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July 2018

# The CFO Advisor

## Guidance for Small Business Success™



Welcome to the July edition of “The CFO Advisor.” I love the month of July because it means I get to enjoy some time with family and see beautiful fireworks!

This month starts off with an article that shares *Five Tips For Hiring A QuickBooks Consultant* that you can build a lasting relationship with. Then the *Tax Corner*, which explains what QBI stands for and whether you are eligible for MORE deductions.

The newsletter continues with an article that shows you how to energize your workspace so you can stay focused and fresh this summer, and how to decide what charities to donate to that resonate the most with your brand.

We finish off with articles that share great examples of questions you can ask yourself and others when dealing with your goals and being understood. Finally, an article on opening your mind to problems creatively. PLUS! Fun facts about Independence Day that you probably don't know!

Enjoy this month's edition!

*Dwight L. Hulse, CPA/CITP, CGMA*

## Five Tips For Hiring A QuickBooks Consultant

So, you have gotten your business up and running and have decided to hire a QuickBooks Consultant. What should you look for? Here are five tips for hiring the right person for your business:

**1 Do Your Research.** You want to make sure that you hire a person that is a good fit for your business. Before hiring someone, check around, talk to previous and former clients. Get a feel for that person. An ounce of prevention in the beginning can prevent a lot of headache moving forward.

**2 Look for accounting experience, expertise, and track record.** Industry experience is what you are looking for. It is preferable to hire someone who has some sort of certification in the field of accounting and in the QuickBooks arena as well. Certified QuickBooks consultants are referred to as Pro-Advisors. There are two main certification levels for a QuickBooks ProAdvisor. The certification levels are: QuickBooks Online Certification and QuickBooks Online Advanced Certification. The consultant that you hire should have at least one of these certifications.

**3 Personality Compatibility.** Be sure that you and the person that you hire are on the



same page and that your personalities mesh. There is nothing worse than working with someone that you are constantly bumping heads with.

**4 Tech Savvy.** As today's business world seemingly revolves around the internet, it is a good idea to make sure that the person you hire is somewhat tech savvy. While they don't have to be a tech

genius, knowing how to navigate his or her way around QuickBooks with ease is a definite requirement. If the person is certified in QuickBooks, he or she should be able to do this.

**5 Business Practices.** Before hiring a person or a company, you should know a few things about their business practices, such as, how much they charge for their services? What payment options do they accept? How often will your account be serviced? How can you reach them in the event of an emergency? What is their overall procedure for reviewing your books monthly? Do not be afraid to ask any questions you feel necessary to make you feel comfortable.

Performing due diligence is important when making any decision relating to your business. As time is money, the objective is to do it right the first time. ♦



## TAX CORNER

# Pass-Through Entities and the Tax Cuts and Jobs Act

Pass-through entities include, LLCs, partnerships, S Corporations and sole proprietorships. It means that profits and losses from the business pass through directly to the shareholder's individual tax return. Under the Tax Cuts and Jobs Act, for tax years beginning after December 31, 2017 through December 31, 2025, some individuals will be able to deduct 20% of their Qualified Business Income (QBI).

**What is QBI?** QBI is the net amount of income, gain, deduction, and loss with respect to the trade or business. QBI does not include investment-related income or loss, such as capital gains or losses, dividend income, or interest income. Note that only certain pass-through entities qualify for this new QBI incentive.

Generally, the deduction is subject to a limit based either on wages paid or wages paid plus a capital element. The formula for determining the limitation is as follows: the limitation is the greater of: (i) 50% of the wages paid with respect to the qualified trade or business; or (ii) the sum of 25% of the W-2 wages with respect to the qualified trade or business plus 2.5% of the unadjusted basis (determined immediately after an acquisition) of all qualified property. The 50% of wages limitation does not apply to taxpayers who file married filing jointly with an income of \$315,000 or less, and for all other individuals with an income of \$157,000 or less. A phase-out comes into play over the next \$100,000 of taxable income for couples filing

married filing jointly, and \$50,000 for other individuals, subject to inflation adjustments.

There are QBI exclusions, such as reasonable compensation paid to the taxpayer for their services. This includes reasonable compensation paid to individuals by S Corporations (W-2 wages). W-2 wages generally equals the sum of wages, subject to tax withholding, elective deferrals, and deferred compensation paid to the taxpayer by the S Corporation, or other pass-through entities during the tax year.

