

# THE FINANCIAL EDGE

August 2014



## The Dog Days of Summer

*Personal comments by Mary*

The dog days of summer are here! The mood is starting to change from casual and carefree, to getting ready to get back to school or back to work. The days are getting shorter and vacations are slowing down.

I now start the count down to the end of the year, which triggers the start of concentrated tax planning. Only 4 months left until December 31. Since taxes are filed annually December 31 is a pivotal day for businesses. It marks the end of another year. Before I jump in to taxes I am finishing up on another work project.

A couple months ago I started to implement the book Traction into my business. I have struggled with flow charting my overall process. It took me 3 months to realize that I do not have a standard system. I customize services for every client. Preparing a tax return can be structured, but getting the information accurate to prepare the return and then making sense of the numbers to help the business owner is more challenging. Each situation is different and each set of records is unique in some way. Through the many revisions and the help of my mastermind groups I finally hit upon three service tracks - taxes plus, personal finance and business finance. The end seems so simple, but the journey was difficult.

As summer is coming to a close, I hope you had a chance to enjoy the sun on your face and a warm summer breeze!

*Mary Guldán-Lindstrom*

## What Our Clients Are Saying...

Jason Scott Jones recently acknowledged us in his book "The Race to Save Our Century" available from Amazon on September 15, 2014.

***....The best accountant money can buy. ("Can you send the invoice again I've seemed to misplaced it?"). Thank you for investing in HERO and for not billing us by the minute.***

*Jason is President of Movie to Movement and the Human Rights Education Organization (H.E.R.O.). He is a filmmaker and a human rights activist.*

***Your referrals are treated with utmost care and are greatly appreciated!***



## The Book Review

**Title:** The GREAT GAME of BUSINESS

**Author:** Jack Stack

**Topic:** Business Management

**Easy to Read:** \$\$\$\$\$ (5 out of 5 dollars)

**Applicable to small business:** \$\$\$\$\$ (5 out of 5 dollars)

**Summary:** Jack shares his story about purchasing a manufacturing business to save jobs, where being the low cost provider is the key to success. He explains how the management team brought the balance sheet and the income statement alive to all. The initial goal was to provide each employee shareholder an investment value to purchase a home or \$55,000 in 1983. In 1992 the average value topped \$400,000.

**My Recommendation:** Great in depth and thorough introduction to open book management! The author shares a great story and proof that sharing financial data can create and increase a company's financial health. His staff owned the numbers. Perfect - for those who want to learn how to bring open book financial management to their staff!

Pages: 336 | Published: 1992 (updated 2013)



## Best Tax Practices for Small Businesses

1. Documentation - Keep customer invoices, deposit detail, vendor invoices, detailed credit card receipts, online receipts and bank statements for at least 3 years. Bank statements and credit card statements alone do not meet IRS standards. If you amend your return you may need to keep 7 years. To reduce space and maintain the integrity of the print on credit card receipts, feel free to scan your documents.
2. Software - Invest in a good software accounting system. It will save time and provide support for your tax return.
3. Fixed Assets - For equipment used in the business, keep documentation on how much you paid, description of what you purchased and the date you placed it in service.
4. Labor - Make sure that all "independent contractors" meet the IRS criteria. If you pay more than \$600 a year, report what you paid them on an annual information form 1099misc.
5. Family - If family members are employed in the business, make sure they abide by the same employment rules as your other employees.
6. Mileage records – Always keep detailed records on your business mileage and total mileage on your personal or business-owned vehicle, noting business miles to where and business reason and total mileage for each month.
7. Cash and barter transactions. They count. The IRS has its ways to determine if you are under reporting your income. If you pay cash for something – take a picture, keep the ad you responded to.
8. Meals & Entertainment – Document who you met with and business reason on the detailed receipt that specially lists what was paid for. A credit card receipt for the total will not meet the documentation required.
9. Burden of Proof - It is up to you to prove that your deductions are tax deductible. The burden of proof is always on you, not the IRS.
10. Be Informed - Ask questions, be curious and become familiar with the tax rules surrounding your business. You are ultimately responsible.



By Mary Guldán-Lindstrom



# How to Get More of What You Want—Measure!

By Mary Guldán-Lindstrom, CPA

**Are you achieving your hearts desires?** It is easy to be overwhelmed and burned out. Many can no longer see their dream. Instead of 8 hours of working with phenomenal customers who appreciate you, they have 13 hours of drudgery. They are working hard but do not seem to be making progress.

