

FOCUS ON: ACCOUNTING

ACCOUNTING

continued from page 11

With over 70 years in the Bay Area, we have seen tumultuous times before. We are thankful that, due to the fundamental health of our business, we can focus on assisting our clients to survive the pandemic and look forward to the growing opportunities of the future.

2020 was a reminder that the future is always filled with uncertainty and risk. The decade-plus of steady economic growth prior to the pandemic lulled us all into thinking that we could accurately predict the future of our businesses, the economy and the environment in which we operate.

If anything, we will all likely take away a reminder that there are few replacements for good planning and an ability to react to unexpected circumstances. Working closely with your CPA is part of both.

What is a piece of advice do you give to all of your clients?

Especially during these times of uncertainty, I encourage my clients to proactively reach out and talk about their future plans and expectations.

Obviously, we can talk about deals or transactions, so I can discuss and review before any terms are set, but also contingency plans and managing future risk. Being proactive and thoughtful is always preferred to reactive, and planning up front is almost always more efficient.

What is the biggest tax advantage most company clients can take advantage of right now?

Two of the biggest tax advantages for clients to consider are bonus depreciation and 179 expensing. It is important to review both annually, especially in the light of the new federal rules.

In addition, the application of the cash method of accounting to a larger group of businesses allows for a simplification of tax reporting and an acceleration of deductions. Reviewing for both federal and California is important and reviewing with the new excess business loss limitations for planning of losses is imperative.

Another tax advantage that I find that many businesses are not aware of is the agricultural and manufacturing sales tax exemptions for equipment purchases. This exemption applies to many industries and is very simple to implement in order to lower sales tax paid on purchases.

What is your strategy for finding new clients?



These are the times when the depth of client relationships really make a difference. Excellent service continues to fuel the growth of our North Bay accounting practice. In addition, our long history in the region and deep local industry relationships generate steady referrals and an appreciation for our unique business environment.

Do you focus more on business development or retention?

Building relationships with my clients will always be more important to me than building new business.

I am fortunate to be able to interact with my clients on a frequent basis to help them and their businesses with tax and operational planning. These relationships allow me to have a deep understanding of their business, providing the ability for me to truly assist them to reach their goals.

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BIO

Ortiz specializes in family-owned busi-

nesses, individual taxation, estate and trust taxation and planning, tax credits and incentives, and strategic succession planning.

How has recent legislation at the state level changed how you advise clients (in reference to AB 91 and AB 147) with the disruption of the economy since March? What are the two or three things that have changed most about your work?

AB 91 provides partial conformity to the Tax Cuts and Jobs Act that was effective in 2018.

The biggest benefit this provides to our clients is that California will conform to the federal \$25 million gross receipts test that allows businesses under this threshold to use the cash method of accounting.

This can provide significant tax savings, especially to wineries and those in a manufacturing industry.

For businesses that will have higher income this year due to PPP loan forgiveness, it could be a great time to consider a switch to the cash method of accounting to reduce overall taxable income.

Since California now conforms to AB 91, the businesses do not need to have multiple sets of accounting records (book, federal, California). Even though businesses' revenue may be down in 2020 due to COVID-19, their taxable income may be up due to receipt of a PPP loan as the expenses that qualify for forgiveness are not deductible and in turn increase taxable income.

This year we have spent more time than ever assisting our clients with tax planning, and have spent endless hours on phone calls discussing PPP loans.

Regarding AB 147, most of our business clients are located in California, so AB 147 does not have a significant effect on them. This really effects out of state businesses who are selling products to Californians.

Working remotely is the "new normal." How is that effecting your dealing with clients?

Surprisingly, it has made client interactions much more efficient. In the past, an in person client meeting might take 2-3 hours with driving time, and now we can hop on a Zoom call and eliminate that extra driving time.

It is great to see everyone embrace the technology required for remote working, and I love it when my elderly clients suggest a Zoom call (how many of you can say you've Zoom'd with an 80 year old?).

What are the lasting effects of the changes in the economy on your business and/or your company's strategies?

I think 2020 in general has taught all of us how adaptable we really are, not just as a company but also as a community.

