# Business and Accounting Basics

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#### **Business Idea**

- Find a Need, Fill a Need.
- Know what you do well, do it, and get help with the rest.
- Understand and Calculate Risk.
  - Not always financial
  - Market vs. Marketing

### **Entity Selection**

- Sole Proprietor Flow Though
  - Schedule C / Form 1040 Non-Rental Businesses
  - Schedule E / Form 1040 Rental Properties
- LLC Flow Through
  - Single Member Schedule C, E / Form 1040 or Taxed As an S-Corp Form 1120S (Election Must Be Made)
  - Multi-member Form 1065 Partnership or Taxed As an S-Corp Form 1120S (Election Must Be Made)
- Corporation
  - S-Corporation (Election Must Be Made) Flow Through
    - Form 1120S
  - C-Corporation Stand Alone
    - Form 1120

### **Understanding Accounting**

#### Balance Sheet

- Summarizes Assets, Liabilities, and Capital at a Particular Point in Time.
- Profit and Loss
  - Summarizes Revenue and Costs over a Specified Period of Time
- Cash Flow Statement
  - Summarizes the use of Cash over a Specified Period of Time

## **Accounting Systems**

- QuickBooks
  - Online vs. Desktop
- Sage Products
- NetSuites
- Intaact
- Peachtree
- Zoho

#### **Employee vs. Independent Contractor**

- Three IRS Tests
  - Behavior Control
    - Control over the Worker's Time, Work-Life, and Tools
  - Financial Control
    - Compensation Structure. Salary, Wage, Commission; or Paid based on the Project
  - Type of Relationship
    - Who dictates the when and how the work gets done.

#### Employee vs. Independent Contractor Taxes

#### Employee

- FICA / Medicare
  - Employer Half
  - Employee Half
- W-2 Issued

#### Independent Contractor

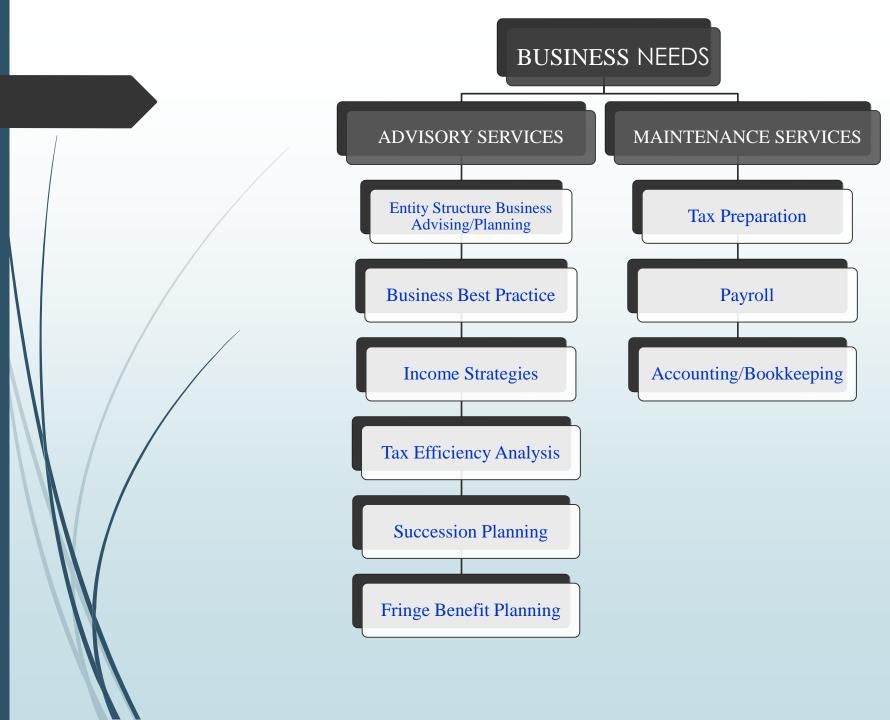
- FICA / Medicare
  - 100% By Contractor (SE Tax)
- Form 1099 Issued

## **Payroll Compliance**

- Quarterly Form 941
- Quarterly WY Worker's Compensation / Unemployment
- Annual Form 940
- Annual Form W3 / W2 Filings
- Annual Form 1096 / 1099

# Who We Serve

We work with proactive people who want to take control of their financial ambitions by partnering with our staff



# Review / Questions