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# The CFO Advisor

## Guidance for Small Business Success™



We're officially through the holiday season and tax season is now upon us. For many small businesses, this is the perfect time of year to slow down, reorganize, and get caught up on unfinished tasks. When things get ready to kick back into high gear, you'll rest well knowing that you have your processes streamlined and your mindset refreshed and ready to go.



In this issue of "The CFO Advisor," you'll find several ways to get your business and personal life organized, focused, and in good shape for the upcoming year. You'll learn about important tax laws

and changes to stay on top of ways to encourage and motivate your team, and tips for avoiding scams and saving money.

After reading this issue, you'll be well-equipped to keep up the positive momentum both personally and professionally. Until next month...

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

## What You Need To Know About Form 1099-misc

Imagine this: you didn't issue Form 1099-misc to your contractors.

Now, the IRS is auditing your tax return, and the auditor claims you lose your deductions because you didn't issue the Form 1099-misc. Is this correct?

No. IRS auditors often make this claim, but they are incorrect.

There is no provision in the tax law that denies you a deduction for labor expenses simply because you didn't file the required Form 1099-misc.

But the tax court has stated that the non-filing of required Form 1099-misc can cast doubt on the legitimacy of the deduction claimed.

As with any deduction claimed on the tax return, you have to keep sufficient records to substantiate the deduction amount. If you had filed Form 1099-misc, then this would have been solid documentation to help prove the expenses to the auditor.

But since you didn't file Form 1099-misc, you will need to provide ironclad documentation to prove the expenses, including some or all of the following:

- Bank statement transactions.

- Canceled checks.
- Credit card statement transactions.
- Invoices from the contractor.
- Signed agreements with the contractor.
- A signed statement from the contractor verifying the amounts received.

Ultimately, to prove your deduction in a court of law, should you have to go that far, you'll need to show by a

preponderance of the evidence that you made the payments. This means that your evidence has to make it more than 50 percent likely that you did make the payments to the contractors.

Besides the extra trouble of proving the deductions, keep in mind that the cost of not filing Form 1099-misc results in a financial penalty.

For the 2019 Form 1099-misc, the potential penalties are:

- \$270 per Form 1099-misc.
- \$550 per Form 1099-misc, if the IRS determines you intentionally disregarded the requirement.

As you can see, filing the 1099s avoids trouble. If you need assistance or would simply like to discuss 1099-misc, please talk to a tax specialist.





## Limit Your Distractions



If you're finding it hard to tap into your creative center, multitasking might be to blame. Answering texts or voicemails, checking your emails, and dividing your attention among too many tasks are probably hampering your ability to think and act creatively.

**What can help?** Quality time focused on thinking, creating, or doing nothing so a flood of ideas has a void to fill. Give yourself this time, whether for a few minutes or an hour, to take a walk, journal, meditate, or focus on a creative practice.

**Think of it this way:** If you're learning to play the guitar or taking ballroom dance lessons, you would commit to a specific amount of time for instruction and for practice. You wouldn't be making phone calls or writing a report or doing chores during this time. The same is true for times when you are engaged in any creative endeavors, or just need space to think freely. Remove distractions so the ideas can flow.

## Try These Basic Tips For Saving More Money

Some people are good at saving money. Whether they have a natural gift or have trained themselves in frugality, they manage to stock away cash at a steady rate, ensuring a healthy retirement or a good-size nest egg. The *Fatherly* website shares some of their advice:



• **Know why you're saving.** Set a goal — retirement, your kid's college, charitable donations, or something else important to you. This will help you stay on track as the years go by.

• **Have a plan.** Once you've set your goals, put a plan in place for achieving them. Contributing to your 401(k) is a good first step. After that, make a habit of setting aside a fixed amount of money every payday without fail so you'll have it when you need it.

• **Track your spending.** Use a spreadsheet to determine exactly where your money is going. You may be surprised to find out how much you're spending on eating out or going to the movies. Tracking your expenses will suggest areas where you can cut down and save more.

## GOOD MANAGERS KEEP THESE THREE THINGS IN MIND

If you want to be a good manager, keep these three ideas in mind every day:



**1. Be optimistic.** It just doesn't pay to expect things to go wrong. Keep your mind focused on your goal and keep moving toward it without letting doubts rule your decision-making.

**2. Pay attention to your feelings.** Try to use your feelings as your guide, but don't let them rule you. Respect your feelings and emotion, recognize them, shake their hands, but never let them have the baton or you'll find yourself in situations where you feel out-of-control.

**3. Always strive for self-awareness.** When you get angry for instance, ask yourself why you are angry. Is it only about the situation at hand, or does it have more to do with your history, background, or personality? Be honest about this with yourself. If you blow-up at someone who doesn't deserve it, then you will need to rectify the situation in an honorable way.

## Increase The Benefits Of Delegating Duties

How to delegate tasks is an important issue; but which tasks to delegate — and why — are equally good questions. Take delegation to a higher level with this advice:



• **Focus on growth.** Use delegation as a strategy for employee development. Assign tasks that stretch your people, not just busywork that's so "safe" nobody could screw it up. Think big: Delegate tasks that will have an impact on your employees — and your organization.

• **Analyze your responsibilities.** When deciding what to do yourself, consider the value of your own time. Would you authorize paying somebody at your salary level to change the toner cartridge? That doesn't mean you should place yourself above grunt work; change the cartridge by all means when you need to, but don't take on extra duties regularly that don't match your management priorities.

