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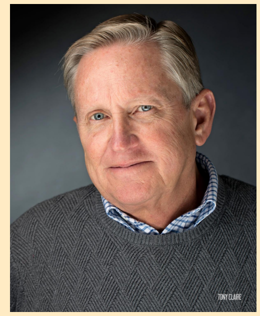
Nagel CPAs, LLC

Accountants & Advisors



News, information, perspectives for small business clients, owners and managers of Nagel CPAs, LLC.

Some time ago I produced a series of video blogs titled “Why do good business owners tolerate bad books? I had released 8 of 10 videos before COVID 19. As you might imagine that distraction limited my ability to complete the project.

Recent events in our office have motivated me to finish. The final two reasons: Here’s the runner up:

Some good business owners tolerate bad books because **they do not want to know the truth.**

This may seem hard to believe. Why would the owner of a company not want to know the truth about their business?

One common answer is that if it’s not broke, don’t fix it. If sales revenue is improving along with profits and cash flow, then how much more do they need to know?

Complacency often breeds contempt. If things are well in your business this year, at a minimum you should begin planning for taxes due in the spring. If they are not going well, now is the time to take remedial action. ***Do not wait.***

As the 2020 filing season ends, my original predictions on the effects of Covid 19 have proven true. Only a small sector of our clientele had been negatively affected.

But deep into 2021, I have been surprised at the effect on solid companies of the “one-off” effects of the pandemic. These unanticipated issues include such things as labor shortages, supply chain delays and continued costs of inefficiency with employees working from home. This may apply to your business directly or you may be indirectly affected by the inability to access critical services, like banking or responses from taxing authorities.

Many business owners are beginning to feel the effects of not having the surplus funds of special relief programs like PPP, related tax credits and the like.

In some cases, 2021 is shaping up to be far more difficult than last year.

The final reason some good business owners tolerate bad books is because **they do not want anyone else to know the truth.**

If business has gone well, there can be a valid concern that new expectations from staff or partners will erode the cushion. The same applies to taxing authorities, vendors, even customers. Again, if the year has gone well, it’s time to plan ahead for taxes, hiring, expansion etc.

If 2021 hasn’t gone so well, any remaining cushion from Federal relief programs kept in reserve are proving to be beneficial. Scrubbing your books and records with your advisors may reveal corrective steps to take before it’s too late.

If cash flow is tightening, it may be time to consider a new operating budget or negotiate vendor terms. Refinancing may be an option.

In my experience, good communication can go a long way to finding solutions sooner rather than later. Is it time to sell? Downsize? Liquidate?

Before COVID, the fourth quarter of the year was the time I engaged clients to discuss results of the past and plans for the future. Generally, we could do that inexpensively over lunch. That may still be a good option.

If not, scheduling a zoom meeting can be a very effective alternative.

If you know your books and records need a little TLC, act now. ***Do not wait.*** Good decisions cannot come from bad, unreliable data.

Roger C. Nagel, CPA/PFS, CMA, CGMA

Good books are essential for assessing goals and ending the year well.

Nagel on Finances: Make the resolution for better business accounting soon

NM TAP Changes Letter - update

Click here to see the changes implemented by the Department of Taxation and Revenue

What is a yield curve? And why does it matter?

"... the yield curve is actually a tool that financial experts like to use to measure the health of the overall economy..."

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