

THE FINANCIAL EDGE

May 2018



Losing my Virginity!

Personal comments by Mary

No this isn't about sex. It's about facing the unknown and doing something new. I just read Richard Branson's book "Losing my virginity, how I survived, had fun and made a fortune doing business my way". For those who don't know of Sir Richard Branson, he is a flamboyant philanthropic British businessman that has created and promoted the virgin brand for more than 50 years. His philosophy is to fill a need, keep it small so the business can respond and do things together with joint ownership. When I went to Kenya in 2016 we stayed at his lodge "Mahali Mzuri". The year before that James, my son, got a chance to meet him at his home on Necker Island. Branson has stood his ground, despite extreme pressure from government, banking and big company arrogance.



Starting your own Business is facing the unknown and doing something new. My first venture was in 1986. I quit a Fortune 500 corporate job and starting offering accounting services. It was a sink or swim situation. My first husband had started the business and I joined him. We survived. Amazingly my take home pay never dropped. I wasn't so lucky the second time. I survived 5 years and eventually merged with a regional CPA firm. Now the third time I started a business it was a charm. Today FOCUS CPA is growing and having a lot of success helping business owners enjoy their business.

Whether it is business, vacation, making new friends - lose your virginity! Find the adventure - Survive, have fun and make your own fortune.

Best wishes, Mary Guldán-Lindström

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



“ They make running my business a lot easier for me. Mary and her team step in as a sort of CFO for my company and help me with so many areas of the business. Wouldn't be where I am today without them!

Chris Robinson,
Owner of Full Scope Creative



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

The Book Review

Title: Richard Branson - Losing my virginity. Updated version.

Author: Richard Branson

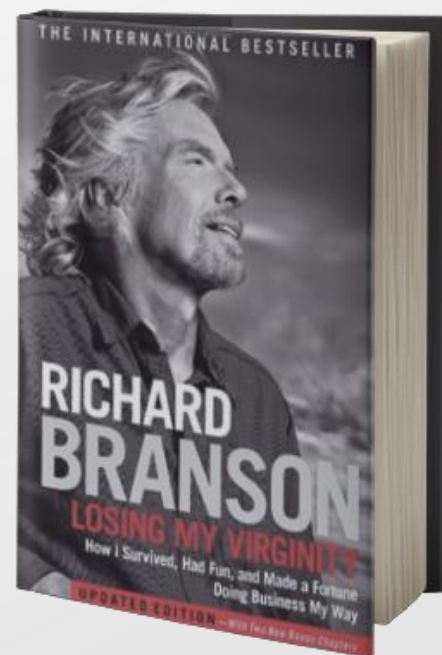
Topic: Business

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

Applicable to Small Business: \$\$\$\$ (5 out of 5 dollars)

Summary: Sir Richard Branson shares his personal and business life story from 1950 through 2007. The stories demonstrate his values and skills and approach to business - "have as much fun as possible, even if you have to break all the rules". They include dropping out of school at 16, to starting his first Virgin company, his record breaking around the world adventures and his family life.

My recommendation: Every business owner has a story. I was fascinated with the challenges that Branson took on as part of business. Besides making sure he had fun along the way, many times he choose the hard way.



Pages: 573 | Published: 2007

Get Your Business Off to a Great Start with a Great Accounting System!

By Mary Guldán-Lindström CPA

Are you starting a new business? Or struggling financially with an existing one? Small business owners wear many hats. One hat they wear is the Accounting green shade. Here are 10 best accounting practices that will remove the clutter, save time and get financial results.

- 1 Keep business transactions separate from your personal - set up a separate checking account and credit card
- 2 Select an Accounting software - make it easy for you and fit your technical skill set
- 3 Customize your chart of accounts to collect the critical information that you need
- 4 Map out your transaction flow - customer invoices, collections, bills to pay, information requests, independent contractors, employees, etc.
- 5 Job costing - set up system to keep a watch on your gross margin
- 6 Design financial statements you understand and will use - simple & effective. The more you use them the more accurate they become.
- 7 Prepare a cash flow budget - plan for success by month.
- 8 Identify what 3 key success activities you need to do and monitor each week
- 9 Customize your weekly checklist, monthly checklist and annual financial checklist
- 10 Work with a tax, accounting and tax advisor to refine your system

Pick a time once a week to work your books. Outdated information might work to get your taxes done - but has little value when managing your business. By taking one hour a week - you stay organized, and improve your financial success. This will allow you to hire someone to take over the parts you don't like faster.