• **Look beyond the immediate task.** When you assign a challenging task, discuss what your employee can learn from the work, what opportunities it might lead to, and how he or she can use the achievement to move forward. With a little planning, you can make the assignment more exciting and rewarding for employees.

## 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!





## Help Your Team Be More Creative

Here are a few ways to keep ideas and creativity flowing with your team:

- 1. Embrace diversity.** Whether you are assembling a team for a meeting or a project, it benefits you and your crew if everyone has different strengths and ideas. Members of strong teams have chemistry, but they don't always think alike. What helps them to succeed is their ability to work together.
- 2. Offer ownership.** While others might report to you, they should still feel empowered to make decisions and try new things. Communication is still important, but getting permission before they act should never be a factor.
- 3. Give advice.** You don't want to be completely hands-off. You are still a part of this team, so be available to strategize, problem-solve, and offer guidance.
- 4. Say yes even when you don't agree.** There will be times when authority is required to free-up resources or get the green light from higher up in the organization. Do it. You should stand behind your team members and give them the freedom to work things out, even when their ideas seem over the top.
- 5. Support the effort, the failures, and the chaos.** Growth happens only when you take chances, try something that hasn't been done before, and sometimes make a complete mess of things. There will be a great deal to learn as your team takes this journey. Regardless of what happens, you'll all be wiser and more resilient afterward.

## Tips For Achieving Success

What is success? The answer might depend on whom you ask and the particular stage of their own journey. Yet no matter your age, occupation, or dream for the future, achieving success comes down to a few basic factors that we all will do well to remember:

- **Know what you want.** Build your dream, craft your vision, write down your goals, and then create a plan. Whether you ask for advice or not, never let someone talk you out of something that you have your heart set on doing.
- **Avoid comparisons.** You have goals and aspirations that have little to do with what your friends, neighbors, or colleagues are doing. Don't keep score or tally your accomplishments against those of others. Keep your focus on what you are trying to accomplish and your plan for making that happen.
- **No negative self-talk.** Perfection is a fallacy. Most of us are aware of our strengths and weaknesses. Successful people stick to a path of continual growth and self-improvement so they are constantly working to become smarter, more mindful, and a better version of themselves.
- **Admit your mistakes.** Failure/mistakes are not the end of the world. When they happen, you have to learn from them, but also get back on your feet and keep moving forward.
- **Don't go it alone.** Network. Get involved with a group or professional organization of individuals in your field. Build your tribe, and make sure to include people at all stages of their journeys. Stay connected through social media channels, and make an effort to meet in person monthly or quarterly. Don't take these relationships for granted.



## Imagine The Worst!

You're in the midst of a brainstorming session, but the ideas aren't flowing. **What do you do?**

Pause and change course. Instead of trying to come up with good ideas, focus on generating only bad, absolutely horrible, imperfect ideas — things so outrageous they could work only in a low-budget sci-fi movie.

Once you have a list of these impossibilities, whittle them down to only the worst of the worst. Now your task is to think of ways to bring some of these to fruition.

In going through these motions, you give yourself permission to tap into your creativity and move beyond your limitations. This also allows you to get over the fear of saying something stupid and appearing less than brilliant in the eyes of your employees.

This process will also surprise you once you realize how easy it is to make viable a truly bad idea. If it's possible to make the worst ideas a reality, then it's also possible to brainstorm something better. With your mind open, it's easier to get back on point and start coming up with better ideas.



**Quotes:** *"The way to right wrongs is to turn the light of truth upon them." — Ida B. Wells*  
*"It's not easy to be a pioneer — but oh, is it fascinating!" — Elizabeth Blackwell*

*"A man can only do what he can do. But if he does that each day, he can sleep at night and do it again the next day." — Albert Schweitzer*

*"Real success is finding your lifework in the work that you love." — David McCullough*





## D.L. Hulse Consulting, LLC

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

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*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.*

### FOSTER OPTIMUM PARTICIPATION AT YOUR COMPANY MEETINGS

Encouraging employees to participate actively in meetings isn't easy. The secret is providing the kind of leadership that's crucial to getting everyone to join in. Consider these tips:

- **Break larger groups into smaller ones early on.** Assign each group a topic to discuss for a few minutes. Some people may be shy about speaking in front of a large group but more willing to talk in a smaller setting.
- **Open with a very safe agenda topic.** People sometimes need to get comfortable with the idea of speaking in front of the group. Stay away from controversial issues until people are warmed up and ready to speak freely.
- **Don't change gears too suddenly.** You can't turn discussions on and off instantly. Don't get everyone talking, then shut them up for a long speech in the middle of the meeting, and then expect discussion to quickly start up again. By the same token, don't wait until you really need participation before encouraging it. Provide breaks and clear transitions, so employees know what to do.
- **Use the right language.** "Meeting" can sound dull and passive. Call it a "working session" or a seminar. Think of and refer to people in the room as participants, not employees or audience members.



### Keep From Getting Snagged By Phishers

Here are some ideas for keeping yourself safe from Internet phishing. Kiplinger's recommends the following:

- Never click on a link in e-mail. Even if it looks official it could be a phisher trying to steal your personal information.
- Make sure you have anti-virus, anti-spyware, and firewall software. This will prevent phishers from launching keystroke loggers and other harmful programs on your computer.
- Use various passwords. Don't use the same passwords for every site. If someone hacks a site with poor security, they could possibly gain access to your other accounts with the same password.
- Don't use your social security number as a log in.

