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The CFO Advisor

Guidance for Small Business Success™



Fall is officially here, and just like the change in the air and colors of the leaves, changes within our business are inevitable. However, the result of those changes can be positive or negative depending on the choices we make when presented with a challenge.

In this issue of "The CFO Advisor," you'll read about several ways you can make the right choices in your business to bring out its best colors. You'll learn how to keep a safe and healthy online presence, effectively deal with conflict, learn the best ways to manage and invest your money, and much, much more.

After this issue, you'll be more than ready to welcome Fall and all the colorful changes that come with it.

Until next month...

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Home is Where the Tax Breaks Are

Are you a homeowner? Take a look at the following list of tax breaks. There may be some here that you don't know about. Questions? Ask your tax specialist.

Mortgage Interest. The Tax Cuts and Jobs Act kept the most widely used tax deductions, such as mortgage interest, in place for 2018 and beyond. Starting in 2018, mortgage interest on total principal of as much as \$750,000 in qualified residence loans can be deducted, down from the previous principal limit of \$1,000,000.

Energy-Related Tax Deduction. Taxpayers who upgrade their homes to make use of renewable energy may be eligible for a tax credit to offset some of the costs. As of the 2018 tax year, the federal government offers the Non-business Energy Property Credit. The credits are good through 2019 and then are reduced each year through the end of 2021. Claim the credits by filing Form 5695 with your tax return.

Capital Gains Exclusion. If you've owned and lived in your principal residence for at least two of the last five years, then an exclusion for gain on its sale is available. The exclusion is up to \$250,000 of gain for a single taxpayer and up to \$500,000 of gain for joint filers.

Inheritance of Property. When you inherit an asset, the cost basis of the asset is "stepped up to value" on the date of death, which helps you avoid capital gains taxes on that property.

Here's how it works: Let's say your grandfather just died, leaving a home to you and your siblings. The home is valued at \$500,000 at the time of your grandfather's death, but the original price paid for the home, the basis, when he bought it 30 years ago was \$100,000. While you and your siblings may have to pay estate or inheritance taxes depending on the size of the estate, you won't have to pay capital gains taxes on \$400,000 in gains on the house.

Stepped-up basis on death remains available for a principal residence, as well as other taxpayer assets on death. Stepped-up basis means that the inheritor of the residence who then sells the residence would likely have minimal taxable gain because their basis would be

stepped-up to the date of death value of the residence.

Home Office Expenses. If you use part of your home for business operations, you may be able to deduct some of your business expenses. The home office deduction is available for homeowners and renters, and applies to all types of homes.

Moving Expenses. For tax years prior to 2018, you may qualify to use IRS Form 3903 to claim the cost of your moving expenses as a deduction on your federal income tax return. The IRS allows taxpayers to deduct eligible moving costs. Starting in 2018, moving expenses are only deductible in certain circumstances by military members.

Adjusted Loan Payments Residential Variable Rate Pre-Approval Credit Unions Lenders Creditors
Types Buyers Banks Fixed Rate Terms Deal Secured Credit Unions Lenders Creditors
Tax Deduction Money Principal Time MORTGAGE Interest Monthly Borrowers Property
Rates Pre-Approval Floating Rate Amortize

Watch Your Language At Work

You can damage your career by saying the wrong thing to your boss. No, not, “You’re an idiot,” or, “Do I look like I care?” Career adviser Karen Burns warns employees to avoid these all-too-common statements:

- **“That’s not my job.”** Don’t limit yourself to what’s in your job description. Be willing to take on any role the boss asks you to (assuming it’s legal and ethical, of course). You can ask your boss why he or she is assigning the task to you, but you’ll improve your career prospects by accepting whatever assignment is thrown your way.
- **“It’s not my problem.”** Don’t let the boss think you don’t care what happens to the company you work for. Take responsibility for fixing things so your manager can rely on you no matter what.
- **“It’s not my fault.”** Ducking responsibility only makes you look and sound untrustworthy. Don’t waste your time — and your boss’s time — on assigning blame for whatever problems the company faces. Focus on finding solutions.
- **“I can’t do that — it’s impossible.”** Insisting your boss is asking for the impossible won’t endear you to management. You want your boss to believe you can do whatever’s required. Analyze the “impossible” task and identify the real problem or goal; then concentrate on overcoming the obstacles.

