

The logo features a stylized green mountain range inside a circular frame, which is itself inside a larger green arch shape.

# The Gehman COMPASS

Volume 1 Issue 2

Winter 2020 Newsletter

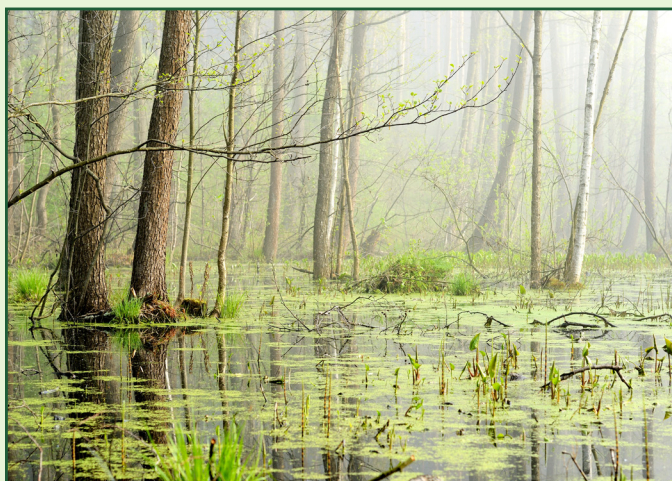
## Lost in the Swamp?

*By Ken Nisly*

*You can't get where you want to go—if you don't know where you are!*

I turned on my phone's GPS, and my heart skipped a beat. All I saw was a spinning circle. I was on a hunting trip with my sons far from civilization, about a mile back in the swamps of southern Arkansas. Until I regained service, my backup compass was our only hope for making it back to camp. Did I know how to use it?

Thankfully, I did make my way out of the swamp and back to camp that night, but I never forgot that experience. To find my way again, I needed to know two things: 1) where I was, and 2) what I could trust to point the way.



Too often, small business owners have a goal they want to reach, but the trouble is, they don't know where they are financially. They're not sure how to reach financial goals or even how to tell when they do. They continually ask the question: What do my numbers mean?

This question can lead to more questions until you feel swamped with uncertainties. Are the jobs I'm doing profitable and is my revenue covering my operating expenses? How are my bids comparing to my competitors' bids? Am I confident that my bids are a win-win for both me and my customer? Can I afford to purchase more equipment or hire more employees? Can I afford not to? It seems like the questions never end!

These questions can make you dizzy and even fearful. You may wonder whether it's possible to set realistic goals or make plans to grow if you don't know the exact financial position of your business. It's easy to say that by this time next year or in two years from now, I want my business to be producing another \$100,000 or have X amount of net profit on the bottom line. But, if you do not know where you are now, you have no clear path to that goal.

I have good news for every business owner feeling lost in the swamp of uncertainties. It is possible to find your way out. Ask yourself these seven questions and keep asking them until you know the answers:

- 1) What is my gross profit margin and how do I calculate it?
- 2) How do I correctly apply my company's overhead to a job?
- 3) What is the actual amount of profit from a job or product?
- 4) Where is my breakeven point?
- 5) How much sales revenue will it take to reach breakeven?
- 6) How will adding more overhead impact my company?
- 7) How much profit should I have?

**Bottom Line** – The number remaining (positive or negative) after all expenses are subtracted from all income. Some people call this your net income. The term “bottom line” got its name because it refers to the bottom number on the income statement.

However daunting this list may be, it IS possible to know the answer to each question. **You do NOT need to stay lost in the swamp!**

*Ken Nisly and his wife live in Due West, SC, where he works for Gehman Accounting as a Business Advisor from his home office. Ken is certified as a Level 1 Instructor in Lead from Your Strengths and enjoys helping business owners identify their individual strengths. Ken enjoys hunting, fishing, and playing disc golf on his own 18-hole course.*

**POSTPONED**

## Business Workshops

### Manufacturing

#### Business Owners Workshop

~~January 5 & 6, 2021 • New Holland, PA~~

Learn what makes a business profitable and how to measure the profitability of your own business during this training event. You will gain insights into business leadership, receive industry-specific advice, and meet others in your industry.