Certain service businesses are excluded from QBI as well. The fields that these businesses fall under are as follows:

- Accounting;
- Health;
- Law;
- Engineering;
- Architecture;
- Financial Services;

and

- Any business where the principal asset of the business is the reputation or skill of one or more of its employees.

As you can see from the list, the fields excluded from QBI are all potentially high earning fields of work.

The 20% deduction is not allowed in computing Adjusted Gross Income (AGI). The deduction is allowed as a deduction reducing taxable income. Therefore, the deduction does not affect limitations based on AGI. Keep in mind that unless legislation is enacted to extend the 20% deduction, it is due to sunset December 31, 2025.



## Energize Your Workspace

If you are feeling that your office space makes you feel lackluster, try applying some basic principles of the Chinese art of Feng Shui to get back on the track to success:

**Get rid of clutter.** Put away items and materials that you don't regularly use. For instance, if that extra chair is just another place to put papers, get rid of it — and the papers. Put books you're actually reading or have read on bookshelves, and ship others elsewhere.

**Make sure you have good lighting.** Good lighting goes a long way toward enhancing your energy and sparking creativity. Put a lamp on your desk to make your space more cozy and comfortable, and to diminish the drain of fluorescent lights.

**Avoid sitting with your back to a window.** Feng Shui experts believe that a window behind you makes you feel that you lack support — a drain on workspace energy.

**Don't sit with your back to the door.** Experts also say sitting with your back to the door puts you in a vulnerable position.

### Are You In Need of a Trusted Business Advisor?

If you are not my client and would like to explore whether we might be a good fit, please contact me. As an experienced business advisor, I have worked not only in private and public industries but also across many functional areas and can help you implement best practice solutions to improve profits.



### Do You Have A Tough Accounting / Finance Question You Want Answered?

I love hearing from my small business clients and friends who enjoy reading my monthly newsletter. I'm always looking to answer pressing questions you might have relating to small business. If you have a question, tip or idea, please call me at 352-450-2880 or email me at [dwright@dlhulseconsulting.com](mailto:dwright@dlhulseconsulting.com). Perhaps I'll feature you in a future issue!



## Put Your Money In The Right Charity

You don't have to be rich to spread the wealth. Just be discerning when you give to philanthropic organizations.

**Ask these questions before you write your check:**

1. Do principles match actions? Does the organization have people who are totally committed to doing good in the world? Organizations and people can give away a lot of money, but if their personal or professional actions don't reflect higher values, it will eventually undermine their causes.

2. Is the organization original and imaginative? If an idea makes you say, "Wow!" or makes you laugh, it's probably a good candidate for your support.



3. Does the organization take a long view? Find organizations that take a strategic view of what they do based on the past and the future.

4. What's the organization's profile? Some of the best organizations don't get much attention because they're smaller and less likely to be influenced by other groups, or dominated by people who give them big money. They can still do good work, though. Don't let the big organizations get all your donations.



## Test Your Commitment To Goals

You may have big goals, but do you have the passion to bring them to life? Success usually requires a road map, a strategy, but it also calls for an overwhelming drive.

Try testing yourself with these questions:

- Do you feel strongly about the importance of your goal — why it's necessary to achieve?
- Does your idea match your values and beliefs?
- Is this something you've dreamed about for a long time?
- Is your goal vital to the future of people you care about?
- Does your goal get you excited when you think about it and share it with others?
- Is it realistic? Are you sincerely convinced that your goal can be achieved?
- Are you willing to put your credibility on the line for it?
- Can you make your goal the primary focus of your activities?
- Are you willing to devote your personal time — evenings, weekends, vacations — to bring your goal to reality?
- Will you be able to reject criticism and negativity?
- Are you committed to the long term as you work toward your goal?