PUZZLED ABOUT INVESTMENTS? JOIN THE CLUB (OR START ONE!)

An investment club can be a good place to learn the intricacies of stocks, bonds, and mutual funds:

Members contribute a set amount of money each month for the club to invest.

Profits and dividends are reinvested until the group reaches a specific financial goal.

If you don’t know of one to join, you can start your own. Here are basic guidelines:

- **Structure.** Most clubs form as partnerships rather than corporations. Partnerships steer clear of paperwork, are easier to maintain, and often minimize taxes. Consult an attorney to make sure everything’s on the level.
- **Meetings.** Set a specific time and place for regular meetings — weekly, monthly, quarterly, etc. because the club is a learning environment, always have an agenda, portfolio review, stock analysis, and recommendations. Vote for stock choices.
- **Rules.** Document the club’s procedures and policies. What will you invest in? What’s the maximum contribution any member can make? How do you join or leave the club?
- **Responsibilities.** You’ll have to elect officers and assign responsibilities for each position. Not everyone can be an officer, but you’re looking for full member participation, so it’s important that every member should be assigned some kind of responsibility.
- **Tax-ID number.** It’s important to name your club and get a federal ID number from the U.S. Treasury. Open

a bank checking account under the club’s name.

- **Brokers.** Depending on your investment objectives, you’ll need to decide whether you want a broker. Choose one that best suits your needs, whether it’s full service or discounted.
- **Study.** Again, one of the primary functions of an investment club is to help everyone learn about the principles of good investing. For instance, set up a program in which each member has to investigate and analyze a company’s stock. Another way to increase learning value is to host speakers on various investment subjects or go on field trips.



‘Let’s Do Lunch’ Less Common These Days

When was the last time you took a whole hour for lunch — and actually left your desk? A survey from CareerBuilder reports that workers these days take an average lunch break of 20 to 40 minutes, and 18 percent of employees stay in their cubicle, office, or workspace to eat.

What should they do instead to feel fresh and productive the rest of the day? Try these activities:

- Take a walk outside.
- Talk to a friend.
- Take a quick nap.
- Do some stretching exercises.
- Play a quick, mentally challenging game.

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 dwight@dlhulseconsulting.com. Perhaps I’ll feature you in a future issue!

Keep Your Business Safe Online

Online security is important to your organization's survival. Here are some tips for keeping your business safe online, from the Security Today website:

- **Cultivate responsibility.**

Make sure employees understand responsible online behavior. Spell out rules in your employee handbook, and train them on such issues as password security and safe handling of online documents.

• **Invest in the right tools.** Your IT department should stay up-to-date on what's available to combat hacking, phishing, and other schemes. This includes encryption, virus detection, a strong firewall, and more.

• **Restrict access.** Don't allow everyone in your organization to go everywhere in your system. Use strong password protection, multiple step identification, and other strategies to keep confidential and proprietary materials secure — and so you know who's been looking around in case a breach happens.

• **Train your staff.** Don't assume everyone knows what to do to ensure security online. Train employees in safety procedures and protocols during your onboarding process, and refresh their skills with more training on a regular basis. When you get a new piece of software or security equipment, take the time to familiarize them with all the details.



Keep Your Marriage Happy With These Money Tips

Money can be a source of conflict in a marriage, so sorting out the issues early on can be a good start to a successful relationship. From the Self magazine website come these tips for smooth finances after the wedding:



- **Set a limit on grocery spending.**

Set a reasonable maximum for your weekly grocery bill, and do your best to stay within it. A firm limit will help you resist the temptation to splurge on expensive items or food you don't really need. Create a meal plan for the week before you go to the store. This will give you a target to aim for.

- **Walk, don't drive.** If you live in a city with robust public transportation, you may not need a car at all. Even if you do own one, try to use it sparingly. Walk short distances, or take the bus or train. Avoid taxis, Uber, and all the rest. You'll save money on gas and car maintenance.

- **Stay in.** Skip going to the movies or a nightclub. Stay out of restaurants. You can plan a delicious meal and an enjoyable evening without leaving your home — and save lots of money in the meantime.