*Every day we have a full 24 hours of choices.* Choices as when we contact that customer, when we get that work done, when we leave work at night, etc. For those self-employed, it is difficult to keep focus and way too easy to get distracted. One way to hold yourself accountable is to measure your activities, specifically identify and measure the key activities that will achieve your hearts desires.

To start the process three key elements need to be determined.

**1. What is your heart's desire?** What do you see your ideal day looking like, or your ideal customer, or your ideal business? We each have our own definition of success. How do you want to change the world or maybe just your little corner? For my example, let us determine that you would like the lifestyle that earning \$100,000 a year would bring.

**2. What daily, weekly or monthly key activities must you do to create your heart's desire?** The fastest way to achieve this is to identify your key activities that will bring it to life.

Personally I start with the financial numbers. How much in weekly sales do you need to close, deliver and collect - after paying your expenses - to earn \$100,000 annually or \$2000 weekly?

Next, go behind the numbers and identify the activities that will create those results. For example to reach the weekly sales figure - How many customers must you serve? What products or services must you deliver?

*The goal is to identify your measurement - what you need to do, the number you need to measure and the number you need to achieve to get there.* Keep it simple only 3 to 5

measurements. You can change the activities and numbers as you improve your results.

**3. What are you doing now?** What are your daily, weekly and monthly activities compared to what you need to achieve to meet your heart's desire? By reviewing today's activities you can create a game plan to improve your results.

It is challenging to add more to your life, so let us start with what can we remove. Identify what your activities are sabotaging your efforts. Activities such as complaining, unprofitable customers and unprofitable services can drain your key resources - time, energy and money. These activities can prevent you from doing your key activities.

Focus on your strengths - how can you leverage that to produce more of what you want? If you have great customers, how can you encourage them to buy more? If you have a talent for sales, why are you in the back room? Move your activities to your strengths. It will increase your energy level, get you more of what you want and make life more fun.

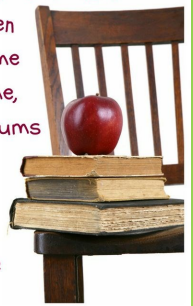
You can eliminate the feeling of being overwhelmed and burned out. Instead of 13 hours of drudgery you can experience 8 hours of working with phenomenal customers who appreciate you.

You can achieve your heart's desires, by doing and measuring the right activities!



If there were no schools to take the children away from home part of the time, the insane asylums would be filled with mothers.

-Edgar Howe



## MATH

Mental Abuse To Humans

The more that you read,  
the more things you will know.  
The more that you learn,  
the more places you'll go.

-Dr. Seuss



Images from Pinterest.com

## ATTENTION! NOW ACCEPTING NEW CLIENTS

At FOCUS CPA we are accepting new clients. We have very passionate, competent and caring staff that have over 30 years of experience, each, working with small business owners. Contact Jodi at 351-4842 or [Jodi@focus-cpa.com](mailto:Jodi@focus-cpa.com) to set up a free initial appointment to see how we can improve your situation.

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## Did You Know...

### The History of Education in America

The primary education of upper class children in colonial days included reading, writing, simple math, poems, and prayers. Paper and textbooks were scarce so boys and girls recited their lessons until they memorized them. The three most commonly used books were the Bible, a primer, and a hornbook. As children grew older their schooling prepared them for their eventual roles in plantation life. While boys studied more advanced, academic subjects, the girls learned to assume the duties of the mistress of a plantation.

The sons of a planter typically would be taught the basics at home. The boys studied higher math, Greek, Latin, science, celestial navigation, geography, history, fencing, social etiquette, and plantation management. At this point, the sons of wealthy planters often were sent to boarding schools in England for a higher education. They sometimes stayed over in England to study law or medicine. Otherwise, they would return home to help their fathers run the plantation.

The school days for girls were somewhat different. Girls learned enough reading, writing, and arithmetic to read their Bibles and be able to record household expenses. They were taught by a governess, who was usually from England and somewhat educated. They studied art, music, French, social etiquette, needlework, spinning, weaving, cooking, and nursing. The girls did not have the opportunity to go to England for higher education because this was not considered important for them.

Sourced from <http://www.chesapeake.edu>

*"Taking care of small business owners"* **FOCUS\$ | CPA Inc**