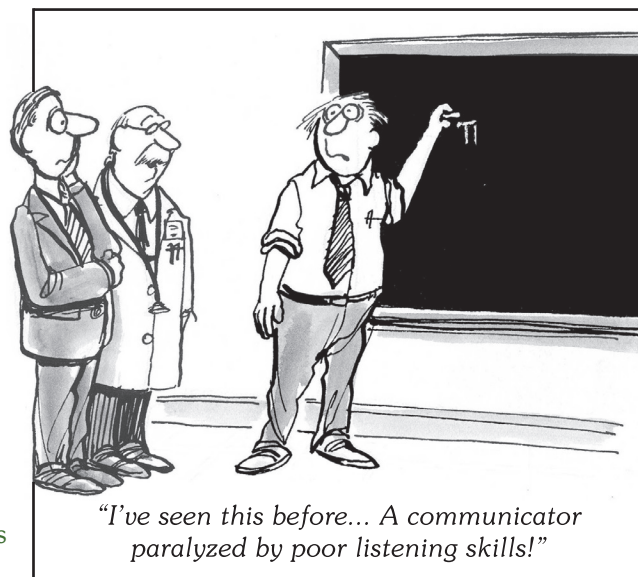
## Make Sure Individual Team Members Understand Your Words

Whether you're talking to a co-worker or addressing a big organizational meeting, the basic rules of communication in the workplace apply. Make sure your getting your message across by following these guidelines:

• **Become the other person.** What does your listener want to hear? Expect to hear? Need to hear? Anticipate how your audience — whether it's one person or hundreds — may respond to your message so you can tailor your words appropriately.

• **Know what you want.** Don't describe a problem unless you know what you expect the other person to do about it. You may not require a dramatic action — sometimes a simple nod or "I understand" is all that's necessary — but having a clear goal can help shape your message.

• **Confirm understanding.** People may not be happy with your message, but make sure they understand what you're saying — and what you're not saying. Ask them to paraphrase your main points, encourage them to ask questions, and be ready to repeat and clarify your message as needed.



## Quotes:



"You only live once, but if you do it right, once is enough." — **Mae West**

"Sometimes the questions are complicated and the answers are simple." — **Dr. Seuss**

"Living in the moment means letting go of the past and not waiting for the future. It means living your life consciously, aware that each moment you breathe is a gift." — **Oprah Winfrey**





## D.L. Hulse Consulting, LLC

*I provide entrepreneurs with clarity and peace of mind for making better business decisions.*

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### See What's Inside...

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## Open Your Mind To Solve Problems Creatively

Some problems are easy to solve with the same solutions that have always worked. Others call for fresh thinking, an original approach. Try these tips for generating exciting new ideas:

- **Rephrase your problem.** Turn your problem around by describing it in different words. Instead of "How can we produce more widgets?" ask,

"What's preventing us from producing X widgets a week?"

- **Dig deeper.** Instead of focusing exclusively on the present situation, explore the background. When did the problem start, for example? What changed? Or what are some of the underlying causes? What could you do about them?

- **Avoid either/or thinking.** Don't limit the possibilities. Instead of, "We can either raise revenues or cut costs," look for ways to do both — or find additional options. Maybe you have time to work on only one project, for example, but instead of neglecting the other, perhaps someone else can get it started.

- **Ask for help.** No matter how smart you are, an extra brain will usually help you find options you wouldn't have considered on your own. Someone else's eyes may see angles you hadn't spotted before. Go outside your usual circle of advisors for a different perspective.

- **Keep a log.** Get into the habit of writing down your ideas as they occur to you, so they'll be accessible when you need them. Don't worry about how practical your ideas are in the beginning, or what they might apply to. Just looking through your list may spark a thought you wouldn't have found before.

## FUN FACTOIDS FOR A FESTIVE FOURTH

Do you know your U.S. history? Here are some Fourth of July facts to ponder and share:

- Three presidents died on July 4<sup>th</sup>: Thomas Jefferson and John Adams in 1826, and James Monroe, in 1831. Calvin Coolidge was the only president born on July 4<sup>th</sup>, in 1872.
- The Massachusetts General Court was the first state Legislature to recognize July 4<sup>th</sup> as a state celebration, in 1781.
- The first recorded use of the name "Independence Day" occurred in 1791.
- The U.S. Congress established Independence Day as an unpaid holiday for federal employees in 1870. They changed it to a federal paid holiday in 1931.
- The Declaration of Independence was approved in a closed session of the Second Continental Congress on July 2, 1776, but most of the delegates didn't sign it until Aug. 2<sup>nd</sup>. Although John Adams expected Americans would celebrate July 2<sup>nd</sup>, the date on the publicized copies of the document was July 4<sup>th</sup>, which became the day Americans have commonly observed.

