

THE FINANCIAL EDGE

September 2024



FALL IS IN THE AIR

Personal comments by Mary

The days are getting shorter and the temperatures are getting colder. My garden is dying. Hummingbirds are migrating south. Kids are back in school. I already saw my first autumn red leaf that has fallen and football season is starting! Summer is disappearing and fall is peaking through.

I spent a lot of this summer relaxing. I love to read, while soaking in nature. I also played in my perennial garden and realized I need to reduce the number of plants. It is becoming overwhelming. In addition, I am feeling a little overwhelmed at work. We have a few clients that struggle to pull their tax documents together. So here we are finishing up late tax returns. I think with the season changing it is time to take action again.

I want to look to the future not the past. We want the businesses we serve to always improve their financial success, now and going forward. To enhance our services in this area, we were very fortunate to add a new team member this summer, Paige Stauber. She graduated from UWGB and will be taking the CPA exam in the next few months. She will be working with businesses to get good numbers and with Ricardo to manage their taxes. My goal is to help owners utilize their financials to make decisions and minimize their tax liabilities.

We are now doing tax planning. Great time to take action and close this calendar year with a bang!

Mary Guldán-Lindstrom



“Autumn is the season that teaches us that *change* can be *beautiful*.”

~ Heather A. Stillufsen

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



“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, Owner
Empowerment Coaching*

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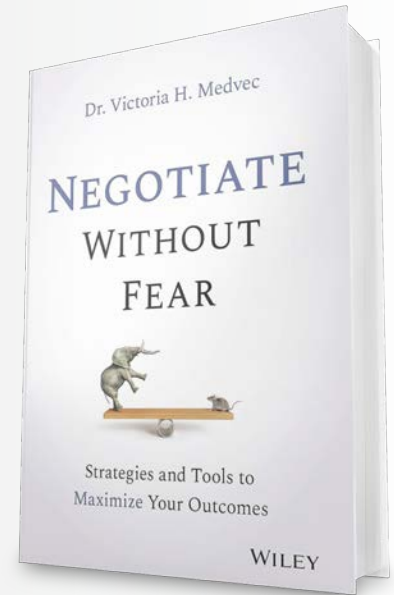


THE BOOK REVIEW

TITLE: Negotiate Without Fear
AUTHOR: Dr. Victoria H Medvec
TOPIC: Business Negotiations
EASY TO READ: \$\$\$\$ (4 out of 5 dollars)
APPLICABLE TO SMALL BUSINESS: \$\$\$\$\$ (5 out of 5 dollars)

Summary: The author will guide you step-by-step with tangible tools and support so you will have power and confidence going into a negotiation situation. It covers setting goals, relationship building, setting your prices and closing the sale.

My recommendation: She took away the fear of negotiation. I felt majority of her message was aimed at a large company purchasing department. However, she provided tools that I have not found anywhere else. I have been encouraged to “value bill”. The challenge is that I never found a tangible approach to this. Dr. Medvec did that!



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IS VEHICLE OWNERSHIP RIGHT FOR YOUR BUSINESS?

By Mary Guldán-Lindstrom, CPA

For those self-employed, S corporation owners and partners who use their personal vehicle for business my general rule of thumb is that it used for business more than 50% of the time consider having the business own the vehicle.

WHEN USING VEHICLES FOR WORK, the tax deduction is based on two things

1 Business miles verse total mileage – this determines how much of the actual costs are tax deductible and how many miles you can take on a per diem basis. Documentation is required, a calendar, an auto mileage app or based on store receipts can provide support.

2 Costs are calculated in one of two ways – actual or per diem.

Actual costs include depreciation, fuel, oil changes, repairs, insurance, licenses, etc. To take depreciation the car needs to be used more than 50% for business. There are specific tax laws a car, SUV over 6000 lbs, a van or construction type vehicle.

Per diem is cost per mile. The IRS updates this at least once a year. For 2024 it is 67 cents per business mile. It doesn't matter how much you use your vehicle for business.

OTHER ITEMS TO CONSIDER

- Commuting from your home to your work office is personal mileage – not business.
- Make sure the car is insured for work related activities. The time to find out is not after an accident.
- Vehicle loan interest is treated as a business expense – business portion is deductible above & beyond the other costs and the per diem rate.
- Tolls, parking and advertising on the vehicle are an additional business expense not related to the per diem rate.

This is an area that the IRS likes to audit since it gets abused and the documentation is questionable. Contact us if you have questions.