Here's to your financial success!

At FOCUS CPA Inc. we can help you through this process. We are creating a new business startup accounting kit, with software comparisons, sample chart of accounts, a monthly cash flow budget, sample dashboard based on type of business and a weekly, monthly and annual financial checklist. Prices range from \$250 for a one-person service business to \$750 for a manufacturing business.

Tax Reform: How it Impacts Small Business Owners

By Mary Guldán-Lindstrom, CPA



Late last year President Trump signed a new tax law. This law creates the **biggest** overhaul of U.S. **tax** code **since** the 1980s. Here are the changes that will have the greatest impact for business owners with less than \$10 million in sales.

C CORPORATIONS - The tax rates changed from four brackets ranging 15% to 35% to a flat rate of 21%. For corporations with less than \$50,000 of income - they will experience a tax increase of 6%.

For other types of businesses, the changes are more complicated. Majority of small businesses are taxed as pass thru entities. This includes sole proprietors, partnership and S corporations. In all cases, the business income is taxed on the business owners' personal tax return.

Here are the simple changes that affect all taxpayers, with or without a business:

- ◆ **Standard deduction** increased from \$6,350 to \$12,000 for individuals and \$12,700 to \$24,000 for married filing joint. For many this will simplify their return.
- ◆ **Changes in Itemized deductions** –
 - ◇ **State income taxes and real estate taxes are limited** to \$10,000.
 - ◇ **Employee expenses**, tax preparation and investment fees are no longer deductible.
 - ◇ **Personal exemptions** are gone.
 - ◇ **Individual health insurance mandate** - repealed as of January 1, 2019.
 - ◇ **Alternative minimum tax** has higher thresholds, so fewer taxpayers will pay AMT.
 - ◇ **Individual tax rates** - we still have 7 brackets ranging from 10% to 37%. We keep the 10% and 35% bracket; however, the other five brackets drop 1% to 3%, along with higher thresholds. For majority this alone will bring income taxes down.

Here is the complicated element that has a very direct impact on small business, the pass thru deduction -

- ◆ The basic formula is simple: you subtract 20% of your *qualified business income* or 20% of your taxable income, whichever one is lesser, from your taxable income.
- ◆ However once you exceed \$157,500 for single and \$315,000 of taxable income for married the rules get more complex. There is a phase out process as income rises up to \$207,500 and \$415,000.
- ◆ Once over the phase out brackets – a few things can happen. If the business is a *specified service business* – no tax deduction. If not then the tax deduction calculation takes another detour. We take into consideration 50% of the wages or 25% of the wages plus 2.5% of unadjusted basis of *qualified property*.

This is a very high-level description of the new “pass thru deduction”. The tax code has provided more *buzzwords*. We are still working on definitions, running numbers and determining the best options to maximize the new tax law to allow business owners to decrease taxes and reinvest in their business.

As we have been working the math, comparing 2017 taxable income under the new tax rules, most business owners have seen a reduction in taxes. Majority of this tax reduction is due to the pass thru tax deduction and the lower tax rates.

One final note – **entertainment deductions** are now not tax deductible. So **no** more Packer tickets, golfing or concerts shared with a customer will be tax deductible. Customer lunches are still deductible. Again, we are still looking for more clarification.

Note THIS IS NOT TAX ADVICE. Each situation is unique and without the full picture, results can be the opposite of your intentions.

Please consult your tax professional or contact us for a “**Tax Reform Review**”. We can run a projection of your 2018 tax situation with the new laws and update your current tax strategy to fit your long-term goals. Prices start at \$500 – and go up based on the complexity of your situation. Call 920-351-4842 and talk to Mary to discuss your situation.

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A Little Mother's Day Humor

A STAND-UP WOMAN

by Robin Hynes, Slingerland, New York

My mom had a great sense of humor and a knack for making everything fun. One thing that resonated with me, even as a small child, was how much she seemed to enjoy her own company and found ways to entertain herself.

As a kid, I remember her giggling while paying bills. What was so funny about bill paying?

She would put humorous notes in the reference section of the check: For the electric bill, she might put "You light up my life," and for the mortgage she'd write "Four shingles closer to owning it all."

- From RD.com

PS if paying bills stress you out - improve the mood with candlelight and a glass of wine. Then make a toast to those you pay - for those are the lucky ones.