- **Travel smart.** Taking a vacation doesn't have to be expensive. Look into Airbnb and other home rental services instead of checking into a hotel. Scour the internet for deals on airline travel. If you're taking a road trip, pack sandwiches instead of stopping for food.

- **Use cash.** Credit cards are convenient — sometimes too convenient. As much as possible, spend cash instead of charging for items. You'll avoid a large monthly bill (and possibly interest payments) and keep your spending in perspective.

Watch For The Mental Health Risks Of Your Social Media Use

Social media can help you keep in touch with friends and family, but it's not always beneficial to your mental health. It's been linked to depression, low self-esteem, social anxiety, and other problems. How can you stay sane online? The Philadelphia Inquirer website offers these suggestions:

- **Limit your use of social media.**

Don't let Facebook, Twitter, and other social media platforms dominate your life or interrupt your interactions with people in the real world. Put your smartphone down during mealtimes, and don't take it to bed with you. Take breaks from social media from time to time to reduce its hold on you.

- **Pay attention to your emotions.**

Think about why you're scrolling down the screen and how what you see and read makes you feel. Are you genuinely enjoying the experience? Do you find yourself getting depressed or angry? Are you checking social media because you want to find out something, or just from habit? Be mindful about your social media use so you can control it instead of letting it control you.

- **Prioritize your real-world relationships.** Make a point of spending time with your family and friends in person, not just online. From time to time, go through your list of friends and contacts, and eliminate those who are no longer relevant to your life.



Quotes:



"A leader takes people where they want to go. A great leader takes people where they don't necessarily want to go, but ought to be." — Rosalynn Carter

"Much good work is lost for the lack of a little more." — Edward H. Harriman

"Hard work doesn't guarantee success but improves its chances." — B. J. Gupta

"I owe my success to having listened respectfully to the very best advice, and then going away and doing the exact opposite." — G. K. Chesterton





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See What's Inside...

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Don't Take The Either/Or Approach To Conflict

Don't Cancel That Credit Card Yet

Disclaimer: Any accounting, business, or tax advice contained in this communication, is not intended as a thorough, in-depth analysis of specific issues, nor a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties.

Don't Take The Either/Or Approach To Conflict

In any employee/manager conflicts, the manager seems to have all the power. Most of the time, a good manager tries to maintain a positive relationship even in the face of deep disagreement. The alternative — forcing employees to “do it my way” or get fired — is rarely constructive.



Try to avoid such either/or situations and take an approach that brings you together. Find something in the situation that you can agree on, and use that as the basis for a solution: “Both you and I want this project to succeed, so let’s work together to find a way that works.” Then listen to the employee. You don’t have to give up your authority, but you do need to let the employee know you take his or her concerns

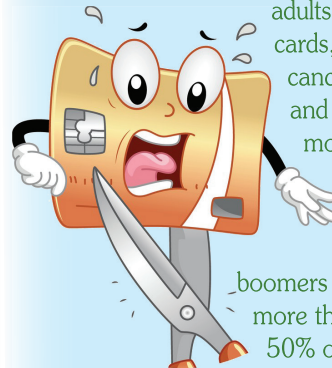
seriously. This should motivate the employee to consider your point-of-view more honestly. Then, even if you disagree, you can start from a point of mutual interest.

Chances are neither of you want to prolong a fight, so the dialogue can begin a process of cooperation instead of continued conflict.

Think through the consequences when you tell workers what to do. You’ll avoid problems down the line.

Don't Cancel That Credit Card Yet

Canceling a credit card can seem a fast and easy solution to your debt woes. In a Bankrate survey of 2,582 adults, of whom 2,301 have credit cards, 61% reported that they’ve canceled at least one credit card, and 37% said they’ve canceled more.



The older you are, the more likely you’ve done it: Seventy-two percent of baby boomers have canceled a card or two, more than the 61% of Gen Xers and 50% of millennials.

What reasons do cardholders give?

Here are some answers:

- No longer needed after paying off debt 40%
- Didn't use it enough to keep it 36%
- Interest rate too high 36%
- Worries about overspending and debt 18%
- Insufficient rewards 17%
- Improve credit score 12%
- Other 11%

However, canceling a credit card doesn’t automatically boost your credit score. Experts advise keeping an account open, even if you don’t use it, because longstanding accounts with available credit typically have a positive impact on your overall credit score.