENT NOTICES:

Please pay your taxes electronically. The process is faster. Verify you are paying for the correct year. Keep your confirmation and send it to our office. We will save it in your tax file for next year's taxes.

Keep all your tax documents and give them to us when it is time to prepare your return. Verify that the correct social security number of EIN is on the document.

Always keep tax notices and send them to us. Over the last few years, the IRS has stopped notices, then started them again. It is a bit of chaos. Information has easily been misplaced or never received by the IRS.



# LET THE CASH FLOW GAME BEGIN

BY MARY GULDAN-LINDSTROM CPA

Prices are soaring, staffing is tight and interest rates are rising. Keeping the cash flowing within a business is becoming harder. Being profitable does not always mean that cash is aplenty. It definitely helps, but other items can impact the cash flow.

There really are only a few factors that increase a business’s cash flow. However, there are multiple ways to make those changes. Changes that are unique to each business. Let the cash flow game begin.

**RULES OF THE GAME:** There are basically seven factors a business owner can consider to increase their cashflow....

1. Increase your prices.
2. Sell more
3. Reduce your direct sales costs
4. Decrease overhead
5. Reduce inventory and work in process
6. Take longer to pay your vendors
7. Collect from your customers sooner

**STEP 1.** Determine your business’s current score

How much cash is the business generating or using each month? To Calculate the net cash that flowed in your business over the last month. Start with your current balance sheet. Calculate the cash balance less bank debt at the beginning of the month. Calculate again using the balances at the end of the month. Subtract the two. That is how much cash you have flowing in or out of the business in 1 month.

How much working capital does the business have? At any point in time working capital = Accounts Receivable + inventory - accounts payable. These are the operational assets that a business has to generate and use cash.

Based on the 7 factors noted before, where is the business at now? Pricing, sales volume,

gross margin, monthly overhead, inventory on hand, how long to pay your vendors and how long does it take to collect to from your customers.

**STEP 2.** Assess your current situation.

Review your sales cycle. What will happen if you raise your prices? Is it feasible to sell more? Can you change your customer terms or enforce our terms and collect from them sooner? Verify that you are selling at a positive gross margin for each customer.

Review your production & delivery cycle. Can you become more efficient and reduce labor needed, materials costs, packaging costs, shipping costs, etc.? How much inventory do you need on hand available for sale, packaging materials or raw materials?

Review monthly overhead. What do you truly need?

**STEP 2.** Brain storm ideas. Keep an open mind. Look at other industries.

**STEP 3.** Evaluate the ideas. Calculate the potential cash improvement, determine the ease of implementing and cultural fit in the business.

**STEP 4.** List actions you can take and then Prioritize.

**STEP 5.** Take action

**STEP 6.** Monitor your progress and Repeat the process

Cash is essential. It is the lifeblood of a business. As a business starts many systems are put in place randomly. Your business model determines the opportunities and limitations. The cash flow game improves your business model.

If you would like assistance in improving your cash flow, contact our office and set an appointment for a cash flow efficiency review.

## SPECIAL OFFER

### BUSINESS OWNERS THAT WANT TO GROW, TRY EO!

I just joined Entrepreneurs’ Organization or EO. It is a global group designed to help and support business owners over \$1 million in sales to grow personally and professionally. My son belongs in Phoenix, AZ. Their group has 190 members. WI started in 2019 and is has less than 30 members.

I attended my first “education” meeting last month and highly recommend it. Check out: [hub.eonetwork.org](http://hub.eonetwork.org)

**Please reach out to me if you would like to attend the next open meeting.**

Mary

# June 2022 INSIDE THIS ISSUE

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## ELEPHANTS ANYONE?

I love elephants. In 2016 I got to see them in the wild and I got to visit an elephant orphanage.

Did you know that each elephant is a unique individual, just as are we, and each has its own unique personality? They can be happy or sad, placid by nature or more volatile. They can even be playfully mischievous, delighting in playing harmless pranks on other members of the family or herd. However, they are taught discipline from a very young age by their senior matriarchs. They know envy and jealousy, can throw tantrums and harbor grudges about a perceived injustice, just like human children. And just like human children, they can be competitive for rank and status amongst their peers.



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To learn more about Sheldrick's elephant orphanage go to:  
[www.sheldrickwildlifetrust.org](http://www.sheldrickwildlifetrust.org)

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*"There is mystery behind that masked gray visage, and ancient life force delicate and mighty, awesome and enchanted commanding the silence ordinarily reserved for mountain peaks great fires and the sea."*

Peter Matthiessen

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