- ✓ Two days only
- ✓ Personalized review of your business
- ✓ Registration required

#### Sales Training Workshop

~~January 8, 2021 • New Holland, PA~~

Find out what you can do to increase revenue through better sales techniques. This workshop explores what makes an effective salesperson and how a good company culture can sell itself. It is an opportunity to gain insights and build relationships.

- ✓ One day only
- ✓ Bring your whole sales team
- ✓ Registration required

**Want to be contacted when these workshops are available?**  
Call Steve at 717.355.9723 to add your name to our contact list.

## Tips and News for 1099s

January flurries are coming—and not just the white, fluffy kind that descend from winter skies. For business owners, the new year also brings a whirlwind of paperwork as they prepare for 1099 filing. Get ready for 1099s with these tips and changes.

**1099 Reminder** — *Payments need to be reported only if they exceed \$600 for the previous year and were made in the course of your trade or business. You do not need to report personal payments.*

### New Form 1099-NEC

The Form 1099-MISC has been divided into two forms for 2020 filing. A new form, called the 1099-NEC, must be used to report nonemployee compensation (NEC) previously entered in box 7 on the 1099-MISC. The 1099-MISC will continue to be used for rents and miscellaneous payments not categorized as nonemployee compensation.

### What to Report on 1099-NEC

(See IRS.gov for complete list)

- ✓ Payments for services performed by someone who is not your employee (box 1)
- ✓ Payments to an attorney for legal fees or services (box 1)
- ✓ Benefits and commissions paid to nonemployees (box 1)

### What to Report on 1099-MISC

(See IRS.gov for complete list)

- ✓ Rents (box 1)
- ✓ Other income payments (box 3)
- ✓ Medical and health care payments (box 6)

### Due Dates

- ✓ 1099-NEC is due to the IRS by February 1, 2021, for both paper and electronic filing.

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## Team Member Spotlight

**Kevin Byma**



**What is your role at Gehman Accounting (GA) and how long have you worked here?**

» CPA, business tax returns, 7 years

**What's the last book you read?**

» *Gorilla Mindset* by Michael Cernovich

**The most unusual job you've ever had?**

» Worked on a farm in New Jersey

**How do you define success?**

» Doing something well

**Tell us about your family.**

» Married, no kids, a dog and a cat

**What advice would you give to new hires at GA?**

» Communicate

**What do you do for fun?**

» Lift weights

**What are three words that could describe you?**

» Sense of humor

**Last vacation?**

» Disney World

**Do you have a hidden talent?**

» Writing

**What character trait do you admire in others?**

» Optimism

## Our Newsletter's Name

A compass is an instrument of direction. It helps you stay on course as you navigate toward your destination. As a Gehman team, we aspire to be a trusted resource, a compass that points you toward financial health and success. This mission is why we bring you... *The Gehman Compass*.



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## Bulletin Board

### New Faces at Gehman

Kurt Smock - Tax Accountant  
 Steven Lapp - Tax Accountant  
 Curt Weaver - Client Service Rep  
 Chris Keener, EA - Tax Professional  
 Rachel Rovenolt - Bookkeeping Team  
 Colleen Eby - Bookkeeping Team

*Inspiring Confidence™*



**Gehman Accounting™**  
 180 Diller Avenue • New Holland, PA 17557  
 12485 Old Turnpike Road • Mifflinburg, PA 17844



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- ✓ 1099-MISC is due to the IRS by March 1, 2021, if filing on paper, or March 31, 2021, if filing electronically.
- ✓ NEC and MISC forms are due to recipients on or before January 31, 2021.

### Get Vendor Information Now

Want to decrease January stress? Request 1099 information from your vendors now. If you do not have a vendor's current name, address, and tax identifica-

tion number on file, you may send a Form W-9. (The W-9 can be accessed and printed online, or you can request a copy from your accountant.) A completed W-9 will give you all the information you need to properly format and file a 1099.

### We've Got You Covered

If you work with Gehman Accounting to file 1099s, we will take care of choosing the correct 1099 form for your recipients.