OUT OF THE NEST, IN WITH THE SHARKS STARTING OR REVITALIZING A BUSINESS

Are you starting a new business or revitalizing an existing one? Think of the newly hatched sea turtle. The egg is buried in the sand on the sea shore, far enough away from the ocean to be safe from the tide. Once it's time the turtle emerges from the shell, amidst the many other baby turtles, and makes a run for its life to the ocean. Only 1 out of 1000 sea turtle hatchlings makes it to adulthood.

As you begin your new business, there are many things that could threaten your survival. Here are three common mistakes that I see new business owners make:

1. Fail to plan or obtain necessary knowledge,
2. Not taking action and
3. Being too general - taking every customer and offering everything possible.

PLAN TO SUCCEED. To kick start your new venture I recommend that you plan for your run to the water's edge. Take time to find a way to succeed on paper. Write down your business plan and work through the numbers. Specific areas to address:

- Identify your ideal customer, how to attract them, what to charge and how to deliver it.
- Define your cash flow formula: $\text{SALES} - \text{COST OF SALES} - \text{OVERHEAD} = \text{NET INCOME} - \text{TAXES} = \text{YOURS}$ to live on or reinvest.
- Know your minimal sales amount to pay for your overhead.

COMPLIANCE. Another area of risk is compliance. First it can be overwhelming, it can also penalize you. Obtain an understanding of the regulations that impact your business and specifically your industry. Topics include-

- Sales tax - know sales & use tax laws for your industry, keep invoices for sales tax
- Tax records - keep receipts, bank statement, mileage documentation, home office
- Independent contractors - if you pay over \$600 send a 1099misc in January
- Payroll - learn the rules or hire a payroll processing company
- Income taxes - place 15% to 35% of your profits in a savings account to pay your income taxes

TIME IS MONEY SO MOVE QUICKLY. Now that you have a plan on paper, get started. The faster you find your cash flow formula the higher your chance of success. Don't give yourself the excuse of being profitable in 3 years; make it profitable in one month. Keep focus on what is important. Here are some ideas that I have found that will help speed up the process -

- Keep an open mind. Change as you find easier ways to be more productive and improve your results.
- Invoice and collect at the time the product or service is of most value to your customer.
- Deliver as soon as possible. The longer it takes, the more it will cost.
- Treat your time as money. Prioritize activities and focus on activity that brings results.
- Work on reoccurring sales or repeat business. This cuts down on future sales time.
- Keep expenses flexible. Expenses are easy to commit to, harder to get released from.

INSTEAD OF BEING A GENERALIST – GET SPECIFIC. *Take advantage of your smallness, be unique.* The best way to distinguish yourself amidst the other business is to narrow your focus. There are riches in niches. Know who your best customer is - the one who can afford to pay the most and get the most value from your business. Identify your best product or service that provides the highest value and can be delivered at the lowest cost. By narrowing your focus it is easier to explain to others what you do and much easier for them to refer business to you. A referral is the best prospect. The trust factor has already been started.

Simplify behind the scenes. Keep business finances separate from personal. Set up a separate checking account, credit card, PayPal, etc. It is easier to update your financial records once you have your sales process ignited. It is easier to delegate this area once you can afford to.

Once you make it out of the nest to the water, then you can start swimming with the sharks and face a whole new set of challenges. *Happy swimming...*

SMALL BUSINESS OWNERS

DO YOU WANT TO AVOID TAX SURPRISES, ESPECIALLY COSTLY ONES?

SCHEDULE A TAX STRATEGY/PLANNING MEETING

We live in a very complex business world. Besides tax law being another language, the rules keep changing and the government continues to ask for more.

Before the year is done and your options are limited let's schedule a Tax Planning Meeting now. We will review your situation, estimate your tax liability, provide options to reduce your overall taxes and determine your cash needs.

Contact our office to schedule a time:

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A LITTLE FALL HUMOR

Why did the tree worry that he would never get his leaves back after autumn?

He didn't be-leaf in himself!

Why was the robot couple's anniversary in the fall?

They were autumn mated.

Did you hear about the tree that deserted the forest at the end of fall?

He was absent without leaves.

What did the leaf say to autumn?

I'm falling for you!

What's the ratio of a pumpkin's circumference to its diameter?

Pumpkin Pi.

What type of vehicle should you use for a fall hayride?

An autumn-mobile!

Why did the scarecrow win the Nobel Prize?

Because he was out-standing in his field.

Why did the lions move at the end of summer?

Because the pride goeth before the fall!

Why are trees so carefree and easygoing?

Because every fall, they let loose.

What month does every tree dread?

Sept-timberrrrrrr!

From www.scarymommy.com/autumn-quotes-jokes