Over the last decade, our firm has shifted to provide more and more tax consulting and advisory services, versus mainly compliance services.

As there are changes in the economy, our clients' strategies and planning opportunities just shift. Our focus with our clients is always on strategic planning. So we are used to economic cycles and our planning ideas change from year to year, depending on each client and their industry.

Sometimes the best planning ideas happen when business income is down- could be a good opportunity for an IRA conversion to a Roth, for example.

What is a piece of advice do you give to all of your clients?

Be proactive and keep us in the loop. If you want the best result, you have to keep us apprised of what is going on (thankfully, most of our clients are great at this!).

Planning on the front end, whether it be for a sale, transaction or just a high income year can end up saving you a ton in taxes and significantly increase your cash flow. If you bring us the information after the fact, sometimes there is not much we can do to provide a better result.

ACCOUNTING

continued from page 12

What is the biggest tax advantage most company clients can take advantage of right now?

Strategies for each client vary vastly depending on their income levels, industry, and overall goals. We are seeing many of our clients benefit from switching to the cash method of accounting if they are under \$25 million in gross receipts, and also many clients who benefiting from the Section 199a deduction which in many cases can be maximized with a bit of planning.

What is your strategy for finding new clients?

We spend a lot of time and effort on maintaining our company culture and I believe that in itself is a big draw for clients. They want to work with advisers whose values are aligned with theirs, and in turn, we end up with new clients that we are able to develop long-term business relationships with.

Do you focus more on business development or retention?

They are both important, but I believe that focusing on retention by keeping clients happy and being proactive in order to get them the best possible result, will in turn lead to business development. Existing clients end up being one of our biggest referral sources.



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BIO

Pope is a tax director at BPM. With more than 15 years of experience, her primary focus is on providing comprehensive financial and business counsel to privately held companies in the areas of tax, accounting and business management. She specializes in the consulting, planning and preparation of individual and business entity tax returns, and provides guidance about structuring new business entities in order to maximize tax benefits.

Working remotely is the “new normal.” How is that affecting your dealing with clients?

The new normal has paved the way for increased strategic communication. Since we are unable to have more face-to-face check-ins and drop-ins with clients, we have increased our digital communication efforts through calls, texts, emails and video conferences. We are making sure our clients stay up-to-date with tax law changes, while having the resources they need from BPM.

What are the lasting effects of the changes in the economy on your business and/or your company’s strategies?

Instead of calling it the “New Normal” at BPM, we are calling it the “New Better.” While 2020 has been a year of changes, we are focusing on the positive ones. We are utilizing new technology to reach clients and prospects more strategically and effectively. We are a profession that is flexible and can switch gears quickly, when needed.

What is a piece of advice do you give to all of your clients?

We are all in this together – have patience and be communicative. It is so important now more than ever, because we cannot meet in person.

What is the biggest tax advantage most company clients can take advantage of right now?

As many of our agribusiness and real estate clients navigate not only the new economy, but also rebuilding lost property and/or crops, we are collaborating with them to explore stimulus opportunities through PPP loans and available grants for businesses within fire zones.

What is your strategy for finding new clients?

Our reputation for providing quality tax, audit and advisory services lends itself to word-of-mouth referrals. However, we are also making a point to stay connected to our business communities – even in a remote work world – through virtual events with bankers, attorneys other contacts.

Do you focus more on business development or retention?

Our BPMi service model ensures our team does both. We retain clients by introducing them to new specialty service and advisory groups within the firm, including our Economic Recovery & Emergence Task Force for PPP and stimulus opportunities and M&A and Valuations teams for transitioning businesses.

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BIO

Rennie has been practicing in public accounting since 1997. Before joining Mengali Accountancy, her breadth of experience included working with other leading local and regional firms in Sonoma County having earned her way to partner during her tenure. She currently specializes in real estate accounting assisting Mengali clients with over a billion in managed assets across the United States, with concentration in multi-family joint venture partnership structures.

Meredith is a member of AICPA. She hold a Bachelor of Science degree in business administration with concentration in accounting from Sonoma State University.

See ACCOUNTING page 14